OHIO AUDITOR OF STATE
KEITH FABER

PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY
JUNE 30, 2022

TABLE OF CONTENTS

PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY
JUNE 30, 2022

TABLE OF CONTENTS
(Continued)

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

INDEPENDENT AUDITOR'S REPORT

Perry Local School District
Stark County
4201 13th Street SW
Massillon, Ohio 44646

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

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

Basis for Opinions

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

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 School District. We did not modify our opinion regarding 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 School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Required Supplementary Information

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

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedule of Receipts and 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 Receipts and Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 10, 2023, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

March 10, 2023

This page intentionally left blank.

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

Financial Highlights

Key financial highlights for fiscal year 2022 are as follows:

- In total, net position of governmental activities increased $11,257,797 which represents a 55.48% increase from June 30, 2021's net position.
- General revenues accounted for $49,873,078 in revenue or 75.32% 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 $16,339,701 or 24.68% of total revenues of $66,212,779.
- The School District had $54,954,982 in expenses related to governmental activities; $16,339,701 of these expenses were offset by program specific charges for services and sales, operating grants and contributions and capital grants and contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) were not adequate to provide for these programs.
- The general fund had $49,534,357 in revenues and other financing sources and $47,193,990 in expenditures. The general fund's fund balance increased $2,340,367 from $15,046,210 to $17,386,577.
- The bond retirement fund had $5,103,541 in revenues and other financing sources and $5,970,411 in expenditures. The bond retirement fund's fund balance decreased $866,870 from $5,243,884 to $4,377,014.
- The building fund had ($873,765) in revenues and $2,288,067 in expenditures. The building fund's fund balance decreased $3,161,832 from $83,910,880 to $80,749,048.

Using these 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 School 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 School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. The School District has three major funds: the general fund, bond retirement fund and building fund.

Reporting the School 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 School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2022?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, 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 School District's *net position* and changes in that net position. This change in net position is important because it tells the reader that, for the School District as a whole, the *financial position* of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

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

The School District's statement of net position and statement of activities can be found on pages 17-18 of this report.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major governmental funds begins on page 12. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, bond retirement fund and building fund.

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the School District's general government operations and the basic services it provides. Governmental fund information helps 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. The basic governmental fund financial statements can be found on pages 19-23 of this report.

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. These notes to the basic financial statements can be found on pages 25-67 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School District's net pension liability and net OPEB liability/asset. The required supplementary information can be found on pages 70-88 of this report.

The School District as a Whole

The statement of net position provides the perspective of the School District as a whole.

The table below provides a summary of the School 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	$ 144,311,459	$ 140,409,318
Net OPEB asset	4,413,222	3,691,598
Capital assets, net	38,064,099	37,197,373
Total assets	186,788,780	181,298,289
Deferred Outflows of Resources		
Pension	14,008,804	12,031,480
OPEB	1,758,717	2,022,585
Total deferred outflows of resources	15,767,521	14,054,065
Liabilities		
Current liabilities	7,758,467	8,006,054
Long-term liabilities:		
Due within one year	3,779,677	4,778,675
Due in more than one year:		
Net pension liability	35,104,080	65,436,371
Net OPEB liability	4,414,951	4,998,177
Other amounts	94,536,358	98,343,615
Total liabilities	145,593,533	181,562,892
Deferred Inflows of Resources		
Property taxes levied for next year	29,960,181	25,744,401
Pension	28,228,614	1,099,823
OPEB	7,806,297	7,235,359
Total deferred inflows of resources	65,995,092	34,079,583
Net Position		
Net investment in capital assets	30,954,033	27,150,621
Restricted	1,907,992	630,788
Unrestricted	(41,894,349)	(48,071,530)
Total net position	$ (9,032,324)	$ (20,290,121)

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

Governmental Accounting Standards Board 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/asset*. 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/asset to equal the School 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 School District is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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.

In accordance with GASB 68 and GASB 75, the School District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2022, the School District's liabilities plus deferred inflows of resources exceeded assets plus deferred outflows of resources by $9,032,324.

Assets of the School District increased $5,490,491 or 3.03%. The most significant increase was in the area of property taxes receivable. Property taxes receivable increased due to an increase in anticipated property tax collections for the bond retirement fund and the permanent improvement fund.

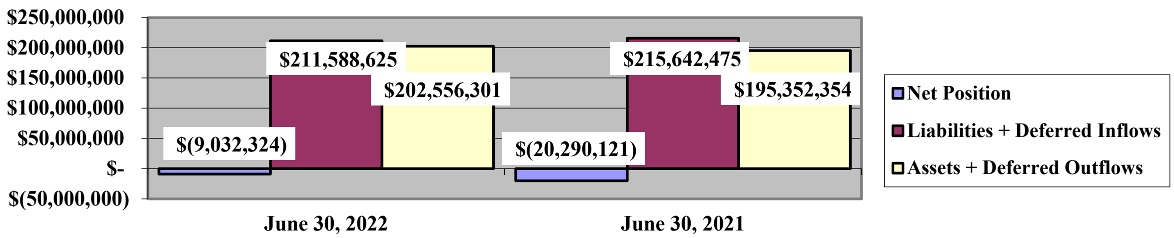
At year-end, capital assets represented 18.79% of total assets and deferred outflows of resources. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and right to use assets. Net investment in capital assets at June 30, 2022, was $30,954,033. These capital assets are used to provide services to the students and are not available for future spending. Although the School 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 approximately $30.3 million and deferred inflows of resources related to pension increased approximately $27.1 million. 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 caused a large increase in their respective fiduciary net positions.

A portion of the School District's net position, $1,907,992, 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 $41,894,349.

The graph below shows the School District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2022 and June 30, 2021.

Governmental Activities



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

Change in Net Position

	Governmental Activities 2022	Governmental Activities 2021
Revenues		
Program revenues:		
Charges for services and sales	$ 2,119,851	$ 3,607,958
Operating grants and contributions	14,219,850	10,295,662
Capital grants and contributions	-	42,468
General revenues:		
Property taxes	28,584,382	24,641,193
Payment in lieu of taxes	37,024	62,965
Grants and entitlements	22,637,884	21,271,128
Investment earnings	(1,442,884)	175,767
Miscellaneous	56,672	410,694
Total revenues	66,212,779	60,507,835

(Continued)

Change in Net Position (Continued)

	Governmental Activities 2022	Governmental Activities 2021
Expenses		
Program expenses:		
Instruction:		
Regular	$ 20,170,366	$ 24,970,842
Special	6,523,764	7,759,008
Vocational	3,052,322	2,949,571
Other	94,065	93,515
Support services:		
Pupil	4,186,542	5,076,592
Instructional staff	1,124,360	1,327,035
Board of education	226,415	176,076
Administration	3,400,002	4,001,874
Fiscal	1,006,406	946,755
Business	275,648	264,714
Operations and maintenance	3,888,873	4,082,125
Pupil transportation	2,819,645	2,877,047
Central	1,030,265	1,212,015
Operations of non-instructional services:		
Food service operations	2,645,998	2,470,004
Other non-instructional services	221,076	149,790
Extracurricular activities	1,640,138	1,528,229
Interest and fiscal charges	2,649,097	3,066,655
Total expenses	54,954,982	62,951,847
Change in net position	11,257,797	(2,444,012)
Net position at beginning of year	(20,290,121)	(17,846,109)
Net position at end of year	$ (9,032,324)	$ (20,290,121)

Governmental Activities

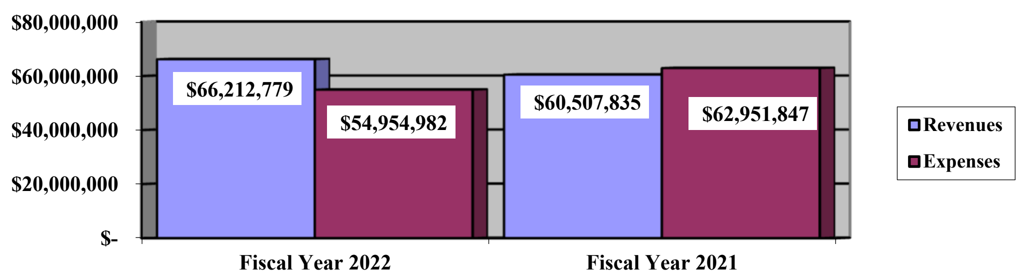
Net position of the School District's governmental activities increased $11,257,797. Total governmental expenses of $54,954,982 were offset by program revenues of $16,339,701 and general revenues of $49,873,078. Program revenues supported 29.73% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements from the State. These revenue sources account for 77.42% of total governmental revenue. The most significant increases were in the areas of property taxes and operating grants and contributions. Property taxes increased due to the passage of a bond levy and permanent improvement levy that began collections in fiscal year 2021. Operating grants and contributions increased due to federal money received for the Elementary and Secondary School Emergency Relief (ESSER) grant.

Overall, expenses of the governmental activities decreased approximately $8.0 million. This decrease is primarily the result of a decrease in pension expense. Pension expense decreased approximately $8.3 million. 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 graph below presents the School District's governmental activities revenue and expenses for fiscal years 2022 and 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.

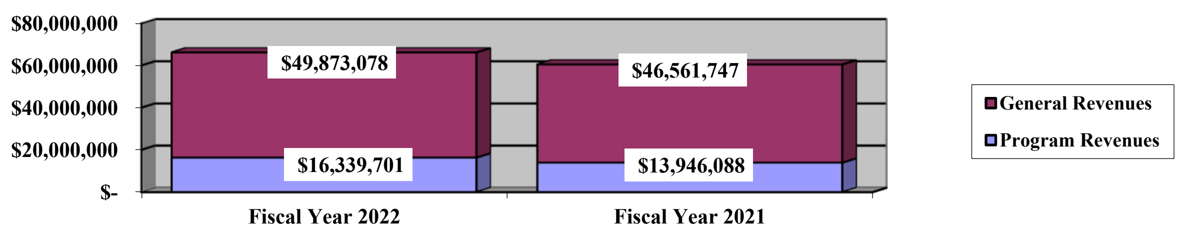
Governmental Activities

	Total Cost of Services 2022	Net Cost of Services 2022	Total Cost of Services 2021	Net Cost of Services 2021
Program expenses				
Instruction:				
Regular	$ 20,170,366	$ 17,041,010	$ 24,970,842	$ 20,449,206
Special	6,523,764	2,711,106	7,759,008	3,837,419
Vocational	3,052,322	2,094,279	2,949,571	2,137,863
Other	94,065	88,144	93,515	93,515
Support services:				
Pupil	4,186,542	3,186,379	5,076,592	3,964,988
Instructional staff	1,124,360	918,998	1,327,035	1,154,203
Board of education	226,415	226,415	176,076	176,076
Administration	3,400,002	2,791,889	4,001,874	3,975,666
Fiscal	1,006,406	1,006,406	946,755	880,575
Business	275,648	275,648	264,714	264,714
Operations and maintenance	3,888,873	2,401,646	4,082,125	3,835,413
Pupil transportation	2,819,645	2,595,184	2,877,047	2,706,864
Central	1,030,265	1,030,082	1,212,015	1,211,873
Operations of non-instructional services:				
Food service operations	2,645,998	(1,238,775)	2,470,004	245,657
Other non-instructional services	221,076	35,323	149,790	(5,411)
Extracurricular activities	1,640,138	1,065,992	1,528,229	1,274,483
Interest and fiscal charges	2,649,097	2,385,555	3,066,655	2,802,658
Total	$ 54,954,982	$ 38,615,281	$ 62,951,847	$ 49,005,762

The dependence upon tax and other general revenues for governmental activities is apparent as 73.51% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 70.27%. The School District's taxpayers and unrestricted grants and entitlements are the primary support for School District's students.

The graph below presents the School District's governmental activities revenue for fiscal years 2022 and 2021.

Governmental Activities - General and Program Revenues



The School District's Funds

The School District's governmental funds reported a combined fund balance of $105,450,534, which is higher than last year's total of $105,410,788. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2022 and 2021.

	Fund Balance June 30, 2022	Fund Balance June 30, 2021	Change	Percentage Change
General	$ 17,386,577	$ 15,046,210	$ 2,340,367	15.55 %
Bond Retirement	4,377,014	5,243,884	(866,870)	(16.53) %
Building	80,749,048	83,910,880	(3,161,832)	(3.77) %
Other Governmental	2,937,895	1,209,814	1,728,081	142.84 %
Total	$ 105,450,534	$ 105,410,788	$ 39,746	0.04 %

General Fund

During fiscal year 2022, the School District's general fund balance increased $2,340,367.

The table that follows assists in illustrating the financial activities of the general fund.

	2022 Amount	2021 Amount	Change	Percentage Change
Revenues				
Taxes	$ 22,610,389	$ 21,048,289	$ 1,562,100	7.42 %
Tuition and fees	1,342,572	2,994,713	(1,652,141)	(55.17) %
Earnings on investments	(560,290)	59,492	(619,782)	(1,041.79) %
Intergovernmental	25,810,405	23,589,907	2,220,498	9.41 %
Other revenues	322,487	602,526	(280,039)	(46.48) %
Total	$ 49,525,563	$ 48,294,927	$ 1,230,636	2.55 %
Expenditures				
Instruction	$ 28,541,584	$ 29,101,001	$ (559,417)	(1.92) %
Support services	16,597,835	16,789,865	(192,030)	(1.14) %
Non-instructional services	144,764	54,783	89,981	164.25 %
Extracurricular activities	1,352,363	1,126,991	225,372	20.00 %
Facilities acquistion and construction and capital outlay	91,704	849,228	(757,524)	(89.20) %
Debt service	465,740	407,777	57,963	14.21 %
Total	$ 47,193,990	$ 48,329,645	$ (1,135,655)	(2.35) %

Overall revenues of the general fund increased $1,230,636 or 2.55%. Property taxes increased $1,562,100. This increase was the result of an increase in assessed values in the School District which led to higher tax collections. Intergovernmental increased $2,220,498. This increase was due to an increase in state foundation revenues due to a new funding model. Tuition and fees decreased $1,652,141 due to a change in the foundation funding model in relation to open enrollment tuition. Earnings on investments decreased $619,782. This was due to a decrease in interest rates earned on investments due to the pandemic.

Expenditures decreased $1,135,655 or 2.35%. Instructional and support services decreased $559,417 and $192,030, respectively, due to the movement of expenditures to special revenue funds set up for ESSER as allowed by this grant. Facilities acquisition and construction and capital outlay decreased $757,524 due the School District entered into a new copier lease agreement during the previous year.

General Fund Budgeting Highlights

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

During the course of fiscal year 2022, the School District did not amend its general fund revenues budget. For the general fund, original and final revenues and other financing sources were $48,582,139. Actual revenue and other financing sources of $50,085,837 were $1,503,698 higher than the final budgeted amounts.

General fund actual expenditures plus other financing uses of $47,221,648 were $1,198,792 lower than original and final appropriations (appropriated expenditures plus other financing uses) of $48,420,440. This decrease is the result of conservative budgeting practices and the School District moving expenditures from the general fund to the ESSER fund during fiscal year 2022.

Bond Retirement Fund

The bond retirement fund had $5,103,541 in revenues and other financing sources and $5,970,411 in expenditures. The bond retirement fund's fund balance decreased $866,870 from $5,243,884 to $4,377,014.

Building Fund

The building fund had ($873,765) in revenues and $2,288,067 in expenditures. The building fund's fund balance decreased $3,161,832 from $83,910,880 to $80,749,048.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2022, the School District had $38,064,099 invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and right to use assets. This entire amount is reported in governmental activities.

The table that follows shows June 30, 2022 balances compared to June 30, 2021.

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

	Governmental Activities	
	2022	2021
Land	$ 1,351,979	$ 1,351,979
Construction in progress	4,131,892	1,891,415
Land improvements	1,362,769	1,472,766
Buildings and improvements	26,823,122	27,457,060
Furniture and equipment	2,076,162	2,298,581
Vehicles	1,762,448	2,019,467
Right to use assets	555,727	706,105
Total	$ 38,064,099	$ 37,197,373

The overall increase of $866,726 is the result of additions of $2,335,819 and depreciation/amortization expense of $1,469,093.

See Note 8 to the basic financial statements for detail on the School District's capital assets.

Debt Administration

At June 30, 2022 the School District had $88,038,876 in bonds, COPs, and leases payable outstanding. Of this total, $3,364,008 is due within one year and $84,674,868 is due in more than one year.

The table below summarizes the long-term obligations outstanding.

Outstanding Debt, at Year End

	Governmental Activities 2022	Governmental Activities 2021
2011 HB 264 Qualified School Construction Bonds	$ 5,185,000	$ 5,185,000
2020 School Improvement Bonds	55,830,000	58,350,000
2020 Certificates of Participation (COPs)	26,465,000	27,365,000
2017 note payable - finance purchase	-	728,000
Leases payable	558,876	692,769
Total	$ 88,038,876	$ 92,320,769

At June 30, 2022, the School District's overall legal debt margin was $19,287,735 with an unvoted debt margin of $843,619.

See Note 13 to the basic financial statements for detail on the School District's debt administration.

Current Issues

The School District continues to receive strong support from the residents of the School District. As the preceding information shows, the School District relies heavily on its local property taxpayers. The last operating levy passed by the residents of the School District was in May, 2018; a renewal of an emergency levy. This renewal levy will generate sufficient revenues for a period of 2 years to sustain school operations but the School District was deficit spending during the past several fiscal years and anticipates an additional tax request in May, 2022. The receipt of roughly $7 million in Federal funds relating to COVID has allowed the District to temporarily extend out the need for new operating dollars.

Real estate and personal property tax collections have shown increases over the years. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due to Ohio House Bill 920 (passed in 1976). As an example, a homeowner with a home valued at $100,000 and taxed at 1.0 mill would pay $35.00 annually in taxes. If three years later the home was reappraised and increased to $200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay $35.00.

Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 43% of revenues for governmental activities for the School District during fiscal year 2022.

Management has diligently planned expenses so that the last levy has stretched for the years it was planned. This has been made increasingly difficult with rising utility costs, increased special education services required for our students, and significant increases in health insurance and property/liability/fleet insurance.

HB110 introduced a new foundation formula (State funding) starting in fiscal year 2022. In addition to the changes in funding calculations, this legislation introduced a significantly different methodology for fund distribution in which students are funded in the district that they are educated as opposed to where they reside, as the case has been in recent years. The new funding formula also incorporates Student Wellness and Success funds into the calculation. Prior to fiscal year 2022, this funding was provided outside of the formula. Overall, total State funding remained relatively the same from fiscal year 2021 to 2022.

All scenarios require management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In addition, the School District's systems of budgeting and internal controls are well regarded. The District was, once again, presented with the Ohio Auditor of State Award for excellence in financial reporting and compliance with applicable laws for fiscal year ended 2021. All of the School District's financial abilities will be needed to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Jeff Bartholomew, Treasurer of Perry Local School District, 4201 13th St. S.W., Massillon, OH 44646 or jeff.bartholomew@perrylocal.org.

PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	$ 108,134,584
Cash and investments with fiscal agent	242,185
Receivables:	
Property taxes	31,586,534
Accounts	1,916
Accrued interest	59,129
Intergovernmental	535,291
Prepayments	87,266
Materials and supplies inventory	111,944
Inventory held for resale	26,039
Net OPEB asset	4,413,222
Cash and investments with escrow agent	3,521,786
Accrued interest receivable - escrow agent	4,785
Capital assets:	
Nondepreciable capital assets	5,483,871
Depreciable capital assets, net	32,580,228
Capital assets, net	38,064,099
Total assets	186,788,780
Deferred outflows of resources:	
Pension	14,008,804
OPEB	1,758,717
Total deferred outflows of resources	15,767,521
Liabilities:	
Accounts payable	150,318
Contracts payable	578,159
Accrued wages and benefits payable	5,568,958
Compensated absences payable	26,567
Intergovernmental payable	177,295
Pension and postemployment benefits payable	904,079
Accrued interest payable	353,091
Long-term liabilities:	
Due within one year	3,779,677
Due in more than one year:	
Net pension liability	35,104,080
Net OPEB liability	4,414,951
Other amounts due in more than one year	94,536,358
Total liabilities	145,593,533
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	29,960,181
Pension	28,228,614
OPEB	7,806,297
Total deferred inflows of resources	65,995,092
Net position:	
Net investment in capital assets	30,954,033
Restricted for:	
Capital projects	43,969
State funded programs	68,766
Federally funded programs	44,308
Food service operations	1,290,657
Extracurricular programs	425,274
Other purposes	35,018
Unrestricted (deficit)	(41,894,349)
Total net position	$ (9,032,324)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO

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

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities:				
Instruction:				
Regular	$ 20,170,366	$ 180,693	$ 2,948,663	$ (17,041,010)
Special	6,523,764	762,574	3,050,084	(2,711,106)
Vocational	3,052,322	412,959	545,084	(2,094,279)
Other	94,065	-	5,921	(88,144)
Support services:				
Pupil	4,186,542	2,012	998,151	(3,186,379)
Instructional staff	1,124,360	9,384	195,978	(918,998)
Board of education	226,415	-	-	(226,415)
Administration	3,400,002	316	607,797	(2,791,889)
Fiscal	1,006,406	-	-	(1,006,406)
Business	275,648	-	-	(275,648)
Operations and maintenance	3,888,873	13,657	1,473,570	(2,401,646)
Pupil transportation	2,819,645	8,612	215,849	(2,595,184)
Central	1,030,265	183	-	(1,030,082)
Operation of non-instructional services:				
Food service operations	2,645,998	157,523	3,727,250	1,238,775
Other non-instructional services	221,076	82,118	103,635	(35,323)
Extracurricular activities	1,640,138	489,820	84,326	(1,065,992)
Interest and fiscal charges	2,649,097	-	263,542	(2,385,555)
Totals	$ 54,954,982	$ 2,119,851	$ 14,219,850	(38,615,281)

General revenues:	
Property taxes levied for:	
General purposes	22,506,421
Debt service	3,984,567
Capital outlay	2,093,394
Payments in lieu of taxes	37,024
Grants and entitlements not restricted to specific programs	22,637,884
Investment earnings	(1,442,884)
Miscellaneous	56,672
Total general revenues	49,873,078
Change in net position	11,257,797
Net position at beginning of year	(20,290,121)
Net position at end of year	$ (9,032,324)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General	Bond Retirement	Building	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash					
and cash equivalents	$ 19,380,268	$ 4,290,784	$ 81,292,770	$ 3,170,762	$ 108,134,584
Cash and investments with fiscal agent	-	-	-	242,185	242,185
Receivables:					
Property taxes	24,321,635	5,023,208	-	2,241,691	31,586,534
Accounts	1,545	-	-	371	1,916
Accrued interest	12,480	-	46,649	-	59,129
Intergovernmental	404,800	-	-	130,491	535,291
Prepayments	83,988	-	-	3,278	87,266
Materials and supplies inventory	98,667	-	-	13,277	111,944
Inventory held for resale	-	-	-	26,039	26,039
Due from other funds	1,636	-	-	-	1,636
Cash and investments with escrow agent	3,521,786	-	-	-	3,521,786
Accrued interest receivable - escrow agent	4,785	-	-	-	4,785
Total assets	$ 47,831,590	$ 9,313,992	$ 81,339,419	$ 5,828,094	$ 144,313,095
Liabilities:					
Accounts payable	$ 109,009	$ -	$ 3,463	$ 37,846	$ 150,318
Contracts payable	-	-	578,159	-	578,159
Accrued wages and benefits payable	5,102,610	-	-	466,348	5,568,958
Compensated absences payable	26,567	-	-	-	26,567
Intergovernmental payable	171,373	-	-	5,922	177,295
Pension and postemployement benefits payable	821,912	-	-	82,167	904,079
Due to other funds	-	-	-	1,636	1,636
Total liabilities	6,231,471	-	581,622	593,919	7,407,012
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	23,015,816	4,783,653	-	2,160,712	29,960,181
Delinquent property tax revenue not available	866,126	153,325	-	40,266	1,059,717
Intergovernmental revenue not available	-	-	-	95,302	95,302
Accrued interest not available	7,255	-	8,749	-	16,004
Miscellaneous revenue not available	324,345	-	-	-	324,345
Total deferred inflows of resources	24,213,542	4,936,978	8,749	2,296,280	31,455,549
Fund balances:					
Nonspendable:					
Materials and supplies inventory	98,667	-	-	13,277	111,944
Prepaids	83,988	-	-	3,278	87,266
Unclaimed monies	2,094	-	-	-	2,094
Restricted:					
Debt service	-	4,377,014	-	-	4,377,014
Capital projects	-	-	80,749,048	43,969	80,793,017
Food service operations	-	-	-	1,425,673	1,425,673
Non-public schools	-	-	-	67,258	67,258
State funded programs	-	-	-	1,138	1,138
Federally funded programs	-	-	-	2,065	2,065
Extracurricular programs	-	-	-	425,274	425,274
Other purposes	-	-	-	30,935	30,935
Committed:					
Capital projects	-	-	-	959,000	959,000
Extracurricular programs	-	-	-	211,540	211,540
Debt service	3,526,571	-	-	-	3,526,571
Other purposes	-	-	-	31,532	31,532
Assigned:					
Student instruction	220,525	-	-	-	220,525
Student and staff support	178,110	-	-	-	178,110
Extracurricular programs	775	-	-	-	775
Subsequent year's appropriations	2,475,068	-	-	-	2,475,068
Other purposes	197,647	-	-	-	197,647
Unassigned (deficit)	10,603,132	-	-	(277,044)	10,326,088
Total fund balances	17,386,577	4,377,014	80,749,048	2,937,895	105,450,534
Total liabilities, deferred inflows and fund balances	$ 47,831,590	$ 9,313,992	$ 81,339,419	$ 5,828,094	$ 144,313,095

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO

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

Total governmental fund balances		$ 105,450,534
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.		38,064,099
Other long-term assets are not available to pay for current period expenditures and therefore are deferred inflows in the funds		
Property taxes receivable	$ 1,059,717	
Accounts receivable	324,345	
Accrued interest receivable	16,004	
Intergovernmental receivable	95,302	
Total		1,495,368
Unamortized premiums on bonds and COPs issued are not recognized in the funds.		(5,362,758)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(353,091)
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	14,008,804	
Deferred inflows - pension	(28,228,614)	
Net pension liability	(35,104,080)	
Deferred outflows - OPEB	1,758,717	
Deferred inflows - OPEB	(7,806,297)	
Net OPEB asset	4,413,222	
Net OPEB liability	(4,414,951)	
Total		(55,373,199)
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	(61,015,000)	
Certificates of participation (COPs)	(26,465,000)	
Leases payable	(558,876)	
Compensated absences	(4,914,401)	
Total		(92,953,277)
Net position of governmental activities		$ (9,032,324)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO

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

	General	Bond Retirement	Building	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	$ 22,610,389	$ 3,944,348	$ -	$ 2,141,249	$ 28,695,986
Intergovernmental	25,810,405	109,193	-	10,778,054	36,697,652
Investment earnings	(560,290)	-	(873,765)	(10,234)	(1,444,289)
Tuition and fees	1,342,572	-	-	7,585	1,350,157
Extracurricular	138,320	-	-	413,695	552,015
Rental income	37,295	-	-	10,512	47,807
Charges for services	21,548	-	-	157,716	179,264
Contributions and donations	25,977	-	-	123,948	149,925
Payment in lieu of taxes	37,024	-	-	-	37,024
Miscellaneous	62,323	-	-	4,642	66,965
Total revenues	49,525,563	4,053,541	(873,765)	13,627,167	66,332,506
Expenditures:					
Current:					
Instruction:					
Regular	19,410,228	-	-	2,925,130	22,335,358
Special	5,815,895	-	-	1,449,370	7,265,265
Vocational	3,212,404	-	-	500	3,212,904
Other	103,057	-	-	5,921	108,978
Support services:					
Pupil	4,446,372	-	-	265,196	4,711,568
Instructional staff	1,110,647	-	-	148,198	1,258,845
Board of education	221,916	-	-	-	221,916
Administration	3,330,272	-	-	619,291	3,949,563
Fiscal	890,668	58,142	47,590	34,572	1,030,972
Business	261,391	-	-	-	261,391
Operations and maintenance	2,461,518	-	-	1,483,288	3,944,806
Pupil transportation	2,815,419	-	-	618	2,816,037
Central	1,059,632	-	-	-	1,059,632
Operation of non-instructional services:					
Food service operations	-	-	-	2,721,273	2,721,273
Other non-instructional services	144,764	-	-	80,093	224,857
Extracurricular activities	1,352,363	-	-	370,392	1,722,755
Facilities acquisition and construction	84,576	-	2,240,477	7,962	2,333,015
Capital outlay	7,128	-	-	-	7,128
Debt service:					
Principal retirement	141,021	3,420,000	-	728,000	4,289,021
Interest and fiscal charges	324,719	2,492,269	-	9,282	2,826,270
Total expenditures	47,193,990	5,970,411	2,288,067	10,849,086	66,301,554
Excess (deficiency) of revenues over (under) expenditures	2,331,573	(1,916,870)	(3,161,832)	2,778,081	30,952
Other financing sources (uses):					
Sale of capital assets	1,666	-	-	-	1,666
Transfers in	-	1,050,000	-	-	1,050,000
Transfers (out)	-	-	-	(1,050,000)	(1,050,000)
Lease transaction	7,128	-	-	-	7,128
Total other financing sources (uses)	8,794	1,050,000	-	(1,050,000)	8,794
Net change in fund balances	2,340,367	(866,870)	(3,161,832)	1,728,081	39,746
Fund balances at beginning of year	15,046,210	5,243,884	83,910,880	1,209,814	105,410,788
Fund balances at end of year	$ 17,386,577	$ 4,377,014	$ 80,749,048	$ 2,937,895	$ 105,450,534

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PERRY LOCAL SCHOOL DISTRICT
STARK 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		$ 39,746
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	$ 2,335,819	
Current year depreciation/amortization	(1,469,093)	
Total		866,726
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(111,604)	
Tuition	(9,392)	
Earnings on investments	(8,829)	
Other local revenue	5,751	
Intergovernmental	10,098	
Total		(113,976)
Repayment of bond, COPs, notes and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
Bonds	2,520,000	
Certificates of participation (COPs)	900,000	
Notes payable - finance purchase	728,000	
Capital leases	141,021	
Total		4,289,021
Issuance of leases payable 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.		(7,128)
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:		
Change in accrued interest payable	8,178	
Amortization of bond premiums	168,995	
Total		177,173
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension		4,777,421
OPEB		148,468
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		403,403
OPEB		321,576
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.		355,367
Change in net position of governmental activities		$ 11,257,797

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

PERRY LOCAL SCHOOL DISTRICT
STARK 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 (Negative)
	Original	**Final**	**Actual**	
Revenues:				
Property taxes	$ 22,056,805	$ 22,056,805	$ 22,674,965	$ 618,160
Intergovernmental	24,879,229	24,879,229	25,742,957	863,728
Investment earnings	138,000	138,000	129,861	(8,139)
Tuition and fees	1,005,505	1,005,505	1,277,675	272,170
Rental income	8,000	8,000	13,657	5,657
Charges for services	2,500	2,500	2,830	330
Payment in lieu of taxes	37,024	37,024	37,024	-
Miscellaneous	304,076	304,076	47,242	(256,834)
Total revenues	48,431,139	48,431,139	49,926,211	1,495,072
Expenditures:				
Current:				
Instruction:				
Regular	19,461,825	19,461,825	19,271,234	190,591
Special	6,173,545	6,173,545	5,857,570	315,975
Vocational	3,197,386	3,197,386	3,187,411	9,975
Other	40,287	40,287	105,357	(65,070)
Support services:				
Pupil	3,858,868	3,858,868	4,499,492	(640,624)
Instructional staff	1,238,079	1,238,079	1,125,742	112,337
Board of education	260,642	260,642	213,233	47,409
Administration	4,222,686	4,222,686	3,297,276	925,410
Fiscal	869,765	869,765	877,586	(7,821)
Business	256,859	256,859	250,190	6,669
Operations and maintenance	2,704,761	2,704,761	2,662,562	42,199
Pupil transportation	2,858,812	2,858,812	2,802,613	56,199
Central	1,111,297	1,111,297	1,051,066	60,231
Extracurricular activities	1,286,359	1,286,359	1,248,787	37,572
Facilities acquisition and construction	116,316	116,316	84,576	31,740
Debt service:				
Principal	390,000	390,000	314,000	76,000
Interest and fiscal charges	292,953	292,953	292,953	-
Total expenditures	48,340,440	48,340,440	47,141,648	1,198,792
Excess of revenues over expenditures	90,699	90,699	2,784,563	2,693,864
Other financing sources (uses):				
Refund of prior year's expenditures	150,000	150,000	157,960	7,960
Transfers (out)	(80,000)	(80,000)	(80,000)	-
Sale of capital assets	1,000	1,000	1,666	666
Total other financing sources (uses)	71,000	71,000	79,626	8,626
Net change in fund balance	161,699	161,699	2,864,189	2,702,490
Fund balance at beginning of year	16,165,305	16,165,305	16,165,305	-
Prior year encumbrances appropriated	237,836	237,836	237,836	-
Fund balance at end of year	$ 16,564,840	$ 16,564,840	$ 19,267,330	$ 2,702,490

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

THIS PAGE IS INTENTIONALLY LEFT BLANK

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Perry Local School District (the "School District") was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a school district as defined by Section 3311.02 of the Ohio Revised Code. The School District operates under an elected Board of Education, consisting of five members, and is responsible for providing public education to residents of the School District. Average daily membership on, or as of October 1, 2021, was 4,299. The School District employs 342 certified and 264 noncertified employees.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

Included with the reporting entity, within the School District's boundaries, St. Joan of Arc Elementary and Central Catholic High School are operated as non-public schools. Current legislation provides funding to these non-public schools. These monies are received and disbursed through the auxiliary special revenue fund on behalf of the non-public schools by the Treasurer of the School District, as directed by the non-public schools. These transactions are reported as a governmental activity of the School District.

The School District participates in one jointly governed organization and two public entity risk pools. These organizations are the Stark Portage Area Computer Consortium (SPARCC), Stark County Schools Council of Governments Health Benefits Program, and CompManagement Workers' Compensation Group Rating Program. They are presented in Notes 14 and 15.

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

B. Basis of Presentation

The School 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.

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

Government-Wide Financial Statements - The Statement of Net Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

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

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

C. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

Bond Retirement Fund - the bond retirement fund is used to account for the accumulation of resources that are restricted for the payment of general obligation bond and note principal, interest and related costs.

Building Fund - The building fund is used to account for the receipts and expenditures related to all special bond funds in the School District. All proceeds from the sale of bonds, notes, or certificates of indebtedness, except premium and accrued interest, must be paid into this fund. Expenditures recorded here represent the costs of acquiring capital facilities including real property.

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

The other governmental funds of the School District account for (a) grants and other resources whose use is restricted, committed, or assigned to a particular purpose and (b) financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District did not have any custodial funds at June 30, 2022.

D. Measurement Focus

Government-Wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in 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 and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial 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 and statements for the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows, and in the presentation of expenses versus expenditures.

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants and entitlements is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis.

On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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 School District, see Notes 11 and 12 for deferred outflows of resources related the School District's net pension liability and net OPEB liability/asset, respectively.

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 School District, deferred inflows of resources include property taxes and unavailable revenue. Property 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 School 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 School District, see Notes 11 and 12 for deferred inflows of resources related to the School District's net pension liability and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

Expenditures/Expenses **-** 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

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

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

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

G. Cash and Investments

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District records. 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 commercial paper, Federal Agricultural Mortgage Corporation (FAMC) securities, Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Bank (FHLB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal National Mortgage Association (FNMA) securities, U.S. Treasury bonds, U.S. Treasury notes, U.S. Government money market account and State Treasury Asset Reserve of Ohio (STAR Ohio), the State Treasurer's Investment Pool.

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

During fiscal year 2022, the School District invested in STAR Ohio. 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 its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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

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 to be transacted the following business day(s), but only to the $250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2022 amounted to ($560,290) of which approximately ($164,372) was attributable to other funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as “equity in pooled cash and cash equivalents”. Investments with an original maturity of more than three months that are not purchased from the pool are presented on the basic financial statements as “investments”.

H. 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. At fiscal year end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is nonspendable on the fund financial statements by an amount equal to the carrying value of the asset.

I. Inventory

Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and donated and purchased food. The donated commodities are presented at their entitlement values.

J. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of $5,000. The School 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.

All reported capital assets, except land and construction in progress, are depreciated/amortized. Improvements are depreciated over the remaining useful lives of the related capital assets.

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

Depreciation/amortization is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land Improvements	20-75 Years
Buildings and Improvements	7-75 Years
Furniture and Equipment	5-30 Years
Vehicles	12-15 Years
Intangible right to use assets:	
Equipment	5 Years

The School 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.

K. Compensated Absences

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

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

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

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

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 that are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds that are reported as a liability in the fund financial statements only to the extent that they normally expected to be repaid with expendable available financial resources. Bonds are recognized as a liability on the fund financial statements when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

M. Bond Issuance Costs/Unamortized Bond Premiums

On government-wide and fund financial statements, bond issuance costs are expensed in the year they occur.

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

Bond and certificate of participation (COPs) 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.

On the governmental fund financial statements, bond issuance costs and 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 13.

N. Net Position

Net position represents the difference between all other elements of the statement of net position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

O. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not to be converted to cash. It also includes the long-term amount of loans receivable.

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not constrained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund 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 School District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

P. Interfund Activity

Transfers between governmental funds are eliminated on the government-wide financial statements. Internal events that are allocations of overhead expenses from one function to another or within the same function are eliminated on the statement of activities. Interfund payments for services provided and used are not eliminated. Receivables and payables resulting from short-term interfund loans are classified as interfund receivables/payables on the fund financial statements.

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. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans and unpaid amounts for interfund services provided and used are classified as “interfund loans receivables/payables.” On fund financial statements, receivables and payables resulting from negative cash balances are classified as “due to/due from other funds”. These amounts are eliminated in the governmental activities columns of the statement of net position.

R. Estimates

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

S. 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.

T. Fair Value

The School 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.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2022, the School 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 School District.

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 School 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 School 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 School 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 School District.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

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 School District.

B. Deficit Fund Balances

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

Nonmajor funds	Deficit
Title VI-B	$ 187,066
Title I	78,576
IDEA Preschool	3,657
Title II-A	6,074

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

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School District into three categories.

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

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

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

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, 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 obligations or securities 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;

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;

5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

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

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

Protection of the 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 School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Cash on Hand

At fiscal year end, the District had $35 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and investments".

B. Cash and Investments with Escrow Agent

At June 30, 2022, the School District had $3,521,786 in cash and investments in an escrow account held for future repayment of the 2011 HB 264 Qualified School Construction Bonds. The School District makes annual sinking fund deposits into the account. The amount is comprised of cash of $2,323,392 and negotiable certificates of deposit of $1,198,394. The investments in negotiable certificates of deposit are valued using quoted prices in markets 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). These amounts are not included in "deposits with financial institutions" below.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Cash and Investments with Fiscal Agent

At June 30, 2022, the School District had $242,185 in cash and investments with the Stark County Foundation for stadium maintenance and scholarships. These amounts are not included in "deposits with financial institutions" below.

D. Deposits with Financial Institutions

At June 30, 2022, the carrying amount of all School District deposits was $1,538,597 and the bank balance of all School District deposits was $1,814,295. Of the bank balance, $250,000 was covered by the FDIC and $1,564,295 was covered by the Ohio Pooled Collateral System.

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

E. Investments

As of June 30, 2022, the School 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:						
Commercial paper	$ 14,816,790	$ 13,216,542	$ 1,600,248	$ -	$ -	$ -
FAMC	715,741	-	241,033	243,365	-	231,343
FFCB	11,641,766	8,463,485	292,719	772,015	764,097	1,349,450
FHLB	10,146,926	-	8,394,540	-	477,185	1,275,201
FHLMC	12,211,622	-	10,772,835	716,420	-	722,367
FNMA	8,987,154	-	5,350,334	3,407,215	-	229,605
U.S. Treasury bonds	2,461,725	-	2,461,725	-	-	-
U.S. Treasury notes	31,671,357	5,910,108	8,926,555	13,615,362	642,779	2,576,553
U.S. Government money market	3,746,316	3,746,316	-	-	-	-
Amortized Cost:						
STAR Ohio	10,196,555	10,196,555	-	-	-	-
Total	$ 106,595,952	$ 41,533,006	$ 38,039,989	$ 18,754,377	$ 1,884,061	$ 6,384,519

The weighted average of maturity of investments is 0.77 years.

The School District's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The School District's investments in federal agency securities (FAMC, FFCB, FHLB, FHLMC, FNMA),U.S. Treasury bonds, U.S. Treasury notes and commercial paper and are valued using quoted prices in markets 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).

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the School District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The School District's investments in commercial paper were rated A-1 by Standard & Poor's. The School District's investments in federal agency securities, U.S. Treasury bonds and U.S. Treasury notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned the U.S. Government money market and STAR Ohio an AAAm money market rating. Ohio Law requires that STAR Ohio and the U.S. Government money market maintain the highest rating provided by at least one nationally recognized standard rating service. The School District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the School District's name. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

Concentration of Credit Risk: The School 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 School District at June 30, 2022:

Measurement/ Investment type	Measurement Value	% of Total
Fair Value:		
Commercial paper	$ 14,816,790	13.90
FAMC	715,741	0.67
FFCB	11,641,766	10.92
FHLB	10,146,926	9.52
FHLMC	12,211,622	11.46
FNMA	8,987,154	8.43
U.S. Treasury bonds	2,461,725	2.31
U.S. Treasury notes	31,671,357	29.71
U.S. Government money market	3,746,316	3.51
Amortized Cost:		
STAR Ohio	10,196,555	9.57
Total	$ 106,595,952	100.00

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

F. 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	$ 1,538,597
Investments	106,595,952
Cash and investments with escrow agent	3,521,786
Cash and investments with fiscal agent	242,185
Cash on hand	35
Total	$ 111,898,555
Cash and investments per statement of net position	
Governmental activities	$ 111,898,555

NOTE 5 - INTERFUND TRANSACTIONS

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

Transfers from a nonmajor governmental fund to:	Amount
Bond retirement fund	$ 1,050,000

Transfers are used to (1) move revenues from the fund that statute or budget requires 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. The transfer of $1,050,00 from the permanent improvement fund (a nonmajor governmental fund) to the bond retirement fund for debt service payments on the certificates of participation (COPs).

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

All transfers made during fiscal year 2022 were made in accordance with Ohio Revised Code Sections 5704.14, 5705.15 and 5705.16.

B. Due to/from other funds consisted of the following at June 30, 2022, as reported on the fund statement:

Receivable fund	Payable fund	Amount
General fund	Nonmajor governmental fund	$ 1,636

The primary purpose of the amount due to the general fund from the nonmajor governmental fund was to eliminate negative cash balances. The amount will be repaid once cash is received.

Amounts due to/from governmental funds are eliminated on the government-wide statements.

NOTE 6 - PROPERTY TAXES

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

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

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

The School District receives property taxes from Stark County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2022, are available to finance fiscal year 2022 operations. The amount available as an advance at June 30, 2022 was $439,693 in the general fund, $86,230 in the bond retirement fund and $40,713 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2021 was $504,269 in the general fund, $61,796 in the bond retirement fund and $47,423 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are 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, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

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	$ 686,900,960	93.36	$ 789,734,820	93.61
Public utility personal	48,843,720	6.64	53,884,300	6.39
Total	$ 735,744,680	100.00	$ 843,619,120	100.00
Tax rate per $1,000 of assessed valuation for:				
General operations	$45.30		$44.10	
Debt service	3.90		5.90	
Permanent improvement	3.00		3.00	

NOTE 7 - RECEIVABLES

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

Governmental activities:	
Property taxes	$ 31,586,534
Accounts	1,916
Accrued interest	59,129
Intergovernmental	535,291
Accrued interest - escrow agent	4,785
Total	$ 32,187,655

NOTE 8 - CAPITAL ASSETS

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

	Balance June 30, 2021	Additions	Disposals	Balance June 30, 2022
Capital assets, not being depreciated/amortized:				
Land	$ 1,351,979	$ -	$ -	$ 1,351,979
Construction in progress	1,891,415	2,240,477	-	4,131,892
Total capital assets, not being depreciated/amortized	3,243,394	2,240,477	-	5,483,871
Capital assets, being depreciated/amortized:				
Land improvements	3,140,342	5,683	-	3,146,025
Buildings and improvements	46,762,846	57,691	-	46,820,537
Furniture and equipment	4,568,021	24,840	-	4,592,861
Vehicles	4,776,643	-	(167,236)	4,609,407
Right to use assets:				
Leased equipment	784,561	7,128	-	791,689
Total capital assets, being depreciated/amortized	60,032,413	95,342	(167,236)	59,960,519
Less: accumulated depreciation/amortization:				
Land improvements	(1,667,576)	(115,680)	-	(1,783,256)
Buildings and improvements	(19,305,786)	(691,629)	-	(19,997,415)
Furniture and equipment	(2,269,440)	(247,259)	-	(2,516,699)
Vehicles	(2,757,176)	(257,019)	167,236	(2,846,959)
Right to use assets:				
Leased equipment	(78,456)	(157,506)	-	(235,962)
Total accumulated depreciation/amortization	(26,078,434)	(1,469,093)	167,236	(27,380,291)
Governmental activities capital assets, net	$ 37,197,373	$ 866,726	$ -	$ 38,064,099

NOTE 8 - CAPITAL ASSETS - (Continued)

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

Instruction:	
Regular	$ 350,662
Special	106,200
Vocational	60,547
Other	1,607
Support services:	
Pupil	66,271
Instructional staff	18,345
Board of education	3,274
Administration	55,644
Fiscal	15,552
Business	39,728
Operations and maintenance	260,323
Pupil transportation	274,807
Central	37,658
Operation of non-instructional services:	
Other non-instructional services	18,721
Food service operations	70,683
Extracurricular activities	89,071
Total depreciation/amortization expense	$ 1,469,093

NOTE 9 - RISK MANAGEMENT

A. General Insurance

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The School District has a comprehensive property and casualty policy with a deductible of $5,000 and $500 per incident on property and equipment, respectfully, with a 100 percent blanket, all risk policy for property coverage. The School District's vehicle insurance policy limit is $1,000,000 single occurrence limited liability. All board members, administrators, and employees are covered under a school district liability policy. Additionally, the School District carries a $10,000,000 blanket umbrella policy. The limits of this coverage are $10,000,000 per occurrence and $10,000,000 in aggregate, with no deductible. Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

The Treasurer is covered under a surety bond in the amount of $50,000.

NOTE 9 - RISK MANAGEMENT - (Continued)

B. Workers' Compensation

The School District participates in the CompManagement Workers Compensation Group Rating Plan ("the Plan"), an insurance purchasing pool (Note 15.B). The intent of the Plan is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the group. The worker's 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 group. Each participant pays its worker's compensation premium to the State Bureau of Workers' Compensation based on the rate for the group rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the group. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the group. Participation in the Plan is limited to school districts that can meet the Plan selection criteria. The firm of CompManagement provides administrative, cost control and actuarial services to the group.

C. Employee Health Benefits

The School District participates in the Stark County Schools Council of Governments Health Benefits Program ("the Council"), a shared risk pool (Note 15.A) to provide employee medical/surgical benefits. The Council is a risk sharing pool created pursuant to State statute for the purpose of carrying out a cooperative program for the provision and administration of health care benefits. The Assembly is the legislative decision-making body of the Council. The Assembly is comprised of the superintendents or executive officers of the members, who have been appointed by the respective governing body of each member.

The intent of the insurance pool is to achieve a reduced, stable and competitive rate for the School District by grouping with other members of the Health Benefits Program. The experience of all participating districts is calculated as one and a common premium rate is applied to all member districts.

Rates are set through an annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating districts. The employees share the cost of the monthly premium with the Board. For fiscal year 2022, the School District's monthly medical premium for family coverage was $2,006.86 and $826.13 for single coverage and $230.56 and $93.46 for dental, respectively. Full-time employees pay twenty percent of the premium while part-time employees pay fifty percent of the premium.

Claims are paid for all participants regardless of claims flow. Upon termination, all School District claims would be paid without regard to the School District's account balance. The Stark County Schools Council of Government Board of Directors has the right to return monies to an exiting school district subsequent to the settlement of all expenses and claims.

NOTE 10 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation, sick leave benefits and early retirement incentive are derived from negotiated agreements and State laws. Classified employees earn 5 - 25 days of vacation per year, depending upon length of service and hours worked. Teachers do not earn vacation time. Administrators employed to work 260 days per year can earn 15 - 25 days of vacation annually. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment.

NOTE 10 - OTHER EMPLOYEE BENEFITS - (Continued)

Teachers, administrators, and classified employees earn sick leave at the rate of 1-1/4 days per month. Sick leave may be accumulated to a maximum of 340 days. Upon retirement, employees receive payment for 30 percent of the total sick leave accumulation, not to exceed 78 days for certificated personnel and 85 days for classified personnel in fiscal year 2022.

B. Life Insurance

The School District provided life insurance and accidental death and dismemberment insurance to all employees through the Stark County Schools Council of Governments Health Benefits Program. Coverage ranges from $35,000 to $65,000 depending on the daily hours worked by the employee.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

The net pension liability/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.

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

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

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

The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 and postemployment benefits payable on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description - The School District's 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.

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 School 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 School District's contractually required contribution to SERS was $1,156,906 for fiscal year 2022. Of this amount, $122,915 is reported as pension and postemployment benefits payable.

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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.

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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 School District's contractually required contribution to STRS was $3,620,515 for fiscal year 2022. Of this amount, $632,696 is reported pension and postemployment benefits 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 School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the projected contributions of all participating entities.

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

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.220920500%	0.210048340%	
Proportion of the net pension liability current measurement date	0.226070800%	0.209314367%	
Change in proportionate share	0.005150300%	-0.000733973%	
Proportionate share of the net pension liability	$ 8,341,357	$ 26,762,723	$ 35,104,080
Pension expense	$ (17,029)	$ (386,374)	$ (403,403)

THIS SPACE INTENTIONALLY LEFT BLANK

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 805	$ 826,837	$ 827,642
Changes of assumptions	175,644	7,424,459	7,600,103
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	300,184	503,454	803,638
Contributions subsequent to the measurement date	1,156,906	3,620,515	4,777,421
Total deferred outflows of resources	$ 1,633,539	$ 12,375,265	$ 14,008,804

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 216,325	$ 167,748	$ 384,073
Net difference between projected and actual earnings on pension plan investments	4,296,047	23,064,347	27,360,394
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	-	484,147	484,147
Total deferred inflows of resources	$ 4,512,372	$ 23,716,242	$ 28,228,614

$4,777,421 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	$ (823,406)	$ (3,732,142)	$ (4,555,548)
2024	(872,266)	(3,223,084)	(4,095,350)
2025	(1,021,444)	(3,374,654)	(4,396,098)
2026	(1,318,623)	(4,631,612)	(5,950,235)
Total	$ (4,035,739)	$ (14,961,492)	$ (18,997,231)

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 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.

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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.

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 School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate* -** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.00%, 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
School District's proportionate share of the net pension liability	$ 13,877,969	$ 8,341,357	$ 3,672,090

NOTE 11 - 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 11 - 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 School 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
School District's proportionate share of the net pension liability	$ 50,116,564	$ 26,762,723	$ 7,028,778

***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 12 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. 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 12 - 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 School District's surcharge obligation was $148,468.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was $148,468 for fiscal year 2022. Of this amount, $148,468 is reported as pension and postemployment benefits 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 School District's proportion of the net OPEB liability/asset was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

NOTE 12 - 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	0.229978100%	0.210048340%	
Proportion of the net OPEB liability/asset current measurement date	0.233276600%	0.209314367%	
Change in proportionate share	0.003298500%	-0.000733973%	
Proportionate share of the net OPEB liability	$ 4,414,951	$ -	$ 4,414,951
Proportionate share of the net OPEB asset	$ -	$ (4,413,222)	$ (4,413,222)
OPEB expense	$ 9,184	$ (330,760)	$ (321,576)

At June 30, 2022, the School 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	$ 47,060	$ 157,143	$ 204,203
Changes of assumptions	692,602	281,897	974,499
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	378,817	52,730	431,547
Contributions subsequent to the measurement date	148,468	-	148,468
Total deferred outflows of resources	$ 1,266,947	$ 491,770	$ 1,758,717

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 2,198,843	$ 808,587	$ 3,007,430
Net difference between projected and actual earnings on OPEB plan investments	95,918	1,223,267	1,319,185
Changes of assumptions	604,591	2,632,814	3,237,405
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	162,313	79,964	242,277
Total deferred inflows of resources	$ 3,061,665	$ 4,744,632	$ 7,806,297

$148,468 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2023.

NOTE 12 - 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	$ (443,560)	$ (1,227,951)	$ (1,671,511)
2024	(444,231)	(1,197,343)	(1,641,574)
2025	(459,030)	(1,143,659)	(1,602,689)
2026	(371,049)	(514,914)	(885,963)
2027	(172,181)	(172,953)	(345,134)
Thereafter	(53,135)	3,958	(49,177)
Total	$ (1,943,186)	$ (4,252,862)	$ (6,196,048)

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.

THIS SPACE INTENTIONALLY LEFT BLANK

NOTE 12 - 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 12 - 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 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB liability	$ 5,470,658	$ 4,414,951	$ 3,571,576

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	$ 3,399,150	$ 4,414,951	$ 5,771,748

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 12 - 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 School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 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
School District's proportionate share of the net OPEB asset	$ 3,724,077	$ 4,413,222	$ 4,988,899

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	$ 4,965,573	$ 4,413,222	$ 3,730,189

NOTE 13 - LONG-TERM OBLIGATIONS

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

	Balance June 30, 2021	Increase	Decrease	Balance June 30, 2022	Amount Due in One Year
Compensated absences	$ 5,269,768	$ 169,055	$ (524,422)	$ 4,914,401	$ 415,669
General obligation bonds:					
2011 HB 264					
Qualified school construction bonds	5,185,000	-	-	5,185,000	-
2020 school improvement bonds	58,350,000	-	(2,520,000)	55,830,000	2,520,000
Total general obligation bonds	63,535,000	-	(2,520,000)	61,015,000	2,520,000
2020 certificates of participation	27,365,000	-	(900,000)	26,465,000	695,000
2017 note payable - finance purchase - direct borrowing	728,000	-	(728,000)	-	-
Leases payable	692,769	7,128	(141,021)	558,876	149,008
Net pension liability	65,436,371	-	(30,332,291)	35,104,080	-
Net OPEB liability	4,998,177	-	(583,226)	4,414,951	-
Total	$ 168,025,085	$ 176,183	$ (35,728,960)	132,472,308	$ 3,779,677
Add: unamortized premium				5,362,758	
Total on statement of net position				$ 137,835,066	

Compensated absences will be primarily paid from the general, food service and auxiliary funds.

Net Pension Liability and Net OPEB Liability/Asset: See Notes 11 and 12 for details. The School District pays obligations related to employee compensation from the fund benefitting from their service.

2011 HB 264 Qualified School Construction Bonds

On February 8, 2011, the School District issued $5,185,000 in general obligation qualified school construction bonds ("QSCB") to finance a HB 264 project. The bonds were issued for a fifteen year period with a final maturity at December 1, 2025. The bond issue consisted of serial, term and capital appreciation bonds. The principal and interest requirements will be recorded in the general fund. The School District makes annual payments to a sinking fund to pay the principal balance when due (see Note 4.A). During fiscal year 2022, the School District made $314,000 in sinking deposits.

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the future debt service requirements to maturity of the 2011 HB 264 Qualified School Construction Bonds and a schedule of the required sinking fund deposits:

Fiscal Year Ending June 30,	Series 2011 Bonds Principal	Interest	Total	Annual Sinking Fund Deposits
2023	$ -	$ 292,952	$ 292,952	$ 395,000
2024	-	292,952	292,952	405,000
2025	-	292,952	292,952	410,000
2026	5,185,000	146,476	5,331,476	420,000
Total	$ 5,185,000	$ 1,025,332	$ 6,210,332	$ 1,630,000

Annually the School District must pay the entire interest amount and then submit a form for the return of credit payments to issuers of qualified bonds from the Internal Revenue Service. In fiscal year 2022, the School District was reimbursed $263,542; the net annual interest cost of the bonds to the School District in fiscal year 2022 was $29,410. Over the term of the bonded debt repayment schedule, the School District will be reimbursed $4,140,074 of the total $4,339,766 interest costs.

2020 School Improvement Bonds

On July 28, 2020, the School District issued school improvement bonds in the amount of $58,350,000 for the purpose of paying the costs of constructing, furnishing, equipping, adding to, renovating, remodeling, rehabilitating, and otherwise improving school district buildings and facilities, and acquiring, clearing, equipping, and otherwise improving real estate for School District purposes. Interest rates on the current interest bonds range from 2.375-4.000% with interest payments due on May 1 and November 1 of each year until final maturity at November 1, 2055. The debt will be retired through the debt service fund (a nonmajor governmental fund). At June 30, 2022, there were $55,507,619 in unspent bond proceeds.

Principal and interest requirements to retire the 2020 school improvement bonds outstanding at June 30, 2022 are as follows:

Fiscal Year Ending,	Principal	2020 Bonds Interest	Total
2023	$ 2,520,000	$ 1,604,568	$ 4,124,568
2024	1,030,000	1,551,318	2,581,318
2025	985,000	1,530,943	2,515,943
2026	995,000	1,506,118	2,501,118
2027	1,035,000	1,465,518	2,500,518
2028 - 2032	5,715,000	6,789,332	12,504,332
2033 - 2037	6,785,000	5,718,594	12,503,594
2038 - 2042	7,875,000	4,621,043	12,496,043
2043 - 2047	9,130,000	3,353,966	12,483,966
2048 - 2052	10,385,000	2,095,549	12,480,549
2053 - 2056	9,375,000	572,925	9,947,925
Total	$ 55,830,000	$ 30,809,874	$ 86,639,874

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

2020 Certificates of Participation (COPs)

On October 1, 2020, the School District issued certificates of participation (COP) in the amount of $27,365,000 for the purpose of funding the building of new elementary schools in the School District. Interest rates on the current interest bonds range from 2.50-4.00% with interest payments due on June 1 and December 1 of each year until final maturity at December 1, 2050. The debt will be retired through the permanent improvement fund (a nonmajor governmental fund). At June 30, 2022, there were $25,999,350 in unspent COPs proceeds.

Principal and interest requirements to retire certificates of participation outstanding at June 30, 2022 are as follows:

Fiscal Year Ending,	Certificates of Participation Principal	Interest	Total
2023	$ 695,000	$ 805,400	$ 1,500,400
2024	555,000	780,400	1,335,400
2025	580,000	757,700	1,337,700
2026	600,000	734,100	1,334,100
2027	625,000	709,600	1,334,600
2028 - 2032	3,520,000	3,144,500	6,664,500
2033 - 2037	4,240,000	2,436,050	6,676,050
2038 - 2042	4,915,000	1,745,925	6,660,925
2043 - 2047	5,665,000	997,625	6,662,625
2048 -2051	5,070,000	252,125	5,322,125
Total	$ 26,465,000	$ 12,363,425	$ 38,828,425

2017 Note Payable - Finance Purchase

On March 15, 2017, the School District entered into a note payable - finance purchase agreement with Huntington National Bank for the construction of a career and wellness center at the high school. The note payable - finance purchase agreement is considered a direct borrowing. Direct borrowings have terms negotiated directly between the School District and the lender and are not offered for public sale. In conjunction with the note payable - finance purchase agreement, the School District and the Bank have entered into a Ground Lease agreement whereby the School District has leased to the Bank, under a Ground Lease, the Project Site and the Bank has subleased the Project Site, and the facilities already located and/or to be constructed thereon (the "Project Facilities") back to the School District under the terms of the notes payable - finance purchase agreement. The Project Site and Project Facilities are collateral for the debt as, in the event of default or "Nonappropriation of Funds", the Bank shall have all legal and equitable rights to take possession of the Project Site and Project Facilities and/or assign the Ground Lease. This amounts to an initial value of $3,500,000.

The interest rate on the notes payable - finance purchase agreement is stated at 2.55%. Interest payments are due on June 1 and December 1 of each year. The final maturity date stated on the issue was December 1, 2021. At June 30, 2022, there were no further obligations outstanding.

Leases Payable - The School District has entered into lease agreements for the use of right to use equipment. Due to the implementation of GASB Statement No. 87, the School 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.

NOTE 13 - LONG-TERM OBLIGATIONS - (Continued)

The District has entered into lease agreements for copier equipment and a postage machine at varying years and terms as follows:

Lease	Lease Commencement Date	Years	Lease End Date	Payment Method
Copiers	2020	5	2025	Monthly
Postage machine	2022	5	2027	Monthly

The following is a schedule of future lease payments under the lease agreements:

Fiscal Year	Principal	Interest	Total
2023	$ 149,008	$ 25,432	$ 174,440
2024	156,778	17,663	174,441
2025	164,974	9,467	174,441
2026	86,603	1,720	88,323
2027	1,513	140	1,653
Total	$ 558,876	$ 54,422	$ 613,298

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the School District shall never exceed 9% of the total assessed valuation of the School District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the School 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 School District. The assessed valuation used in determining the School 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 School 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 $19,287,735 (including available funds of $4,377,014) and an unvoted debt margin of $843,619.

NOTE 14 - JOINTLY GOVERNED ORGANIZATION

The Stark Portage Area Computer Consortium (SPARCC) is a jointly governed organization among 31 school districts and the Stark County Educational Service Center. The purpose of the organization is to apply modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. The legislative and advisory body is the assembly which is comprised of the superintendents of the participating schools. The degree of control exercised by any participating district is limited to its representation on the assembly, which appoints the five-member executive board. The executive board exercises total control over the operation of SPARCC including budgeting, appropriating, contracting and designating management. The executive board consists of five superintendents. All revenues are generated from State funding and an annual fee charged to participating districts. The School District paid $224,736 to SPARCC during the fiscal year 2022. The Stark County Educational Service Center is the fiscal agent of SPARCC. Financial information can be obtained by writing to the Stark County Educational Service Center, 6057 Strip Avenue NW, North Canton, Ohio 44720.

NOTE 15 - PUBLIC ENTITY RISK POOLS

A. Risk Sharing Pool

The Stark County Schools Council of Governments Health Benefits Program is a shared risk pool. The Council is governed by an assembly which consists of one representative from each participant (usually the superintendent or designee). The assembly elects officers for two-year terms to serve as the Board of Directors. The assembly exercises control over the operation of the consortium. All consortium revenues are generated from charges for services received from the participating school districts, based on the established premiums for the insurance plans. Financial information can be obtained by writing to the Stark County Educational Service Center, 6057 Strip Avenue NW, North Canton, Ohio 44720.

B. Insurance Purchasing Pool

The School District participates in the CompManagement Workers' Compensation Group Rating Program (Group), an insurance purchasing pool. The Group's business and affairs are conducted by the CompManagement Corporation. Each year the participating districts pay an enrollment fee to the Group to cover the costs of administering the program.

NOTE 16 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement 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 effect on the overall financial position of the School District at June 30, 2022.

B. Litigation

The School District was not party to material legal proceedings.

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 School District, which can extend past the fiscal year-end. The final adjustments were not material and are not reflected in the accompanying financial statements.

NOTE 17 - SET-ASIDES

The School District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

NOTE 17 - SET-ASIDES - (Continued)

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

	Capital Improvements
Set-aside balance June 30, 2021	$ -
Current year set-aside requirement	756,732
Current year offsets	(2,312,908)
Total	$ (1,556,176)
Balance carried forward to fiscal year 2023	$ -
Set-aside balance June 30, 2022	$ -

The current year offsets represent the permanent improvement levy cash-basis receipts received by the School District during fiscal year 2022.

NOTE 18 - 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) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);

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

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

NOTE 18 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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	$ 2,864,189
Net adjustment for revenue accruals	(641,865)
Net adjustment for expenditure accruals	(197,066)
Net adjustment for other sources/uses	(150,832)
Funds budgeted elsewhere	(1,544)
Adjustment for encumbrances	467,485
GAAP basis	$ 2,340,367

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 uniform school supplies fund, rotary fund, the public school support fund, adult education fund, the recreation fund, the special trust fund, the unclaimed monies fund and the special education Medicaid fund.

NOTE 19 - COMMITMENTS

A. Contractual Commitments

As of June 30, 2022, the District had the following contractual commitments outstanding:

Vendor	Total Contract	Amount Paid	Remaining Commitment June 30, 2022
Stark County Education Service Center	$ 153,150	$ (115,490)	$ 37,660
PSI Professional Service	346,620	(29,963)	316,657
Then Design Architects	5,765,638	(2,281,093)	3,484,545
Chicago Title	858,817	(25,000)	833,817
The Thrasher Group	85,329	(26,900)	58,429
Beaver Shook LLC	2,620,007	(620,638)	1,999,369
Osborn Engineering	192,373	(9,245)	183,128
Total	$ 10,021,934	$ (3,108,329)	$ 6,913,605

B. Other Commitments

The School 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 School District's commitments for encumbrances in the governmental funds were as follows:

Fund Type	Year-End Encumbrances
General fund	$ 402,546
Building	6,381,903
Other governmental	101,100
Total	$ 6,885,549

NOTE 20 - TAX ABATEMENT AGREEMENTS ENTERED INTO BY OTHER GOVERNMENTS

Perry Township entered into Economic Zone agreements with Timken Steel Corporation for the abatement of property taxes to bring jobs and economic development into the Township. Under the agreements, the companies' property taxes assessed to the School District have been abated. During fiscal year 2022, the School District's property taxes were reduced by approximately $27,903.

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 School District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. The impact on the School District's future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

The School District's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

THIS PAGE IS INTENTIONALLY LEFT BLANK

REQUIRED SUPPLEMENTARY INFORMATION

PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE YEARS

	2022	2021	2020	2019
School District's proportion of the net pension liability	0.22607080%	0.22092050%	0.21237330%	0.22473170%
School District's proportionate share of the net pension liability	$ 8,341,357	$ 14,612,147	$ 12,706,667	$ 12,870,801
School District's covered payroll	$ 7,602,769	$ 8,001,236	$ 7,273,356	$ 6,844,067
School District's proportionate share of the net pension liability as a percentage of its covered payroll	109.71%	182.62%	174.70%	188.06%
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 School District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018		2017		2016		2015		2014	
	0.21299440%		0.22197420%		0.21341530%		0.21461000%		0.21461000%
$	12,725,945	$	16,246,463	$	12,177,684	$	10,861,290	$	12,762,168
$	7,234,757	$	7,231,857	$	6,424,917	$	6,236,147	$	6,160,809
	175.90%		224.65%		189.54%		174.17%		207.15%
	69.50%		62.98%		69.16%		71.70%		65.52%

PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE FISCAL YEARS

	2022	2021	2020	2019
School District's proportion of the net pension liability	0.2093143670%	0.21004834%	0.20636006%	0.20897801%
School District's proportionate share of the net pension liability	$ 26,762,723	$ 50,824,224	$ 45,635,287	$ 45,949,572
School District's covered payroll	$ 25,973,364	$ 25,741,379	$ 24,268,529	$ 23,919,164
School District's proportionate share of the net pension liability as a percentage of its covered payroll	103.04%	197.44%	188.04%	192.10%
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 School District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018	2017	2016	2015	2014
0.20625954%	0.21081056%	0.21004906%	0.20918458%	0.20918458%
$ 48,997,396	$ 70,564,649	$ 58,051,416	$ 50,880,929	$ 60,609,030
$ 22,638,136	$ 22,398,036	$ 22,231,829	$ 21,372,885	$ 22,209,254
216.44%	315.05%	261.12%	238.06%	272.90%
75.30%	66.80%	72.10%	74.70%	69.30%

PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2022	2021	2020	2019
Contractually required contribution	$ 1,156,906	$ 1,064,375	$ 1,120,173	$ 981,903
Contributions in relation to the contractually required contribution	(1,156,906)	(1,064,375)	(1,120,173)	(981,903)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
School District's covered payroll	$ 8,263,614	$ 7,602,679	$ 8,001,236	$ 7,273,356
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
	$ 923,949	$ 1,012,866	$ 1,012,460	$ 846,804	$ 864,330	$ 852,656
	(923,949)	(1,012,866)	(1,012,460)	(846,804)	(864,330)	(852,656)
	$ -	$ -	$ -	$ -	$ -	$ -
	$ 6,844,067	$ 7,234,757	$ 7,231,857	$ 6,424,917	$ 6,236,147	$ 6,160,809
	13.50%	14.00%	14.00%	13.18%	13.86%	13.84%

PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2022	2021	2020	2019
Contractually required contribution	$ 3,620,515	$ 3,636,271	$ 3,603,793	$ 3,397,594
Contributions in relation to the contractually required contribution	(3,620,515)	(3,636,271)	(3,603,793)	(3,397,594)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
School District's covered payroll	$ 25,860,821	$ 25,973,364	$ 25,741,379	$ 24,268,529
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	
$	3,348,683	$	3,169,339	$	3,135,725	$	3,112,456	$	2,778,475	$	2,887,203
	(3,348,683)		(3,169,339)		(3,135,725)		(3,112,456)		(2,778,475)		(2,887,203)
$	-	$	-	$	-	$	-	$	-	$	-
$	23,919,164	$	22,638,136	$	22,398,036	$	22,231,829	$	21,372,885	$	22,209,254
	14.00%		14.00%		14.00%		14.00%		13.00%		13.00%

PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	2022	**2021**	**2020**	**2019**
School District's proportion of the net OPEB liability	0.23327660%	0.22997810%	0.21757480%	0.22739260%
School District's proportionate share of the net OPEB liability	$ 4,414,951	$ 4,998,177	$ 5,471,549	$ 6,308,485
School District's covered payroll	$ 7,602,769	$ 8,001,236	$ 7,273,356	$ 6,844,067
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	58.07%	62.47%	75.23%	92.17%
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 School District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2018	2017
	0.21742790%	0.22492628%
	$ 5,835,194	$ 6,411,231
	$ 7,234,757	$ 7,231,857
	80.66%	88.65%
	12.46%	11.49%

PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE SCHOOL 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
School District's proportion of the net OPEB liability/asset	0.2093143670%	0.21004834%	0.20636006%	0.20897801%
School District's proportionate share of the net OPEB liability/(asset)	$ (4,413,222)	$ (3,691,598)	$ (3,417,817)	$ (3,358,063)
School District's covered payroll	$ 25,973,364	$ 25,741,379	$ 24,268,529	$ 23,919,164
School District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	16.99%	14.34%	14.08%	14.04%
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 School District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2018	2017
	0.20625954%	0.21081056%
	$ 8,047,486	$ 11,274,204
	$ 22,638,136	$ 22,398,036
	35.55%	50.34%
	47.10%	37.30%

PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2022	2021	2020	2019
Contractually required contribution	$ 148,468	$ 150,635	$ 151,192	$ 168,858
Contributions in relation to the contractually required contribution	(148,468)	(150,635)	(151,192)	(168,858)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
School District's covered payroll	$ 8,263,614	$ 7,602,679	$ 8,001,236	$ 7,273,356
Contributions as a percentage of covered payroll	1.80%	1.98%	1.89%	2.32%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018		2017		2016		2015		2014		2013	
$	154,413	$	124,460	$	113,727	$	116,867	$	8,731	$	9,857
	(154,413)		(124,460)		(113,727)		(116,867)		(8,731)		(9,857)
$	-	$	-	$	-	$	-	$	-	$	-
$	6,844,067	$	7,234,757	$	7,231,857	$	6,424,917	$	6,236,147	$	6,160,809
	2.26%		1.72%		1.57%		1.82%		0.14%		0.16%

PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF SCHOOL 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)	$ -	$ -	$ -	$ -
School District's covered payroll	$ 25,860,821	$ 25,973,364	$ 25,741,379	$ 24,268,529
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
$ -	$ -	$ -	$ -	$ 216,681	$ 213,342
-	-	-	-	(216,681)	(213,342)
$ -	$ -	$ -	$ -	$ -	$ -
$ 23,919,164	$ 22,638,136	$ 22,398,036	$ 22,231,829	$ 21,372,885	$ 22,209,254
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.

PERRY LOCAL SCHOOL DISTRICT
STARK COUNTY

SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR *Pass Through Grantor* Program Title	Federal CFDA Number	Pass Through Entity Identifying Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
Passed Through Ohio Department of Education						
Child Nutrition Cluster:						
School Breakfast Program	10.553	049924-3L70-2022	$ 772,167	$ -	$ 532,645	$ -
COVID-19 National School Lunch Program	10.555	049924-3L60-2022	111,575	-	111,575	-
National School Lunch Program	10.555	049924-3L60-2022	2,603,579	231,378	1,795,966	231,378
Total Child Nutrition Cluster			3,487,321	231,378	2,440,186	231,378
COVID-19 Pandemic EBT Administrative Costs	10.649	049924-3L70-2022	3,063	-	3,063	-
Total U.S. Department of Agriculture			3,490,384	231,378	2,443,249	231,378
U.S. DEPARTMENT OF EDUCATION						
Passed Through Ohio Department of Education						
Special Education Cluster:						
Special Education Grants to States	84.027	049924-3M20-2022	953,856	-	953,856	-
Special Education Preschool Grants	84.173	049924-3C50-2021	-	-	513	-
Special Education Preschool Grants	84.173	049924-3C50-2022	14,714	-	16,349	-
Total Special Education Cluster			968,570	-	970,718	-
Title I:						
Title I Grants to Local Educational Agencies	84.010	049924-3M00-2021	92,237	-	120,085	-
Title I Grants to Local Educational Agencies	84.010	049924-3M00-2022	504,429	-	481,375	-
Title I Expanding Opportunities	84.010	049924-3M00-2022	1,370	-	1,370	
Total Title I Grants to Local Educational Agencies			598,036	-	602,830	-
Title II-A						
Improving Teacher Quality State Grants	84.367	049924-3Y60-2021	15,653	-	15,643	-
Improving Teacher Quality State Grants	84.367	049924-3Y60-2022	101,077	-	94,300	-
Total Improving Teacher Quality State Grants			116,730	-	109,943	-
Title III						
English Language Acquisition State Grants	84.365	049858-3Y70-2022	5,959	-	5,959	-
Total English Language Acquisition State Grants			5,959	-	5,959	-
Title IV-A						
Student Support and Academic Enrichment	84.424A	049924-3HI0-2021	3,195	-	3,195	-
Student Support and Academic Enrichment	84.424A	049924-3HI0-2022	33,348	-	33,348	-
Total Student Support and Academic Enrichment			36,543	-	36,543	-
Elementary and Secondary School Emergency						
COVID 19 Elementary and Secondary School Emergency Relief Fund - ARP	84.425U	049924-3HSO-2022	4,480,213	-	4,480,213	-
COVID 19 Elementary and Secondary School Emergency Relief Fund	84.425D	049924-3HSO-2021	227,438	-	227,438	-
COVID 19 Elementary and Secondary School Emergency Relief Fund - ARP Homeless	84.425W	049924-3HSO-2022	628	-	628	-
Total Elementary and Secondary School Emergency Relief Fund			4,708,279	-	4,708,279	-
Total U.S. Department of Education			6,434,117	-	6,434,272	-
INSTITUTE OF MUSEUM AND LIBRARY SERVICES						
Passed through State Library of Ohio						
Grants to States	45.310	599-9222	1,500	-	1,425	-
Total Institute of Museum and Library Services			1,500	-	1,425	-
Total Federal Financial Assistance			$9,926,001	$ 231,378	$ 8,878,946	$ 231,378

The accompanying notes are an integral part of this schedule.

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

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) includes the federal award activity of Perry Local School District (the School 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 School District, it is not intended to and does not present the financial position or changes in net position of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

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

Program Title	AL Number	Amount Transferred
Title I Grants to Local Educational Agencies	84.010	$184,070
Special Education - Grants to States	84.027	$6,500
Title IV-A Student Support	84.424	$22,049
Title II-A Improving Teacher Quality	84.367	$28,277
ARP ESSER	84.425U	$376,353
ARP IDEA B	84.027X	$227,045
ARP IDEA Early Childhood	84.173X	$16,806

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Perry Local School District
Stark County
4201 13th Street SW
Massillon, Ohio 44646

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 the Perry Local School District, Stark County, (the School District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 10, 2023. We noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the School District.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Keith Faber
Auditor of State
Columbus, Ohio

March 10, 2023

OHIO AUDITOR OF STATE
KEITH FABER

88 East Broad Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
(800) 282-0370

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

Perry Local School District
Stark County
4201 13th Street SW
Massillon, Ohio 44646

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

The School District's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the School District's federal 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 School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

March 10, 2023

This page intentionally left blank.

PERRY LOCAL SCHOOL DISTRICT
STARK 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):**	Child Nutrition Cluster AL #10.553 & 10.555, and Elementary and Secondary School Emergency Relief Fund AL #84.425D, 84.425U & 84.425W
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

This page intentionally left blank.

OHIO AUDITOR OF STATE
KEITH FABER

PERRY LOCAL SCHOOL DISTRICT

STARK COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 3/23/2023

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