

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**SINGLE AUDIT**

**FOR THE FISCAL YEAR ENDED  
JUNE 30, 2024**





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Board of Education  
Oregon City School District  
5721 Seaman Road  
Oregon, Ohio 43616

We have reviewed the *Independent Auditor's Report* of the Oregon City School District, Lucas County, prepared by Julian & Grube, Inc., for the audit period July 1, 2023 through June 30, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them. In conjunction with the work performed by the Independent Public Accountant, the Auditor of State is issuing the following:

The Auditor of State is conducting an investigation, which is on-going as of the date of this report. Dependent on the outcome of the investigation, results may be reported on at a later date.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

March 25, 2025

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**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

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## Independent Auditor's Report

Oregon City School District  
Lucas County  
5721 Seaman Road  
Oregon, Ohio 43616

To the Members of the Board of Education:

### **Report on the Audit of the Financial Statements**

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oregon City School District, Lucas County, Ohio, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Oregon City School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Oregon City School District, as of June 30, 2024, and the respective changes in financial position, thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Oregon City 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 Oregon City School District's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Oregon City School District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2024 on our consideration of the Oregon City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Oregon City 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 Oregon City School District's internal control over financial reporting and compliance.



Julian & Grube, Inc.  
December 23, 2024

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The management's discussion and analysis of the Oregon City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

### **Financial Highlights**

Key financial highlights for fiscal year 2024 are as follows:

- In total, net position of governmental activities increased \$4,774,746 compared to fiscal year 2023's net position.
- Total revenues amounted to \$60,534,261. General revenues accounted for \$49,376,760 or 81.57% of this total, and program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$11,157,501 or 18.43%.
- The District had \$55,759,515 in expenses related to governmental activities; \$11,157,501 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$49,376,760 were adequate to provide for these programs.
- The District's only major governmental fund is the general fund. The general fund had \$50,125,804 in revenues and other financing sources and \$47,988,900 in expenditures and other financing uses. The fund balance of the general fund increased from \$22,571,724 to \$24,708,628.

### **Using the Basic Financial Statements**

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

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

### **Reporting the District as a Whole**

#### ***Statement of Net Position and the Statement of Activities***

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2024?" The statement of net position and the statement of activities answer this question. These statements include all non-fiduciary 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 District's net position and changes in that position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

**Reporting the District's Most Significant Funds**

***Fund Financial Statements***

The analysis of the District's major governmental funds begins on page 10. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's only major governmental fund is the general fund.

***Governmental Funds***

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

***Notes to the Basic Financial Statements***

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

***Required Supplementary Information***

The required supplementary information provides detailed information regarding the District's proportionate share of the net pension liability and the net OPEB liability/asset of the retirement systems. It also includes a ten year schedule of the District's contributions to the retirement systems to fund pension and OPEB obligations.

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**The District as a Whole**

The statement of net position provides the perspective of the District as a whole. The following table provides a summary of the District's net position for fiscal years 2024 and 2023.

	<b>Net Position</b>	
	Governmental Activities 2024	Governmental Activities 2023
<b><u>Assets</u></b>		
Current and other assets	\$ 66,831,064	\$ 65,104,524
Net OPEB asset	3,550,989	4,520,295
Capital assets, net	<u>47,919,026</u>	<u>48,870,471</u>
Total assets	<u>118,301,079</u>	<u>118,495,290</u>
<b><u>Deferred outflows of resources</u></b>		
Pension	11,116,861	12,019,548
OPEB	1,816,420	1,072,529
Other amounts	<u>720,456</u>	<u>806,054</u>
Total deferred outflows of resources	<u>13,653,737</u>	<u>13,898,131</u>
<b><u>Liabilities</u></b>		
Current liabilities	6,562,989	4,965,016
Long-term liabilities:		
Due within one year	2,630,162	2,768,032
Due in more than one year:		
Net pension liability	48,888,080	48,465,953
Net OPEB liability	2,925,172	2,561,995
Other amounts	<u>27,050,802</u>	<u>30,985,866</u>
Long-term liabilities	<u>81,494,216</u>	<u>84,781,846</u>
Total liabilities	<u>88,057,205</u>	<u>89,746,862</u>
<b><u>Deferred inflows of resources</u></b>		
Pension	3,177,269	4,497,981
OPEB	5,430,280	6,729,207
Other amounts	<u>27,757,706</u>	<u>28,588,422</u>
Total deferred inflows of resources	<u>36,365,255</u>	<u>39,815,610</u>
<b><u>Net position</u></b>		
Net investment in capital assets	25,007,414	25,007,414
Restricted	9,822,006	7,911,952
Unrestricted (deficit)	<u>(27,297,064)</u>	<u>(30,161,756)</u>
Total net position (deficit)	<u>\$ 7,532,356</u>	<u>\$ 2,757,610</u>

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The net pension liability (NPL) is the largest single liability reported by the District at June 30, 2024 and is reported pursuant to GASB Statement 68, “Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27.” The District has adopted 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 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.

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*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio’s statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

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

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

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

In accordance with GASB 68 and GASB 75, the 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, respectively, not accounted for as deferred inflows/outflows.

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

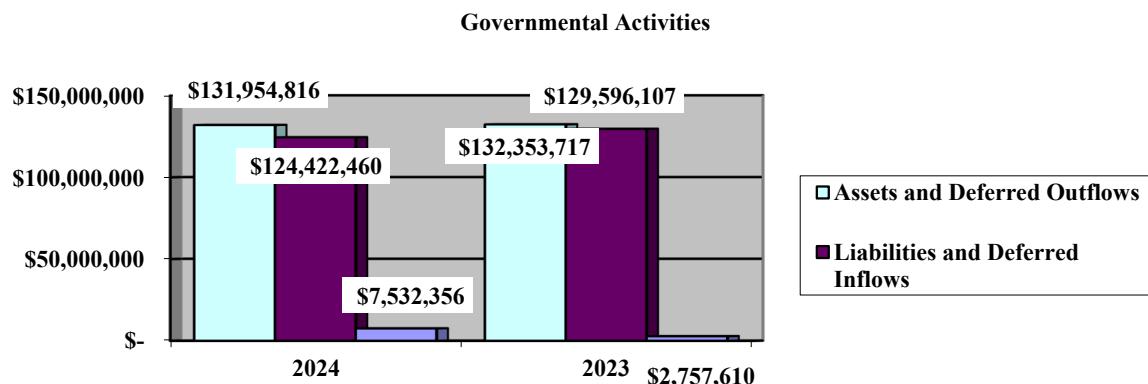
Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2024, the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$7,532,356.

As the previous table illustrates, some of the more significant changes in net position were related to the District's net pension liability and net OPEB liability/asset, and the related deferred inflows/outflows of resources. See Note 13 and Note 14 in the notes to the basic financial statements for additional information regarding these components of net position.

At year-end, capital assets represented 40.51% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, infrastructure, lease assets, and subscription assets. The net investment in capital assets at June 30, 2024, was \$25,007,414. Capital assets are used to provide services to the students and are not available for future spending.

A portion of the District's net position, \$9,822,006, represents resources that are subject to external restriction on how they may be used. Of the restricted net position, \$1,069,441 is restricted for capital projects and \$2,568,112 is restricted for debt service. The remaining balance of unrestricted net position is a deficit of \$27,297,064.

The chart below shows the District's governmental activities assets and deferred outflows, liabilities and deferred inflows, and net position at June 30, 2024 and 2023.



The following table shows the change in net position for fiscal years 2024 and 2023.

	<b>Change in Net Position</b>	
	Governmental Activities 2024	Governmental Activities 2023
<b>Revenues</b>		
Program revenues:		
Charges for services and sales	\$ 2,763,239	\$ 3,529,932
Operating grants and contributions	7,906,423	8,219,122
Capital grants and contributions	487,839	668,800
General revenues:		
Property taxes	27,915,575	28,117,433
Payments in lieu of taxes	1,583,508	1,716,036
Grants and entitlements	18,620,103	17,252,042
Investment earnings	1,179,750	444,251
Other	77,824	88,633
Total revenues	<u>\$ 60,534,261</u>	<u>\$ 60,036,249</u>

(continued)

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**Change in Net Position (Continued)**

	Governmental Activities 2024	Governmental Activities 2023
<b>Expenses</b>		
Program expenses:		
Instruction:		
Regular	\$ 22,256,698	\$ 21,383,787
Special	5,330,828	6,143,170
Vocational	2,697,786	3,036,540
Adult/continuing	32,650	94,096
Other	84,842	65,079
Support services:		
Pupil	3,588,945	3,044,434
Instructional staff	4,507,263	4,394,373
Board of education	58,365	32,897
Administration	3,155,657	4,681,484
Fiscal	939,185	1,039,767
Business	393,268	434,334
Operations and maintenance	4,843,768	4,757,104
Pupil transportation	2,817,174	2,883,510
Central	3,645	2,107
Operation of non-instructional services:		
Food service operations	1,998,467	1,841,441
Other non-instructional services	359,568	547,695
Extracurricular activities	2,076,321	1,964,069
Interest and fiscal charges	<u>615,085</u>	<u>801,571</u>
Total expenses	<u>55,759,515</u>	<u>57,147,458</u>
Change in net position	4,774,746	2,888,791
Net position (deficit) at beginning of year	<u>2,757,610</u>	<u>(131,181)</u>
Net position at end of year	<u>\$ 7,532,356</u>	<u>\$ 2,757,610</u>

**Governmental Activities**

Net position of the District's governmental activities increased \$4,774,746. Total governmental expenses of \$55,759,515 were offset by program revenues of \$11,157,501, and general revenues of \$49,376,760. Program revenues supported 20.01% of the total governmental expenses.

Total revenues for fiscal year 2024 were \$498,012 or 0.83% higher than the prior year. The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These two revenue sources, combined, accounted for 76.87% of total governmental revenue in fiscal year 2024.

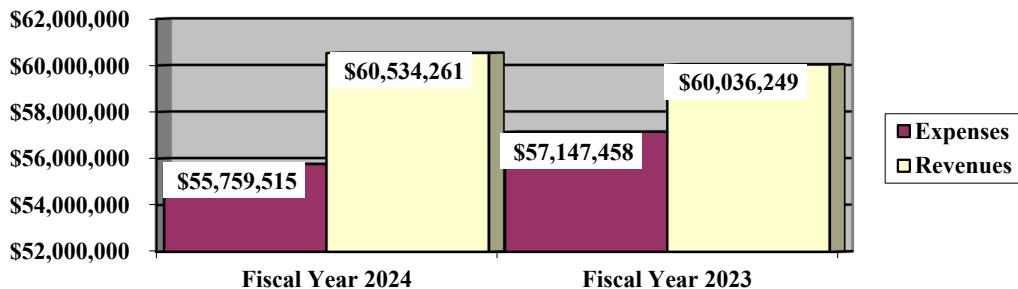
Expenses of the governmental activities decreased \$1,387,943 or 2.43%, which is primarily the result of a decrease in the estimated cost of future severance payouts as of June 30, 2024. The bulk of the District's expenses are for its instruction programs. Instruction expenses amounted to \$30,402,804 or 54.52% of total expenses in fiscal year 2024.

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The graph below presents the District's governmental activities revenues and expenses for fiscal years 2024 and 2023.

**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.

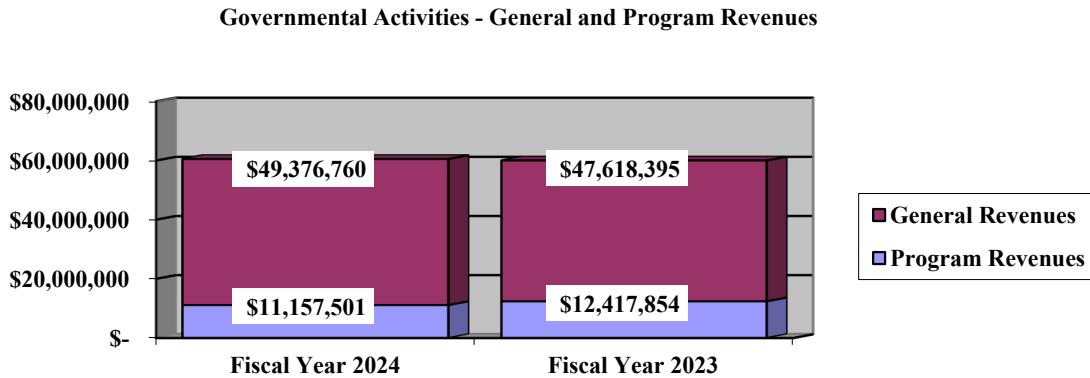
	Total Cost of Services 2024	Net Cost of Services 2024	Total Cost of Services 2023	Net Cost of Services 2023
<b>Program expenses:</b>				
Instruction:				
Regular	\$ 22,256,698	\$ 20,544,128	\$ 21,383,787	\$ 18,331,232
Special	5,330,828	2,352,957	6,143,170	3,360,044
Vocational	2,697,786	1,805,029	3,036,540	2,321,812
Adult/continuing	32,650	(7,250)	94,096	57,376
Other	84,842	84,842	65,079	65,079
Support services:				
Pupil	3,588,945	3,001,202	3,044,434	2,470,277
Instructional staff	4,507,263	3,980,724	4,394,373	3,702,603
Board of education	58,365	58,365	32,897	32,897
Administration	3,155,657	2,680,956	4,681,484	4,210,715
Fiscal	939,185	939,185	1,039,767	1,039,767
Business	393,268	393,268	434,334	434,334
Operations and maintenance	4,843,768	4,806,872	4,757,104	4,552,079
Pupil transportation	2,817,174	2,526,683	2,883,510	2,454,864
Central	3,645	(104,879)	2,107	1,468
Operation of non-instructional services:				
Food service operations	1,998,467	6,176	1,841,441	(169,894)
Other non-instructional services	359,568	(149,127)	547,695	61,100
Extracurricular activities	2,076,321	1,067,798	1,964,069	1,002,280
Interest and fiscal charges	615,085	615,085	801,571	801,571
<b>Total</b>	<b>\$ 55,759,515</b>	<b>\$ 44,602,014</b>	<b>\$ 57,147,458</b>	<b>\$ 44,729,604</b>

The dependence upon tax and other general revenues for governmental activities is apparent; 81.50% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 79.99%. The District's taxpayers and unrestricted grants and entitlements, as a whole, are by far the primary support for District students.

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The graph below presents the District's governmental activities revenue for fiscal years 2024 and 2023.



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$30,520,273, which is \$1,262,636 higher than last year's total of \$29,257,637. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2024 and 2023.

	Fund Balance June 30, 2024	Fund Balance June 30, 2023	<u>Change</u>
General fund	\$ 24,708,628	\$ 22,571,724	\$ 2,136,904
Nonmajor governmental funds	<u>5,811,645</u>	<u>6,685,913</u>	<u>(874,268)</u>
<b>Total</b>	<b><u>\$ 30,520,273</u></b>	<b><u>\$ 29,257,637</u></b>	<b><u>\$ 1,262,636</u></b>

**General Fund**

During fiscal year 2024, the District's general fund balance increased \$2,136,904 or 9.47%. The table that follows assists in illustrating the revenues of the general fund.

	2024 Amount	2023 Amount	<u>Percentage Change</u>
<b>Revenues:</b>			
Property taxes	\$ 24,901,979	\$ 24,636,286	1.08 %
Payment in lieu of taxes	1,384,966	1,504,974	(7.97) %
Tuition and fees	1,102,647	1,967,538	(43.96) %
Earnings on investments	1,077,151	349,131	208.52 %
Intergovernmental	21,129,509	19,436,653	8.71 %
Other revenues	<u>528,418</u>	<u>331,989</u>	<u>59.17 %</u>
<b>Total</b>	<b><u>\$ 50,124,670</u></b>	<b><u>\$ 48,226,571</u></b>	<b><u>3.94 %</u></b>

The general fund's single largest revenue source, property taxes, increased slightly in fiscal year 2024. This, combined with the increase in earnings on investments and intergovernmental revenues, is the primary reason for the overall increase in general fund revenues. Earnings on investments increased due to rising interest rates and fluctuations in the fair value of the District's investments. Any increase or decrease in fair value of investments also increases or decreases earnings on investments accordingly. The increase in intergovernmental revenue is a result of a higher allocation of shared funding from the State.

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

<b><u>Expenditures:</u></b>	<b>2024 Amount</b>	<b>2023 Amount</b>	<b>Percentage Change</b>
Instruction	\$ 27,387,652	\$ 27,548,947	(0.59) %
Support services	18,911,655	18,254,730	3.60 %
Operation of non-instructional services	-	5,533	(100.00) %
Extracurricular activities	1,178,211	1,121,195	5.09 %
Debt service	<u>385,200</u>	<u>385,200</u>	- %
<b>Total</b>	<b><u>\$ 47,862,718</u></b>	<b><u>\$ 47,315,605</u></b>	<b>1.16 %</b>

The overall increase in general fund expenditures is due in part to normal wages and salary increases, as well as an increase in fringe benefits costs, including employee health insurance premiums and retirement system contributions. In addition, general inflationary increases contributed to higher costs of purchased services, supplies and materials.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2024, the District amended its general fund budget as needed. Original budgeted revenues and other financing sources of \$48,788,829 were increased slightly to \$50,462,193 in the final budget. Actual revenues and other financing sources for fiscal year 2024 were \$50,199,435 which is \$262,758 (0.52%) less than the final budget.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$51,397,451 were increased to \$53,040,350 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2024 totaled \$51,810,959, which is \$1,229,391 (2.32%) less than the final budget appropriations.

***Capital Assets and Debt Administration***

***Capital Assets***

At the end of fiscal year 2024, the District had \$47,919,026 (net of accumulated depreciation/amortization) invested in land, land improvements, buildings and improvements, furniture and equipment, vehicles, infrastructure, lease assets, and subscription assets. This entire amount is reported in governmental activities.

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The following table shows fiscal year 2024 balances compared to 2023:

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

	<u>Governmental Activities</u>	
	2024	2023
Land	\$ 463,021	\$ 463,021
Construction in progress	437,265	-
Land improvements	176,828	50,519
Buildings and improvements	41,697,224	42,988,015
Furniture and equipment	2,156,865	2,113,336
Vehicles	1,848,085	1,759,825
Infrastructure	299,836	313,019
Lease assets - equipment	810,201	1,145,457
Subscription assets	29,701	37,279
 Total	 <u>\$ 47,919,026</u>	 <u>\$ 48,870,471</u>

The overall decrease in capital assets is due to depreciation/amortization expense of \$2,192,303 and net disposals of \$5,863 exceeding capital additions of \$1,246,721 in fiscal year 2024. See Note 9 in the notes to the basic financial statements for more detail on the District's capital assets.

***Debt Administration***

At June 30, 2024, the District had \$21,102,415 in general obligation bonds and leases payable outstanding. Of this total, \$2,335,006 is due within one year and \$18,767,409 is due in more than one year. The following table summarizes the governmental activities debt outstanding.

**Outstanding Debt, at Year End**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
General obligation bonds	\$ 20,231,000	\$ 22,161,000
Leases payable	<u>871,415</u>	<u>1,200,383</u>
 Total	 <u>\$ 21,102,415</u>	 <u>\$ 23,361,383</u>

See Note 10 in the notes to the basic financial statements for additional information on the District's debt administration.

***Current Related Financial Activities***

The District is a primarily suburban school district located on the eastern edge of Lucas County, which relies heavily on the local taxpayers for general fund revenue. The District receives approximately 30.5% of its revenue from the State Educational Foundation funding formula. The elimination of tangible personal property taxes under House Bill 66 and reductions in the State's temporary reimbursement of the loss has been a major loss for the District. The District has also suffered the unintended consequences of House Bill 66 with the loss of monies previously abated from local companies of over \$1.3 million per year. These legislative changes pushed a larger liability onto District Residents.

In fiscal year 2024, the District received 1.5 million dollars in replacement monies for tangible personal property taxes. The legislature is reducing these payments at a rate of 5/8th mill per year until these "hold harmless" funds are gone.

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Oregon City Schools (OCS) continued to be funded on the formula (rather than on a guarantee) under the Fair School Funding Formula (FSFF). FSFF has not been fully funded by State legislature yet. The next legislative biennial budget (fiscal year 2026 and fiscal year 2027) was original date to fully fund but it is too soon to tell if this will come to fruition.

A bond levy for 4.4 mills, currently collecting 3.5 mills, was approved by District's residents in November 2004 with proceeds being used to renovate three elementary schools and Clay High School along with construction of one new elementary school. District demolished one old Elementary School and several sections of Clay High School. This debt has been refinanced with final payment scheduled for 12/01/2032 (fiscal year 2033).

OCS received a 1.6 million grant through the Ohio Facilities Construction Commission (OFCC) to construct an updated facility for the Agriculture Education Program. As of 6/30/24 only architects had been paid with no construction started.

The District has continued to experience flat enrollment the last several years. The Board of Education approved allowing open enrollment of students according to space during the 2009-2010 school year as well as school employees' children regardless of grade level. This was done to increase operational efficiencies in new formula the State is continuing to fund us based on prior receipts. The District serves approximately 3,300 students and employs 249 certified, 140 classified, and 25 administrative staff members. All employees are paying a 15% share of medical premiums. Union contracts were opened up for negotiations again during the spring of 2022 with a settlement reached for fiscal years 2023 through 2025.

The Board passed a 3.95 mil operating levy on the November 3, 2015 ballot. This levy along with long awaited increases in property valuations and a natural gas plant constructed with abatement payments for 15 years beginning in fiscal year 2018, have the District in stable financial condition for the first time since House Bill 66 was pushed through the legislature. Oregon City Schools received the first payment from the newly constructed natural gas plant in July, 2017. This infusion of a projected \$17,500,000 over the next 15 years is a huge step in assuring financial stability for the District.

The Oregon and Jerusalem community passed a renewal of a 2.0 mill permanent improvement levy in the November 8, 2022 election. This renewal (continually for 55 years) enables the District to continue to maintain our properties and invest in additional technology for another 5 -year term.

COVID-19 has continued to impact finances during the 2023-2024 school year. We have received several grants through the Federal and State Government to help offset the extra staffing and supply needs that were caused by the COVID-19 Pandemic. We are utilizing this money to help offset major substitute costs, additional cleaning requirements but also to extend the life of our general fund by paying staff out of these grants that would normally have been paid through our general fund. We hope to extend the lives of current levies to help our community heal from pandemic.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Jane Fruth, Treasurer, Oregon City School District, 5721 Seaman Road, Oregon, Ohio 43616.

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**STATEMENT OF NET POSITION  
JUNE 30, 2024**

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and investments	\$ 35,281,530
Receivables:	
Property taxes	29,305,699
Payment in lieu of taxes	1,235,597
Accounts	15,647
Accrued interest	103,536
Intergovernmental	755,098
Leases	20,141
Prepayments	96,531
Materials and supplies inventory	8,468
Inventory held for resale	8,817
Net OPEB asset	3,550,989
Capital assets:	
Not depreciated/amortized	900,286
Depreciated/amortized, net	<u>47,018,740</u>
Capital assets, net	<u>47,919,026</u>
Total assets	<u>118,301,079</u>
<b>Deferred outflows of resources:</b>	
Unamortized deferred charges on debt refunding	720,456
Pension	11,116,861
OPEB	<u>1,816,420</u>
Total deferred outflows of resources	<u>13,653,737</u>
<b>Liabilities:</b>	
Accounts payable	836,229
Contracts payable	104,887
Accrued wages and benefits payable	3,197,759
Intergovernmental payable	99,942
Pension and postemployment benefits payable	784,755
Accrued interest payable	53,063
Unearned revenue	1,486,354
Long-term liabilities:	
Due within one year	2,630,162
Due in more than one year:	
Net pension liability	48,888,080
Net OPEB liability	2,925,172
Other amounts due in more than one year	<u>27,050,802</u>
Total liabilities	<u>88,057,205</u>
<b>Deferred inflows of resources:</b>	
Property taxes levied for the next fiscal year	26,510,897
Payment in lieu of taxes levied for the next fiscal year	1,235,597
Leases	11,212
Pension	3,177,269
OPEB	<u>5,430,280</u>
Total deferred inflows of resources	<u>36,365,255</u>
<b>Net position:</b>	
Net investment in capital assets	25,007,414
Restricted for:	
Capital projects	1,069,441
OPEB	3,550,989
Debt service	2,568,112
State funded programs	444,148
Federally funded programs	193,943
Food service operations	1,266,511
Extracurricular activities	421,528
Other purposes	307,334
Unrestricted (deficit)	<u>(27,297,064)</u>
Total net position	<u><u>\$ 7,532,356</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>	
		<b>Charges for Services and Sales</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	
<b>Governmental activities:</b>						
Instruction:						
Regular	\$ 22,256,698	\$ 837,485	\$ 740,085	\$ 135,000	\$ (20,544,128)	
Special	5,330,828	312,205	2,665,666	-	(2,352,957)	
Vocational	2,697,786	832	634,433	257,492	(1,805,029)	
Adult/continuing	32,650	-	39,900	-	7,250	
Other	84,842	-	-	-	(84,842)	
Support services:						
Pupil	3,588,945	-	587,743	-	(3,001,202)	
Instructional staff	4,507,263	14,210	512,329	-	(3,980,724)	
Board of education	58,365	-	-	-	(58,365)	
Administration	3,155,657	-	474,701	-	(2,680,956)	
Fiscal	939,185	-	-	-	(939,185)	
Business	393,268	-	-	-	(393,268)	
Operations and maintenance	4,843,768	14,392	7,660	14,844	(4,806,872)	
Pupil transportation	2,817,174	-	290,491	-	(2,526,683)	
Central	3,645	400	108,124	-	104,879	
Operation of non-instructional services:						
Food service operations	1,998,467	661,218	1,331,073	-	(6,176)	
Other non-instructional services	359,568	-	508,695	-	149,127	
Extracurricular activities	2,076,321	922,497	5,523	80,503	(1,067,798)	
Interest and fiscal charges	615,085	-	-	-	(615,085)	
<b>Totals</b>	<b>\$ 55,759,515</b>	<b>\$ 2,763,239</b>	<b>\$ 7,906,423</b>	<b>\$ 487,839</b>	<b>(44,602,014)</b>	

**General revenues:**

Property taxes levied for:	
General purposes	24,815,655
Debt service	2,095,395
Capital outlay	1,004,525
Payments in lieu of taxes	1,583,508
Grants and entitlements not restricted to specific programs	18,620,103
Investment earnings	1,179,750
Miscellaneous	77,824
<b>Total general revenues</b>	<b>49,376,760</b>
Change in net position	4,774,746
<b>Net position at beginning of year</b>	<b>2,757,610</b>
<b>Net position at end of year</b>	<b>\$ 7,532,356</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2024**

	<b>General</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>			
Equity in pooled cash and investments	\$ 26,760,169	\$ 8,521,361	\$ 35,281,530
Receivables:			
Property taxes	26,027,782	3,277,917	29,305,699
Payment in lieu of taxes	1,071,497	164,100	1,235,597
Accounts	5,647	10,000	15,647
Accrued interest	103,425	111	103,536
Interfund loans	1,008,854	-	1,008,854
Intergovernmental	238,499	516,599	755,098
Leases	13,696	6,445	20,141
Prepayments	95,544	987	96,531
Materials and supplies inventory	-	8,468	8,468
Inventory held for resale	-	8,817	8,817
Total assets	<u>\$ 55,325,113</u>	<u>\$ 12,514,805</u>	<u>\$ 67,839,918</u>
<b>Liabilities:</b>			
Accounts payable	\$ 509,925	\$ 326,304	\$ 836,229
Contracts payable	-	104,887	104,887
Accrued wages and benefits payable	3,096,159	101,600	3,197,759
Compensated absences payable	281,233	13,923	295,156
Intergovernmental payable	97,241	2,701	99,942
Pension and postemployment benefits payable	767,632	17,123	784,755
Interfund loans payable	-	1,008,854	1,008,854
Unearned revenue	-	1,486,354	1,486,354
Total liabilities	<u>4,752,190</u>	<u>3,061,746</u>	<u>7,813,936</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year	23,535,537	2,975,360	26,510,897
Payment in lieu of taxes levied for the next fiscal year	1,071,497	164,100	1,235,597
Delinquent property tax revenue not available	1,204,550	149,280	1,353,830
Intergovernmental revenue not available	-	338,975	338,975
Accrued interest not available	45,087	111	45,198
Miscellaneous revenue not available	-	10,000	10,000
Leases	7,624	3,588	11,212
Total deferred inflows of resources	<u>25,864,295</u>	<u>3,641,414</u>	<u>29,505,709</u>
<b>Fund balances:</b>			
Nonspendable:			
Materials and supplies inventory	-	8,468	8,468
Prepays	95,544	987	96,531
Restricted:			
Debt service	-	2,516,888	2,516,888
Capital improvements	248,329	982,786	1,231,115
Food service operations	-	1,363,931	1,363,931
Non-public schools	-	109,571	109,571
State funded programs	-	319,679	319,679
Federally funded programs	-	131,731	131,731
Extracurricular activities	-	421,528	421,528
Other purposes	-	307,223	307,223
Committed:			
Termination benefits	11,850	-	11,850
Assigned:			
Student instruction	176,650	-	176,650
Student and staff support	1,077,097	-	1,077,097
Subsequent year's appropriations	2,507,767	-	2,507,767
Computer purchases	44,489	-	44,489
Other purposes	209,608	-	209,608
Unassigned (deficit)	<u>20,337,294</u>	<u>(351,147)</u>	<u>19,986,147</u>
Total fund balances	<u>24,708,628</u>	<u>5,811,645</u>	<u>30,520,273</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 55,325,113</u>	<u>\$ 12,514,805</u>	<u>\$ 67,839,918</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES**  
JUNE 30, 2024

<b>Total governmental fund balances</b>	\$ 30,520,273
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	47,919,026
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.	
Property taxes receivable	\$ 1,353,830
Accounts receivable	10,000
Accrued interest receivable	45,198
Intergovernmental receivable	338,975
Total	1,748,003
Unamortized premiums on bonds issued are not recognized in the funds.	(1,168,855)
Unamortized amounts on refundings are not recognized in the funds.	720,456
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(53,063)
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	11,116,861
Deferred inflows - pension	(3,177,269)
Net pension liability	(48,888,080)
Deferred outflows - OPEB	1,816,420
Deferred inflows - OPEB	(5,430,280)
Net OPEB asset	3,550,989
Net OPEB liability	(2,925,172)
Total	(43,936,531)
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	(20,231,000)
Compensated absences	(7,114,538)
Leases payable	(871,415)
Total	(28,216,953)
<b>Net position of governmental activities</b>	<b>\$ 7,532,356</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	<b>General</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>			
Property taxes	\$ 24,901,979	\$ 3,106,984	\$ 28,008,963
Intergovernmental	21,129,509	5,214,526	26,344,035
Investment earnings	1,077,151	134,920	1,212,071
Tuition and fees	1,102,647	39,900	1,142,547
Extracurricular	113,336	695,491	808,827
Rental income	14,392	915	15,307
Charges for services	832	661,218	662,050
Contributions and donations	147,626	129,496	277,122
Payment in lieu of taxes	1,384,966	198,542	1,583,508
Miscellaneous	252,232	152	252,384
Total revenues	<u>50,124,670</u>	<u>10,182,144</u>	<u>60,306,814</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	20,069,723	1,474,106	21,543,829
Special	4,502,391	824,778	5,327,169
Vocational	2,730,696	198,942	2,929,638
Adult/continuing	-	33,001	33,001
Other	84,842	-	84,842
Support services:			
Pupil	3,057,711	498,388	3,556,099
Instructional staff	3,829,558	692,952	4,522,510
Board of education	58,637	-	58,637
Administration	3,495,208	474,213	3,969,421
Fiscal	961,267	46,811	1,008,078
Business	483,098	-	483,098
Operations and maintenance	4,427,433	35,685	4,463,118
Pupil transportation	2,595,098	271,532	2,866,630
Central	3,645	-	3,645
Operation of non-instructional services:			
Food service operations	-	2,012,699	2,012,699
Other non-instructional services	-	359,568	359,568
Extracurricular activities	1,178,211	905,649	2,083,860
Facilities acquisition and construction	-	807,036	807,036
Debt service:			
Principal retirement	328,968	1,930,000	2,258,968
Interest and fiscal charges	56,232	618,287	674,519
Total expenditures	<u>47,862,718</u>	<u>11,183,647</u>	<u>59,046,365</u>
Excess of revenues over (under) expenditures	<u>2,261,952</u>	<u>(1,001,503)</u>	<u>1,260,449</u>
<b>Other financing sources (uses):</b>			
Proceeds from sale of assets	1,134	-	1,134
Transfers in	-	126,182	126,182
Transfers (out)	(126,182)	-	(126,182)
Total other financing sources (uses)	<u>(125,048)</u>	<u>126,182</u>	<u>1,134</u>
Net change in fund balances	2,136,904	(875,321)	1,261,583
<b>Fund balances at beginning of year</b>	<b>22,571,724</b>	<b>6,685,913</b>	<b>29,257,637</b>
<b>Change in reserve for inventory</b>	<b>-</b>	<b>1,053</b>	<b>1,053</b>
<b>Fund balances at end of year</b>	<b><u>\$ 24,708,628</u></b>	<b><u>\$ 5,811,645</u></b>	<b><u>\$ 30,520,273</u></b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OREGON CITY SCHOOL DISTRICT  
LUCAS 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, 2024**

<b>Net change in fund balances - total governmental funds</b>	\$ 1,261,583
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
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	\$ 1,246,721
Current year depreciation/amortization	<u>(2,192,303)</u>
Total	(945,582)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position.	(5,863)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.	1,053
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes	(93,388)
Earnings on investments	5,951
Intergovernmental	<u>65,172</u>
Total	(22,265)
Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.	2,258,968
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 less interest being reported in the statement of activities:	
Decrease in accrued interest payable	6,159
Amortization of bond premiums	138,873
Amortization of deferred charges on refunding	<u>(85,598)</u>
Total	59,434
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	
Pension	4,467,870
OPEB	<u>122,555</u>
Total	4,590,425
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	(4,471,972)
OPEB	<u>587,780</u>
Total	(3,884,192)
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.	<u>1,461,185</u>
<b>Change in net position of governmental activities</b>	<u>\$ 4,774,746</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

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

The District is located in Lucas County, and includes all of the City of Oregon, and portions of surrounding townships. It is staffed by 135 classified employees, 249 certified teaching personnel, and 25 administrative employees who provide services to approximately 3,300 students and other community members. The District currently operates three elementary schools, a 5-6 building, one junior high school, and one comprehensive high school.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of Oregon City School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Following are the more significant of the District’s accounting policies:

**A. Reporting Entity**

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

The following activity is also included within the District’s reporting entity:

Within the District boundaries, Cardinal Stritch High School is operated as a private school. Current State legislation provides funding to this parochial school. The monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial school. This activity is reflected in a nonmajor governmental fund for financial reporting purposes by the District.

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

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

*JOINTLY GOVERNED ORGANIZATIONS*

Northwest Ohio Computer Association

The District is a participant in the Northwest Ohio Computer Association (NWOCA), which is a computer consortium. NWOCA is an association of educational entities within the boundaries of Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member educational entities.

The NWOCA Assembly consists of the superintendent from each participating educational entity and a representative from the fiscal agent. The Assembly elects the governing council of two representatives from each of the six counties in which member educational entities are located and the representative from the member educational entity serving as fiscal agent for NWOCA. The degree of control exercised by any participating educational entity is limited to its representation on the Board. Financial information can be obtained from the Northwest Ohio Computer Association, 209 Nolan Parkway, Archbold, Ohio 43502.

Northern Buckeye Education Council

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among educational entities located in Defiance, Fulton, Henry, Lucas, Williams, and Wood Counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the six counties in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. Financial information can be obtained from the Northern Buckeye Education Council, 209 Nolan Parkway, Archbold, Ohio 43502.

Northwestern Ohio Educational Research Council, Inc.

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

Northwest Ohio Regional Professional Development Center

The Northwest Ohio Regional Professional Development Center (RPDC) is a jointly governed organization among the school districts in Defiance, Erie, Fulton, Henry, Lucas, Ottawa, Sandusky, Williams, and Wood counties. The RPDC focuses on the implementation of academic content standards and the deployment of State initiatives. All activities reflect definition of high quality professional development, including job-embedded, connected to strategic goals, sustained, intensive skill building, and measurement of impact on student learning.

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

The Center is governed by a fifteen-member board made up of representatives from the participating school districts, the business community, and two institutions of higher learning. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from the Northwest Ohio Regional Professional Development Center, 414 Emerald Street, 2nd Floor, Toledo, Ohio 43602.

*PUBLIC ENTITY RISK POOL*

Southwestern Ohio Educational Purchasing Council

The District participates in the Southwestern Ohio Educational Purchasing Council (EPC) which is an insurance purchasing pool. The EPC's business and affairs are conducted by a six member committee consisting of various EPC representatives that are selected by the general assembly. The purpose of the EPC is to provide or obtain casualty, property, employer liability, general liability, risk management, professional liability, group coverage and other protections for participants.

**B. Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. All of the District's funds are classified as governmental funds.

*GOVERNMENTAL FUNDS*

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

The difference between governmental fund assets and deferred outflows of resources compared to liabilities plus deferred inflows of resources is reported as fund balance.

The following is the District's major governmental fund:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

Other governmental funds of the District are used to account for:

Nonmajor special revenue funds – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Nonmajor capital projects funds – Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned for expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

Nonmajor debt service funds – Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

**C. Basis of Presentation and Measurement Focus**

*Government-Wide Financial Statements* - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

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

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

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows and current liabilities and deferred inflows 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.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, payments in lieu of taxes (PILOTs), grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6).

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

Revenues from PILOTS, grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

*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 represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 13 and 14 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. 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, 2024, but which were levied to finance fiscal year 2025 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. 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.

See Notes 13 and 14 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

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

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

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

**E. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than custodial funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level for all funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education.

**Tax Budget:**

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with Lucas County Budget Commission for rate determination. The Lucas County Budget Commission waived the tax budget filing requirement for fiscal year 2024.

**Estimated Resources:**

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered cash balances from the preceding year. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary schedules reflect the amounts in the original and final amended certificate of estimated resources issued during the fiscal year.

**Appropriations:**

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate of estimated resources is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at the fund legal level of control. Any revisions that alter appropriations at the fund level must be approved by the Board of Education.

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 budget amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior year. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

**F. Cash and Investments**

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

During fiscal year 2024, investments included federal agency securities, U.S. Treasury notes, and negotiable certificates of deposit. 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 deposits, are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2024 amounted to \$1,077,151 which includes \$143,559 assigned from other District funds.

Investments of the District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

An analysis of the District's investment account at year end is provided in Note 4.

**G. Inventory**

On government-wide financial statements, inventories are presented at the lower of cost or market and are expensed when used. On fund financial statements, inventories are valued at cost. Donated commodities are presented at their entitlement value. Inventories are accounted for using the purchase method on the fund financial statements and using the consumption method on the government-wide financial statements. Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**H. Capital Assets**

All of the District's capital assets are general capital assets generally resulting from expenditures in governmental funds. These assets are reported in the governmental activities column on the government-wide statement of net position but are not reported on the fund financial statements.

All capital assets are capitalized at cost and updated for additions and reductions during the fiscal year. Donated capital assets are recorded at their acquisition value on the date donated. The District maintains a capitalization threshold of \$5,000. Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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. The District is reporting intangible right to use assets for lease and subscriptions. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease/subscription term or the useful life of the underlying asset. Depreciation/amortization is computed using the straight-line method over the following useful lives:

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

<u>Description</u>	<u>Governmental Activities</u>	<u>Estimated Lives</u>
Land/improvements	10 - 40 years	
Buildings/improvements	30 - 100 years	
Furniture/equipment	8 - 40 years	
Vehicles	10 - 15 years	
Infrastructure	50 years	
Intangible right to use - lease assets	5 years	
Intangible right to use - subscription assets	5 years	

**I. Interfund Balances**

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

**J. Compensated Absences**

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

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2024 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

**K. Accrued Liabilities and Long-Term Obligations**

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

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds and leases 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.

**L. Unamortized Bond Premium and Deferred Charges on Debt Refunding**

On government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds. On the governmental fund financial statements, bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 10.

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

**M. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the 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 expected to be converted to cash.

*Restricted* - Fund balance is reported as restricted 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 District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

The 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.

**N. Net Position**

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component “net investment in capital assets,” consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes primarily consists of restricted for special trusts, endowments, other grants, and athletics events.

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

**O. 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.

**P. Estimates**

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

**Q. Interfund Activity**

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

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The District had no extraordinary or special items during fiscal year 2024.

**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 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 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 2024, the District has implemented certain paragraphs from GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, "Omnibus 2022", GASB Statement No. 100, "Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62" and Implementation Guide No. 2023-1.

GASB Implementation Guide 2021-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2021-1 did not have an effect on balances previously reported by the District.

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

GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 did not have an effect on the financial statements of the District.

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the District.

**OREGON CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE – (Continued)**

**B. Deficit Fund Balances**

Fund balances at June 30, 2024 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Oregon CSD Foundation	\$ 12,171
Elementary and Secondary School Emergency Relief	241,524
IDEA, Part B	71,403
Title I, Disadvantaged Children	20,569
Improving Teacher Quality	5,479
Student Support and Academic Enrichment Programs	1

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**

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided 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;

**OREGON CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. Certain banker's acceptance (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met.

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

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

**A. Cash on Hand**

At fiscal year end, the District had \$26,800 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. Deposits with Financial Institutions**

At June 30, 2024, the carrying amount of all District deposits was \$22,172,380 and the bank balance of all District deposits was \$22,876,990. Of the bank balance, \$500,000 was covered by the FDIC and \$22,376,990 was potentially exposed to custodial credit risk as discussed below because those deposits were uninsured and could be uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by: (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose 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 rate set by the Treasurer of State. For 2024, the District's financial institutions were approved for a reduced collateral rate of 50 percent through the OPCS.

**OREGON CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**C. Investments**

As of June 30, 2024, the District had the following investments:

<u>Investment type</u>	<u>Fair value</u>	<u>Investment maturities</u>				
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
FFCB	\$ 479,930	\$ 265,070	\$ -	\$ 214,860	\$ -	\$ -
FNMA	238,176	-	-	-	-	238,176
FHLB	4,018,958	1,478,658	549,038	1,472,210	144,868	374,184
FHLMC	901,071	-	419,656	158,443	-	322,972
FMAC	821,002	-	496,580	324,422	-	-
U.S. Treasury Notes	3,034,161	499,045	-	411,095	1,238,219	885,802
Negotiable CDs	3,589,052	726,479	1,144,391	-	827,254	890,928
<b>Total</b>	<b>\$ 13,082,350</b>	<b>\$ 2,969,252</b>	<b>\$ 2,609,665</b>	<b>\$ 2,581,030</b>	<b>\$ 2,210,341</b>	<b>\$ 2,712,062</b>

The weighted average maturity of investments is 1.16 years.

The District's investments are valued using market-corroborated inputs other than quoted market prices (Level 2 inputs).

*Interest Rate Risk:* Interest rate risk arises as potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* The District's investments in federal agency securities and U.S. Treasury Notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code. The District's investments in negotiable CD's are not rated.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The negotiable CDs are fully insured by the FDIC. 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 District's name. The 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

*Concentration of Credit Risk:* The District places no limit on the amount it may invest in any one issuer. The following table indicates the percentage of investments to the District's total portfolio:

<u>Investment type</u>	<u>Fair value</u>	<u>% of total</u>
FFCB	\$ 479,930	3.67
FNMA	238,176	1.82
FHLB	4,018,958	30.72
FHLMC	901,071	6.89
FMAC	821,002	6.28
U.S. Treasury Notes	3,034,161	23.19
Negotiable CDs	<u>3,589,052</u>	<u>27.43</u>
Total	<u>\$ 13,082,350</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2024:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 22,172,380
Investments	13,082,350
Cash on hand	<u>26,800</u>
Total	<u>\$ 35,281,530</u>

<u>Cash and investments per financial statements</u>	
Governmental activities	<u>\$ 35,281,530</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

**A.** Interfund transfers for the year ended June 30, 2024 consisted of the following as reported on the fund financial statements:

<u>Transfers from</u>	<u>Transfers to</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 126,182</u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers between governmental funds are eliminated in the statement of activities.

**B.** Interfund balances at June 30, 2024 as reported on the fund statements, consist of the following individual interfund loans receivable and payable:

<u>Receivable fund</u>	<u>Payable funds</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 1,008,854</u>

**OREGON CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 5 - INTERFUND TRANSACTIONS – (Continued)**

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year. Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2024 are reported on the statement of net position.

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the 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 2024 represent the collection of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed values as of January 1, 2023, 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 2024 represent the collection of calendar year 2023 taxes. Public utility real and personal property taxes received in calendar year 2024 became a lien on December 31, 2022, were levied after April 1, 2023, 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 District receives property taxes from Lucas County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2024, are available to finance fiscal year 2024 operations. The amount available as an advance at June 30, 2024 and 2023 were:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Major governmental funds:		
General fund	\$ 1,287,695	\$ 647,109
Nonmajor governmental funds:		
Permanent improvement fund	50,826	27,621
Bond retirement fund	102,451	59,643

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, 2024 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.

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.

**OREGON CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 6 - PROPERTY TAXES - (Continued)**

The assessed values upon which the fiscal year 2024 taxes were collected are:

	2023 Second		2024 First	
	Half Collections Amount	Percent	Half Collections Amount	Percent
Agricultural/residential and other real estate	\$ 604,239,170	89.48	\$ 610,301,590	89.53
Public utility personal	<u>71,066,830</u>	<u>10.52</u>	<u>71,381,560</u>	<u>10.47</u>
Total	<u><u>\$ 675,306,000</u></u>	<u><u>100.00</u></u>	<u><u>\$ 681,683,150</u></u>	<u><u>100.00</u></u>
Tax rate per \$1,000 of assessed valuation	\$ 68.45		\$ 68.45	

**NOTE 7 - PAYMENT IN LIEU OF TAXES**

According to State law, the District has entered into agreements with a number of property owners, and the property owners have agreed to make payments to the District which reflect all or a portion of the property taxes which the property owners would have paid if their taxes had not been abated. The payment is received annually for the amount of estimated taxes that would have been due in that fiscal year. The agreements are for ten to fifteen year periods. The property owners contractually promise to make these payments in lieu of taxes until the agreement expires.

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2024 consisted of property taxes, payment in lieu of taxes, accounts (billings for user charged services and student fees), intergovernmental grants and entitlements, leases, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year. Leases receivable will be received over the term of the lease, currently through fiscal year 2025.

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**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 9 - CAPITAL ASSETS**

Capital asset activity for governmental activities for the fiscal year ended June 30, 2024, was as follows:

	<u>Balance 06/30/23</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/24</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 463,021	\$ -	\$ -	\$ 463,021
Construction in progress	- <u>437,265</u>	- <u>437,265</u>	- <u>437,265</u>	- <u>437,265</u>
Total capital assets, not being depreciated/amortized	<u>463,021</u>	<u>437,265</u>	- <u>437,265</u>	900,286
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	847,485	135,000	- <u>135,000</u>	982,485
Buildings and improvements	65,819,719	- <u>65,819,719</u>	- <u>65,819,719</u>	- <u>65,819,719</u>
Furniture and equipment	6,603,169	371,000	(13,028) <u>(13,028)</u>	6,961,141
Vehicles	3,210,156	303,456	(25,883) <u>(25,883)</u>	3,487,729
Infrastructure	489,242	- <u>489,242</u>	- <u>489,242</u>	- <u>489,242</u>
Intangible right to use:				
Lease assets	1,815,968	- <u>1,815,968</u>	- <u>1,815,968</u>	- <u>1,815,968</u>
Subscription assets	37,910	- <u>37,910</u>	- <u>37,910</u>	- <u>37,910</u>
Total capital assets, being depreciated/amortized	<u>78,823,649</u>	<u>809,456</u>	<u>(38,911)</u> <u>(38,911)</u>	<u>79,594,194</u>
<i>Less: accumulated depreciation/amortization</i>				
Land improvements	(796,966)	(8,691)	- <u>(8,691)</u>	(805,657)
Buildings and improvements	(22,831,704)	(1,290,791)	- <u>(1,290,791)</u>	(24,122,495)
Furniture and equipment	(4,489,833)	(321,608)	7,165 <u>7,165</u>	(4,804,276)
Vehicles	(1,450,331)	(215,196)	25,883 <u>25,883</u>	(1,639,644)
Infrastructure	(176,223)	(13,183)	- <u>(13,183)</u>	(189,406)
Intangible right to use:				
Lease assets	(670,511)	(335,256)	- <u>(335,256)</u>	(1,005,767)
Subscription assets	(631)	(7,578)	- <u>(7,578)</u>	(8,209)
Total accumulated depreciation/amortization	<u>(30,416,199)</u>	<u>(2,192,303)</u>	<u>33,048</u> <u>33,048</u>	<u>(32,575,454)</u>
Governmental activities capital assets, net	<u>\$ 48,870,471</u>	<u>\$ (945,582)</u>	<u>\$ (5,863)</u> <u>\$ (5,863)</u>	<u>\$ 47,919,026</u>

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**OREGON CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 9 - CAPITAL ASSETS - (Continued)**

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

Instruction:

Regular	\$ 979,246
Special	178,975
Vocational	155,704

Support services:

Pupil	66,771
Instructional staff	101,191
Administration	133,825
Fiscal	12,220
Business	19,563
Operations and maintenance	183,942
Pupil transportation	252,742
Food service operations	41,696
Extracurricular activities	<u>66,428</u>
Total	<u>\$ 2,192,303</u>

**NOTE 10 - LONG-TERM OBLIGATIONS**

During fiscal year 2024, the following activity occurred in governmental activities long-term obligations:

	<u>Balance 06/30/23</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 06/30/24</u>	<u>Amounts Due in One Year</u>
<b>Governmental activities:</b>					
<u>General obligation bonds:</u>					
2021 School improvement refunding					
Serial bonds, 2.917%	\$ 22,161,000	\$ -	\$ (1,930,000)	\$ 20,231,000	\$ 1,988,000
Total general obligation bonds	<u>22,161,000</u>	<u>-</u>	<u>(1,930,000)</u>	<u>20,231,000</u>	<u>1,988,000</u>
<u>Other long-term obligations:</u>					
Leases payable	1,200,383	-	(328,968)	871,415	347,006
Compensated absences	9,084,787	13,923	(1,689,016)	7,409,694	295,156
Net pension liability	48,465,953	511,192	(89,065)	48,888,080	-
Net OPEB liability	2,561,995	363,177	-	2,925,172	-
Total other long-term obligations	<u>61,313,118</u>	<u>888,292</u>	<u>(2,107,049)</u>	<u>60,094,361</u>	<u>642,162</u>
Total governmental activities long-term liabilities	\$ 83,474,118	\$ 888,292	\$ (4,037,049)	\$ 80,325,361	\$ 2,630,162
Unamortized premium on bonds	<u>1,307,728</u>			<u>1,168,855</u>	
Total on statement of net position	<u>\$ 84,781,846</u>			<u>\$ 81,494,216</u>	

Compensated absences, net pension liability, and net OPEB liability will be paid from the general fund and the following nonmajor governmental fund: food service.

**OREGON CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

*Series 2021 School Improvement Refunding Bonds:* - On February 25, 2021, the District issued \$22,450,000 in voted general obligation bonds to advance refund the callable serial bonds from the series 2013 school improvement bonds. The bond issue included serial bonds in the amount of \$22,450,000 which carry an interest rate of 2.917%. The bonds are being retired through the bond retirement fund, a nonmajor governmental fund, with a final maturity of December 1, 2032.

The issuance proceeds of \$23,980,528 were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in substance) and accordingly has been removed from the statement of net position.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,012,918. This amount is amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued, and is reported as a deferred outflow of resources on the statement of net position.

*Leases Payable:* - On December 15, 2011, the District entered into a lease agreement for the right to use wind turbines. The term of the lease is 15 years. Payments are due monthly with the final payment due on November 15, 2026. Lease payments have been reclassified and are reflected as debt service expenditures for the general fund in the basic financial statements.

Principal and interest requirements to retire the general obligation bonds and leases outstanding at June 30, 2024, are as follows:

<u>Fiscal Year</u>	<u>Serial Bonds</u>			<u>Leases</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 1,988,000	\$ 561,143	\$ 2,549,143	\$ 347,006	\$ 38,194	\$ 385,200
2026	2,045,000	502,322	2,547,322	366,033	19,167	385,200
2027	2,099,000	441,882	2,540,882	158,376	2,124	160,500
2028	2,182,000	379,443	2,561,443			-
2029	2,249,000	314,817	2,563,817	-	-	-
2030 - 2033	<u>9,668,000</u>	<u>574,183</u>	<u>10,242,183</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 20,231,000</u>	<u>\$ 2,773,790</u>	<u>\$ 23,004,790</u>	<u>\$ 871,415</u>	<u>\$ 59,485</u>	<u>\$ 930,900</u>

**Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2024, are a voted debt margin of \$43,637,372 (including available funds of \$2,516,888) and an unvoted debt margin of \$681,683.

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 11 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-fourth days per month. Sick leave may be accumulated to an unlimited amount. Upon retirement, payment is made for one-half of their accrued, but unused sick leave credit to a maximum of one hundred fifty days for certified and classified employees hired prior to August 1, 2010. For employees hired after August 1, 2010, payment is made for one-half of the unused sick leave days to a maximum of 75 days for certified employees and 100 days for classified employees. Year-round administrative employees, such as the superintendent and treasurer, will receive one hundred fifty days of severance pay or one-half of unused sick leave to a maximum of one hundred seventy days. Other administrative employees will receive one hundred forty-five days of severance pay or one-half of unused sick leave to a maximum of one hundred sixty-five days.

**B. Health Care Benefits**

The District offers employee life, medical, dental and vision benefits through CIGNA July 1, 2023 through March 31, 2024, then Anthem from April 1, 2024 through June 30, 2025. Life and vision are through Principal and dental insurance is through Lumineer.

**NOTE 12 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2024, the District contracted for the following insurance coverage:

Coverage provided by Great American Insurance Company is as follows:

General School District Liability:

Per occurrence	\$ 1,000,000
Aggregate	3,000,000
Automobile Liability	1,000,000
Building and Contents	50,000,000
Umbrella Liability	10,000,000

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

For fiscal year 2024, the District participated in the Southwestern Ohio Educational Purchasing Council (EPC), an insurance purchasing pool (See Note 2). Through the EPC, the District obtained the insurance coverage listed above.

Workers' compensation coverage is provided by the State of Ohio. The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**OREGON CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS**

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

***Net Pension Liability/Net OPEB Liability/Asset***

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

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

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

The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

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

***Plan Description - School Employees Retirement System (SERS)***

Plan Description - The 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](http://www.ohsers.org) under Employers/Audit Resources.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017*	Eligible to Retire 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 2023, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2024.

**Funding Policy** - Plan members are required to contribute 10.00% of their annual covered salary and the District is required to contribute 14.00% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$1,000,957 for fiscal year 2024. Of this amount, \$28,757 is reported as a liability.

***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](http://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.

**OREGON CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

The DC Plan allows members to place all of their member contributions and 9.53% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47% of the 14% 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, on or after July 1, 2013, must have at least ten years of qualifying service credit to apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance.

Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**Funding Policy** - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2024 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2024, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$3,466,913 for fiscal year 2024. Of this amount, \$633,444 is reported as a liability.

**OREGON CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***Net 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, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.178561400%	0.174573750%	
Proportion of the net pension liability current measurement date	<u>0.173177100%</u>	<u>0.182583100%</u>	
Change in proportionate share	<u>-0.005384300%</u>	<u>0.008009350%</u>	
Proportionate share of the net pension liability	\$ 9,568,924	\$ 39,319,156	\$ 48,888,080
Pension expense	\$ 940,610	\$ 3,531,362	\$ 4,471,972

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 411,294	\$ 1,433,493	\$ 1,844,787
Changes of assumptions	67,781	3,238,145	3,305,926
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	148,030	1,350,248	1,498,278
Contributions subsequent to the measurement date	<u>1,000,957</u>	<u>3,466,913</u>	<u>4,467,870</u>
Total deferred outflows of resources	<u>\$ 1,628,062</u>	<u>\$ 9,488,799</u>	<u>\$ 11,116,861</u>
	SERS	STRS	Total
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ -	\$ 87,251	\$ 87,251
Net difference between projected and actual earnings on pension plan investments	134,497	117,838	252,335
Changes of assumptions	-	2,437,392	2,437,392
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>205,881</u>	<u>194,410</u>	<u>400,291</u>
Total deferred inflows of resources	<u>\$ 340,378</u>	<u>\$ 2,836,891</u>	<u>\$ 3,177,269</u>

**OREGON CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

\$4,467,870 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025.

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
<b>Fiscal Year Ending June 30:</b>			
2025	\$ 147,856	\$ 12,697	\$ 160,553
2026	(435,541)	(1,119,274)	(1,554,815)
2027	567,282	4,203,951	4,771,233
2028	<u>7,130</u>	<u>87,621</u>	<u>94,751</u>
<b>Total</b>	<b><u>\$ 286,727</u></b>	<b><u>\$ 3,184,995</u></b>	<b><u>\$ 3,471,722</u></b>

***Actuarial Assumptions - SERS***

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment 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. Future benefits for all current plan members were projected through 2137.

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.

**OREGON CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2023 and June 30, 2022, are presented below:

Wage inflation:

Current measurement date	2.40%
Prior measurement date	2.40%

Future salary increases, including inflation:

Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%

COLA or ad hoc COLA:

Current measurement date	2.00%
Prior measurement date	2.00%

Investment rate of return:

Current measurement date	7.00% net of system expenses
Prior measurement date	7.00% net of system expenses

Discount rate:

Current measurement date	7.00%
Prior measurement date	7.00%

Actuarial cost method

Entry age normal (level percent of payroll)

In 2023, mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. Ohio Revised Code Section 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS. 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	<u>100.00 %</u>	

**Discount Rate** - Total pension liability was calculated using the discount rate of 7.00%. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate of fiscal year 2023 was 14%. 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. The annual money weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90%.

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

	Current		
	1% Decrease	Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 14,123,247	\$ 9,568,924	\$ 5,732,779

**OREGON CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 13 - 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, 2023 and June 30, 2022, actuarial valuation are presented below:

	June 30, 2023	June 30, 2022
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2023 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

Actuarial assumptions used in the June 30, 2023 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

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

\* Final target weights reflected at October 1, 2022.

**OREGON CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023. 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' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. 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, 2023.

**Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** - The following table represents the net pension liability as of June 30, 2023, 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:

	Current		
	1% Decrease	Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 60,464,161	\$ 39,319,156	\$ 21,436,270

**Assumption and Benefit Changes Since the Prior Measurement Date** - The discount rate remained at 7.00% for June 30, 2023 valuation. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

**NOTE 14 - DEFINED BENEFIT OPEB PLANS**

***Net OPEB Liability/Asset***

See Note 13 for a description of the net OPEB liability (asset).

***Plan Description - School Employees Retirement System (SERS)***

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

**OREGON CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2024, 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 2024, this amount was \$30,000. 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 2024, the District's surcharge obligation was \$122,555.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$122,555 for fiscal year 2024, which is reported as a liability.

***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](http://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, 2024, STRS did not allocate any employer contributions to post-employment health care.

***Net 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, 2023, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.182476900%	0.174573750%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.177558100%</u>	<u>0.182583100%</u>	
Change in proportionate share	<u>-0.004918800%</u>	<u>0.008009350%</u>	
Proportionate share of the net OPEB liability	\$ 2,925,172	\$ -	\$ 2,925,172
Proportionate share of the net OPEB (asset)	\$ -	\$ (3,550,989)	\$ (3,550,989)
OPEB expense	\$ (366,756)	\$ (221,024)	\$ (587,780)

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 6,094	\$ 5,536	\$ 11,630
Net difference between projected and actual earnings on OPEB plan investments	22,671	6,335	29,006
Changes of assumptions	989,088	523,112	1,512,200
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	137,907	3,122	141,029
Contributions subsequent to the measurement date	<u>122,555</u>	<u>-</u>	<u>122,555</u>
Total deferred outflows of resources	<u>\$ 1,278,315</u>	<u>\$ 538,105</u>	<u>\$ 1,816,420</u>
 <b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 1,508,620	\$ 541,621	\$ 2,050,241
Changes of assumptions	830,775	2,342,893	3,173,668
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>165,483</u>	<u>40,888</u>	<u>206,371</u>
Total deferred inflows of resources	<u>\$ 2,504,878</u>	<u>\$ 2,925,402</u>	<u>\$ 5,430,280</u>

\$122,555 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2025.

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 14 - 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:

Fiscal Year Ending June 30:	SERS	STRS	Total
2025	\$ (474,198)	\$ (1,056,490)	\$ (1,530,688)
2026	(400,546)	(483,512)	(884,058)
2027	(231,533)	(185,011)	(416,544)
2028	(132,551)	(251,151)	(383,702)
2029	(90,966)	(230,295)	(321,261)
Thereafter	<u>(19,324)</u>	<u>(180,838)</u>	<u>(200,162)</u>
<b>Total</b>	<b><u>\$ (1,349,118)</u></b>	<b><u>\$ (2,387,297)</u></b>	<b><u>\$ (3,736,415)</u></b>

***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.

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 14 - 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, 2023 and June 30, 2022 are presented below:

Wage inflation:

Current measurement date	2.40%
Prior measurement date	2.40%

Future salary increases, including inflation:

Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%

Investment rate of return:

Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.00% net of investment expense, including inflation

Municipal bond index rate:

Current measurement date	3.86%
Prior measurement date	3.69%

Single equivalent interest rate, net of plan investment expense, including price inflation:

Current measurement date	4.27%
Prior measurement date	4.08%

Medical trend assumption:

Current measurement date	6.75 to 4.40%
Prior measurement date	7.00 to 4.40%

In 2023, the following mortality assumptions were used:

**Healthy Retirees** - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.

**Disabled Retirees** - 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.

**Contingent Survivors** - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.

**Actives** - PUB-2010 General Amount Weighted Below Median Employee mortality table.

**Mortality Projection** - Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

The long-term expected rate of return is reviewed as part of the regular experience studies prepared every five years for SERS. The most recent five-year experience study was performed for the period covering fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) 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 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 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 asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	5.00	5.64
Total	100.00 %	

**Discount Rate** - The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27%. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08%. 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 is projected to be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022 and the June 30, 2023 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 was 3.86% at June 30, 2023 and 3.69% at June 30, 2022.

**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 (3.27%) and higher (5.27%) than the current discount rate (4.27%). 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%).

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

	Current		
	1% Decrease	Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 3,739,207	\$ 2,925,172	\$ 2,283,273
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 2,149,023	\$ 2,925,172	\$ 3,953,675

***Actuarial Assumptions - STRS***

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 actuarial valuation, compared with June 30, 2022 actuarial valuation, are presented below:

	June 30, 2023		June 30, 2022	
	Initial	Ultimate	Initial	Ultimate
Inflation	2.50%	2.50%		
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%		
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation		
Payroll increases	3.00%	3.00%		
Cost-of-living adjustments (COLA)	0.00%	0.00%		
Discount rate of return	7.00%	7.00%		
Blended discount rate of return	N/A	N/A		
Health care cost trends				
Medical				
Pre-Medicare	7.50%	4.14%	7.50%	3.94%
Medicare	-10.94%	4.14%	-68.78%	3.94%
Prescription Drug				
Pre-Medicare	-11.95%	4.14%	9.00%	3.94%
Medicare	1.33%	4.14%	-5.47%	3.94%

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

For the June 30, 2023 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

For the prior measurement date, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 2023 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

***Assumption Changes Since the Prior Measurement Date*** - The discount rate remained unchanged at 7.00% for the June 30, 2023 valuation.

***Benefit Term Changes Since the Prior Measurement Date*** - Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

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	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	<u>1.00</u>	1.00
Total	<u><u>100.00 %</u></u>	

\* Final target weights reflected at October 1, 2022.

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

***Discount Rate*** - The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2023. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those 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, 2023. 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, 2023.

***Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate*** - The following table represents the net OPEB asset as of June 30, 2023, 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.

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)**

	Current		
	1% Decrease	Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 3,005,447	\$ 3,550,989	\$ 4,026,098
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 4,048,145	\$ 3,550,989	\$ 2,952,173

**NOTE 15 - SET-ASIDES**

The 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.

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.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2023	\$ -
Current year set-aside requirement	725,998
Current year offsets	<u>(1,102,859)</u>
Total	<u>\$ (376,861)</u>
Balance carried forward to fiscal year 2025	<u>\$ -</u>
Set-aside balance June 30, 2024	<u>\$ -</u>

**NOTE 16 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, State and local 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

The District is a party to legal proceedings seeking damages or injunctive relief generally incidental to its operations and spending projects. The District management is of the opinion that disposition of the claim and legal proceedings will not have a material effect, if any, on the financial condition of the District.

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 17 - OTHER COMMITMENTS**

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 1,098,434
Nonmajor governmental funds	<u>406,769</u>
Total	<u>\$ 1,505,203</u>

**NOTE 18 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS**

The Cities of Oregon and Toledo provide tax abatements through Community Reinvestment Area and Enterprise Zone agreements. Under the agreements, various businesses receive the abatement of property taxes in exchange for bringing jobs and economic development to the City. The agreements affect the property tax receipts collected and distributed to the District. Under the agreements, the District's property taxes were reduced by \$355,657 during fiscal year 2024.

REQUIRED SUPPLEMENTARY INFORMATION

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<b>Budgeted Amounts</b>		<b>Actual Amounts</b> <b>Budgetary Basis</b>	<b>Variance with Final Budget - over (under) Actual Amounts</b>
	<b>Original</b>	<b>Final</b>		
Budgetary revenues and other financing sources	\$ 48,788,829	\$ 50,462,193	\$ 50,199,435	\$ (262,758)
Budgetary expenditures and other financing uses	<u>51,397,451</u>	<u>53,040,350</u>	<u>51,810,959</u>	<u>(1,229,391)</u>
Net change in fund balance	(2,608,622)	(2,578,157)	(1,611,524)	966,633
<b>Budgetary fund balance at beginning of year</b>	25,243,558	25,243,558	25,243,558	-
<b>Prior year encumbrances appropriated</b>	<u>1,328,672</u>	<u>1,328,672</u>	<u>1,328,672</u>	<u>-</u>
<b>Budgetary fund balance at end of year</b>	<u>\$ 23,963,608</u>	<u>\$ 23,994,073</u>	<u>\$ 24,960,706</u>	<u>\$ 966,633</u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

<b>Fiscal Year (1)</b>	<b>District's Proportion of the Net Pension Liability</b>	<b>District's Proportionate Share of the Net Pension Liability</b>	<b>District's Covered Payroll</b>	<b>District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2024	0.173177100%	\$ 9,568,924	\$ 6,932,193	138.04%	76.06%
2023	0.178561400%	9,657,989	6,531,864	147.86%	75.82%
2022	0.170089400%	6,275,806	5,902,971	106.32%	82.86%
2021	0.173040300%	11,445,250	6,051,350	189.14%	68.55%
2020	0.173425200%	10,376,334	5,970,844	173.78%	70.85%
2019	0.175197500%	10,033,885	5,868,185	170.99%	71.36%
2018	0.177619400%	10,612,367	5,748,293	184.62%	69.50%
2017	0.172346300%	12,614,159	5,342,779	236.10%	62.98%
2016	0.172906900%	9,866,235	5,205,402	189.54%	69.16%
2015	0.170891000%	8,648,696	4,965,750	174.17%	71.70%

<b>Fiscal Year</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>District's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2024	\$ 1,000,957	\$ (1,000,957)	\$ -	\$ 7,149,693	14.00%
2023	970,507	(970,507)	-	6,932,193	14.00%
2022	914,461	(914,461)	-	6,531,864	14.00%
2021	826,416	(826,416)	-	5,902,971	14.00%
2020	847,189	(847,189)	-	6,051,350	14.00%
2019	806,064	(806,064)	-	5,970,844	13.50%
2018	792,205	(792,205)	-	5,868,185	13.50%
2017	804,761	(804,761)	-	5,748,293	14.00%
2016	747,989	(747,989)	-	5,342,779	14.00%
2015	686,072	(686,072)	-	5,205,402	13.18%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

<b>Fiscal Year (1)</b>	<b>District's Proportion of the Net Pension Liability</b>	<b>District's Proportionate Share of the Net Pension Liability</b>	<b>District's Covered Payroll</b>	<b>District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2024	0.182583100%	\$ 39,319,156	\$ 24,699,257	159.19%	80.02%
2023	0.174573750%	38,807,964	22,849,650	169.84%	78.88%
2022	0.174942094%	22,367,919	21,699,193	103.08%	87.78%
2021	0.175214730%	42,395,730	21,409,879	198.02%	75.48%
2020	0.171100270%	37,837,796	19,885,321	190.28%	77.40%
2019	0.173600750%	38,170,907	20,263,564	188.37%	77.31%
2018	0.175359570%	41,657,042	18,962,636	219.68%	75.30%
2017	0.176158670%	58,965,617	18,863,221	312.60%	66.80%
2016	0.180960320%	50,012,139	19,166,979	260.93%	72.10%
2015	0.178975860%	43,533,121	18,286,385	238.06%	74.70%

<b>Fiscal Year</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>District's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2024	\$ 3,466,913	\$ (3,466,913)	\$ -	\$ 24,763,664	14.00%
2023	3,457,896	(3,457,896)	-	24,699,257	14.00%
2022	3,198,951	(3,198,951)	-	22,849,650	14.00%
2021	3,037,887	(3,037,887)	-	21,699,193	14.00%
2020	2,997,383	(2,997,383)	-	21,409,879	14.00%
2019	2,783,945	(2,783,945)	-	19,885,321	14.00%
2018	2,836,899	(2,836,899)	-	20,263,564	14.00%
2017	2,654,769	(2,654,769)	-	18,962,636	14.00%
2016	2,640,851	(2,640,851)	-	18,863,221	14.00%
2015	2,683,377	(2,683,377)	-	19,166,979	14.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT AND TEN FISCAL YEARS

<b>Fiscal Year (1) (2)</b>	<b>District's Proportion of the Net OPEB Liability</b>	<b>District's Proportionate Share of the Net OPEB Liability</b>	<b>District's Covered Payroll</b>	<b>District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
2024	0.177558100%	\$ 2,925,172	\$ 6,932,193	42.20%	30.02%
2023	0.182476900%	2,561,995	6,531,864	39.22%	30.34%
2022	0.175421000%	3,319,986	5,902,971	56.24%	24.08%
2021	0.173582600%	3,772,518	6,051,350	62.34%	18.17%
2020	0.175519200%	4,413,939	5,970,844	73.92%	15.57%
2019	0.177763800%	4,931,648	5,868,185	84.04%	13.57%
2018	0.180057400%	4,832,268	5,748,293	84.06%	12.46%
2017	0.174326180%	4,968,941	5,342,779	93.00%	11.49%

<b>Fiscal Year</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>District's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2024	\$ 122,555	\$ (122,555)	\$ -	\$ 7,149,693	1.71%
2023	126,336	(126,336)	-	6,932,193	1.82%
2022	118,637	(118,637)	-	6,531,864	1.82%
2021	112,861	(112,861)	-	5,902,971	1.91%
2020	83,224	(83,224)	-	6,051,350	1.38%
2019	126,640	(126,640)	-	5,970,844	2.12%
2018	125,492	(125,492)	-	5,868,185	2.14%
2017	97,279	(97,279)	-	5,748,293	1.69%
2016	86,803	(86,803)	-	5,342,779	1.62%
2015	84,743	(84,743)	-	5,205,402	1.63%

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

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT AND TEN FISCAL YEARS

<b>Fiscal Year (1) (2)</b>	<b>District's Proportion of the Net OPEB Liability/(Asset)</b>	<b>District's Proportionate Share of the Net OPEB Liability/(Asset)</b>	<b>District's Covered Payroll</b>	<b>District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)</b>
2024	0.182583100%	\$ (3,550,989)	\$ 24,699,257	14.38%	168.52%
2023	0.174573750%	(4,520,295)	22,849,650	19.78%	230.73%
2022	0.174942094%	(3,688,511)	21,699,193	17.00%	174.73%
2021	0.175214730%	(3,079,398)	21,409,879	14.38%	182.10%
2020	0.171100270%	(2,833,831)	19,885,321	14.25%	174.74%
2019	0.173600750%	(2,789,587)	20,263,564	13.77%	176.00%
2018	0.175359570%	6,841,883	18,962,636	36.08%	47.10%
2017	0.176158670%	9,421,011	18,863,221	49.94%	37.30%

<b>Fiscal Year</b>	<b>Contractually Required Contributions</b>	<b>Contributions in Relation to the Contractually Required Contributions</b>	<b>Contribution Deficiency (Excess)</b>	<b>District's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2024	\$ -	\$ -	\$ -	\$ 24,763,664	0.00%
2023	-	-	-	24,699,257	0.00%
2022	-	-	-	22,849,650	0.00%
2021	-	-	-	21,699,193	0.00%
2020	-	-	-	21,409,879	0.00%
2019	-	-	-	19,885,321	0.00%
2018	-	-	-	20,263,564	0.00%
2017	-	-	-	18,962,636	0.00%
2016	-	-	-	18,863,221	0.00%
2015	-	-	-	19,166,979	0.00%

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

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 1 - BUDGETARY PROCESS**

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 schedule 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); and
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ (1,611,524)
Net adjustment for revenue and other financing sources accruals	(484,768)
Net adjustment for expenditure and other financing uses accruals	2,764,424
Funds budgeted elsewhere	171,208
Adjustments for encumbrances	<u>1,297,564</u>
GAAP Basis	<u><u>\$ 2,136,904</u></u>

As part of Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting”, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund. This includes the public school support fund, the termination benefits fund, the special trust fund, the intra-district services fund, the technology insurance fund, the self-insurance fund, and the employee benefits fund.

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

**PENSION**

*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

*Change in benefit terms:*

- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 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%.
- For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.
- 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%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.

*Change in assumptions:*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 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 Weighted Below Median Healthy Retiree mortality table.

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)**

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Change in benefit terms:*

- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 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.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023.

*Changes in assumptions:*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- 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 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%.
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)**

**OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

***SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO***

*Change in benefit terms:*

- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- There were no changes in benefit terms from the amounts reported for fiscal year 2018.
- There were no changes in benefit terms from the amounts reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts reported for fiscal year 2021.
- There were no changes in benefit terms from the amounts reported for fiscal year 2022.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.

*Change 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%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)**

- For fiscal year 2022, the following changes of assumptions affected the total OPEB 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 Weighted Below Median Healthy Retiree mortality table.
- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate went from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.
- For fiscal year 2024, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.69% to 3.86%, (b) single equivalent interest rate went from 4.08% to 4.27% and (c) medical trend assumptions went from 7.00% to 4.40% to 6.75% to 4.40%.

**STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO**

*Change 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.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2024.

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

**NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)**

*Change 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.
- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.
- For fiscal year 2024, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: Pre-Medicare from 7.50% initial - 3.94% ultimate to 7.50% initial - 4.14% ultimate; medical Medicare from -68.78% initial - 3.94% ultimate to -10.94% initial - 4.14% ultimate; prescription drug Pre-Medicare from 9.00% initial - 3.94% ultimate to -11.95% initial - 4.14% ultimate; Medicare from -5.47% initial - 3.94% ultimate to 1.33% initial - 4.14% ultimate.

## **SUPPLEMENTARY INFORMATION**

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

<b>FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM/CLUSTER TITLE</b>	<b>ASSISTANCE LISTING NUMBER</b>	<b>PASS-THROUGH ENTITY IDENTIFYING NUMBER / ADDITIONAL AWARD IDENTIFICATION</b>	<b>TOTAL FEDERAL EXPENDITURES</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through the Ohio Department of Education and Workforce</i>			
Child Nutrition Cluster			
School Breakfast Program	10.553	2024	<u>209,721</u>
COVID-19 - National School Lunch Program	10.555	COVID-19, 2024	87,550
National School Lunch Program	10.555	2024	849,524
National School Lunch Program - Food Donation	10.555	2024	139,884
<b>Total National School Lunch Program</b>			<u>1,076,958</u>
<b>Total Child Nutrition Cluster</b>			<u>1,286,679</u>
<b>Total U.S. Department of Agriculture</b>			<u>1,286,679</u>
<b>U.S. DEPARTMENT OF THE TREASURY</b>			
<i>Passed Through Ohio Office of Budget and Management</i>			
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - School Safety Round #4	21.027	COVID-19	<u>247,533</u>
<b>Total U.S. Department of the Treasury</b>			<u>247,533</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through the Ohio Department of Education and Workforce</i>			
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2023	10,244
Title I Grants to Local Educational Agencies	84.010A	84.010A, 2024	600,932
<b>Total Title I Grants to Local Educational Agencies</b>			<u>611,176</u>
<b>Special Education Cluster (IDEA)</b>			
Special Education-Grants to States (IDEA, Part B)	84.027A	84.027A, 2023	50,759
COVID-19 - Special Education-Grants to States (IDEA, Part B) - ARP	84.027X	COVID-19, 84.027X, 2023	16,242
Special Education-Grants to States (IDEA, Part B)	84.027A	84.027A, 2024	887,396
<b>Total Special Education-Grants to States (IDEA, Part B)</b>			<u>954,397</u>
Special Education-Preschool Grants (IDEA Preschool)	84.173A	84.173A, 2024	17,117
<b>Total Special Education Cluster (IDEA)</b>			<u>971,514</u>
Career and Technical Education Basic Grants to States	84.048A	84.048A, 2024	59,309
Supporting Effective Instruction State Grants	84.367A	84.367A, 2023	32,546
Supporting Effective Instruction State Grants	84.367A	84.367A, 2024	111,396
<b>Total Supporting Effective Instruction State Grants</b>			<u>143,942</u>
Student Support and Academic Enrichment Program	84.424A	84.424A, 2024	53,549
COVID-19 - Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	COVID-19, 84.425D, 2023	1,650
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	COVID-19, 84.425U, 2023	285,024
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	COVID-19, 84.425U, 2024	511,529
<b>Total Education Stabilization Fund</b>			<u>798,203</u>
<b>Total U.S. Department of Education</b>			<u>2,637,693</u>
<b>Total Federal Expenditures</b>			<u><b>\$ 4,171,905</b></u>

*The accompanying notes are an integral part of this schedule.*

**OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR § 200.510(b)(6)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Oregon City School District under programs of the federal government for the fiscal year ended June 30, 2024 and is prepared in accordance with the cash basis of accounting. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Oregon City School District, it is not intended to and does not present the financial position or changes in net position of the Oregon City School District. Such expenditures are recognized following cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be limited as to reimbursement.

**NOTE 2 – DE MINIMIS COST RATE**

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

**NOTE 3 – CHILD NUTRITION CLUSTER**

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

**NOTE 4 – FOOD DONATION PROGRAM**

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

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

Oregon City School District  
Lucas County  
5721 Seaman Road  
Oregon, Ohio 43616

To the Members of the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Oregon City School District, Lucas County, Ohio, as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Oregon City School District's basic financial statements, and have issued our report thereon dated December 23, 2024.

**Report on Internal Control over Financial Reporting**

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

Oregon City School District

Lucas County

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

### **Report on Compliance and Other Matters**

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



Julian & Grube, Inc.

December 23, 2024

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

Oregon City School District  
Lucas County  
5721 Seaman Road  
Oregon, Ohio 43616

To the Members of the Board of Education:

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

We have audited the Oregon City School District's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the Oregon City School District's major federal programs for the fiscal year ended June 30, 2024. The Oregon City School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

In our opinion, the Oregon City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2024.

#### ***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of the Oregon City 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 Oregon City School District's compliance with the compliance requirements referred to above.

#### ***Responsibilities of Management for Compliance***

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

Oregon City School District  
Lucas County  
Independent Auditor's Report on Compliance for Each Major Federal Program  
and on Internal Control Over Compliance Required by the Uniform Guidance

***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Oregon City 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 Oregon City 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 Oregon City School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

***Report on Internal Control over Compliance***

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

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

Oregon City School District

Lucas County

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

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

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

*Julian & Grube, Inc.*

Julian & Grube, Inc.  
December 23, 2024

OREGON CITY SCHOOL DISTRICT  
LUCAS COUNTY, OHIO

SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2024

1. SUMMARY OF AUDITOR'S RESULTS		
(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unmodified
(d)(1)(ii)	<i>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	None reported
(d)(1)(iii)	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material weaknesses in internal control reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	None reported
(d)(1)(v)	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
(d)(1)(vi)	<i>Are there any reportable findings under 2 CFR §200.516(a)?</i>	No
(d)(1)(vii)	<i>Major Program(s) (listed):</i>	Special Education Cluster (IDEA)
(d)(1)(viii)	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

# OHIO AUDITOR OF STATE KEITH FABER



OREGON CITY SCHOOL DISTRICT

LUCAS 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 4/8/2025

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)