



OHIO AUDITOR OF STATE
KEITH FABER



**LAKE LOCAL SCHOOL DISTRICT
STARK COUNTY
JUNE 30, 2022**

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STARK COUNTY
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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Lake Local School District
Stark County
436 King Church Avenue SW
Uniontown, Ohio 44685

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 18 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. We did not modify our opinion regarding this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2023, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

March 17, 2023

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Lake Local School District
Stark County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited)

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

Financial Highlights

Key financial highlights for 2022 are as follows:

- Net position of governmental activities increased by \$4,502,556.
- Capital assets decreased \$2,617,553 million during fiscal year 2022.
- During the fiscal year, outstanding debt obligations decreased from principal payments and amortization of premium.

Using this Annual Report

This annual report consists of the MD&A, the basic financial statements and the notes to the basic financial 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 School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Lake Local School District, the general fund and the bond retirement fund are the most significant funds.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

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

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

In the *Statement of Net Position* and the *Statement of Activities*, governmental activities include the School District's programs and services, including instruction, support services, extracurricular activities, and non-instructional services, i.e., food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

The School District adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with its budget.

Reporting the School District's Fiduciary Responsibilities

The School District acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in custodial funds. The School District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

Lake Local School District
Stark County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
(Unaudited)

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2022 compared to 2021:

Table 1
Net Position

	Governmental Activities		
	2022	Restated 2021	Change
Assets			
Current & Other Assets	\$ 42,468,738	\$ 40,874,240	\$ 1,594,498
Net Pension/OPEB Asset	2,895,027	2,359,002	536,025
Capital Assets	97,151,597	99,769,150	(2,617,553)
<i>Total Assets</i>	<u>142,515,362</u>	<u>143,002,392</u>	<u>(487,030)</u>
Deferred Outflows of Resources			
Deferred Charges	2,300,020	2,320,738	(20,718)
Pension & OPEB	10,676,420	8,464,990	2,211,430
<i>Total Deferred Outflows of Resources</i>	<u>12,976,440</u>	<u>10,785,728</u>	<u>2,190,712</u>
Liabilities			
Current & Other Liabilities	5,870,330	5,329,126	541,204
Long-Term Liabilities:			
Due Within One Year	2,852,017	2,900,391	(48,374)
Due In More Than One Year:			
Pension & OPEB	25,279,557	44,132,753	(18,853,196)
Other Amounts	43,956,810	46,448,804	(2,491,994)
<i>Total Liabilities</i>	<u>77,958,714</u>	<u>98,811,074</u>	<u>(20,852,360)</u>
Deferred Inflows of Resources			
Property Taxes	19,755,545	19,713,832	41,713
Deferred Charges on Refunding	119,327	238,653	(119,326)
Pension & OPEB	23,158,953	5,027,854	18,131,099
<i>Total Deferred Inflows of Resources</i>	<u>43,033,825</u>	<u>24,980,339</u>	<u>18,053,486</u>
Net Position			
Net Investment in Capital Assets	53,691,118	53,489,613	201,505
Restricted	6,271,887	4,276,410	1,995,477
Unrestricted	(25,463,742)	(27,769,316)	2,305,574
<i>Total Net Position</i>	<u>\$ 34,499,263</u>	<u>\$ 29,996,707</u>	<u>\$ 4,502,556</u>

The School District's 2021 Governmental Activities were restated as a result of GASB 87, for the copier lease at the District.

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(Unaudited)

The net pension liability (NPL) is one of the largest liabilities reported by the School District at June 30, 2022, and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In a prior period, the School District also adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension/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 asset/liability to equal the School District's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these assets/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. For STRS, the plan's fiduciary net OPEB position was sufficient to cover the plan's total OPEB liability resulting in a net OPEB asset for fiscal year 2022 that is allocated to each school based on its proportionate share. The retirement system is responsible for the administration of the pension and OPEB plans.

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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 reported by the retirement boards. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

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

Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles and construction in progress. These capital assets are used to provide services to citizens and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position is a deficit balance.

The decrease in capital assets was caused by the completion of the new district buildings in the prior year which had associated depreciation in the current year. There was a change in net pension/other postemployment benefits (OPEB) liability/asset for the School District. These fluctuations are due to changes in the retirement systems unfunded liabilities that are passed through to the School District's financial statements. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and net pension liability (NPL)/ net OPEB liability (NOL)/ net OPEB asset (NOA) and are described in more detail in their respective notes.

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(Unaudited)

Table 2 shows the changes in net position for fiscal year 2022 compared to 2021.

Table 2
Changes in Net Position

	Governmental Activities		
	2022	2021	Change
Revenues			
<i>Program Revenues</i>			
Charges for Services	\$ 1,887,796	\$ 1,529,237	\$ 358,559
Operating Grants	5,326,872	6,481,256	(1,154,384)
Capital Grants	87,966	20,797	67,169
<i>Total Program Revenues</i>	<u>7,302,634</u>	<u>8,031,290</u>	<u>(728,656)</u>
General Revenues			
Property Taxes	21,400,386	19,758,960	1,641,426
Grants & Entitlements	19,352,948	17,814,135	1,538,813
Payments in Lieu of Taxes	22,510	21,945	565
Miscellaneous	(337,459)	449,159	(786,618)
<i>Total General Revenues</i>	<u>40,438,385</u>	<u>38,044,199</u>	<u>2,394,186</u>
<i>Total Revenues</i>	<u>47,741,019</u>	<u>46,075,489</u>	<u>1,665,530</u>
Program Expenses			
Instruction:			
Regular	18,858,051	22,286,000	(3,427,949)
Special	5,657,527	5,198,261	459,266
Vocational	1,007,570	876,836	130,734
Other	421,674	1,880,015	(1,458,341)
Support Services:			
Pupils	2,265,560	2,503,538	(237,978)
Instructional Staff	1,505,420	1,512,386	(6,966)
Board of Education	18,290	28,738	(10,448)
Administration	2,049,823	2,421,998	(372,175)
Fiscal	874,964	780,673	94,291
Business	205,121	237,430	(32,309)
Operation and Maintenance of Plant	3,001,678	3,145,149	(143,471)
Pupil Transportation	2,505,882	2,240,270	265,612
Central	140,294	121,117	19,177
Operation of Non-Instructional/Shared Services:			
Food Service Operations	1,301,831	1,156,164	145,667
Community Services	769,617	817,862	(48,245)
Extracurricular Activities	1,295,707	1,409,049	(113,342)
Debt Service:			
Interest and Fiscal Charges	1,359,454	1,485,658	(126,204)
<i>Total Expenses</i>	<u>43,238,463</u>	<u>48,101,144</u>	<u>(4,862,681)</u>
<i>Change in Net Position</i>	4,502,556	(2,025,655)	6,528,211
<i>Net Position Beginning of Year</i>	<u>29,996,707</u>	<u>32,022,362</u>	<u>(2,025,655)</u>
<i>Net Position End of Year</i>	<u>\$ 34,499,263</u>	<u>\$ 29,996,707</u>	<u>\$ 4,502,556</u>

Lake Local School District
Stark County, Ohio
Management's Discussion and Analysis
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(Unaudited)

The decrease in operating grants is primarily due to less receipts for Federal grant awards for pupil transportation during the fiscal year. Grants and entitlements increased significantly primarily due to School foundation funding received from the State of Ohio. The School District saw a significant decrease in miscellaneous general revenues as there was a loss in fair market value in investments which resulted a deficit in investment earning during the year. The changes in program expenses are primarily associated to changes in the School District's proportionate share of the net pension liability, net OPEB liability/asset and related accruals. As previously indicated, these items are explained in detail within their respective notes.

Financial Analysis of the Government's Funds

Governmental Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. The schedule below indicates the cash fund balances

Table 3
Fund Balance Analysis

	Fund Balance 6/30/2022	Fund Balance 6/30/2021	Increase (Decrease)
General	\$ 9,391,854	\$10,357,245	\$ (965,391)
Bond Retirement	2,287,432	1,918,337	369,095
Other Governmental	3,418,952	2,369,996	1,048,956
Total	\$15,098,238	\$14,645,578	\$ 452,660

The fund balance of the General Fund decreased during the fiscal year. This decrease was caused primarily caused by an increase in regular instruction expenses and a negative impact from the market and associated decline in fair market value of investments.

The bond retirement fund balance increased during the fiscal year. The increase was primarily due to the timing of collections for property tax and intergovernmental revenue as compared to when debt payments are made.

The other governmental fund balance increased during the fiscal year. The increase was primarily due to the timing of collections for intergovernmental revenue during the current fiscal year.

General Fund Budgeting Highlights

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

During the course of fiscal year 2022, the School District amended its general fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

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Original Budget Compared to Final Budget During the year, there were no changes in original revenue and minor changes to the original appropriation budgets.

Final Budget Compared to Actual Results Actual revenue exceeded the final budget basis revenue due to an underestimation of tuition and fees and property taxes revenues. Final expenditure appropriations were higher than the actual expenditures as cost savings were recognized for all programs throughout the fiscal year.

Capital Assets and Debt Administration

Capital Assets

Overall, capital assets of governmental activities decreased in 2022. The decrease in capital assets was attributable to current year depreciation and primarily related the School District building and improvements accumulated depreciation in 2022. See Note 9 for additional details about the School District's capital assets.

Debt

At June 30, 2022, the School District had a \$46 million in debt outstanding, which is a \$2.4 million decrease in debt from the prior period. See Note 14 for additional information.

Current Issues

The Lake Local School District continues to provide and be recognized for providing a quality education for our students in a closely monitored, cost controlled environment. The School District continues to rely on both state revenue and local property taxes for the continued support of public education. During fiscal year 2022, 53 percent of the School District's General Fund revenue was derived from state sources, while 47 percent was derived from local and other sources. Also during fiscal year 2022, 72 percent of the School District's total expenditures were made directly on classroom instruction. The School District has made significant efforts to achieve the highest level of performance while maintaining a low cost. The School Board and Administration continue to closely monitor performance in conjunction with revenues and expenditures.

Our academic settings are state of the art, with flexible spaces and furniture, with access to extended learning areas. Grades Pre-K to 1 are housed at Lake Primary, Grades 2 through 6 are housed at Lake Elementary, and Grades 7 through 12 are housed at Lake Middle/High School. Technology in the form of one-to-one computing is district-wide in all grades, in addition to a K-12 robotics curriculum. The delivery of content will continue to evolve into the best practice of student centered learning.

The School District has demonstrated a continuing commitment to community partnerships. The concept of a true Community Center has been in place through partnerships with: Stark County YMCA, Stark County Library, Cleveland Clinic Mercy Medical Center, Lake Township Chamber of Commerce and Lake Township Historical Society. The efforts to partner with stakeholders have also been championed by the Strategic Planning Process. As a result of our strategic planning process, our mission statement is "Educating generations, serving our community" with a vision "To be the leader in addressing the educational, social and physical needs of our students and staff."

The School District's Performance Index for the 2021-2022 school year was the highest in Stark County for the seventh year in a row. The School District's Performance Index for the 2021-2022 school year for all School types placed us 38th out of 607 in the state. The School District's Expenditure Per Equivalent Pupil for the

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2021-2022 school year was \$10,022, while the Statewide Average was \$11,246. Based on Expenditure Per Equivalent Pupil and Performance Index, there were only three districts in the state who spent the same or less and performed the same or better.

The School District is closely monitoring our financial outlook. Financial challenges continue to stem from issues at the local, state and federal levels. It is imperative the School District continue to carefully plan in order to provide the resources required to meet the student's desired needs over the next several years. All of the School District's resources have and will continue to be focused on doing what is best for our students, and meeting the needs of all of our stakeholders.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Nicole Nichols, Treasurer of Lake Local School District, 436 King Church Avenue SW, Uniontown, OH 44685.

Lake Local School District
Stark County, Ohio
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$ 19,568,213
Accounts Receivable	28,143
Intergovernmental Receivable	701,829
Property Taxes Receivable	22,170,553
Net OPEB Asset	2,895,027
Non-Depreciable Capital Assets	3,224,145
Capital Assets being Depreciated/Amortized, net	93,927,452
<i>Total Assets</i>	<i>142,515,362</i>
Deferred Outflows of Resources	
Deferred Charges on Refunding	2,300,020
Pension	9,602,042
OPEB	1,074,378
<i>Total Deferred Outflows of Resources</i>	<i>12,976,440</i>
Liabilities	
Accounts Payable	555,224
Accrued Wages and Benefits	4,475,953
Intergovernmental Payable	682,923
Accrued Interest Payable	109,504
Matured Compensated Absences Payable	46,726
Long-Term Liabilities:	
Due Within One Year	2,852,017
Due In More Than One Year:	
Net Pension Liability	22,606,400
Net OPEB Liability	2,673,157
Other Amounts Due in More Than One Year	43,956,810
<i>Total Liabilities</i>	<i>77,958,714</i>
Deferred Inflows of Resources	
Property Taxes Levied for the Next Year	19,755,545
Deferred Charges on Refunding	119,327
Pension	18,239,721
OPEB	4,919,232
<i>Total Deferred Inflows of Resources</i>	<i>43,033,825</i>
Net Position	
Net Investment in Capital Assets	53,691,118
Restricted for:	
Capital Outlay	1,719,088
Debt Service	2,291,403
Athletics	102,214
Auxiliary Programs	43,199
Classroom Facilities Maintenance	68,328
Other Purposes	2,047,655
Unrestricted	(25,463,742)
<i>Total Net Position</i>	<i>\$ 34,499,263</i>

See accompanying notes the basic financial statements

Lake Local School District
Stark County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2022

	Program Revenues				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$ 18,858,051	\$ 921,750	\$ 1,005,813	\$ 8,505	\$ (16,921,983)
Special	5,657,527	58,982	953,419	-	(4,645,126)
Vocational	1,007,570	-	38,103	-	(969,467)
Other	421,674	-	-	-	(421,674)
Support Services:					
Pupils	2,265,560	-	2,090	-	(2,263,470)
Instructional Staff	1,505,420	-	212,715	-	(1,292,705)
Board of Education	18,290	-	-	-	(18,290)
Administration	2,049,823	869	21,119	-	(2,027,835)
Fiscal	874,964	5,522	-	640	(868,802)
Business	205,121	-	-	-	(205,121)
Operation and Maintenance of Plant	3,001,678	103,182	225,349	78,821	(2,594,326)
Pupil Transportation	2,505,882	-	44,911	-	(2,460,971)
Central	140,294	79,726	-	-	(60,568)
Operation of Non-Instructional/Shared Services:					
Food Service Operations	1,301,831	143,793	1,949,153	-	791,115
Community Services	769,617	-	751,977	-	(17,640)
Extracurricular Activities	1,295,707	573,972	122,223	-	(599,512)
Debt Service:					
Interest and Fiscal Charges	1,359,454	-	-	-	(1,359,454)
<i>Total</i>	<u>\$ 43,238,463</u>	<u>\$ 1,887,796</u>	<u>\$ 5,326,872</u>	<u>\$ 87,966</u>	<u>(35,935,829)</u>

General Revenues

Property Taxes Levied for:	
General Purposes	16,979,059
Debt Service	3,749,197
Capital Outlay	527,634
Classroom Facilities Maintenance	144,496
Grants and Entitlements not Restricted to Specific Programs	19,352,948
Payments in Lieu of Taxes	22,510
Investment Earnings	(465,985)
Miscellaneous	128,526
<i>Total General Revenues</i>	<u>40,438,385</u>
<i>Change in Net Position</i>	4,502,556
<i>Net Position Beginning of Year</i>	<u>29,996,707</u>
<i>Net Position End of Year</i>	<u>\$ 34,499,263</u>

See accompanying notes the basic financial statements

Lake Local School District
Stark County, Ohio
Balance Sheet
Governmental Funds
June 30, 2022

	General	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Investments	\$ 13,354,420	\$ 2,179,678	\$ 4,034,116	\$ 19,568,214
Accounts Receivable	8,176	-	19,967	28,143
Interfund Receivable	138,008	-	-	138,008
Intergovernmental Receivable	103,723	-	598,106	701,829
Property Taxes Receivable	17,700,898	3,775,806	693,849	22,170,553
<i>Total Assets</i>	<u>\$ 31,305,225</u>	<u>\$ 5,955,484</u>	<u>\$ 5,346,038</u>	<u>\$ 42,606,747</u>
Liabilities				
Accounts Payable	\$ 378,548	\$ -	\$ 176,676	\$ 555,224
Accrued Wages and Benefits	3,950,009	-	525,944	4,475,953
Intergovernmental Payable	573,758	-	109,165	682,923
Interfund Payable	-	-	138,008	138,008
Matured Compensated Absences Payable	35,806	-	10,920	46,726
<i>Total Liabilities</i>	<u>4,938,121</u>	<u>-</u>	<u>960,713</u>	<u>5,898,834</u>
Deferred Inflows of Resources				
Property Taxes Levied for the Next Year	15,614,457	3,503,952	637,136	19,755,545
Unavailable Revenue	1,360,793	164,100	329,237	1,854,130
<i>Total Deferred Inflows of Resources</i>	<u>16,975,250</u>	<u>3,668,052</u>	<u>966,373</u>	<u>21,609,675</u>
Fund Balances				
Restricted	-	2,287,432	3,948,427	6,235,859
Assigned	3,380,988	-	-	3,380,988
Unassigned	6,010,866	-	(529,475)	5,481,391
<i>Total Fund Balance</i>	<u>9,391,854</u>	<u>2,287,432</u>	<u>3,418,952</u>	<u>15,098,238</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 31,305,225</u>	<u>\$ 5,955,484</u>	<u>\$ 5,346,038</u>	<u>\$ 42,606,747</u>

See accompanying notes the basic financial statements

Lake Local School District
Stark County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2022

Total Governmental Fund Balances		\$ 15,098,238
<i>Amounts reported for governmental activities in 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.		97,151,597
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Intergovernmental	\$ 285,967	
Accounts Receivable	7,833	
Delinquent Property Taxes	1,560,329	1,854,129
Accrued interest payable is not due and payable in the current period and therefore not reported in the funds.		(109,504)
Unamortized loss on refunding represents deferred outflows, which do not use current financial resources and, therefore, are not reported in the funds.		2,300,020
Unamortized gain on refunding represents deferred inflows, which do not provide current financial resources and, therefore, are not reported in the funds.		(119,327)
The net pension liability and net OPEB liability are not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB Asset	2,895,027	
Deferred Outflows - Pension	9,602,042	
Deferred Outflows - OPEB	1,074,378	
Net Pension Liability	(22,606,400)	
Net OPEB Liability	(2,673,157)	
Deferred Inflows - Pension	(18,239,721)	
Deferred Inflows - OPEB	(4,919,232)	(34,867,063)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(40,150,000)	
Unamortized Bond Premium	(4,679,804)	
Capital Appreciation Bonds	(644,975)	
Accretion of Interest - Capital Appreciation Bonds	(541,562)	
Leases	(221,636)	
Compensated Absences	(570,850)	(46,808,827)
<i>Net Position of Governmental Activities</i>		\$ 34,499,263

See accompanying notes the basic financial statements

Lake Local School District
Stark County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2022

	General	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property and Other Local Taxes	\$ 16,113,248	\$ 3,701,473	\$ 655,828	\$ 20,470,549
Intergovernmental	19,064,744	278,799	5,590,959	24,934,502
Investment Income	(465,985)	-	1,999	(463,986)
Tuition and Fees	837,486	-	6,739	844,225
Extracurricular Activities	202,944	-	492,055	694,999
Charges for Services	-	-	143,793	143,793
Rent	25,735	-	179,043	204,778
Contributions and Donations	32,875	-	184,853	217,728
Payments in Lieu of Taxes	-	-	22,510	22,510
Miscellaneous	109,879	-	10,138	120,017
<i>Total Revenues</i>	<u>35,920,926</u>	<u>3,980,272</u>	<u>7,287,917</u>	<u>47,189,115</u>
Expenditures				
Current:				
Instruction:				
Regular	16,544,035	-	1,114,390	17,658,425
Special	4,678,510	-	1,325,808	6,004,318
Vocational	1,047,422	-	38,103	1,085,525
Other	421,674	-	-	421,674
Support Services:				
Pupils	2,438,206	-	49,389	2,487,595
Instructional Staff	1,417,831	-	231,300	1,649,131
Board of Education	18,290	-	-	18,290
Administration	2,469,351	-	15,518	2,484,869
Fiscal	735,115	54,892	130,794	920,801
Business	215,528	-	-	215,528
Operation and Maintenance of Plant	2,788,768	-	487,623	3,276,391
Pupil Transportation	2,724,634	-	91,161	2,815,795
Central	115,763	-	25,365	141,128
Operation of Non-Instructional/Shared Services:				
Food Service Operations	-	-	1,352,549	1,352,549
Community Services	-	-	802,463	802,463
Extracurricular Activities	889,305	-	556,466	1,445,771
Capital Outlay	-	-	18,707	18,707
Debt Service				
Principal Retirement	313,771	2,255,000	-	2,568,771
Interest and Fiscal Charges	68,114	1,301,285	-	1,369,399
<i>Total Expenditures</i>	<u>36,886,317</u>	<u>3,611,177</u>	<u>6,239,636</u>	<u>46,737,130</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(965,391)</u>	<u>369,095</u>	<u>1,048,281</u>	<u>451,985</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	-	-	675	675
<i>Net Change in Fund Balances</i>	<u>(965,391)</u>	<u>369,095</u>	<u>1,048,956</u>	<u>452,660</u>
<i>Fund Balances Beginning of Year</i>	<u>10,357,245</u>	<u>1,918,337</u>	<u>2,369,996</u>	<u>14,645,578</u>
<i>Fund Balances End of Year</i>	<u>\$ 9,391,854</u>	<u>\$ 2,287,432</u>	<u>\$ 3,418,952</u>	<u>\$ 15,098,238</u>

See accompanying notes the basic financial statements

Lake Local School District
Stark County, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2022*

Net Change in Fund Balances - Total Governmental Funds	\$	452,660
<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	\$ 544,620	
Current Year Depreciation	<u>(3,155,466)</u>	(2,610,846)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(6,707)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Intergovernmental	(349,039)	
Accounts Receivable	(29,570)	
Delinquent Property Taxes	<u>929,837</u>	551,228
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	2,510,000	
Lease	<u>58,771</u>	2,568,771
In the statement of activities, interest is accrued on outstanding bonds, and bond premium and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	7,692	
Amortization of Premium on Bonds	159,572	
Amortization of Refunding Loss	(20,718)	
Amortization of Refunding Gain	<u>119,326</u>	265,872
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	3,184,627	
OPEB	<u>93,171</u>	3,277,798
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(36,544)	
OPEB	<u>228,298</u>	191,754
Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences		67,952
Accretion on capital appreciation bonds is an expenditure in the governmental funds, but is allocated as an expense over the life of the bonds in the statement of activities.		
		<u>(255,926)</u>
<i>Change in Net Position of Governmental Activities</i>	<u>\$</u>	<u>4,502,556</u>

See accompanying notes the basic financial statements

Lake Local School District
Stark County, Ohio
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Non-GAAP Basis)
General Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property and Other Local Taxes	\$ 15,314,000	\$ 15,514,000	\$ 15,655,756	\$ 141,756
Intergovernmental	18,988,404	18,988,404	18,961,021	(27,383)
Investment Income	137,314	137,314	150,533	13,219
Tuition and Fees	553,500	553,500	820,421	266,921
Extracurricular Activities	76,000	76,000	105,510	29,510
Rent	15,000	15,000	27,060	12,060
Miscellaneous	37,000	37,000	55,918	18,918
<i>Total Revenues</i>	<u>35,121,218</u>	<u>35,321,218</u>	<u>35,776,219</u>	<u>455,001</u>
Expenditures				
Current:				
Instruction:				
Regular	16,135,584	16,000,582	16,278,885	(278,303)
Special	4,753,457	4,806,002	4,795,542	10,460
Vocational	1,035,623	1,047,071	1,044,792	2,279
Other	417,973	422,594	421,674	920
Support Services:				
Pupils	2,439,585	2,466,552	2,461,184	5,368
Instructional Staff	1,412,192	1,427,803	1,424,695	3,108
Board of Education	18,311	18,513	18,473	40
Administration	2,483,157	2,510,606	2,505,142	5,464
Fiscal	725,302	733,319	731,723	1,596
Business	216,890	219,476	218,961	515
Operation and Maintenance of Plant	2,874,716	2,906,493	2,900,167	6,326
Pupil Transportation	2,665,365	2,694,836	2,688,969	5,867
Central	55,478	56,091	55,969	122
Extracurricular Activities	884,481	894,258	892,312	1,946
Debt Service				
Principal Retirement	308,771	563,771	313,771	250,000
Interest and Fiscal Charges	68,114	127,033	68,114	58,919
<i>Total Expenditures</i>	<u>36,494,999</u>	<u>36,895,000</u>	<u>36,820,373</u>	<u>74,627</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,373,781)</u>	<u>(1,573,782)</u>	<u>(1,044,154)</u>	<u>529,628</u>
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	35,000	35,000	45,146	10,146
Transfers Out	(50,000)	(50,000)	-	50,000
<i>Total Other Financing Sources (Uses)</i>	<u>(15,000)</u>	<u>(15,000)</u>	<u>45,146</u>	<u>60,146</u>
<i>Net Change in Fund Balance</i>	<u>(1,388,781)</u>	<u>(1,588,782)</u>	<u>(999,008)</u>	<u>589,774</u>
<i>Fund Balance Beginning of Year</i>	13,653,822	13,653,822	13,653,822	-
Prior Year Encumbrances Appropriated	593,595	593,595	593,595	-
<i>Fund Balance End of Year</i>	<u>\$ 12,858,636</u>	<u>\$ 12,658,635</u>	<u>\$ 13,248,409</u>	<u>\$ 589,774</u>

See accompanying notes the basic financial statements

Lake Local School District
Stark County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2022

	<u>Custodial</u>
Assets	
Equity in Pooled Cash and Investments	\$ 37,006
<i>Total Assets</i>	<u>37,006</u>
Net Position	
Restricted for Individuals, Organizations, and Other Governments	37,006
<i>Total Net Position</i>	<u>\$ 37,006</u>

See accompanying notes the basic financial statements

Lake Local School District
Stark County, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2022

	Custodial
Additions	
Amounts Received as Fiscal Agent	\$ 51,204
Extracurricular Amounts Collected for Other Governments	6,680
<i>Total Additions</i>	<i>57,884</i>
 Deductions	
Distributions as Fiscal Agent	39,700
Distributions to OHSAA	10,347
<i>Total Deductions</i>	<i>50,047</i>
 <i>Change in Net Position</i>	 <i>7,837</i>
 <i>Net Position Beginning of Year</i>	 <i>29,169</i>
 <i>Net Position End of Year</i>	 <i>\$ 37,006</i>

See accompanying notes the basic financial statements

Lake Local School District
Stark County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Lake Local School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by the State and federal agencies. The Board of Education controls the School District's three school buildings, community complex, athletic complex, transportation/maintenance facility, and administrative office.

Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt or the levying of their taxes. The School District has no component units.

JOINTLY GOVERNED ORGANIZATION

The Stark/Portage Area Computer Consortium (SPARCC) is a jointly governed organization comprised of 31 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports SPARCC based upon a per pupil charge dependent upon the software package utilized. The SPARCC assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. SPARCC is governed by a board of directors chosen from the general membership of the SPARCC assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county in which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Stark County Education Services Center, which serves as fiscal agent, located at 6057 Strip Avenue NW, North Canton, Ohio 44720.

The following activity is not part of the reporting entity and is excluded from the accompanying financial statements (other than described below):

Non-Public School Within the School District's boundaries, Lake Center Christian School is operated by a religious organization. Current state legislation provides funding to this school. The monies are received and disbursed on behalf of the non-public school by the Treasurer of the School District. The accounting of these state monies is reflected as part of the School District's special revenue funds.

Lake Local School District
Stark County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The most significant of the School District's accounting policies are described below.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

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

The statement of net position presents the financial condition of the governmental of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities of the School 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 charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which governmental function is self-financing or draws from the general revenues of the School District.

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

B. Fund Accounting

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

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

Lake Local School District
Stark County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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

Bond Retirement Fund The bond retirement fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest and certain long-term obligations from governmental resources when the government is obligated in some manner for payment.

The other governmental funds of the School District account for grants and other resources to which the School District is bound to observe constraints imposed upon the use of the resources.

Proprietary Funds Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The School District has no proprietary funds.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial Funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District's fiduciary funds are custodial funds. Custodial funds are used to account for assets held by the School District for Ohio High School Athletics Association and as fiscal agent for the Federal League.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows and all liabilities and deferred inflows associated with the operation of the School District excluding fiduciary funds are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and 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.

The statement of changes in fiduciary net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of changes in fiduciary net position reports additions to and deductions from custodial funds.

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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 and statements for the fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources, and in the presentation of expenses versus expenditures.

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension and OPEB. 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. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 12 and 13.

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

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The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 12 and 13).

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 operating statement as an expense with a like amount reported as “federal donated commodities 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.

E. Cash and Cash Equivalents

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

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

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

Except for nonparticipating investment contracts, investments are reported at fair value.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2022 amounted to a deficit of \$465,985 which includes a deficit of \$129,660 assigned from other School District funds.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

F. Capital Assets

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

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

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

<u>Description</u>	Governmental Activities <u>Estimated Lives</u>
Land Improvements	40 - 50 Years
Buildings and Improvements	10 - 40 Years
Furniture and Equipment	5 - 20 Years
Vehicles	10 Years
Leased Equipment	5 Years

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

G. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The entire compensated absence liability is reported on the government-wide financial statements.

In governmental funds, the liability for unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated unpaid leave is paid.

H. Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB asset/liability, deferred outflows of resources and deferred inflows of resources related to pension/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

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(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.

I. Accrued Liabilities and Long-term Obligations

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

J. Bond Premiums

In governmental fund types, bond premiums are recognized in the current period. On the statement of net position, bond premiums are deferred and amortized over the term of the bonds. Bond premiums are amortized using the bonds outstanding method. Bond premiums are presented as an addition to the face amount of bonds payable.

K. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At June 30, 2022, there was no net position restricted by enabling legislation.

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

L. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the School District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

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

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School 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 School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education. The Board of Education has by resolution authorized the treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent fiscal year's appropriated budget.

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

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

M. Interfund Activity

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

N. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2022.

O. Estimates

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

Lake Local School District
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P. Budgetary Data

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. Throughout the fiscal year, the primary level of budgetary control was at the object code level within the general fund. For all other funds, the legal level of control was at the fund level.

On October 25, 2005, the Stark County Budget Commission voted to waive the requirement that school districts adopt a tax budget as required by Section 5705.28 of the Ohio Revised Code, by January 15 and the filing by January 20. The Budget Commission now requires an alternate tax budget be submitted by January 20 which no longer requires specific Board approval.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2022.

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

Q. Implementation of New Accounting Principles

For the fiscal year ended June 30, 2022, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, certain provisions of GASB Statement No. 93, *Replacement of Interbank Offered Rates*, certain provisions of GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84*, and a supersession of GASB Statement No. 32, GASB Statement No. 98, *The Annual Comprehensive Financial Report*, and certain provisions in GASB Statement No. 99, *Omnibus 2022*.

GASB Statement No. 87 requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. These changes were incorporated in the School District's financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of paragraphs 11b, 13 and 14 of GASB Statement No. 93 did not have an effect on the financial statements of the School District.

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GASB Statement No. 97 requirements that are related to a) the accounting and financial reporting for Section 457 plans and b) determining whether a primary government is financially accountable for a potential component unit were implemented for fiscal year 2022. The implementation of GASB Statement No. 97 did not have an effect on the financial statements of the School District.

GASB Statement No. 99 enhances comparability in the application of accounting and financial reporting requirements and will improve consistency of authoritative literature. The implementation of certain provisions of GASB Statement No. 99 did not have an effect on the financial statements of the School District.

NOTE 3 - FUND DEFICITS

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

<i>Non-Major Governmental Funds</i>	<u>Deficit</u>
IDEA-B	\$ 359,715
ARP IDEA-B	16,432
Title I	58,023
Title IV-A	1
Title II-A	14,956
ESSER I	80,348
Total	\$ 529,475

The deficits in these nonmajor funds are the result of adjustments for accrued liabilities and the timing of receipts. The general fund is liable for any deficit in these funds and will provide transfers when cash is required, not when accruals occur.

NOTE 4 – FUND BALANCE

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

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	General	Bond Retirement	Other Governmental Funds	Total
Capital Outlay	\$ -	\$ -	\$ 1,675,818	\$ 1,675,818
Debt Service	-	2,287,432	-	2,287,432
Food Service	-	-	818,552	818,552
Classroom Facilities Maintenance	-	-	986,549	986,549
Athletics	-	-	102,214	102,214
Auxiliary Programs	-	-	43,199	43,199
Other Purposes	-	-	322,095	322,095
Total Restricted	-	2,287,432	3,948,427	6,235,859
Assigned for:				
Encumbrances:				
Instruction	83,579	-	-	83,579
Support Services	124,464	-	-	124,464
Extracurricular	875	-	-	875
Subsequent Year Appropriations	3,027,871	-	-	3,027,871
Other Purposes	144,200	-	-	144,200
Total Assigned	3,380,989	-	-	3,380,989
Unassigned	6,010,865	-	(529,475)	5,481,390
Total Fund Balance	\$ 9,391,854	\$ 2,287,432	\$ 3,418,952	\$ 15,098,238

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues and other sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures and other uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as an assignment of fund balance (GAAP).
4. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets (budget).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund.

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GAAP Basis	\$ (965,391)
Net Adjustment for Revenue Accruals	48,452
Net Adjustment for Expenditure Accruals	464,310
Funds Budgeted Elsewhere **	(5,160)
Adjustment for Encumbrances	<u>(541,219)</u>
Budget Basis	<u>\$ (999,008)</u>

** As part of Governmental Accounting Standards Board No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes certain special cost centers in the special trust fund, the student laptop insurance fund, the summer program fund, the public school support fund and the director of operations fund.

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing

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Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days and two hundred seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate note interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

Cash on Hand - At June 30, 2022 the School District had \$1,000 in undeposited cash on hand, which is included as part of "Equity in Pooled Cash and Investments."

Deposits - At year-end, \$3,385,573 of the School District's bank balance of \$3,885,573 was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions' trust department in the School District's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of a bank failure, the School District will not be able to recover deposits or collateral securities that are in possession of an outside party.

The School 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:

- Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

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- 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 required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments: Investments are reported at fair value. As of June 30, 2022, the School District had the following investments:

S&P Global Ratings	Investment Type	Measurement Value	Investment Maturities			Percent of Total
			Less than 1 Year	1 to 3 Years	More than 3 Years	
	Net Asset Value (NAV):					
AAAm	Money Market	\$ 15,467	\$ 15,467	\$ -	\$ -	0.09%
AAAm	STAR Ohio	2,768,415	2,768,415	-	-	17.34%
	Fair Value:					
N/A	Negotiable Certificates of Deposit	4,597,535	1,475,531	3,122,004	-	28.80%
AA+	Federal Farm Credit Bank	759,781	-	581,315	178,466	4.76%
AA+	Federal Home Loan Mortgage	348,040	-	348,040	-	2.18%
AA+	Federal Home Loan Bank	1,887,120	-	389,034	1,498,086	11.82%
AA+	Federal National Mortgage Association	961,676	-	-	961,676	6.02%
A-1	Commercial Paper	1,501,665	1,501,665	-	-	9.41%
AA+	U.S Treasury notes	3,125,545	-	1,190,226	1,935,319	19.58%
	Total Investments	<u>\$ 15,965,244</u>	<u>\$ 5,761,078</u>	<u>\$5,630,619</u>	<u>\$ 4,573,547</u>	<u>100.00%</u>

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2022. The School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. Unless matched to a specific obligation or debt of the School District, the School District will not directly invest in securities maturing more than three years from the date of settlement if such securities bear interest at a fixed rate, and it will not directly invest in such securities maturing more than two years from the date of settlement if they bear interest at a variable rate.

Credit Risk: STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2022, is 35 days and carries a rating of AAAM by S&P Global Ratings. The School District has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

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Concentration of Credit Risk: The School District diversifies its investments by security, type, and institution. With the exception of direct obligations of the U.S. Treasury and STAR Ohio, no more than 25 percent of the School District's total investment portfolio will be invested in a single security type or with a single financial institution.

NOTE 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2022 represents collections of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed value listed as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. 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 revenue received in calendar year 2022 represents collections of calendar year 2021 taxes. Public utility real and tangible personal property taxes received in calendar year 2022 became a lien December 31, 2020, were levied after April 1, 2021 and are collected in 2022 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Stark and Portage Counties. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2022, are available to finance fiscal year 2022 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2022, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

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

	2021 Second Half Collections		2022 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 516,537,210	95.00%	\$ 599,430,270	95.61%
Public Utility Personal Property	27,200,920	5.00%	27,499,840	4.39%
Total	\$ 543,738,130	100.00%	\$ 626,930,110	100.00%
Full Tax Rate per \$1,000 of assessed valuation	\$ 76.10		\$ 74.80	

NOTE 8 - RECEIVABLES

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

NOTE 9 - CAPITAL ASSETS

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

	Restated Balance 6/30/2021	Additions	Reductions	Balance 6/30/2022
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 3,127,145	\$ -	\$ -	\$ 3,127,145
Construction in Progress	-	97,000	-	97,000
Total Capital Assets not being depreciated	3,127,145	97,000	-	3,224,145
<i>Capital Assets, being depreciated/amortized:</i>				
Land Improvements	1,847,593	99,778	-	1,947,371
Buildings and Improvements	113,350,717	-	-	113,350,717
Furniture and Equipment	1,737,950	71,527	(114,614)	1,694,863
Vehicles	3,294,941	276,315	(180,794)	3,390,462
Leased Assets - Equipment	280,407	-	-	280,407
Total Capital Assets, being depreciated/amortized	120,511,608	447,620	(295,408)	120,663,820
<i>Less Accumulated Depreciation/Amortized:</i>				
Land Improvements	(871,109)	(5,112)	-	(876,221)
Buildings and Improvements	(19,852,148)	(2,809,571)	-	(22,661,719)
Furniture and Equipment	(1,048,928)	(117,738)	107,907	(1,058,759)
Vehicles	(2,097,418)	(160,732)	180,794	(2,077,356)
Leased Assets - Equipment	-	(62,313)	-	(62,313)
Total Accumulated Depreciation/Amortized	(23,869,603)	(3,155,466)	288,701	(26,736,368)
Total Capital Assets being depreciated/amortized, net	96,642,005	(2,707,846)	(6,707)	93,927,452
Governmental Activities Capital Assets, Net	\$ 99,769,150	\$ (2,610,846)	\$ (6,707)	\$ 97,151,597

Capital assets were restated for the implementation of GASB 87 Leases.

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

<i>Governmental Activities:</i>	
Instruction:	
Regular	\$ 2,890,352
Support Services:	
Administration	696
Business	15,578
Operation and Maintenance of Plant	17,737
Pupil Transportation	161,709
Central	9,449
Food Services	4,484
Community Services	1,838
Extracurricular Activities	53,623
Total Governmental Activities	\$ 3,155,466

NOTE 10 - RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The School District has a comprehensive property, fleet and liability package through the Ohio Casualty Insurance Company.

Settled claims have not exceeded this commercial coverage in any of the past three years. There was no significant reduction in coverage from the prior year.

The Superintendent, Board members and employees are covered under a blanket forgery and theft bond under the Ohio Casualty policy. The Treasurer and Business Manager are covered under separate bonds through Ohio Casualty Insurance Company.

B. Workers' Compensation

The School District participates in the Stark County Schools Council of Governments (COG) to obtain workers' compensation coverage. This program is administered by CompManagement, Inc. The experience of each of the participating school districts is calculated as one experience rate and applied to all participants in the program.

Each participant pays its workers' compensation premium to the State based on the rate for the Group Rating Pool (GRP) rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

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C. Health Insurance

The School District is a member of the Stark County Schools Council of Governments Health Benefit Plan (the Council), through which a cooperative Health Benefit Program was created for the benefit of its members. The Health Benefit Program (the “Program”) is an employee health benefit plan which covers the participating members’ employees. The Council acts as a fiscal agent for the cash funds paid into the program by the participating school districts. These funds are pooled together for the purpose of paying health benefit claims for employees and their covered dependents, administrative expenses of the program, and premiums for stop-loss insurance coverage. The School District accounts for the premiums paid as expenditures in the general or applicable fund.

NOTE 11 - COMPENSATED ABSENCES

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 340 days. Upon retirement, employees receive payment for one-fourth of the total accumulated sick leave, up to a maximum accumulation of 65 days for Classified and 66 days for Certified employees with ten or more years of service, and 80 days for Classified and 81 days for Certified employees with twenty or more years of service to the Board of Education. Additionally, at retirement, \$10 is paid for each day of sick leave accumulated from 200 to 300 days, and \$20 for each day from 301 to 340 days.

School District employees are eligible to receive a retirement incentive based on first time eligibility to retire under current STRS or SERS guidelines. Certified employees retiring under STRS will receive a one-time bonus in the amount of \$10,000; classified employees retiring under SERS will receive a one-time bonus in the amount of \$5,000. Eligibility for the retirement incentive is based upon the submission of an irrevocable notice of intent to retire no later than April 1st prior to retirement with payment of the bonus in the January following retirement.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

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

The net pension/OPEB liability (asset) represents the School District’s proportionate share of each pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension 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 this estimate annually.

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

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

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

The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPIW, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for calendar years 2018, 2019, and 2020. SERS approved a 0.5 percent COLA for calendar year 2021.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, the allocation to pension, death benefits, and Medicare B was 14.0 percent. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2022.

The School District's contractually required contribution to SERS was \$749,581 for fiscal year 2022. Of this amount, \$103,719 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee 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 Web site at www.strsoh.org.

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

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased in until August 1, 2026, 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 actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

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

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

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members must have at least ten years of qualifying service credit 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 statutory employer rate is 14 percent and the statutory member rate is 14 percent of covered payroll. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The 2022 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$2,435,046 for fiscal year 2022. Of this amount, \$405,255 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.13687680%	0.13730785%	
Prior Measurement Date	0.13131820%	0.13422473%	
Change in Proportionate Share	0.00555860%	0.00308312%	
Proportionate Share of the Net			
Pension Liability	\$ 5,050,357	\$ 17,556,043	\$ 22,606,400
Pension Expense	\$ 6,478	\$ 30,066	\$ 36,544

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Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ 487	\$ 542,397	\$ 542,884
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	-	-
Changes of Assumptions	106,346	4,870,361	4,976,707
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	216,532	681,292	897,824
School District Contributions Subsequent to the Measurement Date	<u>749,581</u>	<u>2,435,046</u>	<u>3,184,627</u>
Total Deferred Outflows of Resources	<u>\$ 1,072,946</u>	<u>\$ 8,529,096</u>	<u>\$ 9,602,042</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 130,976	\$ 110,041	\$ 241,017
Net Difference between Projected and Actual Earnings on Pension Plan Investments	2,601,083	15,129,947	17,731,030
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	-	267,674	267,674
Total Deferred Inflows of Resources	<u>\$ 2,732,059</u>	<u>\$ 15,507,662</u>	<u>\$ 18,239,721</u>

\$3,184,627 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2023	\$ (501,214)	\$ (2,307,552)	\$ (2,808,766)
2024	(490,662)	(2,057,084)	(2,547,746)
2025	(618,444)	(2,184,842)	(2,803,286)
2026	<u>(798,374)</u>	<u>(2,864,134)</u>	<u>(3,662,508)</u>
Total	<u>\$ (2,408,694)</u>	<u>\$ (9,413,612)</u>	<u>\$ (11,822,306)</u>

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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 2132.

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

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

Actuarial Cost Method	Entry Age Normal (Level Percentage of Payroll, Closed)
Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent, net of investment expense, including inflation
COLA or Ad Hoc COLA	2.00 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

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

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

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

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

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

Discount Rate Total pension liability was calculated using the discount rate of 7.00 percent. The discount rate determination does 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 23-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on 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 was 28.18 percent.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's Proportionate Share of the Net Pension Liability	\$ 8,402,554	\$ 5,050,357	\$ 2,223,303

Actuarial Assumptions - STRS

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

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Inflation	2.50 percent
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Cost-of-Living Adjustments	0.00 percent

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

The actuarial assumptions used in the June 30, 2021 valuation, were based on the results of the latest available actuarial experience study, which is for the period July 1, 2011, through June 30, 2016. 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:

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. 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, 2021. Therefore, the long-term expected rate of return on investments of 7.00 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 32,875,898	\$ 17,556,043	\$ 4,610,798

Assumption and Benefit Changes since the Prior Measurement Date The discount rate was adjusted to 7.00 percent from 7.45 percent for the June 30, 2021 valuation.

Changes Between the Measurement Date and the Reporting Date In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. These demographic measures include retirement, salary increase, disability/termination and mortality assumptions. In March 2022, the STRS Board approved benefit plan changes to take effect on July 1, 2022. These changes include a one-time 3 percent cost of living increase (COLA) to be paid to eligible benefit recipients and the elimination of the age 60 requirement for retirement age and service eligibility that was set to take effect in 2026. The effect on the net pension liability is unknown.

NOTE 13 - DEFINED BENEFIT OPEB PLANS

See Note 12 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

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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 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2022, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the School District's surcharge obligation was \$93,171, which is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

The net OPEB liability (asset) was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.14124400%	0.13730800%	
Prior Measurement Date	0.13663300%	0.13422500%	
Change in Proportionate Share	0.00461100%	0.00308300%	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ 2,673,157	\$ (2,895,027)	
OPEB Expense	\$ (34,759)	\$ (193,539)	\$ (228,298)

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At June 30, 2022, the School 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>
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ 28,495	\$ 103,086	\$ 131,581
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	-	-	-
Changes of Assumptions	419,355	184,921	604,276
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	166,291	79,059	245,350
School District Contributions Subsequent to the Measurement Date	93,171	-	93,171
Total Deferred Outflows of Resources	<u>\$ 707,312</u>	<u>\$ 367,066</u>	<u>\$ 1,074,378</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 1,331,354	\$ 530,423	\$ 1,861,777
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	58,074	802,450	860,524
Changes of Assumptions	366,067	1,727,099	2,093,166
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	31,625	72,140	103,765
Total Deferred Inflows of Resources	<u>\$ 1,787,120</u>	<u>\$ 3,132,112</u>	<u>\$ 4,919,232</u>

\$93,171 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2023	\$ (280,096)	\$ (782,081)	\$ (1,062,177)
2024	(280,502)	(762,001)	(1,042,503)
2025	(269,955)	(755,498)	(1,025,453)
2026	(217,505)	(354,357)	(571,862)
2027	(99,087)	(114,005)	(213,092)
Thereafter	(25,834)	2,896	(22,938)
Total	<u>\$ (1,172,979)</u>	<u>\$ (2,765,046)</u>	<u>\$ (3,938,025)</u>

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Actuarial Assumptions - SERS

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

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

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

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

Inflation	2.40 percent
Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	1.92 percent
Prior Measurement Date	2.45 percent
Single Equivalent Interest Rate	
Measurement Date	2.27 percent, net of plan investment expense, including price inflation
Prior Measurement Date	2.63 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Pre-Medicare	6.750 percent - 4.40 percent
Medicare	5.125 percent - 4.40 percent

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board on April 15,

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2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (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 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer time frame. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

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

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

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

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decreasing to 3.40 percent) and higher (7.75 percent decreasing to 5.40 percent) than the current rate (6.75 percent decreasing to 4.40 percent).

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's Proportionate Share of the Net OPEB Liability	\$ 3,312,367	\$ 2,673,157	\$ 2,162,513

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School District's Proportionate Share of the Net OPEB Liability	\$ 2,058,113	\$ 2,673,157	\$ 3,494,670

Actuarial Assumptions – STRS

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

Inflation	2.50 percent	
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	
Payroll Increases	3.00 percent	
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.00 percent	
Health Care Cost Trend Rates		
Medical	<u>Initial</u>	<u>Ultimate</u>
Pre-Medicare	5.00 percent	4.00 percent
Medicare	-16.18 percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.50 percent	4.00 percent
Medicare	29.98 percent	4.00 percent

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

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

The actuarial assumptions used in the June 30, 2021 valuation were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

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:

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

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2021. 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. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2021.

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

	1% Decrease	Current Discount Rate	1% Increase
	School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (2,442,955)	\$ (2,895,027)

	1% Decrease	Current Trend Rate	1% Increase
	School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (3,257,363)	\$ (2,895,027)

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

Benefit Term Changes Since the Prior Measurement Date The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.100 percent. 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 calendar year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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Changes Between the Measurement Date and the Reporting Date In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. The effect on the net OPEB liability (asset) is unknown.

NOTE 14 - LONG - TERM OBLIGATIONS

The original issue date, interest rate, original issuance and date of maturity for each of the School District's long-term obligations are as follows:

	<u>Original Issue Date</u>	<u>Interest Rate</u>	<u>Original Issue Amount</u>	<u>Date of Maturity</u>
<i>General Obligation Bonds:</i>				
School Improvement Serial Bonds	2013	2.75%	\$ 3,890,000	12/1/28
School Improvement Serial and Term	2015	.68% - 4.18%	34,600,000	12/1/51
School Improvement Refunding Serial Bonds	2015	1.00% - 4.00%	17,650,000	12/1/26
School Improvement Refunding Serial and Term	2020	2.54% - 3.36%	35,410,000	12/1/36
Capital Appreciation Bonds	2020	2.24% - 2.87%	644,975	12/1/31

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Long-Term Liabilities were restated for the implementation of GASB 87 Leases.

The changes in the School District's long-term obligations during the year consist of the following:

	Restated Outstanding 6/30/2021	Additions	Reductions	Outstanding 6/30/2022	Amounts Due in One Year
Governmental Activities:					
General Obligation Bonds:					
School Improvement Bonds - 2013	\$ 2,270,000	\$ -	\$ 255,000	\$ 2,015,000	\$ 265,000
School Improvement Bonds - 2015	2,790,000	-	490,000	2,300,000	510,000
Unamortized Bond Premium	63,135	-	7,892	55,243	-
School Improvement Refunding Bonds - 2015	2,960,000	-	1,450,000	1,510,000	1,510,000
Unamortized Bond Premium	222,045	-	111,022	111,023	-
School Improvement Refunding Bonds - 2020					
Serial and Term Bonds	34,640,000	-	315,000	34,325,000	330,000
Capital Appreciation Bonds	644,975	-	-	644,975	-
Accretion on Bonds	285,636	255,926	-	541,562	-
Unamortized Bond Premium	4,554,195	-	40,657	4,513,538	-
Total General Obligation Bonds	<u>48,429,986</u>	<u>255,926</u>	<u>2,669,571</u>	<u>46,016,341</u>	<u>2,615,000</u>
Net Pension/OPEB Liability:					
Pension	41,163,271	-	18,556,871	22,606,400	-
OPEB	2,969,482	-	296,325	2,673,157	-
Total Net Pension/OPEB Liability	<u>44,132,753</u>	<u>-</u>	<u>18,853,196</u>	<u>25,279,557</u>	<u>-</u>
Compensated Absences	638,802	179,605	247,557	570,850	176,821
Leases	280,407	-	58,771	221,636	60,196
Total Governmental Activities Long-Term Liabilities	<u>\$ 93,481,948</u>	<u>\$ 435,531</u>	<u>\$ 21,829,095</u>	<u>\$ 72,088,384</u>	<u>\$ 2,852,017</u>

2013 School Facilities Improvement Bonds

On March 1, 2013, the School District issued \$3,890,000 in general obligation bonds for House Bill 264 improvements. The bonds mature in December 2028.

2015 Unlimited Tax General Obligation Bonds

On August 13, 2015 the School District issued \$34,600,000 unlimited tax general obligation bonds. The proceeds of the bonds will be used to build a new elementary school, additions to the current high school and elementary schools and upgrade the athletic field. The bonds were issued for a 36 year period with final maturity at December 1, 2051. These bonds were issued with a premium of \$751,824, which was reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight line method which approximates the bonds outstanding method. A portion of these bonds were refunded during fiscal year 2020, as further discussed below.

2015 School Improvement Refunding Bonds

On March 12, 2015, the School District issued \$17,650,000 in general obligation bonds. The proceeds of the bonds were used to refund \$18,295,000 of the School District's outstanding 2005 School Improvement Refunding Bonds. The bonds were issued for a 10 year period with final maturity at December 1, 2026. At the date of the

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refunding, \$18,599,917 (including premium and after underwriting fees) was deposited in an irrevocable trust to provide for all future payments on the refunded bonds. These refunding bonds were issued with a premium of \$1,334,380, which was reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the bonds outstanding method. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$3,036,317. The issuance resulted in an economic gain of \$2,634,092. A portion of these bonds were refunded during fiscal year 2020, as further discussed below.

2020 School Improvement Refunding Bonds

On April 21, 2020, the School District issued \$36,054,975 in general obligation bonds, which included serial and capital appreciation (deep discount) bonds in the amount of \$35,410,000 and \$644,975, respectively. The proceeds of the bonds were used to refund \$6,575,000 of the School District's outstanding 2015 School Improvement Refunding Bonds and \$29,580,000 of 2015 School Improvement Bonds. The bonds were issued for a 30 year period with final maturity at December 1, 2050. At the date of refunding, \$40,708,552 (including premium and after underwriting fees, and other issuance costs) was received to pay off old debt. As all of the legal steps had been taken to refund the debt, the balance of the outstanding bonds refunded was removed from the School District's financial statements. The principal balance outstanding on defeased bonds was \$29,580,000 at June 30, 2022.

These refunding bonds were issued with a premium of \$4,653,578, which was reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the bonds outstanding method. The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price of \$2,371,382. This difference, reported in the accompanying financial statements as a deferred inflow of resources - deferred charges on refunding, is being amortized to interest expense over the life of the bonds using the bonds outstanding method. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$3,032,380. The issuance resulted in an economic gain of \$1,533,144.

The capital appreciation bonds will mature December 1, 2025 through 2031. These bonds were purchased at a substantial discount at the time of issuance. At maturity, all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as principal liability. The maturity amount of the bonds is \$5,630,000.

The current interest bonds that mature on December 1, 2040, December 1, 2045 and December 1, 2050 and together with the 2040 and 2045 term bonds are subject to mandatory sinking fund redemption, in part by lot pursuant to terms of the mandatory sinking fund redemption requirements of the authorizing legislation, at a redemption price equal to 100 percent of the principal amount redeemed, plus interest accrued to redemption, December 1, of the years shown in, and according to, the following schedule.

Lake Local School District
Stark County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

2040 Term bonds	
Fiscal Year	Principal Amount to be Redeemed
2038	\$ 1,185,000
2039	1,230,000
2040	1,270,000
2041	1,315,000 (a)

2045 Term bonds	
Fiscal Year	Principal Amount to be Redeemed
2042	\$ 1,355,000
2043	1,405,000
2044	1,455,000
2045	1,510,000
2046	1,560,000 (a)

2050 Term bonds	
Fiscal Year	Principal Amount to be Redeemed
2047	\$ 1,620,000
2048	1,680,000
2049	1,740,000
2050	1,800,000
2051	1,870,000 (a)

(a) Remaining principal balance scheduled to be paid at stated maturity of corresponding term bonds.

The current interest bonds stated to mature on or after December 1, 2031 are subject to prior redemption, by and at the sole option of the School District, in whole or part as selected by the School District (in whole multiples of \$5,000), on any date on or after December 1, 2030, at a redemption price equal to 100% of principal amount redeemed, plus interest accrued to the redemption date.

General obligation bonds and long-term bonds are direct obligations of the School District for which its full faith and credit are pledged for repayment. General obligation bonds will be paid from the general fund and the debt service fund. Compensated absences will be paid from the general fund. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are primarily made from the general fund. For additional information related to the net pension liability and net OPEB liability see Notes 12 and 13.

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Lake Local School District
Stark County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2022 are as follows:

Fiscal Year Ending June 30,	Serial Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Accretion	Principal	Accretion/ Interest
2023	\$ 2,615,000	\$ 1,277,278	\$ -	\$ -	\$ 2,615,000	\$ 1,277,278
2024	2,645,000	1,189,298	-	-	2,645,000	1,189,298
2025	2,750,000	1,087,610	-	-	2,750,000	1,087,610
2026	2,495,000	991,922	87,585	277,415	2,582,585	1,269,337
2027	1,985,000	908,854	179,046	785,954	2,164,046	1,694,808
2028-2032	1,275,000	4,206,558	378,344	3,921,656	1,653,344	8,128,214
2033-2037	5,390,000	3,806,187	-	-	5,390,000	3,806,187
2038-2042	6,355,000	2,943,650	-	-	6,355,000	2,943,650
2043-2047	7,550,000	1,829,530	-	-	7,550,000	1,829,530
2048-2051	7,090,000	486,597	-	-	7,090,000	486,597
Total	\$ 40,150,000	\$ 18,727,483	\$ 644,975	\$ 4,985,025	\$ 40,794,975	\$ 23,712,508

Leases Payable

The School District has outstanding agreements to lease copiers. Due to the implementation of GASB Statement 87, these leases plus existing prior year capital leases have met the criteria of leases thus requiring them to be recorded by the School District. The future lease payments were discounted based on the interest rate implicit in the lease or using the School District's incremental borrowing rate. This discount is being amortized over the life of the lease. A summary of the principal and interest amounts is as follows:

Fiscal Year Ending June 30	Lease	
	Principal	Interest
2023	\$ 60,196	\$ 7,770
2024	62,649	5,317
2025	65,201	2,765
2026	33,590	393
	\$221,636	\$ 16,245

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Lake Local School District
Stark County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 15 - INTERFUND TRANSACTIONS

A. Interfund Balances

Interfund balances at June 30, 2022 consist of the following receivables and payables:

Interfund Payable	Interfund Receivable
	General
Nonmajor Governmental Funds:	
ESSER	\$ 40,162
Special Education	52,574
Special Education ARP	7,319
Title I	21,499
Drug Free School Grant	7,958
Title II-A	8,496
Total	\$ 138,008

The primary purpose of the interfund balance is to cover costs in the fund where revenues were not received by June 30. This interfund balance will be repaid once the anticipated revenues are received. These advances are expected to be repaid within one year. Interfund loans between governmental activities are eliminated on the statement of net position.

NOTE 16 - SET-ASIDES

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

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

	Capital Improvement
Set Aside Restricted Balance June 30, 2021	\$ 0
Current Year Set-Aside Requirement	593,674
Current Year Qualifying Expenditures	(441,308)
Current Year Offsets	(441,480)
Total	\$ (289,114)
Balance Carried Forward to Fiscal Year 2023	\$ 0
Set Aside Balance June 30, 2022	\$ 0

Although the School District had qualifying expenditures and offsets during the fiscal year that reduced the capital improvement set aside amount to below zero, this amount may not be used to reduce the set aside requirement for future years. The negative balance is, therefore, not presented as being carried forward to future years.

Lake Local School District
Stark County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

NOTE 17 – CONTINGENCIES AND SIGNIFICANT COMMITMENTS

A. Grants

The School District received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2022, if applicable, cannot be determined at this time.

B. Litigation

The School District is not party to any claims or lawsuits that would, in the School District’s opinion, have a material effect on the basic financial statements.

C. Encumbrance Commitments

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

<u>Fund</u>	<u>Amount</u>
General	\$ 211,282
Nonmajor Governmental	573,356
	<u>\$ 784,638</u>

D. Foundation Funding

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend pas fiscal year end. The final adjustments were not material and are not reflected in the accompanying financial statements.

NOTE 18 – COVID-19

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

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

Lake Local School District
Stark County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Nine Fiscal Years (1)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>School Employees Retirement System (SERS)</i>				
School District's Proportion of the Net Pension Liability	0.13687680%	0.13131820%	0.13077290%	0.13223740%
School District's Proportionate Share of the Net Pension Liability	\$ 5,050,357	\$ 8,685,662	\$ 7,824,372	\$ 7,573,481
School District's Covered Payroll	\$ 4,703,693	\$ 4,641,129	\$ 4,501,467	\$ 4,332,148
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	107.37%	187.15%	173.82%	174.82%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.86%	68.55%	70.85%	71.36%
<i>State Teachers Retirement System (STRS)</i>				
School District's Proportion of the Net Pension Liability	0.13730785%	0.13422473%	0.13546760%	0.13678483%
School District's Proportionate Share of the Net Pension Liability	\$ 17,556,043	\$ 32,477,609	\$ 29,957,846	\$ 30,075,913
School District's Covered Payroll	\$ 17,111,971	\$ 16,243,371	\$ 15,953,407	\$ 15,817,700
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	102.60%	199.94%	187.78%	190.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.50%	77.40%	77.31%

(1) Information prior to 2014 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014
0.13444370%	0.13721240%	0.13911160%	0.13934900%	0.13934900%
\$ 8,032,714	\$ 10,042,682	\$ 7,937,843	\$ 7,052,374	\$ 8,286,638
\$ 4,327,571	\$ 5,253,636	\$ 4,448,543	\$ 4,090,108	\$ 4,681,734
185.62%	191.16%	178.44%	172.43%	177.00%
69.50%	62.98%	69.16%	71.70%	65.52%
0.13309679%	0.13232469%	0.12918594%	0.12857556%	0.12857556%
\$ 31,617,428	\$ 44,293,062	\$ 35,703,215	\$ 31,274,026	\$ 37,253,415
\$ 14,780,679	\$ 14,073,129	\$ 12,982,029	\$ 14,147,400	\$ 13,614,523
213.91%	314.74%	275.02%	221.06%	273.63%
75.30%	66.80%	72.10%	74.70%	69.30%

See accompanying notes to the required supplementary information

Lake Local School District
Stark County, Ohio
Required Supplementary Information
Schedule of the School District's Contributions - Pension
Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>School Employees Retirement System (SERS)</i>				
Contractually Required Contribution	\$ 749,581	\$ 658,517	\$ 649,758	\$ 607,698
Contributions in Relation to the Contractually Required Contribution	<u>(749,581)</u>	<u>(658,517)</u>	<u>(649,758)</u>	<u>(607,698)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 5,354,150	\$ 4,703,693	\$ 4,641,129	\$ 4,501,467
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.50%
<i>State Teachers Retirement System (STRS)</i>				
Contractually Required Contribution	\$ 2,435,046	\$ 2,395,676	\$ 2,274,072	\$ 2,233,477
Contributions in Relation to the Contractually Required Contribution	<u>(2,435,046)</u>	<u>(2,395,676)</u>	<u>(2,274,072)</u>	<u>(2,233,477)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 17,393,186	\$ 17,111,971	\$ 16,243,371	\$ 15,953,407
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 584,840	\$ 605,860	\$ 735,509	\$ 586,318	\$ 566,889	\$ 647,952
<u>(584,840)</u>	<u>(605,860)</u>	<u>(735,509)</u>	<u>(586,318)</u>	<u>(566,889)</u>	<u>(647,952)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,332,148	\$ 4,327,571	\$ 5,253,636	\$ 4,448,543	\$ 4,090,108	\$ 4,681,734
13.50%	14.00%	14.00%	13.18%	13.86%	13.84%
\$ 2,214,478	\$ 2,069,295	\$ 1,970,238	\$ 1,817,484	\$ 1,839,162	\$ 1,769,888
<u>(2,214,478)</u>	<u>(2,069,295)</u>	<u>(1,970,238)</u>	<u>(1,817,484)</u>	<u>(1,839,162)</u>	<u>(1,769,888)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 15,817,700	\$ 14,780,679	\$ 14,073,129	\$ 12,982,029	\$ 14,147,400	\$ 13,614,523
14.00%	14.00%	14.00%	14.00%	13.00%	13.00%

See accompanying notes to the required supplementary information

Lake Local School District
Stark County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
Last Six Fiscal Years (1)

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>School Employees Retirement System (SERS)</i>				
School District's Proportion of the Net OPEB Liability	0.141244%	0.136633%	0.13403500%	0.13398580%
School District's Proportionate Share of the Net OPEB Liability	\$ 2,673,157	\$ 2,969,482	\$ 3,370,701	\$ 3,717,128
School District's Covered Payroll	\$ 4,703,693	\$ 4,641,129	\$ 4,501,467	\$ 4,332,148
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	56.83%	63.98%	74.88%	85.80%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.08%	18.17%	15.57%	13.57%
<i>State Teachers Retirement System (STRS)</i>				
School District's Proportion of the Net OPEB Liability/(Asset)	0.137308%	0.134225%	0.13546800%	0.13678483%
School District's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (2,895,027)	\$ (2,359,002)	\$ (2,243,675)	\$ (2,197,993)
School District's Covered Payroll	\$ 17,111,971	\$ 16,243,371	\$ 15,953,407	\$ 15,817,700
School District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-16.92%	-14.52%	-14.06%	-13.90%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)	174.73%	182.10%	174.70%	176.00%

(1) Information prior to 2017 is not available.

See accompanying notes to the required supplementary information

<u>2018</u>	<u>2017</u>
0.13692630%	0.13896533%
\$ 3,674,742	\$ 3,961,026
\$ 4,327,571	\$ 5,253,636
84.91%	75.40%
12.46%	11.49%
0.13309679%	0.13232469%
\$ 5,192,946	\$ 7,076,759
\$ 14,780,679	\$ 14,073,129
35.13%	50.29%
47.10%	37.30%

See accompanying notes to the required supplementary information

Lake Local School District
Stark County, Ohio
Required Supplementary Information
Schedule of the School District's Contributions - OPEB
Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<i>School Employees Retirement System (SERS)</i>				
Contractually Required Contribution (1)	\$ 93,171	\$ 91,227	\$ 89,499	\$ 104,405
Contributions in Relation to the Contractually Required Contribution	<u>(93,171)</u>	<u>(91,227)</u>	<u>(89,499)</u>	<u>(104,405)</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
School District's Covered Payroll	\$ 5,354,150	\$ 4,703,693	\$ 4,641,129	\$ 4,501,467
OPEB Contributions as a Percentage of Covered Payroll (1)	1.74%	1.94%	1.93%	2.32%
<i>State Teachers Retirement System (STRS)</i>				
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
School District's Covered Payroll	\$ 17,393,186	\$ 17,111,971	\$ 16,243,371	\$ 15,953,407
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

See accompanying notes to the required supplementary information

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 93,295	\$ 76,927	\$ 65,251	\$ 106,546	\$ 75,294	\$ 72,366
<u>(93,295)</u>	<u>(76,927)</u>	<u>(65,251)</u>	<u>(106,546)</u>	<u>(75,294)</u>	<u>(72,366)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 4,332,148	\$ 4,327,571	\$ 5,253,636	\$ 4,448,543	\$ 4,090,108	\$ 4,681,734
2.15%	1.78%	1.24%	2.40%	1.84%	1.55%
\$ -	\$ -	\$ -	\$ -	\$ 125,881	\$ 142,286
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(125,881)</u>	<u>(142,286)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 15,817,700	\$ 14,780,679	\$ 14,073,129	\$ 12,982,029	\$ 14,147,400	\$ 13,614,523
0.00%	0.00%	0.00%	0.00%	1.00%	1.00%

See accompanying notes to the required supplementary information

Lake Local School District
Stark County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

NOTE 1 - NET PENSION LIABILITY

There were no changes in assumptions or benefit terms for the fiscal years reported unless otherwise stated below:

Changes in Assumptions - SERS

For fiscal year 2022, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.00 percent to 2.40 percent
- Assumed real wage growth was reduced from 0.50 percent to 0.85 percent
- Discount rate was reduced from 7.50 percent to 7.00 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members, service retirees and beneficiaries, and disabled members were updated.

Beginning in fiscal year 2018, an assumption of 2.5 percent was used for COLA or Ad Hoc COLA. Prior to 2018, an assumption of 3.0 percent was used.

For fiscal year 2017, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- 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.
- Mortality among service retired members, and beneficiaries was updated to RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

Changes in Benefit Terms - SERS

For fiscal year 2021, cost-of-living adjustments was reduced from 2.50 percent to 2.00 percent.

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

Changes in Assumptions – STRS

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to

Lake Local School District
Stark County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Changes in Benefit Terms - STRS

For fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:

Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

Single Equivalent Interest Rate, net of plan investment expense, including price inflation:

Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Pre-Medicare Trend Assumption

Fiscal year 2022	6.75 percent initially, decreasing to 4.40 percent
Fiscal year 2021	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2020	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Fiscal year 2018	7.50 percent initially, decreasing to 4.00 percent

Medicare Trend Assumption

Fiscal year 2022	5.125 percent initially, decreasing to 4.40 percent
Fiscal year 2021	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2020	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent

Lake Local School District
Stark County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Changes in Assumptions – STRS

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

For fiscal year 2021, valuation year per capita health care costs were updated. Health care cost trend rates ranged from -5.20 percent to 9.60 percent initially for fiscal year 2020 and changed for fiscal year 2021 to a range of -6.69 percent to 11.87 percent, initially.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates ranged from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate for fiscal year 2018 and changed for fiscal year 2019 to a range of -5.20 percent to 9.60 percent, initially and a 4.00 ultimate rate.

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Changes in Benefit Terms – STRS

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

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

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

Lake Local School District
Stark County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. This was subsequently extended, see above paragraph.

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**LAKE LOCAL SCHOOL DISTRICT
STARK COUNTY**

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555	N/A	\$120,419
Cash Assistance			
National School Breakfast Program	10.553	049866-3L70-2022	248,456
National School Lunch Program	10.555	049866-3L60-2022	868,263
COVID-19 National School Lunch Program	10.555	049866-3L60-2022	101,551
Total Child Nutrition Cluster			<u>1,338,689</u>
COVID-19 Pandemic EBT Administrative Costs	10.649	049866-3L60-2022	614
Total U.S. Department of Agriculture			<u>1,339,303</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
Title I, Grants to Local Educational Agencies	84.010A	049866-3M00-2021	55,050
Title I, Grants to Local Educational Agencies	84.010A	049866-3M00-2022	272,849
Title I, Expanding Opportunities for Each Child	84.010A	049866-3M00-2022	11,052
Total Title I Grants to Local Educational Agencies			<u>338,951</u>
Special Education Cluster			
IDEA-B, Special Education	84.027A	049866-3M20-2021	118,998
IDEA-B, Special Education	84.027A	049866-3M20-2022	679,505
COVID-19 ARP IDEA-B, Special Education	84.027X	049866-3IA0-2022	82,036
Total Special Education Cluster			<u>880,539</u>
Title II-A, Improving Teacher Quality State Grants	84.367A	049866-3Y60-2021	15,133
Title II-A, Improving Teacher Quality State Grants	84.367A	049866-3Y60-2022	79,119
Total Title II-A			<u>94,252</u>
Title IV-A, Student Support and Academic Enrichment Program	84.424A	049866-3HI0-2022	24,583
Elementary and Secondary School Emergency Relief Fund			
COVID-19 Elementary and Secondary School Emergency Relief Fund - I			
	84.425D	049866-3HS0-2021	35,062
COVID-19 Elementary and Secondary School Emergency Relief Fund - II			
	84.425D	049866-3HS0-2022	512,794
COVID-19 Elementary and Secondary School Emergency Relief Fund - ARP			
	84.425U	049866-3HS0-2022	830,579
COVID-19 Elementary and Secondary School Emergency Relief Fund - ARP Homeless			
	84.425U	049866-3HZ0-2022	2,750
Total Elementary and Secondary School Emergency Relief Fund			<u>1,381,185</u>
Total Passed Through Ohio Department of Education			<u>2,719,510</u>
<i>Passed Through Ohio Department of Education and Plain Local School District</i>			
Career and Technical Education, Basic Grants to States	84.048	N/A	38,103
Total U.S. Department of Education			<u>2,757,613</u>
Total Expenditures of Federal Awards			<u>\$4,096,916</u>

The accompanying notes are an integral part of this schedule.

**LAKE LOCAL SCHOOL DISTRICT
STARK COUNTY**

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

The School District did not provide funds to subrecipients during the audit period.

NOTE E - CHILD NUTRITION CLUSTER

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

NOTE F – FOOD DONATION PROGRAM

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

NOTE G – TRANSFERS BETWEEN PROGRAM YEARS

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

<u>Program Title</u>	<u>AL Number</u>	<u>Amt. Transferred</u>
Title I, Grants to Local Educational Agencies	84.010A	\$ 17,298
IDEA-B, Special Education	84.027A	\$ 114,413
APR IDEA-B, Special Education	84.027X	\$ 73,869
Title II-A, Supporting Effective Instruction	84.367A	\$ 270
Title IV-A, Student Support and Academic Enrichment	84.424A	\$ 6
COVID-19 ARP ESSER	84.425U	\$ 1,501,336
COVID-19 ARP Homeless Round II	84.425U	\$ 6,518

OHIO AUDITOR OF STATE KEITH FABER



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

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

Lake Local School District
Stark County
436 King Church Avenue SW
Uniontown, Ohio 44685

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lake Local School District, Stark County, (the School District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 17, 2023. We noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the School District.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

March 17, 2023

OHIO AUDITOR OF STATE KEITH FABER



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

Lake Local School District
Stark County
436 King Church Avenue SW
Uniontown, Ohio 44685

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on the Major Federal Programs

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

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

Basis for Opinion on Each Major Federal Programs

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

March 17, 2023

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**LAKE LOCAL SCHOOL DISTRICT
STARK COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Elementary & Secondary School Emergency Relief, AL #84.425D & #84.425U and Special Education Cluster, AL #84.027A & 84.027X
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE KEITH FABER



LAKE LOCAL SCHOOL DISTRICT

STARK COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/28/2023

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