LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

OHIO AUDITOR OF STATE
KEITH FABER

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY
JUNE 30, 2022

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Liberty Center Local School District
Henry County
100 Tiger Trail
Liberty Center, Ohio 43532-0434

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Liberty Center Local School District, Henry County, Ohio (District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 21 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13 2023, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

February 13, 2023

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

Financial Highlights

Key financial highlights for 2022 are as follows:

- In total, net position of governmental activities increased $3,739,716 which represents a 19.75% increase from the 2021 net position.

- General revenues accounted for $15,296,151 in revenue or 73.62% of all revenues. Program specific revenues in the form of charges for services and sales, operating grants and contributions, and capital grants and contributions accounted for $5,480,640 or 26.38% of total revenues of $20,776,791.

- The District had $17,037,075 in expenses related to governmental activities; $5,480,640 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of $15,296,151 were adequate to provide for these programs.

- The District's major governmental funds are the general fund and the bond retirement fund. The general fund had $16,226,957 in revenues and other financing sources and $15,700,920 in expenditures and other financing uses. During fiscal year 2022, the general fund's fund balance increased $526,037 from a balance of $7,787,247 to $8,313,284.

- The bond retirement fund had $1,367,261 in revenues and other financing sources and $1,030,685 in expenditures. During fiscal year 2022, the debt service fund's fund balance increased $336,576 from a balance of $1,435,253 to $1,771,829.

Using the Basic Financial Statements

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

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2022?" The statement of net position and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities, deferred inflows, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the District's net position and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the statement of net position and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the bond retirement fund.

Governmental Funds

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and OPEB asset/liability and a ten year schedule of the District's contributions to the retirement systems to fund pension and OPEB obligations.

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position at June 30, 2022 and June 30, 2021.

Net Position

	Governmental Activities 2022	Governmental Activities 2021
Assets		
Current and other assets	$ 20,435,576	$ 22,819,006
Capital assets, net	45,697,244	43,575,259
Total assets	66,132,820	66,394,265
Deferred Outflows of Resources		
Unamortized deferred charges on debt refunding	468,053	484,009
Pension	3,768,408	3,086,982
OPEB	440,130	509,519
Total deferred outflows of resources	4,676,591	4,080,510
Liabilities		
Current liabilities	2,467,305	2,259,801
Long-term liabilities:		
Due within one year	715,137	684,509
Due in more than one year:		
Net pension liability	9,108,497	16,839,682
Net OPEB liability	1,081,469	1,226,243
Other amounts	20,794,790	20,911,436
Total liabilities	34,167,198	41,921,671
Deferred Inflows of Resources		
Property taxes levied for the next fiscal year	4,523,877	7,390,105
Payment in lieu of taxes levied for the next fiscal year	4,922	3,590
Pension	7,480,930	445,570
OPEB	1,959,108	1,780,179
Total deferred inflows of resources	13,968,837	9,619,444
Net Position		
Net investment in capital assets	25,838,092	23,424,235
Restricted	3,896,350	4,290,054
Unrestricted (deficit)	(7,061,066)	(8,780,629)
Total net position	$ 22,673,376	$ 18,933,660

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

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2022, the District's assets and deferred outflows exceeded liabilities and deferred inflows of resources by $22,673,376. Of this total, $3,896,350 is restricted in use.

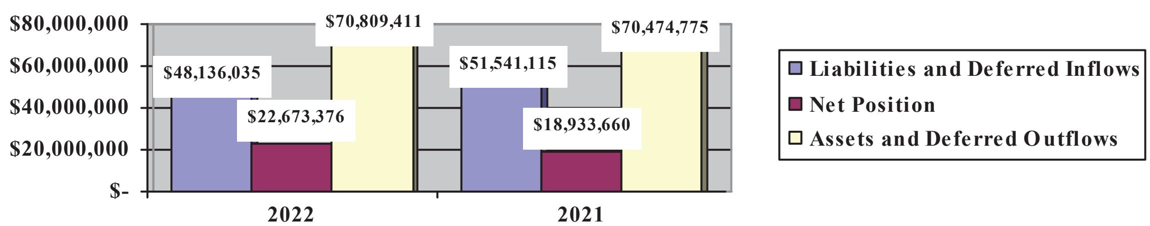
At year-end, capital assets represented 69.10% of total assets. Capital assets include land, land improvements, buildings and improvements, permanent fixtures, equipment, computers, musical instruments, intangible right to use assets, vehicles and construction-in-progress. Net investment in capital assets at June 30, 2022, was $25,838,092. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

The net pension liability decreased $7,731,185 or 45.91% and deferred inflows of resources related to pension increased $7,035,360 or 1,578.96%. These changes were the result of changes at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS). Net investment income on investments at both pension systems exceeded estimates for the fiscal year 2021 measurement that are used for the fiscal year 2022 reporting which cause a large increase in fiduciary net position.

A portion of the District's net position, $3,896,350, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of $7,061,066.

The graph below presents the District's governmental activities liabilities and deferred inflows, net position and assets and deferred outflows as of June 30, 2022, and June 30, 2021.

Governmental Activities



The table below shows the change in net position for fiscal years ended June 30, 2022 and 2021.

Change in Net Position

	Governmental Activities 2022	Governmental Activities 2021
Revenues		
Program revenues:		
Charges for services and sales	$ 1,834,700	$ 2,614,382
Operating grants and contributions	3,555,940	1,830,540
Capital grants and contributions	90,000	41,888
General revenues:		
Property taxes	5,700,030	3,919,755
Payments in lieu of taxes	8,512	-
Income taxes	2,963,195	2,984,710
Grants and entitlements	6,717,847	5,756,366
Investment earnings	(147,782)	42,870
Miscellaneous	54,349	351,040
Total revenues	20,776,791	17,541,551
Expenses		
Program expenses:		
Instruction:		
Regular	6,320,455	7,119,632
Special	2,698,529	2,867,395
Vocational	222,310	258,113
Other	106,061	385,809
Support services:		
Pupil	787,425	821,498
Instructional staff	383,073	697,901
Board of education	63,703	86,189
Administration	1,062,233	1,109,248
Fiscal	440,766	468,771
Operations and maintenance	1,709,045	1,980,919
Pupil transportation	359,989	592,460
Central	90,754	81,838
Operation of non-instructional services:		
Food service operations	507,174	478,091
Other non-instructional services	554,217	516,092
Extracurricular activities	1,013,491	928,522
Interest and fiscal charges	717,850	832,851
Total expenses	17,037,075	19,225,329
Change in net position	3,739,716	(1,683,778)
Net position at beginning of year	18,933,660	20,617,438
Net position at end of year	$ 22,673,376	$ 18,933,660

Governmental Activities

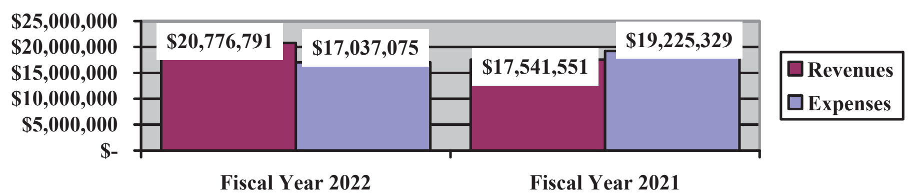
Net position of the District's governmental activities increased $3,739,716. Total governmental expenses of $17,037,075 were offset by program revenues of $5,480,640 and general revenues of $15,296,151. Program revenues supported 32.17% of the total governmental expenses.

Overall, expenses of the governmental activities decreased $2,188,254 or 11.38%. This decrease is primarily the result of a decrease in pension expense. Pension expense decreased approximately $2,225,790. This decrease was the result of a decrease in expenses incurred at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS) due to an increase in net investment income on investments compared to previous years.

The primary sources of revenue for governmental activities are derived from property taxes, payment in lieu of taxes, income taxes, and unrestricted grants and entitlements. These revenue sources represent 74.07% of total governmental revenue.

The graph below presents the District's governmental activities revenue and expenses for fiscal years' ended June 30, 2022 and June 30, 2021.

Governmental Activities - Revenues and Expenses



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

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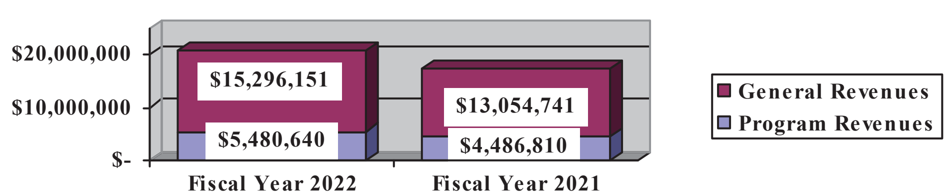
Governmental Activities

	Total Cost of Services 2022	Net Cost of Services 2022	Total Cost of Services 2021	Net Cost of Services 2021
Program expenses				
Instruction:				
Regular	$ 6,320,455	$ 5,420,161	$ 7,119,632	$ 5,549,752
Special	2,698,529	998,506	2,867,395	1,113,944
Vocational	222,310	134,409	258,113	192,375
Other	106,061	106,061	385,809	385,809
Support services:				
Pupil	787,425	515,631	821,498	724,252
Instructional staff	383,073	371,726	697,901	653,632
Board of education	63,703	63,703	86,189	84,498
Administration	1,062,233	993,898	1,109,248	1,104,729
Fiscal	440,766	436,563	468,771	468,771
Operations and maintenance	1,709,045	644,290	1,980,919	1,852,703
Pupil transportation	359,989	217,153	592,460	538,982
Central	90,754	83,921	81,838	76,438
Operation of non-instructional services:				
Food service operations	507,174	(255,486)	478,091	1,846
Other non-instructional services	554,217	538,041	516,092	516,092
Extracurricular activities	1,013,491	570,008	928,522	641,845
Interest and fiscal charges	717,850	717,850	832,851	832,851
Total expenses	$ 17,037,075	$ 11,556,435	$ 19,225,329	$ 14,738,519

The dependence upon tax and other general revenues for governmental activities is apparent; 71.24% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 67.83%.

The graph below presents the District's governmental activities revenue for fiscal years' ended June 30, 2022 and June 30, 2021.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of $11,992,118, which is $79,631 more than last year's total of $11,912,487. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2022 and June 30, 2021.

	Fund Balance June 30, 2022	Fund Balance June 30, 2021	Change	Percentage Change
General	$ 8,313,284	$ 7,787,247	$ 526,037	6.76 %
Bond Retirement	1,771,829	1,435,253	336,576	23.45 %
Nonmajor Governmental	1,907,005	2,689,987	(782,982)	(29.11) %
Total	$ 11,992,118	$ 11,912,487	$ 79,631	0.67 %

An analysis of the major governmental funds revenues and expenditures is provided below.

General Fund

The District's general fund balance increased $526,037. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2022 Amount	2021 Amount	Increase/ (Decrease)	Percentage Change
Revenues				
Property taxes	$ 4,210,961	$ 3,275,821	$ 935,140	28.55 %
Payment in lieu of taxes	8,512	-	8,512	100.00 %
Income taxes	2,988,883	2,926,602	62,281	2.13 %
Intergovernmental	7,584,964	6,335,298	1,249,666	19.73 %
Investment earnings	(160,374)	33,998	(194,372)	(571.72) %
Tuition and fees	823,740	1,783,706	(959,966)	(53.82) %
Charges for services	564,005	520,975	43,030	8.26 %
Other revenues	68,183	363,913	(295,730)	(81.26) %
Total	$ 16,088,874	$ 15,240,313	$ 848,561	5.57 %
Expenditures				
Instruction	$ 9,509,762	$ 9,478,697	$ 31,065	0.33 %
Support services	4,459,911	4,439,262	20,649	0.47 %
Extracurricular activities	635,388	553,098	82,290	14.88 %
Operation of non-instructional services	599,989	483,774	116,215	24.02 %
Facilities acquisition and construction	225,783	107,274	118,509	110.47 %
Debt service	125,087	62,418	62,669	100.40 %
Total	$ 15,555,920	$ 15,124,523	$ 431,397	2.85 %

Revenues remained relatively stable with an increase of 5.57%. Property tax revenue increased $935,140 or 28.55% due to fluctuations in the advances available from the County Auditor at June 30, 2022. Intergovernmental revenue increased and tuition and fees revenues decreased due to changes in the state foundation funding model. Investment earnings decreased due to the fair value adjustment recorded on the District's investments at June 30, 2022. The decrease in other revenues weas primarily a result of decreased contributions and donations in fiscal year 2022 compared to fiscal year 2021.

Expenditures remained stable with an increase of 2.85% due to the District's cost containment efforts. Facilities acquisition and construction expenditures increased due to the District's ongoing construction projects.

Bond Retirement Fund

The bond retirement fund had $1,367,261 in revenues and other financing sources and $1,030,685 in expenditures. During fiscal year 2022, the debt service fund's fund balance increased $336,576 from a balance of $1,435,253 to $1,771,829.

General Fund Budgeting Highlights

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

For the general fund, original and final budgeted revenues were $15,182,794. Actual revenues and other financing sources for fiscal year 2022 were $15,912,680. This represents a $729,886 increase from final budgeted revenues.

General fund original appropriations (appropriated expenditures) and other financing uses of $16,572,994 were increased to $16,717,994 in the final appropriations. The actual budget basis expenditures for fiscal year 2022 totaled $15,521,757, which was $1,196,237 less than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2022, the District had $45,697,244 invested in land, land improvements, buildings and improvements, permanent fixtures, equipment, musical instruments, intangible right to use assets, vehicles, and construction-in-progress. This entire amount is reported in governmental activities. The following table shows fiscal year 2022 balances compared to fiscal year 2021:

Capital Assets at June 30
(Net of Depreciation/Amortization)

	Governmental Activities	
	2022	2021
Land	$ 1,335,207	$ 1,335,207
Land improvements	862,282	179,601
Building and improvements	41,158,771	40,886,557
Permanent fixtures	566,052	49,870
Equipment	285,371	269,904
Musical instruments	9,856	10,434
Intangible right to use - leased equipment	81,490	-
Vehicles	657,287	528,616
Construction-in-progress	740,928	315,070
Total	$ 45,697,244	$ 43,575,259

The overall increase in capital assets of $2,121,985 is due to capital asset additions of $3,512,838 exceeding depreciation/amortization expense of $1,390,853. See Note 9 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2022, the District had $19,267,017 in general obligation bonds, energy conservation notes, tax anticipation notes, notes payable, and lease obligations outstanding. Of this total, $620,416 is due within one year and $18,646,601 is due in greater than one year.

The following table summarizes the debt outstanding:

Outstanding Debt, at Year End

	Governmental Activities 2022	Governmental Activities 2021
General obligation bonds	$ 17,943,641	$ 18,098,394
Energy conservation notes	124,836	187,254
Tax anticipation notes	974,000	1,042,000
Notes payable	142,967	30,846
Leases payable	81,573	-
Total	$ 19,267,017	$ 19,358,494

At June 30, 2022, the District's overall legal debt margin was $18,028,388, and the unvoted debt margin was $180,628. See Note 10 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

Liberty Center is a small rural community of 1,094 people in Northwest Ohio. It has a number of small and medium businesses with agriculture having a major influence on the economy.

The District's budget basis fund balance in the general fund increased $571,242 to an ending balance of $8,559,252. The cash balance of the District on June 30 is $12,122,533, which includes the fair value adjustment related to investments.

In September 2014, the District approved an agreement with the Ohio Facilities Construction Commission (OFCC) to build a new school building which will include an elementary, middle, and high school. The total cost of the project is $41,895,350, which includes a state share of $23,385,350, local share of $13,154,260, and the locally funded initiative share of $5,355,740. The new school building opened in January of 2018.

The uncertainty of state funding is a challenge the District faces, as do many other local school districts. A significant source of the operating revenue that is received by the District is from state funding. State foundation is set as part of the State's biennial budget for fiscal year 2020 and fiscal year 2021. Due to the COVID-19 pandemic, the State made a cut in State funding. If there are any changes to our foundation payments at the conclusion of the current biennial budget, it will have a material effect on the District. In fiscal year 2021 and fiscal year 2022, the State did not reduce our Foundation payment as it did the year before.

The Board of Education and Administration continue to plan carefully to provide the resources and education required to meet student needs.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Ms. Jenell Buenger, Treasurer, Liberty Center Local School District, 100 Tiger Trail, Liberty Center, Ohio 43532-0434.

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2022

		Governmental Activities
Assets:		
Equity in pooled cash and cash equivalents	$	12,122,533
Receivables:		
Property taxes		5,389,149
Income taxes		1,238,194
Payment in lieu of taxes		9,844
Accounts		6,917
Accrued interest		22,650
Intergovernmental		446,433
Prepayments		12,913
Materials and supplies inventory		12,504
Inventory held for resale		7,602
Net OPEB asset		1,166,837
Capital assets:		
Not being depreciated/amortized		2,076,135
Being depreciated/amortized		43,621,109
Capital assets, net		45,697,244
Total assets		66,132,820
Deferred outflows of resources:		
Unamortized deferred charges on debt refunding		468,053
Pension		3,768,408
OPEB		440,130
Total deferred outflows of resources		4,676,591
Liabilities:		
Accounts payable		27,653
Contracts payable		269,767
Accrued wages and benefits payable		1,741,534
Intergovernmental payable		84,734
Pension obligation payable		283,199
Accrued interest payable		60,418
Long-term liabilities:		
Due within one year		715,137
Due in more than one year:		
Net pension liability		9,108,497
Net OPEB liability		1,081,469
Other amounts due in more than one year		20,794,790
Total liabilities		34,167,198
Deferred inflows of resources:		
Property taxes levied for the next fiscal year		4,523,877
Payment in lieu of taxes levied for the next fiscal year		4,922
Pension		7,480,930
OPEB		1,959,108
Total deferred inflows of resources		13,968,837
Net position:		
Net investment in capital assets		25,838,092
Restricted for:		
Capital projects		1,159,119
Classroom facilities maintenance		390,116
Debt service		1,724,759
State funded programs		2,241
Federally funded programs		129,789
Food service operations		277,414
Extracurricular activities		211,149
Other purposes		1,763
Unrestricted (deficit)		(7,061,066)
Total net position	$	22,673,376

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY, OHIO

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

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
Governmental activities:					
Instruction:					
Regular	$ 6,320,455	$ 648,435	$ 251,859	$ -	$ (5,420,161)
Special	2,698,529	739,310	960,713	-	(998,506)
Vocational	222,310	-	87,901	-	(134,409)
Other	106,061	-	-	-	(106,061)
Support services:					
Pupil	787,425	-	271,794	-	(515,631)
Instructional staff	383,073	-	11,347	-	(371,726)
Board of education	63,703	-	-	-	(63,703)
Administration	1,062,233	-	68,335	-	(993,898)
Fiscal	440,766	-	4,203	-	(436,563)
Operations and maintenance	1,709,045	10,569	1,054,186	-	(644,290)
Pupil transportation	359,989	-	52,836	90,000	(217,153)
Central	90,754	-	6,833	-	(83,921)
Operation of non-instructional services:					
Food service operations	507,174	83,244	679,416	-	255,486
Other non-instructional services	554,217	-	16,176	-	(538,041)
Extracurricular activities	1,013,491	353,142	90,341	-	(570,008)
Interest and fiscal charges	717,850	-	-	-	(717,850)
Totals	$ 17,037,075	$ 1,834,700	$ 3,555,940	$ 90,000	(11,556,435)

General revenues:	
Property taxes levied for:	
General purposes	4,200,097
Debt service	1,259,669
Capital outlay	174,189
Classroom facilities maintenance	66,075
Payments in lieu of taxes	8,512
Income taxes levied for:	
General purposes	2,963,195
Grants and entitlements not restricted to specific programs	6,717,847
Investment earnings	(147,782)
Miscellaneous	54,349
Total general revenues	15,296,151
Change in net position	3,739,716
Net position at beginning of year	18,933,660
Net position at end of year	$ 22,673,376

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents	$ 8,469,625	$ 1,592,920	$ 2,059,988	$ 12,122,533
Receivables:				
Property taxes	3,943,331	1,173,348	272,470	5,389,149
Income taxes	1,238,194	-	-	1,238,194
Payment in lieu of taxes	9,844	-	-	9,844
Accounts	5,470	-	1,447	6,917
Accrued interest	22,650	-	-	22,650
Intergovernmental	289,490	-	156,943	446,433
Prepayments	12,156	-	757	12,913
Materials and supplies inventory	11,821	-	683	12,504
Inventory held for resale	-	-	7,602	7,602
Total assets	$ 14,002,581	$ 2,766,268	$ 2,499,890	$ 19,268,739
Liabilities:				
Accounts payable	$ 8,516	$ -	$ 19,137	$ 27,653
Contracts payable	-	-	269,767	269,767
Accrued wages and benefits payable	1,681,530	-	60,004	1,741,534
Compensated absences payable	25,120	-	-	25,120
Early retirement incentive payable	15,000	-	-	15,000
Intergovernmental payable	83,993	-	741	84,734
Pension obligation payable	272,104	-	11,095	283,199
Total liabilities	2,086,263	-	360,744	2,447,007
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	3,318,218	981,091	224,568	4,523,877
Payment in lieu of taxes levied for the next fiscal year	4,922	-	-	4,922
Delinquent property tax revenue not available	46,535	13,348	3,720	63,603
Income tax revenue not available	221,565	-	-	221,565
Intergovernmental revenue not available	-	-	3,853	3,853
Accrued interest not available	6,727	-	-	6,727
Miscellaneous revenue not available	5,067	-	-	5,067
Total deferred inflows of resources	3,603,034	994,439	232,141	4,829,614
Fund balances:				
Nonspendable:				
Materials and supplies inventory	11,821	-	683	12,504
Prepaids	12,156	-	757	12,913
Restricted:				
Debt service	-	1,771,829	-	1,771,829
Capital improvements	-	-	1,012,898	1,012,898
Classroom facilities maintenance	-	-	389,276	389,276
Food service operations	-	-	289,228	289,228
State funded programs	-	-	2,241	2,241
Extracurricular activities	-	-	210,649	210,649
Other purposes	-	-	1,763	1,763
Assigned:				
Student instruction	168	-	-	168
Student and staff support	97,297	-	-	97,297
Extracurricular activities	2,407	-	-	2,407
Subsequent year's appropriations	1,772,082	-	-	1,772,082
Unassigned (deficit)	6,417,353	-	(490)	6,416,863
Total fund balances	8,313,284	1,771,829	1,907,005	11,992,118
Total liabilities, deferred inflows and fund balances	$ 14,002,581	$ 2,766,268	$ 2,499,890	$ 19,268,739

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY, OHIO

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

Total governmental fund balances		$ 11,992,118
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		45,697,244
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	$ 63,603	
Income taxes receivable	221,565	
Accounts receivable	5,067	
Accrued interest receivable	6,727	
Intergovernmental receivable	3,853	
Total		300,815
Unamortized premiums on bonds issued are not recognized in the funds.		(1,212,457)
Unamortized amounts on refundings are not recognized in the funds.		468,053
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(60,418)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows - pension	3,768,408	
Deferred inflows - pension	(7,480,930)	
Net pension liability	(9,108,497)	
Deferred outflows - OPEB	440,130	
Deferred inflows - OPEB	(1,959,108)	
Net OPEB asset	1,166,837	
Net OPEB liability	(1,081,469)	
Total		(14,254,629)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(17,943,641)	
Energy conservation bonds	(124,836)	
Tax anticipation notes	(974,000)	
Notes payable	(142,967)	
Lease obligations	(81,573)	
Compensated absences	(990,333)	
Total		(20,257,350)
Net position of governmental activities		$ 22,673,376

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY, OHIO

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

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	$ 4,210,961	$ 1,263,935	$ 241,218	$ 5,716,114
Income taxes	2,988,883	-	-	2,988,883
Intergovernmental	7,584,964	21,315	2,687,791	10,294,070
Investment earnings	(160,374)	-	1,398	(158,976)
Tuition and fees	823,740	-	-	823,740
Extracurricular	5,220	-	347,922	353,142
Rental income	10,569	-	-	10,569
Charges for services	564,005	-	83,244	647,249
Contributions and donations	23,230	-	78,865	102,095
Payment in lieu of taxes	8,512	-	-	8,512
Miscellaneous	29,164	-	11,284	40,448
Total revenues	16,088,874	1,285,250	3,451,722	20,825,846
Expenditures:				
Current:				
Instruction:				
Regular	6,757,200	-	252,385	7,009,585
Special	2,403,940	-	460,080	2,864,020
Vocational	240,775	-	3,747	244,522
Other	107,847	-	-	107,847
Support services:				
Pupil	809,584	-	11,509	821,093
Instructional staff	372,354	-	21,274	393,628
Board of education	65,276	-	-	65,276
Administration	1,092,187	-	68,541	1,160,728
Fiscal	426,700	24,840	10,366	461,906
Operations and maintenance	1,075,138	-	1,123,461	2,198,599
Pupil transportation	528,069	-	9,020	537,089
Central	90,603	-	6,833	97,436
Operation of non-instructional services:				
Food service operations	-	-	525,938	525,938
Other non-instructional services	599,989	-	16,176	616,165
Extracurricular activities	635,388	-	403,332	1,038,720
Facilities acquisition and construction	87,700	-	1,295,031	1,382,731
Capital outlay	138,083	-	204,860	342,943
Debt service:				
Principal retirement	121,667	469,266	90,000	680,933
Interest and fiscal charges	3,420	472,845	-	476,265
Accreted interest on capital appreciation bonds	-	63,734	-	63,734
Total expenditures	15,555,920	1,030,685	4,502,553	21,089,158
Excess (deficiency) of revenues over (under) expenditures	532,954	254,565	(1,050,831)	(263,312)
Other financing sources (uses):				
Issuance of notes	55,212	-	204,860	260,072
Transfers in	-	82,011	206,858	288,869
Transfers (out)	(145,000)	-	(143,869)	(288,869)
Lease transaction	82,871	-	-	82,871
Total other financing sources (uses)	(6,917)	82,011	267,849	342,943
Net change in fund balances	526,037	336,576	(782,982)	79,631
Fund balances at beginning of year	7,787,247	1,435,253	2,689,987	11,912,487
Fund balances at end of year	$ 8,313,284	$ 1,771,829	$ 1,907,005	$ 11,992,118

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY, OHIO

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

Net change in fund balances - total governmental funds		$ 79,631
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/amortization expense.		
Capital asset additions	$ 3,512,838	
Current year depreciation/amortization	(1,390,853)	
Total		2,121,985
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(16,084)	
Income taxes	(25,688)	
Earnings on investments	(1,950)	
Classroom materials and fees	1,955	
Intergovernmental	(7,288)	
Total		(49,055)
Repayment of debt principal and accreted interest on capital appreciation bonds is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		744,667
Issuance of leases and notes are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		(342,943)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	40,476	
Accreted interest on capital appreciation bonds	(310,247)	
Amortization of bond premiums	44,141	
Amortization of deferred charges	(15,956)	
Total		(241,586)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,313,766	
OPEB	37,629	
Total		1,351,395
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	63,485	
OPEB	62,708	
Total		126,193
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(50,571)
Change in net position of governmental activities		$ 3,739,716

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY, OHIO

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

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
Property taxes	$ 3,680,298	$ 3,680,298	$ 3,884,302	$ 204,004
Income taxes	2,753,876	2,753,876	2,936,684	182,808
Intergovernmental	6,304,410	6,304,410	7,581,015	1,276,605
Investment earnings	90,000	90,000	89,251	(749)
Tuition and fees	1,812,630	1,812,630	824,590	(988,040)
Rental income	5,500	5,500	10,489	4,989
Charges for services	515,000	515,000	528,426	13,426
Contributions and donations	20,580	20,580	20,863	283
Payment in lieu of taxes	-	-	3,590	3,590
Miscellaneous	500	500	15,318	14,818
Total revenues	15,182,794	15,182,794	15,894,528	711,734
Expenditures:				
Current:				
Instruction:				
Regular	6,915,189	6,927,740	6,692,897	234,843
Special	2,746,288	2,690,984	2,377,699	313,285
Vocational	248,689	251,396	238,986	12,410
Other	212,550	208,555	107,779	100,776
Support services:				
Pupil	874,775	863,340	798,967	64,373
Instructional staff	479,149	488,239	424,026	64,213
Board of education	98,540	86,133	67,432	18,701
Administration	1,080,687	1,088,201	1,040,374	47,827
Fiscal	469,176	471,823	427,486	44,337
Operations and maintenance	1,193,324	1,228,761	1,103,896	124,865
Pupil transportation	650,812	649,673	592,568	57,105
Central	92,250	96,080	92,895	3,185
Operation of non-instructional services:				
Other non-instructional services	595,440	595,694	564,021	31,673
Extracurricular activities	689,091	689,091	633,369	55,722
Facilities acquisition and construction	164,616	174,866	151,944	22,922
Debt service:				
Principal	62,418	62,418	62,418	-
Total expenditures	16,572,994	16,572,994	15,376,757	1,196,237
Excess (deficiency) of revenues over (under) expenditures	(1,390,200)	(1,390,200)	517,771	1,907,971
Other financing sources (uses):				
Refund of prior year's expenditures	-	-	17,902	17,902
Transfers (out)	-	(145,000)	(145,000)	-
Sale of capital assets	-	-	250	250
Total other financing sources (uses)	-	(145,000)	(126,848)	18,152
Net change in fund balance	(1,390,200)	(1,535,200)	390,923	1,926,123
Fund balance at beginning of year	7,988,010	7,988,010	7,988,010	-
Prior year encumbrances appropriated	180,319	180,319	180,319	-
Fund balance at end of year	$ 6,778,129	$ 6,633,129	$ 8,559,252	$ 1,926,123

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Liberty Center Local School District (the "District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Liberty Center Local School District is a local school district as defined by §3311.22 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The Board oversees the operations of the District's four instructional/support facilities staffed by 50 non-certified, 84 certified full-time teaching personnel and 9 administrators, who provide services to 999 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. The Reporting Entity

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District does not have any component units. The District is associated with organizations, which are defined as jointly governed organizations, a related organization and group purchasing pools.

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

JOINTLY GOVERNED ORGANIZATIONS

Northwest Ohio Computer Association
The District is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is an association of public school districts within the boundaries of Defiance, Fulton, Henry, and Williams counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. NWOCA is governed by the Northern Buckeye Education Council and its participating members. Total fees paid by the District to NWOCA during this fiscal year were $85,838. Financial information can be obtained from Tammy Butler, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

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

Northern Buckeye Education Council
The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among various educational entities located in Defiance, Fulton, Henry, and Williams counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the four counties in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. To obtain financial information write to the Northern Buckeye Education Council, Tammy Butler, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

Four County Career Center
The Four County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of five representatives from the Northwest Ohio Educational Service Center - one each from the counties of Defiance, Fulton, Henry, and Williams and one additional representative; one representative from each of the city school districts; one representative from each of the exempted village school districts. The Four County Career Center possesses its own budgeting and taxing authority. To obtain financial information write to the Four County Career Center, Connie Nicely, who serves as Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

Northwestern Ohio Educational Research Council, Inc.
The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials and provide opportunities for training. The NOERC serves a twenty-five county area of Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., P.O. Box 456, Ashland, Ohio 44805.

GROUP PURCHASING POOLS

Employee Insurance Benefits Program - The District participates in the Northern Buckeye Health Plan – Northwest Division of the Optimal Health Initiative Consortium (OHI), a public entity shared risk pool consisting of educational entities throughout the state. The Pool is governed by OHI and its participating members. The District contributed a total of $2,031,819 to Northern Buckeye Health Plan, Northwest Division of OHI for all four plans. Financial information for the period can be obtained from Charlie Leboeuf, Treasurer, at 201 East 5th Street, Suite 1200, Cincinnati, Ohio 45202.

Northern Buckeye Education Council's Workers' Compensation Group Rating Plan - The District participates in a group rating plan for workers' compensation as established under § 4123.29 of the Ohio Revised Code. The Northern Buckeye Health Plan's (NBHP) Workers' Compensation Group Rating Plan (WCGRP) was established through NBHP as a group purchasing pool. The group was formed to create a workers' compensation group rating plan which would allow employers to group together to achieve a potentially lower premium rate than they may otherwise be able to acquire as individual employers. NBHP has created a workers' compensation group rating and risk management program which will potentially reduce the workers' compensation premiums for the District.

NBHP has retained Sheakley UniService as the servicing agent to perform administrative, actuarial, cost control, claims, and safety consulting services and unemployment claims services for program participants. During this fiscal year, the District paid an enrollment fee of $34 to WCGRP to cover the costs of administering the program.

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

Schools of Ohio Risk Sharing Authority - The District participates in the Schools of Ohio Risk Sharing Authority (SORSA), which was established in 2002 pursuant to Articles of Incorporation filed under Chapter 1702 of the Ohio Revised Code - Non-Profit Corporations and functioning under authority granted by Section 2744.081 of the Ohio Revised Code. SORSA's purpose is to provide a joint self-insurance pool and to assist member school districts in preventing and reducing losses and injuries to property and persons, which might result in claims being made against members of SORSA, their employees or officers. The District paid $80,802 for these services to SORSA in fiscal year 2022.

A nine-person Board of Directors manages the business and affairs of SORSA and is elected annually by the members of the pool. The Board of Directors consists of superintendents, treasurers, or business managers from the participating school districts. SORSA employs an Executive Director and a Member Services Coordinator to administer the pool while claims are processed by Avizent. Financial information can be obtained from SORSA at 8050 North High Street, Suite 160, Columbus, Ohio 43235-6483 or by calling 866-767-7299.

RELATED ORGANIZATION

Liberty Center Public Library - The Liberty Center Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Liberty Center Local School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires, and fires personnel, and does not depend on the District for operational subsidies. Although the District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Liberty Center Public Library, at 111 East Street, Liberty Center, Ohio 43532-0066.

B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only has governmental fund types.

GOVERNMENTAL FUNDS

Governmental funds focus 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. Following are the District's major governmental funds:

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

Bond Retirement Fund - The bond retirement fund is used to account for property tax revenues to pay the principal and related interest on the school improvement bonds.

The other governmental funds of the District account for grants and other resources, and capital projects of the District whose uses are restricted to a particular purpose.

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

C. Basis of Presentation

The District's basic 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 District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

Fund Financial Statements - During the year, the District segregates transactions related to certain 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 District at this more detailed level. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

D. 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 District are included on the statement of net position. The statement of activities presents increases (e.g. revenues) and decreases (e.g. expenses) of 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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

E. Basis of Accounting

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

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

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. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year end.

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Notes 14 and 15 for deferred outflows of resources related the District's net pension liability and OPEB liability/asset.

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

For the District, see Notes 14 and 15 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenditures/Expense - 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 governmental funds.

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

F. Budgetary Process

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

1. The Treasurer submits an annual tax budget for the following fiscal year to the Board by January 15, for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the Council Budget Commission, by January 20 of each year for the period July 1 to June 30 of the following year.

2. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budget in the budgetary statements reflect the amounts in the certificate when the Board adopted the original appropriations. The amounts reported as the final budgeted amount in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2022.

3. By July 1, the annual appropriation resolution is legally enacted by the Board of Education. (State statute permits temporary appropriation to be effective until no later than October 1 of each year.)

   The Board adopted appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total expenditures and encumbrances may not exceed appropriations at the legal level of control. The legal level of control selected by the Board is at the fund level.

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

   The amounts reported as the original budget reflect the first appropriation for a fund covering the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budget represent the final appropriation the Board passed during the year.

5. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the fund level, function and/or object level.

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On fund financial statements, encumbrances outstanding at year-end (not already recorded in accounts payable) are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds. A reserve for encumbrances is not reported on the government-wide financial statements.

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

G. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Interest in the pool is presented as “equity in pooled cash and cash equivalents” on the financial statements.

During fiscal year 2022, investments were limited to STAR Ohio, federal agency securities, negotiable certificates of deposit, U.S. Treasury notes, and nonnegotiable certificates of deposits. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

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

For the fiscal year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding $100 million. STAR Ohio reserves the right to limit the transaction to $250 million, requiring the excess amount be transacted the following business day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

As authorized by Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2022 amounted to a deficit of $160,374, which included a deficit of $51,557 from other District funds.

For presentation on the financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

H. Inventory

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On the fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. Donated commodities are presented at their entitlement value. The cost of inventory items is recorded as an expenditure when purchased.

I. Capital Assets

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

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their acquisition cost. The District's capitalization threshold is five thousand dollars. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

All reported capital assets, other than land and construction in progress, are depreciated/amortized. Depreciation/amortization is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Land improvements	5 - 30 years
Buildings	30 - 50 years
Building Improvement	10 - 40 years
Furniture, fixtures and equipment	5 - 20 years
Intangible right to use - leased equipment	5 years
Vehicles	5 - 15 years

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

J. Prepayments

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

K. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method and is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service and all employees with at least 15 years of service regardless of their age were considered expected to become eligible in accordance with GASB Statement No. 16.

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

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

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

L. 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 and are reported as obligations of the funds. However, compensated absences and contractually required pension contributions 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. Long-term loans are recognized as a liability on the governmental fund financial statements when due.

M. Fund Balance

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

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

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

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

Assigned - Amounts in the assigned classification are intended to be used by the 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 Board of Education.

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.

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

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

N. Net Position

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

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

O. 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.

P. Interfund Transactions

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

Q. Pensions/Other Postemployment Benefits (OPEB)

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

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

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

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

For advance refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources on the statement of net position.

On the governmental fund financial statements, bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 10.A.

S. Fair Value

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

T. 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 District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2022.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2022, the District has implemented GASB Statement No. 87, "*Leases*", GASB Implementation Guide 2019-3, "*Leases*", GASB Statement No. 89, "*Accounting for Interest Cost Incurred before the End of a Construction Period*", GASB Implementation Guide 2020-1, "*Implementation Guide Update - 2020*", GASB Statement No. 92, "*Omnibus 2020*", GASB Statement No. 93, "*Replacement of Interbank Offered Rates*", GASB Statement No. 97, "*Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*" and certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*".

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 89 also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the District.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the District.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the District.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the District.

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the District.

GASB Statement No. 99 to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of GASB Statement No. 99 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2022 included the following individual fund deficit:

Nonmajor fund	Deficit
Title I, Disadvantaged Children	$ 490

The general fund is liable for any deficit in this funds and provides transfers when cash is required, not when accruals occur. The deficit fund balance resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

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

3. Written repurchase agreements in the securities listed above provided that 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 to be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio or Ohio local governments, 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 through eligible institutions;

7. The State Treasurer’s investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,

8. Certain bankers’ acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Cash on Hand

At June 30, 2022, the District had $6,000 in undeposited cash on hand which is included on the financial statements of the District as part of “equity in pooled cash and cash equivalents”.

B. Deposits with Financial Institutions

At June 30, 2022, the carrying amount of all District deposits was $6,565,638 and the bank balance of all District deposits was $6,669,684. Of the bank balance, $1,030,423 was covered by the FDIC and $5,639,261 was exposed to credit risk.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of the State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State.

C. Investments

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

		Investment Maturities				
Measurement/ Investment type	Measurement Value	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Fair Value:						
U.S. Treasury Notes	$ 713,955	$ -	$ 248,613	$ 216,045	$ 249,297	$ -
FFCB	248,958	-	248,958	-	-	-
FHLB	1,261,854	-	-	-	-	1,261,854
Negotiable CD's	2,724,499	644,803	250,676	772,715	486,423	569,882
Amortized Cost:						
STAR Ohio	601,629	601,629	-	-	-	-
Total	$ 5,550,895	$ 1,246,432	$ 748,247	$ 988,760	$ 735,720	$ 1,831,736

The weighted average maturity of investments is 1.51 years.

The District’s investments in U.S. Treasury notes are valued using quoted market prices in active markets (Level 1 inputs). The District’s investments in negotiable certificates of deposit and federal agency securities are valued using quoted market prices that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk - The District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District, and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk - STAR Ohio carries a rating of AAAm by Standard and Poor's. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The negotiable certificates of deposit were not rated. The District has no investment policy dealing with investment credit risk beyond the requirements in state statutes.

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

Measurement/ Investment type	Measurement Value	% of Total
Fair Value:		
U.S. Treasury Notes	$ 713,955	12.86
FFCB	248,958	4.49
FHLB	1,261,854	22.73
Negotiable CD's	2,724,499	49.08
Amortized Cost:		
STAR Ohio	601,629	10.84
Total	$ 5,550,895	100.00

D. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2022:

Cash and investments per note	
Carrying amount of deposits	$ 6,565,638
Investments	5,550,895
Cash on hand	6,000
Total	$ 12,122,533
Cash and investments per statement of net position	
Governmental activities	$ 12,122,533

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended June 30, 2022 consisted of the following, as reported on the fund financial statements:

Transfers from general fund to:	Amount
Nonmajor governmental funds	$ 145,000
Transfers from nonmajor governmental funds to:	
Bond retirement fund	82,011
Nonmajor governmental funds	61,858
Total	$ 288,869

NOTE 5 - INTERFUND TRANSACTIONS – (Continued)

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities. All transfers during fiscal year 2022 were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

NOTE 6 - PROPERTY TAXES

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

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

Public utility real and tangible personal property taxes for 2022 were levied after April 1, 2021, on the assessed values as of December 31, 2020, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The District receives property taxes from Henry and Fulton counties. The County Auditors periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2022, are available to finance fiscal year 2022 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes, which were measurable as of June 30, 2022 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, amounts to be received during the available period are not subject to reasonable estimation at June 30, nor were they levied to finance fiscal year 2021 operations. For the governmental fund financial statements, the receivable is therefore offset by a credit to deferred inflow for that portion not intended to finance current year operations.

The amount available as an advance was recognized as revenue.

The amount available as an advance at June 30, 2022 was $578,578 in the general fund, $178,909 in the bond retirement fund, $11,550 in the classroom facilities maintenance fund (a nonmajor governmental fund), and $32,632 in the permanent improvement fund (a nonmajor governmental fund). The amount available as an advance at June 30, 2021 was $251,919 in the general fund, $81,465 in the bond retirement fund, $20,524 in the classroom facilities fund (a nonmajor governmental fund), and $53,559 in the permanent improvement fund (a nonmajor governmental fund).

NOTE 6 - PROPERTY TAXES – (Continued)

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

	2021 Second Half Collections		2022 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 137,548,780	76.96	$ 139,275,530	77.11
Public utility personal	41,186,940	23.04	41,352,900	22.89
Total	$ 178,735,720	100.00	$ 180,628,430	100.00
Tax rate per $1,000 of assessed valuation	$48.90		$48.90	

NOTE 7 - INCOME TAX

In 1995, the voters of the Liberty Center Local School District passed a 1 percent school income tax on wages earned by residents of the District. The taxes are collected by the State Department of Taxation in the same manner as the state income tax. In the fiscal year ending June 30, 2022, the District recorded income tax revenue of $2,988,883 in the general fund, of which $1,238,194 is recorded as a receivable at June 30, 2022.

In May 2006, the voters approved an additional .75 percent income tax for general operations. The levy was effective January 1, 2007 and is applicable for a continuing period of time.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2022 consisted of property taxes, income taxes, payments in lieu of taxes, accounts, accrued interest, and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of Federal funds.

A summary of the principal items of receivables reported on the statement of net position follows:

	Governmental activities
Property taxes	$ 5,389,149
Income taxes	1,238,194
Payments in lieu of taxes	9,844
Accounts	6,917
Accrued interest	22,650
Intergovernmental	446,433
Total	$ 7,113,187

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

NOTE 9 - CAPITAL ASSETS

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

	Balance 06/30/21	Additions	Deductions	Balance 06/30/22
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Land	$ 1,335,207	$ -	$ -	$ 1,335,207
Construction in progress	315,070	1,848,591	(1,422,733)	740,928
Total capital assets, not being depreciated/amortized	1,650,277	1,848,591	(1,422,733)	2,076,135
Capital assets, being depreciated/amortized:				
Land improvements	570,127	749,000	-	1,319,127
Buildings and improvements	50,407,981	1,422,733	-	51,830,714
Permanent fixtures	588,708	557,281	-	1,145,989
Equipment	703,647	70,235	-	773,882
Computers	101,762	-	-	101,762
Musical instruments	22,995	-	-	22,995
Intangible right to use - leased equipment	-	82,871	-	82,871
Vehicles	1,320,804	204,860	(75,959)	1,449,705
Total capital assets, being depreciated/amortized	53,716,024	3,086,980	(75,959)	56,727,045
Less: accumulated depreciation/amortization:				
Land improvements	(390,526)	(66,319)	-	(456,845)
Buildings and improvements	(9,521,424)	(1,150,519)	-	(10,671,943)
Permanent fixtures	(538,838)	(41,099)	-	(579,937)
Equipment	(433,743)	(54,768)	-	(488,511)
Computers	(101,762)	-	-	(101,762)
Musical instruments	(12,560)	(579)	-	(13,139)
Intangible right to use - leased equipment	-	(1,381)	-	(1,381)
Vehicles	(792,189)	(76,188)	75,959	(792,418)
Total accumulated depreciation/amortization	(11,791,042)	(1,390,853)	75,959	(13,105,936)
Governmental activities capital assets, net	$ 43,575,259	$ 3,544,718	$ (1,422,733)	$ 45,697,244

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NOTE 9 - CAPITAL ASSETS – (Continued)

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

Instruction:	
Regular	$ 134,014
Special	24,336
Vocational	10,444
Support services:	
Pupil	6,827
Instructional staff	8,603
Administration	10,455
Fiscal	3,368
Operations and maintenance	997,211
Pupil transportation	70,679
Central	1,565
Operation of non-instructional:	
Food service operations	12,904
Extracurricular	110,447
Total depreciation/amortization expense	$ 1,390,853

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NOTE 10 - LONG-TERM OBLIGATIONS

A. During fiscal year 2022, the following changes occurred in the governmental activities long-term obligations:

	Balance 06/30/21	Additions	Reductions	Balance 06/30/22	Amounts Due in One Year
Series 2014 Bonds					
General obligation bonds	$ 300,000	$ -	$ (300,000)	$ -	$ -
Series 2020 Refunding Bonds					
General obligation bonds	17,100,000	-	-	17,100,000	-
Capital appreciation bonds	522,871	-	(101,266)	421,605	177,906
Accreted interest on CABs	175,523	310,247	(63,734)	422,036	177,683
Energy Conservation Improvement Bonds, Series 2009	187,254	-	(62,418)	124,836	62,418
Tax anticipation notes	1,042,000	-	(68,000)	974,000	102,000
Notes payable - financed purchase	30,846	260,072	(147,951)	142,967	84,619
Leases payable	-	82,871	(1,298)	81,573	15,790
Net pension liability	16,839,682	-	(7,731,185)	9,108,497	-
Net OPEB liability	1,226,243	-	(144,774)	1,081,469	-
Early retirement incentive	16,000	15,000	(16,000)	15,000	15,000
Compensated absences	964,852	134,857	(84,256)	1,015,453	79,721
Total governmental activities long-term liabilities	$ 38,405,271	$ 803,047	$ (8,720,882)	30,487,436	$ 715,137
Add: unamortized bond premiums				1,212,457	
Total on statement of net position				$ 31,699,893	

Compensated Absences: Compensated absences will be paid from the fund from which the employee's salaries are paid, which for the District, is primarily the general fund and food service fund (a nonmajor governmental fund).

Early retirement incentive: See Note 11 for detail.

Net Pension Liability: See Note 14 for detail. The District pays obligations related to employee compensation from the fund benefitting from their service.

Net OPEB Liability: See Note 15 for detail. The District pays obligations related to employee compensation from the fund benefitting from their service.

B. Ohio School Facilities Commission Project Bonds, Series 2014

The bonds were used for the purpose of constructing, adding to, and renovating and improving school facilities under the State of Ohio Classroom Facilities Assistance Program and locally funded initiatives, furnishing and equipping the same, and improving the sites thereof. These bonds were issued on August 21, 2014. The bonds consisted of $2,705,000 in serial bonds; $16,330,000 in term bonds $100,000 in capital appreciation bonds.

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Proceeds from the outstanding bonds were used for the purpose of refunding general obligation bonds, dated March 1, 1994, which were issued for the purpose of financing school permanent improvements. The bonds were issued on September 1, 2003. The bonds consisted of $2,985,000 in Current Interest bonds and $139,998 in Capital Appreciation bonds. In fiscal year 2015, these bonds were retired with the 2014 refunding bond proceeds.

During fiscal year 2021, the District issued General Obligation Classroom Facilities and School Improvement Refunding Bonds (Series 2020) to refund $17,830,000 of the Series 2014 bonds.

C. Classroom Facilities and School Improvement Refunding Bonds, Series 2020

On August 18, 2020, the District issued classroom facilities and school improvements refunding bonds to advance refund $17,830,000 of the series 2014 Ohio school facilities commission project bonds.

The refunding issue is comprised of current interest bonds, par value $17,100,000 and capital appreciation bonds, par value $724,475. The interest rates on the current interest bonds range from 1.277% to 2.249%. The capital appreciation bonds mature annually on November 1, 2020, November 1, 2021, November 1, 2022, November 1, 2023, November 1, 2024, and November 1, 2025 (interest rate 45.00%), at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is $1,865,000. Interest payments of the current interest bonds are due on May 1 and November 1 of each year. The final maturity date stated on the issue is November 1, 2051.

The reacquisition price exceeded the net carrying amount of the old debt by $497,971. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt.

The serial bonds shall bear interest at the rates per year and will mature in the principal amounts and on the following dates:

Maturity Date (November 1)	Principal Amount	Interest Rate
2026	405,000	1.28%
2027	455,000	1.38%
2028	455,000	1.53%
2029	450,000	1.68%
2030	495,000	1.78%
2031	490,000	1.88%
2032	495,000	2.00%
2033	540,000	2.10%
2034	545,000	2.20%
2035	545,000	2.25%

The interest payment dates for the bonds shall be May 1 and November 1, commencing on November 1, 2020. The serial bonds shall be those bonds scheduled to mature on November 1, 2026 through 2035.

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The capital appreciation bonds have the original principal amounts and mature with the accreted value at maturity, as follows:

Maturity Date (November 1)	Original Principal Amount	Accreted Value at Maturity
2020	$ 201,604	$ 220,000
2021	101,265	165,000
2022	177,906	435,000
2023	117,192	430,000
2024	76,280	420,000
2025	50,227	415,000

Capital Appreciation Bonds are not subject to redemption prior to maturity.

The term bonds which mature on November 1, 2040, have an interest rate of 2.685 percent per year, and are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Authorizing Legislation, at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date, on November 1 of the years shown in, and according to, the following schedule:

Year	Principal Amount to be Redeemed
November 1, 2036	$ 590,000
November 1, 2037	595,000
November 2, 2038	605,000
November 3, 2039	655,000
November 4, 2040	665,000

The term bonds which mature on November 1, 2045, have an interest rate of 2.935 percent per year, and are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Authorizing Legislation, at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date, on November 1 of the years shown in, and according to, the following schedule:

Year	Principal Amount to be Redeemed
November 1, 2041	$ 670,000
November 1, 2042	730,000
November 1, 2043	740,000
November 1, 2044	750,000
November 1, 2045	810,000

The term bonds which mature on November 1, 2051, have an interest rate of 3.205 percent per year, and are subject to mandatory sinking fund redemption in part by lot pursuant to the terms of the mandatory sinking fund redemption requirements of the Authorizing Legislation, at a redemption price equal to 100% of the principal amount redeemed, plus interest accrued to the redemption date, on November 1 of the years shown in, and according to, the following schedule:

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

Year	Principal Amount to be Redeemed
November 1, 2046	$ 820,000
November 1, 2047	835,000
November 1, 2048	905,000
November 1, 2049	920,000
November 1, 2050	935,000
November 1, 2051	1,000,000

C. Energy Conservation Bonds

The Energy Conservation Bonds were issued in July 2009 for $936,270. The interest rate on the notes is 0 percent. The final maturity of this issuance is December 1, 2023.

D. Tax Anticipation Notes

On March 31, 2021, the District issued $1,042,000 in tax anticipation notes in order to provide funds for school improvements. The tax anticipation note bears an interest rate of 1.39%. The notes mature on December 1, 2030. Payments are due semi-annually on June 1 and December 1 from the permanent improvement fund (a nonmajor governmental fund).

E. Notes Payable - Financed Purchase Agreement

During a prior fiscal year and the current fiscal year, the District entered into a financed purchase agreement obligation for the financing of busses. The payments will be recorded as expenditures in the governmental funds. During fiscal year 2022, the District made $147,951 and $3,247 of principal and interest payments, respectively.

F. Leases Payable

The District has entered into lease agreements for the right to use copier equipment. Due to the implementation of GASB Statement No. 87, the District will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid from the general fund.

The District has entered into lease agreements for copier equipment at terms as follows:

Description	Lease Commencement Date	Years	Lease End Date	Payment Method
Copier Equipment	2022	5	2027	Monthly

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

G. Principal and Interest Outstanding

The scheduled payments of principal and interest on debt outstanding at June 30, 2022 are as follows:

Fiscal Year Ending June 30,	Current Interest Bonds G.O. Bonds (Series 2020) Principal	Interest	Total	Capital Appreciation G.O. Bonds (Series 2020) Principal	Interest	Total
2023	$ -	$ 455,083	$ 455,083	$ 177,906	$ 257,094	$ 435,000
2024	-	455,083	455,083	117,192	312,808	430,000
2025	-	455,083	455,083	76,280	343,720	420,000
2026	-	455,083	455,083	50,227	364,773	415,000
2027	405,000	452,498	857,498	-	-	-
2028 - 2032	2,345,000	2,160,314	4,505,314	-	-	-
2033 - 2037	2,715,000	1,915,136	4,630,136	-	-	-
2038 - 2042	3,190,000	1,539,712	4,729,712	-	-	-
2043 - 2047	3,850,000	1,036,142	4,886,142	-	-	-
2048 - 2052	4,595,000	379,711	4,974,711	-	-	-
Total	$ 17,100,000	$ 9,303,845	$ 26,403,845	$ 421,605	$ 1,278,395	$ 1,700,000

Fiscal Year Ending June 30,	Energy Conservation Improvement Bonds (Series 2009) Principal	Interest	Total	Tax Anticipation Notes Principal	Interest	Total
2023	$ 62,418	$ -	$ 62,418	$ 102,000	$ 12,830	$ 114,830
2024	62,418	-	62,418	104,000	11,398	115,398
2025	-	-	-	105,000	9,946	114,946
2026	-	-	-	107,000	8,472	115,472
2027 - 2031	-	-	-	556,000	19,530	575,530
Total	$ 124,836	$ -	$ 124,836	$ 974,000	$ 62,176	$ 1,036,176

Fiscal Year Ending June 30,	Notes Payable - Financed Purchase Obligation Principal	Interest	Total	Leases Payable Principal	Interest	Total
2023	$ 84,619	$ 4,773	$ 89,392	$ 15,790	$ 1,859	$ 17,649
2024	58,348	1,896	60,244	16,189	1,460	17,649
2025	-	-	-	16,598	1,051	17,649
2026	-	-	-	17,018	631	17,649
2027	-	-	-	15,978	200	16,178
Total	$ 142,967	$ 6,669	$ 149,636	$ 81,573	$ 5,201	$ 86,774

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

H. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2022, are a voted debt margin of $18,028,388 (including available funds of $1,771,829), and an unvoted debt margin of $180,628.

NOTE 11 – RETIREMENT INCENTIVE PLAN

During fiscal year 2022, the District implemented a retirement incentive plan for certified employees. Certified employees who are eligible to retire under the State Teachers Retirement System of Ohio (STRS Ohio) either by attaining 30 year of service or by reaching 60 years of age and elects to retire, shall receive an incentive of $15,000. Certified employees who wish to participate in this option must notify the District of their intent in writing by March 1st in the year of eligibility, with notice of working through the end of the school year. Additionally, employees who are eligible to retire and notify the District of their intent to retire by February 1st in the year of eligibility, shall receive an incentive of $1,000. This incentive benefit plan option is in addition to the severance pay. The District had $15,000 in early retirement incentive liability at June 30, 2022 as presented on the fund financial statements.

NOTE 12 - COMPENSATED ABSENCES

Employees earn vacation at rates specified under State of Ohio law, negotiated agreements, and board policy, and based on credited service. Clerical, Technical, and Maintenance and Operation employees with one or more years of service are entitled to vacation ranging from 10 to 20 days. Employees with less than one year of service earn no vacation. Twelve-month Administrative employees are entitled to vacation based on board policy and individual contracts. Certain employees are permitted to carry over vacation leave if approved by the Superintendent.

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service (earned on a pro rata basis for less than full-time employees). This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to one-fourth of the accumulated sick leave to a maximum of 60 days for non-union employees, 55 days for certified and 60 days for classified union employees.

NOTE 13 - RISK MANAGEMENT

A. Schools of Ohio Risk Sharing Authority

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District participates in the Schools of Ohio Risk Sharing Authority, Inc. for insurance coverage. Coverages provided are as follows:

NOTE 13 - RISK MANAGEMENT – (Continued)

Property Insurance	$56,003,926
Equipment Breakdown	250,000
Crime Coverage	1,000,000
General Liability:	
Per Occurrence	15,000,000
Total Per Year	17,000,000
Educators' Legal Liability - Wrongful Acts	15,000,000
Automobile Liability	15,000,000

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

B. Employee Insurance Benefits Program

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

C. Workers' Compensation Group Program

The District participates in the Northern Buckeye Education Council Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool. The Plan is intended to reduce premiums for the participants. 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 Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

Participation in the Plan is limited to educational entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

NOTE 14 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

The remainder of this note includes the required pension disclosures. See Note 15 for the required OPEB disclosures.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension/OPEB liability (asset)* on the accrual basis of accounting. Any liability for the contractually required pension contribution outstanding at the end of the year is included in pension obligation payable on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description - The 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, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

The District's contractually required contribution to SERS was $293,672 for fiscal year 2022. Of this amount, $37,338 is reported as pension obligation payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

The District's contractually required contribution to STRS was $1,020,094 for fiscal year 2022. Of this amount, $175,052 is reported as pension obligation 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, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the projected contributions of all participating entities.

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.054158300%	0.054791270%	
Proportion of the net pension liability current measurement date	0.055086900%	0.055341825%	
Change in proportionate share	0.000928600%	0.000550555%	
Proportionate share of the net pension liability	$ 2,032,547	$ 7,075,950	$ 9,108,497
Pension expense	$ (39,076)	$ (24,409)	$ (63,485)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 197	$ 218,613	$ 218,810
Changes of assumptions	42,799	1,962,995	2,005,794
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	59,822	170,216	230,038
Contributions subsequent to the measurement date	293,672	1,020,094	1,313,766
Total deferred outflows of resources	$ 396,490	$3,371,918	$3,768,408

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 52,712	$ 44,352	$ 97,064
Net difference between projected and actual earnings on pension plan investments	1,046,821	6,098,114	7,144,935
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	18,966	219,965	238,931
Total deferred inflows of resources	$1,118,499	$6,362,431	$7,480,930

$1,313,766 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023.

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	$ (239,093)	$ (964,829)	$ (1,203,922)
2024	(206,383)	(885,353)	(1,091,736)
2025	(248,894)	(969,014)	(1,217,908)
2026	(321,311)	(1,191,411)	(1,512,722)
Total	$ (1,015,681)	$ (4,010,607)	$ (5,026,288)

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.

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NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	$ 3,381,659	$ 2,032,547	$ 894,782

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NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

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

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

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

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

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

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

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

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	$ 13,250,606	$ 7,075,950	$ 1,858,379

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

Plan Description - School Employees Retirement System (SERS)

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

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Active employee members do not contribute to the Health Care Plan. The SERS Retirement Board established the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2022, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the District's surcharge obligation was $37,629.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was $37,629 for fiscal year 2022. Of this amount, $37,629 is reported as pension obligation payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	SERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.056422400%	0.054791270%	
Proportion of the net OPEB liability/asset current measurement date	0.057142500%	0.055341825%	
Change in proportionate share	0.000720100%	0.000550555%	
Proportionate share of the net OPEB liability	$ 1,081,469	$ -	$ 1,081,469
Proportionate share of the net OPEB asset	$ -	$ (1,166,837)	$ (1,166,837)
OPEB expense	$ 4,073	$ (66,781)	$ (62,708)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 11,529	$ 41,548	$ 53,077
Changes of assumptions	169,656	74,533	244,189
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	55,929	49,306	105,235
Contributions subsequent to the measurement date	37,629	-	37,629
Total deferred outflows of resources	$ 274,743	$ 165,387	$ 440,130

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 538,619	$ 213,789	$ 752,408
Net difference between projected and actual earnings on OPEB plan investments	23,497	323,427	346,924
Changes of assumptions	148,099	696,102	844,201
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	12,398	3,177	15,575
Total deferred inflows of resources	$ 722,613	$ 1,236,495	$ 1,959,108

$37,629 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2023.

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	$ (106,824)	$ (303,995)	$ (410,819)
2024	(106,986)	(295,903)	(402,889)
2025	(110,471)	(290,489)	(400,960)
2026	(97,997)	(135,470)	(233,467)
2027	(50,047)	(46,359)	(96,406)
Thereafter	(13,174)	1,108	(12,066)
Total	$ (485,499)	$ (1,071,108)	$ (1,556,607)

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.

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NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 1,340,071	$ 1,081,469	$ 874,879

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 832,642	$ 1,081,469	$ 1,413,824

Actuarial Assumptions - STRS

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

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

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

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

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

NOTE 15 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	$ 984,630	$ 1,166,837	$ 1,319,044

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	$ 1,312,876	$ 1,166,837	$ 986,246

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

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

(d) Investments are reported at fair value (GAAP basis) as opposed to cost (budget basis); and,

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

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

Net Change in Fund Balance

	General fund
Budget basis	$ 390,923
Net adjustment for revenue accruals	173,131
Net adjustment for expenditure accruals	(240,059)
Net adjustment for other sources/uses	119,931
Funds budgeted elsewhere	2,667
Adjustment for encumbrances	79,444
GAAP basis	$ 526,037

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the public school support fund.

NOTE 17 - CONTINGENCIES

A. Federal and State Grants

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

B. Litigation

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

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. The District's August 26 and November 10, 2022 foundation settlement receipts included the FTE adjustments for fiscal year 2022. The August 26, 2022 adjustment was an increase of $4,849, and the November 10, 2022 adjustment resulted in no increase or decrease. This amount was not material to the financial statements and was not included in the financial statements as an intergovernmental payable as of June 30, 2022.

NOTE 18 - SET-ASIDE CALCULATIONS

The 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 acquisition. Disclosure of this information is required by State statute.

	Capital Improvements
Set-aside balance June 30, 2021	$ -
Current year set-aside requirement	180,495
Current year offsets	(218,075)
Total	$ (37,580)
Set-aside balance June 30, 2022	$ -

The District had current year offsets during the fiscal year that reduced the capital improvements set-aside amount below zero. However, this amount may not be used to reduce the set-aside requirements of future years.

NOTE 19 - OTHER COMMITMENTS

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

Fund	Year-End Encumbrances
General	$ 75,816
Nonmajor governmental	615,877
Total	$ 691,693

NOTE 20 – TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Henry County provides tax abatements through Community Reinvestment Areas (CRAs) and Enterprise Zones (EZones).

CRA - Under the authority of Ohio Revised Code (ORC) Section 3735.67, the CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRA's are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing is desired. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity's property tax bill.

EZone - Under the authority of ORC Sections 5709.62 and 5709.63, the Ezone program is an economic development tool administered by municipal and county governments that provides real and personal property tax exemptions to businesses making investments in Ohio. An Ezone is a designated area of land in which businesses can receive tax incentives in the form of tax exemptions on qualifying new investment. An Ezone's geographic area is identified by the local government involved in the creation of the zone. Once the zone is defined, the local legislative authority participating in the creation must petition the OSDA. The OSDA must then certify the area for it to become an active Enterprise Zone. The local legislative authority negotiates the terms of the Enterprise Zone Agreement (the "Agreement") with the business, which may include tax sharing with the Board of Education. Legislation must then be passed to approve the Agreement. All Agreements must be finalized before the project begins and may contain provisions for the recoupment of taxes should the individual or entity fail to perform. The amount of the abatement is deducted from the business's property tax bill.

The CRA and EZone agreements affect the property tax receipts collected and distributed to the District. During fiscal year 2022, the District's property tax revenues were reduced as a result of these agreements as follows:

Tax Abatement Program	Taxes Abated
CRA	$ 3,058
EZone	19,686
Total	$ 22,744

NOTE 21 - COVID-19

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

REQUIRED SUPPLEMENTARY INFORMATION

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE FISCAL YEARS

	2022	2021	2020	2019
District's proportion of the net pension liability	0.05508690%	0.05415830%	0.05555460%	0.05432182%
District's proportionate share of the net pension liability	$ 2,032,547	$ 3,582,144	$ 3,323,929	$ 3,111,110
District's covered payroll	$ 2,189,879	$ 1,896,143	$ 1,604,059	$ 1,833,467
District's proportionate share of the net pension liability as a percentage of its covered payroll	92.82%	188.92%	207.22%	169.68%
Plan fiduciary net position as a percentage of the total pension liability	82.86%	68.55%	70.85%	71.36%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018	2017	2016	2015	2014
0.05273271%	0.05290717%	0.05355787%	0.05052379%	0.08544700%
$ 3,150,662	$ 3,872,319	$ 3,056,066	$ 2,556,991	$ 5,081,259
$ 1,680,250	$ 1,624,000	$ 1,712,686	$ 1,809,618	$ 1,738,866
187.51%	238.44%	178.44%	141.30%	292.22%
69.50%	62.98%	69.16%	71.70%	65.52%

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE FISCAL YEARS

	2022	2021	2020	2019
District's proportion of the net pension liability	0.055341825%	0.05479127%	0.05681477%	0.05614184%
District's proportionate share of the net pension liability	$ 7,075,950	$ 13,257,538	$ 12,564,245	$ 12,344,330
District's covered payroll	$ 6,891,079	$ 7,180,479	$ 6,388,864	$ 5,885,529
District's proportionate share of the net pension liability as a percentage of its covered payroll	102.68%	184.63%	196.66%	209.74%
Plan fiduciary net position as a percentage of the total pension liability	87.78%	75.48%	77.40%	77.31%

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018	2017	2016	2015	2014
0.05353513%	0.05366880%	0.05221670%	0.05067302%	0.08244441%
$ 12,717,385	$ 17,930,449	$ 14,431,169	$ 12,325,432	$ 23,887,397
$ 5,412,671	$ 5,890,650	$ 5,567,171	$ 5,597,008	$ 5,154,585
234.96%	304.39%	259.22%	220.21%	463.42%
75.30%	66.80%	72.10%	74.70%	69.30%

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2022	2021	2020	2019
Contractually required contribution	$ 293,672	$ 306,583	$ 265,460	$ 216,548
Contributions in relation to the contractually required contribution	(293,672)	(306,583)	(265,460)	(216,548)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 2,097,657	$ 2,189,879	$ 1,896,143	$ 1,604,059
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018		2017		2016		2015		2014		2013	
$	247,518	$	235,235	$	227,360	$	225,732	$	250,813	$	240,659
	(247,518)		(235,235)		(227,360)		(225,732)		(250,813)		(240,659)
$	-	$	-	$	-	$	-	$	-	$	-
$	1,833,467	$	1,680,250	$	1,624,000	$	1,712,686	$	1,809,618	$	1,738,866
	13.50%		14.00%		14.00%		13.18%		13.86%		13.84%

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2022	**2021**	**2020**	**2019**
Contractually required contribution	$ 1,020,094	$ 964,751	$ 1,005,267	$ 894,441
Contributions in relation to the contractually required contribution	(1,020,094)	(964,751)	(1,005,267)	(894,441)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 7,286,386	$ 6,891,079	$ 7,180,479	$ 6,388,864
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2018	2017	2016	2015	2014	2013
	$ 823,974	$ 757,774	$ 824,691	$ 779,404	$ 727,611	$ 670,096
	(823,974)	(757,774)	(824,691)	(779,404)	(727,611)	(670,096)
	$ -	$ -	$ -	$ -	$ -	$ -
	$ 5,885,529	$ 5,412,671	$ 5,890,650	$ 5,567,171	$ 5,597,008	$ 5,154,585
	14.00%	14.00%	14.00%	14.00%	13.00%	13.00%

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	2022	2021	2020	2019
District's proportion of the net OPEB liability	0.05714250%	0.05642240%	0.05675000%	0.05524088%
District's proportionate share of the net OPEB liability	$ 1,081,469	$ 1,226,243	$ 1,427,143	$ 1,532,532
District's covered payroll	$ 2,189,879	$ 1,896,143	$ 1,604,059	$ 1,833,467
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	49.38%	64.67%	88.97%	83.59%
Plan fiduciary net position as a percentage of the total OPEB liability	24.08%	18.17%	15.57%	13.57%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2018	2017
	0.05345232%	0.05290717%
	$ 1,434,519	$ 1,523,588
	$ 1,680,250	$ 1,624,000
	85.38%	93.82%
	12.46%	11.49%

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	2022	2021	2020	2019
District's proportion of the net OPEB liability/asset	0.055341825%	0.05479127%	0.05681477%	0.05614184%
District's proportionate share of the net OPEB liability/(asset)	$ (1,166,837)	$ (962,956)	$ (940,989)	$ (902,142)
District's covered payroll	$ 6,891,079	$ 7,180,479	$ 6,388,864	$ 5,885,529
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	-16.93%	-13.41%	-14.73%	-15.33%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	174.73%	182.10%	174.70%	176.00%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018		2017	
	0.05353513%		0.05356688%
$	2,088,743	$	2,863,073
$	5,412,671	$	5,890,650
	38.59%		48.60%
	47.10%		37.30%

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2022	2021	2020	2019
Contractually required contribution	$ 37,629	$ 38,282	$ 37,299	$ 33,783
Contributions in relation to the contractually required contribution	(37,629)	(38,282)	(37,299)	(33,783)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 2,097,657	$ 2,189,879	$ 1,896,143	$ 1,604,059
Contributions as a percentage of covered payroll	1.79%	1.75%	1.97%	2.11%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2018		2017		2016		2015		2014		2013
$	26,201	$	-	$	-	$	38,696	$	26,554	$	26,814
	(26,201)		-		-		(38,696)		(26,554)		(26,814)
$	-	$	-	$	-	$	-	$	-	$	-
$	1,833,467	$	1,680,250	$	1,624,000	$	1,712,686	$	1,809,618	$	1,738,866
	1.43%		0.00%		0.00%		2.26%		1.47%		1.54%

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2022	2021	2020	2019
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 7,286,386	$ 6,891,079	$ 7,180,479	$ 6,388,864
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018	2017	2016	2015	2014	2013
$ -	$ -	$ -	$ -	$ 55,970	$ 51,546
-	-	-	-	(55,970)	(51,546)
$ -	$ -	$ -	$ -	$ -	$ -
$ 5,885,529	$ 5,412,671	$ 5,890,650	$ 5,567,171	$ 5,597,008	$ 5,154,585
0.00%	0.00%	0.00%	0.00%	1.00%	1.00%

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016.
- For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.

(Continued)

PENSION (CONTINUED)

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal years 2014-2022.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.
- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table.

(Continued)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

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

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.
- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.

LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY

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

FEDERAL GRANTOR *Pass Through Grantor* Program / Cluster Title	**Federal AL Number**	**Provided Through to Subrecipients**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICLUTURE			
Passed Through Ohio Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553		$68,030
National School Lunch Program:			
Cash Assistance	10.555		392,904
COVID Cash Assistance	10.555		20,137
Non-Cash Assistance (Food Distribution)	10.555		38,742
Total National School Lunch Program			451,783
Total Child Nutrition Cluster			519,813
COVID-19 Pandemic EBT Administrative Costs (P-EBT)	10.649		614
Total U.S. Department of Agriculture			**520,427**
U.S. DEPARTMENT OF EDUCATION			
Passed Through Ohio Department of Education			
Title I Grants to Local Education Agencies	84.010		195,707
Special Education Cluster:			
Special Education Grants to States (IDEA Part B)	84.027		271,423
Special Education Preschool Grants (IDEA Preschool)			
Special Education Preschool Grants (IDEA Preschool)	84.173	$5,541	5,541
American Rescue Plan IDEA Preschool	84.173 X		1,764
Total Special Education Preschool Grants (IDEA Preschool)		5,541	7,305
Total Special Education Cluster			278,728
Improving Teacher Quality State Grants	84.367		26,869
Student Support and Academic Enrichment Program	84.424		8,284
COVID-19 Education Stabilization Fund:			
Elementary and Secondary School Emergency Relief (ESSER I)	84.425 D		288
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425 U		724,298
American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth	84.425 W		250
Elementary and Secondary School Emergency Relief (ESSER II)	84.425 D		527,436
Total Education Stabilization Fund			1,252,272
Total U.S. Department of Education		**5,541**	**1,761,860**
Total Expenditures of Federal Awards		**$5,541**	**$2,282,287**

The accompanying notes are an integral part of this schedule.

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

The District has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – SUBRECIPIENTS

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

As a subrecipient, the District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE E – CHILD NUTRITION CLUSTER

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

NOTE F – FOOD DONATION PROGRAM

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

NOTE G – TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with the Ohio Department of Education's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2022 to 2023 programs:

Program Title	AL Number	Amt. Transferred
Title I Grants to Local Educational Agencies	84.010	$ 37,323
Improving Teacher Quality State Grants	84.367	$ 5,099
Student Support and Academic Enrichment Program	84.424	$ 5,745

OHIO AUDITOR OF STATE
KEITH FABER

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

Liberty Center Local School District
Henry County
100 Tiger Trail
Liberty Center, Ohio 43532-0434

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Liberty Center Local School District, Henry County, Ohio, (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 13, 2023, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Keith Faber
Auditor of State
Columbus, Ohio

February 13, 2023

OHIO AUDITOR OF STATE
KEITH FABER

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

Liberty Center Local School District
Henry County
100 Tiger Trail
Liberty Center, Ohio 43532-0434

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

February 13, 2023

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LIBERTY CENTER LOCAL SCHOOL DISTRICT
HENRY COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE
KEITH FABER

LIBERTY CENTER LOCAL SCHOOL DISTRICT

HENRY COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 2/28/2023

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