



**LAKE LOCAL SCHOOL DISTRICT
WOOD COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2025

**LAKE LOCAL SCHOOL DISTRICT
WOOD COUNTY
JUNE 30, 2025**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position – Cash Basis	5
Statement of Activities – Cash Basis	6
Fund Financial Statements:	
Statement of Assets and Fund Balances – Cash Basis Governmental Funds	7
Statement of Receipts, Disbursements and Changes in Fund Balances – Cash Basis Governmental Funds	8
Statement of Receipts, Disbursements and Changes in Fund Balance – Budget (Non-GAAP) and Actual General Fund	9
Statement of Fiduciary Net Position – Cash Basis Fiduciary Funds	10
Statement of Changes in Fiduciary Net Position – Cash Basis Fiduciary Funds	11
Notes to the Financial Statements	12
Supplementary Information:	
Schedule of Expenditures of Federal Awards	48
Notes to the Schedule of Expenditures of Federal Awards	49
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	51
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	53
Schedule of Findings	57
Prepared by Management:	
Summary Schedule of Prior Audit Findings	60
Corrective Action Plan	62

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INDEPENDENT AUDITOR'S REPORT

Lake Local School District
Wood County
28090 Lemoyne Road
Millbury, Ohio 43447-9747

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lake Local School District, Wood County, Ohio (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2025, and the respective changes in cash-basis financial position thereof and the budgetary comparison for the General fund for the year then ended in accordance with the cash-basis of accounting described in Note 2.

Basis for Opinions

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

Emphasis of Matter - Accounting Basis

Ohio Administrative Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash-basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash-basis of accounting described in Note 2, and for determining that the cash-basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements.

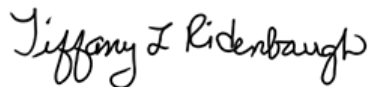
The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial 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, this schedule is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2026, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

March 24, 2026

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Lake Local School District
Wood County
Statement of Net Position - Cash Basis
June 30, 2025

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$ 8,931,453
<i>Total Assets</i>	<u>8,931,453</u>
Net Position	
Restricted for:	
Capital Projects	2,121,597
Debt Service	1,009,934
Other Purposes	1,368,853
Unrestricted	<u>4,431,069</u>
<i>Total Net Position</i>	<u>\$ 8,931,453</u>

See accompanying notes to the basic financial statements

Lake Local School District
Wood County
Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2025

			Program Cash Receipts			Net (Disbursements)
						Receipts and
						Changes in
						Net Position
	Cash	Charges for	Operating Grants,	Capital Grants		Governmental
	Disbursements	Services and Sales	Contributions	and Contributions		Activities
			and Interest			
Governmental Activities						
Instruction:						
Regular	\$ 10,615,505	\$ 625,761	\$ 242,589	\$ -	\$	(9,747,155)
Special	3,522,355	-	29,382	-		(3,492,973)
Vocational	131,076	-	-	-		(131,076)
Other	81,765	-	-	-		(81,765)
Support Services:						
Pupil	1,297,720	-	-	-		(1,297,720)
Instructional Staff	881,889	-	21,101	-		(860,788)
Board of Education	197,977	-	-	-		(197,977)
Administration	1,719,102	-	-	-		(1,719,102)
Fiscal	601,511	-	-	-		(601,511)
Business	3,370	-	-	-		(3,370)
Operation and Maintenance of Plant	2,227,837	-	-	-		(2,227,837)
Pupil Transportation	1,115,642	58,676	-	-		(1,056,966)
Central	211,803	-	-	-		(211,803)
Operation of Non-Instructional	-	-	-	-		-
Food Service Operations	871,316	304,068	432,743	-		(134,505)
Facility Acquisition and Contruction	5,761,911	-	-	-		(5,761,911)
Extracurricular Activities	1,050,302	600,043	-	-		(450,259)
Capital Outlay	-	-	-	77,145		77,145
Debt Service:						
Principal Retirement	660,000	-	-	-		(660,000)
Interest and Fiscal Charges	1,410,225	-	-	-		(1,410,225)
Total Governmental Activities	\$ 32,361,306	\$ 1,588,548	\$ 725,815	\$ 77,145		(29,969,798)
General Receipts						
Property Taxes Levied for:						
General Purposes						10,215,824
Debt Service						1,434,632
Capital Outlay						329,013
Grants and Entitlements not Restricted to Specific Programs						8,109,847
Sale of Capital Assets						13,238
Payment in Lieu of Taxes						1,503,000
Earnings on Investments						576,371
Refund of Prior Year Expenditure						147,305
Refund of Prior Year Receipts						(18,020)
Miscellaneous						62,991
Total General Receipts						22,374,201
Change in Net Position						(7,595,597)
Net Position Beginning of Year						16,527,050
Net Position End of Year						\$ 8,931,453

See accompanying notes to the basic financial statements

Lake Local School District
Wood County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
June 30, 2025

	General	Building Fund	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Investments	\$ 5,196,804	\$ 1,419,743	\$ 1,009,934	\$ 1,304,972	\$ 8,931,453
<i>Total Assets</i>	<u>5,196,804</u>	<u>1,419,743</u>	<u>1,009,934</u>	<u>1,304,972</u>	<u>8,931,453</u>
Fund Balances					
Nonspendable	11,910	-		-	11,910
Restricted	-	1,419,743	1,009,934	2,058,797	4,488,474
Assigned	590,164	-	-	-	590,164
Unassigned	4,594,730	-	-	(753,825)	3,840,905
<i>Total Fund Balances</i>	<u>\$ 5,196,804</u>	<u>\$ 1,419,743</u>	<u>\$ 1,009,934</u>	<u>\$ 1,304,972</u>	<u>\$ 8,931,453</u>

See accompanying notes to the basic financial statements

Lake Local School District
Wood County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Fiscal Year Ended June 30, 2025

	General	Building Fund	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Cash Receipts					
Property and Other Local Taxes	\$ 10,215,824	\$ -	\$ 1,434,632	\$ 329,013	\$ 11,979,469
Payments in Lieu of Taxes	1,503,000	-	-	-	1,503,000
Tuition	542,905	-	-	-	542,905
Transportation Fees	58,676	-	-	-	58,676
Earnings on Investments	576,371	-	-	-	576,371
Charges for Services - Food Service	-	-	-	304,068	304,068
Extracurricular Activities	112,647	-	-	360,541	473,188
Classroom Materials and Fees	66,234	-	-	1,959	68,193
Rental Income	17,200	-	-	1,500	18,700
Contributions and Donations	4,401	-	-	120,780	125,181
Contract Services	29,831	-	-	12,806	42,637
Other Local Revenue	23,091	-	-	39,900	62,991
Intergovernmental - State	8,109,847	-	111,857	46,284	8,267,988
Intergovernmental - Federal	123,562	-	-	476,257	599,819
<i>Total Cash Receipts</i>	21,383,589	-	1,546,489	1,693,108	24,623,186
Cash Disbursements					
Current:					
Instruction:					
Regular	10,510,936	1,593	-	102,976	10,615,505
Special	2,821,221	-	-	701,134	3,522,355
Vocational	131,076	-	-	-	131,076
Other	55,760	-	-	26,005	81,765
Support Services:					
Pupil	1,132,965	-	-	164,755	1,297,720
Instructional Staff	860,862	-	-	21,027	881,889
Board of Education	197,977	-	-	-	197,977
Administration	1,651,176	-	-	67,926	1,719,102
Fiscal	581,248	-	14,858	5,405	601,511
Business	3,370	-	-	-	3,370
Operation and Maintenance of Plant	1,990,037	23,663	-	214,137	2,227,837
Pupil Transportation	1,079,948	-	-	35,694	1,115,642
Central	211,803	-	-	-	211,803
Food Service Operations	-	-	-	871,316	871,316
Facility Acquisition and Contrustion	-	5,761,911	-	-	5,761,911
Extracurricular Activities	715,077	-	-	335,225	1,050,302
Debt Service:					
Principal Retirement	-	-	660,000	-	660,000
Interest and Fiscal Charges	-	-	1,410,225	-	1,410,225
<i>Total Cash Disbursements</i>	21,943,456	5,787,167	2,085,083	2,545,600	32,361,306
<i>Excess of Disbursements Over Receipts</i>	(559,867)	(5,787,167)	(538,594)	(852,492)	(7,738,120)
Other Financing Sources (Uses)					
Sale of Fixed Assets	-	-	-	13,238	13,238
Transfers In	-	-	-	5,805	5,805
Transfers Out	(5,805)	-	-	-	(5,805)
Reduction of prior year expenditure	147,305	-	-	-	147,305
Refund of prior year receipt	-	-	-	(18,020)	(18,020)
<i>Total Other Financing Sources (Uses)</i>	141,500	-	-	1,023	142,523
Change in Fund Balance	(418,367)	(5,787,167)	(538,594)	(851,469)	(7,595,597)
<i>Fund Balance, Beginning of Year</i> <i>As Previously Reported</i>	5,615,171	7,206,910	-	3,704,969	16,527,050
Restatements/Adjustments - See Note 17	-	-	1,548,528	(1,548,528)	-
<i>Restated/Adjusted Fund Balances</i> <i>Beginning of Year</i>	5,615,171	7,206,910	1,548,528	2,156,441	16,527,050
<i>Fund Balance, End of Year</i>	\$ 5,196,804	\$ 1,419,743	\$ 1,009,934	\$ 1,304,972	\$ 8,931,453

See accompanying notes to the basic financial statements

Lake Local School District
Wood County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
General Fund
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Budgetary revenues and other financing sources	\$ 20,598,737	\$ 21,170,450	\$ 21,530,894	\$ 360,444
Budgetary expenditures and other financing uses	22,143,190	23,367,369	22,747,944	619,425
<i>Change in Fund Balance</i>	(1,544,453)	(2,196,919)	(1,217,050)	979,869
<i>Fund Balance, Beginning of Year</i>	5,615,171	5,615,171	5,615,171	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Fund Balance, End of Year</i>	<u>\$ 4,070,718</u>	<u>\$ 3,418,252</u>	<u>\$ 4,398,121</u>	<u>\$ 979,869</u>

See accompanying notes to the basic financial statements

Lake Local School District
Wood County
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Funds
June 30, 2025

	Private Purpose Trust	Custodial
Assets		
Equity in pooled cash and cash equivalents	\$ 633,275	\$ -
Total assets	<u>633,275</u>	<u>-</u>
Net Position		
Restricted for:		
Held in Trsut for Scholarships	633,275	-
Total net position	<u>\$ 633,275</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

Lake Local School District
Wood County
Statement of Changes in Fiduciary Net Position - Cash Basis
Fiduciary Funds
For the Fiscal Year Ended June 30, 2025

	Private Purpose Trust	Custodial
Additions		
Earnings on Investments	\$ 8,072	\$ -
Extracurricular Activities	-	40,607
<i>Total Additions</i>	8,072	40,607
Deductions		
Extracurricular Activities	-	91,993
Payments in Accordance with Trust Agreements	28,700	-
<i>Total Deductions</i>	28,700	91,993
Change in Net Position	(20,628)	(51,386)
<i>Net Position, Beginning of Year</i>	653,903	51,386
<i>Net Position, End of Year</i>	\$ 633,275	\$ -

See accompanying notes to the financial statements.

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 1 – Description of the District

The Lake Local School District, Wood County (the District), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by state statute and/or federal guidelines.

The District is located in a rural community in northwest Ohio. The District is staffed by 42 classified employees, 118 certified teaching personnel, and 12 administrative employees who provide services to 1,531 students and other community members.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For Lake Local School District, this includes general operations, food service, and student related activities of the District. The Board has direct responsibility for these services.

Jointly Governed Organizations and Public Entity Risk Pools

The District is associated with seven organizations as follows: Northwest Ohio Computer Association (NWOCA), Northern Buckeye Education Council, Penta Career Center and Ohio Schools Council, which are defined as jointly governed organizations; the Ohio Association of School Business Officials Group Rating Program, Wood County Schools Benefit Plan Association, and The Ohio School Plan, which are public entity risk pools. For more information on these entities, see Notes 14 and 15.

The District's management believes these financial statements present all activities for which the District is financially accountable.

Note 2 – Summary of Significant Accounting Policies

As discussed further in the "Basis of Accounting" section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the District's accounting policies.

Basis of Presentation

The District's basic financial statements consist of government-wide financial 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.

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 2 – Summary of Significant Accounting Policies (continued)

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. The District has no business-type activities.

The statement of net position presents the cash balance of the governmental activities of the District at fiscal year end. The statement of activities compares disbursements with program receipts for each of the District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the District is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the general receipts of the District.

Fund Financial Statements

During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. 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.

Fund Accounting

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

Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. The following are the District's major governmental funds:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Building Capital Projects Fund The building fund accounts for and reports financial resources that are restricted to expenditure for the construction of capital facilities and capital assets.

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 2 – Summary of Significant Accounting Policies (continued)

Bond Retirement Debt Service Fund The bond retirement fund accounts for and reports property taxes restricted for the repayment of general obligation bonds issued to build a new elementary school.

The other governmental funds of the District account for and report grants and other resources, whose use is restricted, committed or assigned to a particular purpose.

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. The District has no pension trust funds or investment trust funds. Private Purpose Trust funds are used to account for individuals, private organizations or other governments and are not available to support the District's own programs. The District's private purpose trust fund accounts for programs that provide college scholarships to students after graduation. The School District's custodial fund is used to account for resources held on behalf of the Ohio High School Athletic Association.

Basis of Accounting

Although required by Ohio Administrative Code Section 117-03(B) to prepare its financial report in accordance with generally accepted accounting principles (GAAP), the District elects to prepare its financial statements and notes in accordance with the cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the District are described in the appropriate section in this note.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of 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 amount the Board of Education may appropriate.

The appropriations resolution is Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund level for all funds. Budgetary allocations at the function and object level within all funds are made by the Treasurer.

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

Cash and Investments

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

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During the fiscal year of 2025, the School District invested in nonnegotiable certificates of deposit, commercial paper, federal agency securities, US Treasury Notes and Bills, money market funds, and STAR Ohio. Investments are reported at cost, except for the money market fund and STAR Ohio. The School District’s money market fund investment is recorded at the amount reported by Red Tree Investment Group at June 30, 2025.

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.

There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is encouraged. STAR Ohio reserves the right to limit the transaction to \$250 million requiring the excess amount to be transferred the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 2 – Summary of Significant Accounting Policies (continued)

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2025 was \$576,371, which included \$346,703 assigned from other School District funds.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or by laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

Restricted assets represent amounts set aside for bus purchase and budget stabilization.

Inventory and Prepaid Items

The District reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

Interfund Receivables/Payables

The District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Accumulated Leave

District employees earn sick and vacation time that can be used for time off. In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

Employer Contributions to Cost-Sharing Pension Plans

The District recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid.

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 2 – Summary of Significant Accounting Policies (continued)

Long-Term Obligations

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset (including the intangible right to use) when entering into a lease, SBITA, or financed purchase transaction is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments, SBITA payments, and financed purchase payments are reported when paid.

Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes includes resources restricted for food service operations, music and athletic programs, and federal and state grants.

The District's policy is to first apply restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted resources are available.

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are 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.

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 Board of Education. Those committed amounts cannot be used for any other purpose unless the Board 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.

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 2 – Summary of Significant Accounting Policies (continued)

Assigned Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board. The Board has authorized the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated. The Board may also assign fund balances as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget in the general fund and for various educational and extracurricular activities and other miscellaneous purposes.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The 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.

Interfund Transactions

Transfers within governmental activities are eliminated on the government-wide financial statements.

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

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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 disbursements to the funds that initially paid for them are not presented in the financial statements.

Pensions/Other Postemployment Benefits (OPEB)

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

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed, or assigned fund balance (cash basis).

Adjustments necessary to convert the results of operations at the end of the year on the budget basis to the cash basis are as follows:

Net Change in Fund Balance	
Budget Basis	\$ (1,217,050)
Encumbrances	798,683
Cash Basis	<u>\$ (418,367)</u>

Note 4 – Deposits and Investments

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

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

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

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

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

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

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 4 – Deposits and Investments (Continued)

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, or Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of the settlement, bonds and other obligations of political subdivisions of the State of Ohio if training requirements have been met;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances for a period not to exceed one hundred eighty days and commercial paper notes for a period not to exceed two hundred seventy days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. At year end, the District had \$4,560 in undeposited cash on hand which is included as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits

At June 30, 2025 the carrying amount of the District's deposits was \$915,790 and the bank balance was \$1,586,251. Of the entire bank balance, \$250,000 was covered by the Federal Deposit Insurance Corporation (FDIC) while \$1,336,251 was covered by the Ohio Pooled Collateral System (OPCS).

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 4 – Deposits and Investments (Continued)

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2025, the District's financial institution was established at 102 percent. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

Investments

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

Measurement/ Investment	Measurement Amount	Less Than Six Months	Six Months to One Year	One Year to Two Years	More Than Two Years
Negotiable Certificates of Deposit	\$ 1,784,917	\$ -	\$ 249,000	\$ -	\$ 1,535,917
Money Market Mutual Funds	\$ 295,594	\$ 295,594	\$ -	\$ -	\$ -
Commerical Paper	1,008,548	485,471	523,077		
Federal Farm Credit Bank	946,476	-	99,746	249,403	597,327
Federal Home Loan Bank	849,792	100,000	200,000	-	549,792
United States Treasury Notes	2,066,585	-	-	-	2,066,585
STAR Ohio	1,692,467	1,692,467	-	-	-
Total Investments	\$ 8,644,379	\$ 2,573,532	\$ 1,071,823	\$ 249,403	\$ 4,749,621

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The investment policy restricts the Treasurer from investing in any securities other than those identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the School District.

The Negotiable certificates of deposit are covered by FDIC or SIPC insurance. The Federal Farm Credit Bank Notes, Federal Home Loan Bank Notes, and United States Treasury Notes carry a rating of Aaa by Moody's and/or AA+ by Standard and Poor's. STAR Ohio carries a rating of AAAM by Standard and Poor's. The money market funds carry a rating of Aaa-mf by Moody's. The commercial paper carries a rating of P-1 by Moody's and/or A-1+ by Standard and Poor's. The District has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 4 – Deposits and Investments (Continued)

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

	<u>Cost Value</u>	<u>Percentage of Portfolio</u>
STAR Ohio	\$ 1,692,467	19.58%
Money Market Mutual Fund	295,594	3.42%
Negotiable Certificates of Deposi	1,784,917	20.65%
Commerical Paper	1,008,548	11.67%
Federal Home Loan	849,792	9.83%
Federal Farm Credit	946,476	10.95%
United States Treasury Notes	2,066,585	23.90%
	<u>\$ 8,644,379</u>	<u>100%</u>

Note 5 – Property Taxes

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

Real property tax receipts received in calendar year 2025 represent the collection of calendar year 2024 taxes. Real property taxes received in calendar year 2025 were levied after April 1, 2024, on the assessed value as of January 1, 2024, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public Utility property tax revenue received in calendar year 2025 represents collections of calendar year 2024 taxes. Public utility real and tangible personal property taxes received in calendar year 2025 become a lien on December 31, 2023, were levied after April 1, 2024 and are collected 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 District receives property taxes from Wood and Ottawa Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2025, are available to finance fiscal year 2025 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 5 – Property Taxes (continued)

The full tax rate for all District operations for the fiscal year ended June 30, 2025, was \$61.84 per \$1,000 of assessed value for 2025 and \$64.65 for 2024. The assessed values of real property and public utility property upon which the fiscal year 2025 tax receipts were collected are as follows:

	2025 1st Half <u>Collections</u>	<u>Percent</u>	2024 2nd Half <u>Collections</u>	<u>Percent</u>
Real Property				
Residential, agricultural, and other	\$ 331,012,580	89.02%	\$ 327,874,230	89.61%
Public utility	40,842,290	10.98%	38,029,860	10.39%
Total assessed value	<u>\$ 371,854,870</u>	<u>100.00%</u>	<u>\$ 365,904,090</u>	<u>100.00%</u>

Note 6– Payment in Lieu of Taxes

In accordance with agreements related to tax increment financing districts, Wood County has entered into agreements with a number of property owners under which the County has granted property tax exemptions to those property owners. The property owners have agreed to make payments to the County which reflect all or a portion of the property taxes which the property owners would have paid if the taxes had not been exempted. The agreements provide for a portion of this payment to be paid to the District. The property owners contractually promise to make these payments in lieu of taxes until the agreements expire. For 2025, the total amount of payments in lieu of taxes was \$1,503,000.

Note 7 – Tax Abatements

The School District's property taxes were reduced as follows under enterprise zone agreements entered into by overlapping governments.

	Amount of Fiscal Year 2025 Taxes <u>Abated</u>
Overlapping Government Enterprise Zone Agreement Wood County	<u>\$2,436,341</u>

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 8 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains comprehensive insurance coverage through The Ohio School Plan, an insurance purchasing plan (see Note 15). During fiscal year 2025, the District contracted for the following insurance coverage:

<u>Company</u>	<u>Type of Coverage</u>	<u>Coverage</u>
Ohio School Plan	Property Damage	\$ 91,903,076
	Educational Liability:	
	General Aggregate	8,000,000
	Each Occurrence	6,000,000
	Automobile Liability	6,000,000
	School Board Legal Liability	8,000,000
	Employee Benefits:	
	General Aggregate	8,000,000
	Each Occurrence	6,000,000
CFC USA, Inc.	Cyber Incident Liability	1,000,000

There have been no significant reductions in insurance coverage from the previous fiscal year and settled claims, if any, have not exceeded coverage in any of the past three years.

The District participates in the Ohio Association of School Business Officials (OASBO) Workers' Compensation Group Rating Program (GRP) for workers' compensation. For further information, see Note 15.

The District is a member of a cooperative group of Wood County Schools established to provide a self-insurance fund to pay medical/surgical, and prescription drug benefits of employees and their covered dependents. The medical insurance program operates under the control of a Board of Trustees representing the member school and is administered by Medical Mutual of Ohio. The plan provides a medical/surgical plan with a \$100 single and \$200 family deductible. The District also offers a Health Savings Account plan with deductible amounts of \$2,700 for single and \$5,000 for family. The plan also provides prescription drug care through the major medical portion of the plan. Dental care is provided through Medical Mutual of Ohio and vision insurance through Vision Service Plan. For further information regarding the insurance consortium, refer to Note 15.

Note 9 – Defined Benefit Pension Plans

Net Pension Liability

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

Net Pension Liability (Asset)/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.

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 9 – Defined Benefit Pension Plans (continued)

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

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

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

The net pension/net OPEB liability (asset) are not reported on the face of the financial statements, but rather are disclosed in the notes because of the use of the cash basis framework.

The remainder of this note includes the required pension disclosures. See Note 10 for the required OPEB disclosures.

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

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 9 – Defined Benefit Pension Plans (continued)

Age and service requirements for retirement are as follows:

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

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

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

Beginning April 1, 2018, an individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5% COLA for calendar year 2024 and 2025.

Funding Policy – Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute 14% 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% for plan members and 14% 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, 2025, the allocation to pension, death benefits, and Medicare B was 14%. For fiscal year 2025, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$340,399 for fiscal year 2025.

State Teachers Retirement System (STRS)

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

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 9 – Defined Benefit Pension Plans (continued)

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. The calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of credited service. Effective August 1, 2023, any member can retire with unreduced benefits with 34 years of services credit at any age; or five years of service credit and age 65. Effective June 1, 2025 - July 1, 2027, any member can retire with unreduced benefits with 33 years of service credit at any age; or five years of service credit and age 65. Effective on or after August 1, 2027, any member can retire with unreduced benefits with 34 years of service credit at any age; or five years of service credit and age 65.

In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0% upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3% of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a permanent 1% COLA of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits effective August 1, 2023, can retire with 29 years of service credit at any age; or five years of service credit and age 60. Effective June 1, 2025 - July 1, 2027, retirement eligibility for reduced benefits is 28 years of service credit at any age; or five years of service credit and age 60. Effective on or after August 1, 2027, retirement eligibility for reduced benefits is 29 years of service credit at any age; or five years of service credit and age 60.

The DC Plan allows members to place all their member contributions and 11.09% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 2.91% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined plan, 12% of the 14% member rate 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.

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 9 – Defined Benefit Pension Plans (continued)

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2025 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For 2025, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$1,329,986 for fiscal year 2025.

Net Pension Liability

The net pension liability was measured as of June 30, 2024, 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:

	SERS	STRS	Total
Proportion of the Net Pension Liability			
Prior Measurement Date	0.05642890%	0.07164675%	
Proportion of the Net Pension Liability			
Current Measurement Date	0.05801770%	0.06844553%	
Change in Proportionate Share	0.00158880%	-0.00320122%	
Proportionate Share of the Net			
Pension Liability	\$ 2,967,954	\$ 13,170,026	\$ 16,137,980

Actuarial Assumptions – SERS

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

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 9 – Defined Benefit Pension Plans (continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2137.

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2024 and June 30, 2023, are presented below (information applies to both 2024 and 2023, as there was no change between years):

Wage Inflation	2.4%
Future Salary Increases, including inflation	3.25% to 13.58%
COLA or Ad Hoc COLA	2.0%, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.0% net of system expenses

Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward two years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward five years and adjusted 103.3% for males and set forward three years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally. There was no change in this information from the prior measurement date.

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 a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 9 – Defined Benefit Pension Plans (continued)

As of June 30, 2024: The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	3.00 %	0.97 %
US Equity	22.00	4.68
Non-US Equity Developed	12.00	4.96
Non-US Equity Emerging	6.00	5.66
Fixed Income/Global Bonds	18.00	2.38
Private Equity	14.00	7.10
Real Estate/Real Assets	13.00	3.64
Infrastructure	7.00	4.80
Private Debt/Private Credit	5.00	5.86
Total	<u>100.00 %</u>	

Discount Rate The total pension liability for 2024 was calculated using the discount rate of 7.00%. The discount rate did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 20-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate of fiscal year 2024 was 14.00%. Projected inflows from investment earnings were calculated using the long term assumed investment rate of return, 7.00%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2024 was 9.31%.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.00%, 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%), or one percentage point higher (8.00%) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 4,540,555	\$ 2,967,954	\$ 1,643,904

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 9 – Defined Benefit Pension Plans (continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, compared to those used in the June 30, 2023 actuarial valuation, reflecting experience study results used in the June 30, 2024 and June 30, 2023, actuarial valuation, are presented below (information applies to both 2024 and 2023, as there was no change between years):

Inflation	2.50%
Projected salary increases	From 2.50% to 8.50% based on service
Investment Rate of Return	7.00%, net of investment expenses, including inflation
Cost-of-Living Adjustments (COLA)	0% effective July 1, 2017
Payroll Increases	3.00%
Discount Rate of Return	7.00%

Post-retirement mortality rates for healthy retirees are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020. There was no change in this information from the prior measurement date.

Actuarial assumptions used in the June 30, 2024 valuation, were based on the results of the latest available actuarial experience study, which is for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Long Term Expected Real Rate of Return**</u>
Domestic equity	26.00 %	6.90 %
International equity	22.00	7.70
Alternatives	19.00	9.10
Fixed income	22.00	4.50
Real estate	10.00	5.10
Liquidity reserves	<u>1.00</u>	<u>2.40</u>
Total	<u>100.00 %</u>	

*Final target weights reflected at October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.4% and is net of investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 9 – Defined Benefit Pension Plans (continued)

Discount Rate The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2024.

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00%, 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%) or one-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$ 21,245,560	\$ 13,170,026	\$ 6,339,512

Assumption and Benefit Changes Since the Prior Measurement Date The discount rate remained at 7.00% for June 30, 2024 valuation. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

Social Security System

Effective July, 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2025, all of the Board of Education members have elected Social Security. The Board's liability is 6.2% of wages paid.

Note 10 - Postemployment Benefits

See Note 9 for a description of the net OPEB liability (asset).

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 10 - Postemployment Benefits (continued)

Plan Description - School Employees Retirement System (SERS)

School Employees Retirement System The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, the System shall manage the Health Care Fund on a pay-as-you-go basis.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2025, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.00% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.50% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the District's surcharge obligation was \$8,561.

The surcharge, added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required health care contribution to SERS was \$8,561 for fiscal year 2025.

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 10 - Postemployment Benefits (continued)

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. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2024. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows STRS Ohio to recover part of the cost for providing prescription coverage since all eligible STRS Ohio health care plans include creditable prescription drug coverage.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2025, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability (Asset)

The net OPEB liability (asset) was measured as of June 30, 2024, 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:

	SERS	STRS	Total
Proportion of the Net OPEB (Asset)/Liability Prior Measurement Date	0.05776580%	0.07164675%	
Proportion of the Net OPEB (Asset)/Liability Current Measurement Date	0.05904840%	0.06844553%	
Change in Proportionate Share	0.00128260%	-0.00320122%	
Proportionate Share of the Net OPEB (Asset)/Liability	\$ 601,405	\$ (1,298,281)	\$ (696,876)

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 10 - Postemployment Benefits (continued)

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, 2024 compared with June 30, 2023, are presented below:

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 10 - Postemployment Benefits (continued)

	June 30, 2024	June 30, 2023
Inflation	2.40 percent	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense	7.00 percent net of investment expense
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)
Fiduciary Net Position is Projected to be Depleted		
Measurement Date	2059	2059
Prior Measurement Date	2048	2048
Municipal Bond Index Rate:		
Measurement Date	3.93 percent	3.93 percent
Prior Measurement Date	3.86 percent	3.86 percent
Single Equivalent Interest Rate,		
Measurement Date	4.88 percent	4.88 percent
Prior Measurement Date	4.27 percent	4.27 percent
Health Care Cost Trend Rate		
Medical Trend Assumption		
Measurement Date	7.00 to 4.40 percent	7.00 to 4.40 percent
Prior Measurement Date	6.75 to 4.40 percent	6.75 to 4.40 percent

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table. There was no change in this information from the prior measurement date.

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

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

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 10 - Postemployment Benefits (continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	3.00 %	0.97 %
US Equity	22.00	4.68
Non-US Equity Developed	12.00	4.96
Non-US Equity Emerging	6.00	5.66
Fixed Income/Global Bonds	18.00	2.38
Private Equity	14.00	7.10
Real Estate/Real Assets	13.00	3.64
Infrastructure	7.00	4.80
Private Debt/Private Credit	5.00	5.86
Total	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2024, was 4.88%. The discount rate used to measure total OPEB liability prior to June 30, 2024, was 4.27%. 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% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2059 by SERS actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2023, and the June 30, 2024, total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.93% at June 30, 2024 and 3.86% at June 30, 2023.

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 (3.88%) and higher (5.88%) than the current discount rate (4.88%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate (7.00% decreasing to 4.40%).

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 10 - Postemployment Benefits (continued)

	1% Decrease (3.88%)	Current Discount Rate (4.88%)	1% Increase (5.88%)
District's proportionate share of the net OPEB liability	\$801,952	\$601,405	\$442,043
	1% Decrease (6.00% decreaing to 3.40%)	Current Trend Rate (7.00% decreaing to 4.40%)	1% Increase (8.00% decreaing to 5.40%)
District's proportionate share of the net OPEB liability	\$406,527	\$601,405	\$857,556

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2024 and 2023, actuarial valuation are presented below:

	June 30, 2024	June 30, 2023
Projected salary increases	Varies by service, from 2.50% - 8.50%	Varies by service, from 2.50% - 8.50%
Investment Rate of Return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Payroll Increases	3.00%	3.00%
Discount rate of return	7.00%	7.00%
Health Care Cost Trends:		
Medical		
Pre-Medicare	7.50% initial, 3.94% ultimate	7.50% initial, 4.14% ultimate
Medicare	-112.22% initial, 3.94% ultimate	-10.94% initial, 4.14% ultimate
Prescription Drug		
Pre-Medicare	8.00% initial, 3.94% ultimate	-11.95% initial, 4.14% ultimate
Medicare	-15.14% initial, 3.94% ultimate	1.33% initial, 4.14% ultimate

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

Healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020. There was no change in this information from the prior measurement date.

Actuarial assumptions used in the June 30, 2024; valuation is based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 10 - Postemployment Benefits (continued)

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 Real Rate of Return**</u>
Domestic equity	26.00 %	6.90 %
International equity	22.00	7.70
Alternatives	19.00	9.10
Fixed income	22.00	4.50
Real estate	10.00	5.10
Liquidity reserves	<u>1.00</u>	<u>2.40</u>
Total	<u>100.00 %</u>	

*Final target weights reflected at October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.4% and is net of investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on health care plan investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2024.

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2024, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
District's proportionate share of the net OPEB asset	(\$1,055,588)	(\$1,298,281)	(\$1,509,477)
		<u>Current Trend Rate</u>	<u>1% Increase</u>
	<u>1% Decrease</u>		
District's proportionate share of the net OPEB asset	(\$1,523,743)	(\$1,298,281)	(\$1,027,134)

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 11 – Leases

The District leases copiers from Perry ProTech. The District disbursed \$22,807 to pay lease costs for the copiers during the year ended June 30, 2025. The following is the schedule of future lease payments:

Year Ending	
June 30:	<u>Copier Lease</u>
2026	\$22,807
2027	<u>1,900</u>
Total	<u><u>\$24,707</u></u>

Note 12 –Debt

The District’s long-term debt activity for the year ended June 30, 2025 was as follows:

Long-term Obligations	Balance at 6/30/2024	Increase	Decrease	Balance at 6/30/2025	Due within one year
2016 Refunding:					
Serial Bonds 1.0-3.0%	\$ 425,000	\$ -	\$ (425,000)	\$ -	\$ -
Premium	56,703	-	(56,703)	-	-
2022 Bonds					
4% Term	26,265,000	-	-	26,265,000	
Serial 3-4%	9,435,000	-	(235,000)	9,200,000	260,000
Premium	2,730,082	-	(76,052)	2,654,030	
Net Pension Liability					
STRS	15,429,083	-	(2,259,057)	13,170,026	-
SERS	3,117,990		(150,038)	2,967,952	-
Net OPEB Liability					
SERS	951,660	-	(350,255)	601,405	-
Total Long-term Obligations	<u>\$ 58,410,518</u>	<u>\$ -</u>	<u>\$ (3,552,105)</u>	<u>\$ 54,858,413</u>	<u>\$ 260,000</u>

FY 2007 School Improvement Refunding Bonds

On January 25, 2007, the District issued bonds in the amount of \$9,139,990 to partially refund bonds previously issued in 2001 for construction and renovation to the District’s middle school. The bond issue included serial, term and capital appreciation bonds in the amounts of \$7,380,000, \$1,185,000, and \$574,990 respectively. The bonds were issued at a premium of \$794,111. The bonds were issued for a nineteen year period with final maturity during fiscal year 2025. During October 2016, these bonds were refunded. As of June 30, 2025, none of these bonds are outstanding.

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 12 –Debt (continued)

FY 2016 School Improvement Refunding Bonds

On October 16, 2016, the District issued serial bonds in the amount of \$7,335,000 to refund bonds previously issued in 2007 for construction and renovation to the District's middle school. The bonds were issued at a premium of \$351,736. The bonds were issued for a nine-year period with final maturity during fiscal year 2025.

2021 Bonds

FY 2022 General Obligation School Improvement Bonds

On February 23, 2022, the District issued bonds in the amount of \$36,000,000 for the construction of a new elementary school. The bond issue included serial and term bonds in the amounts of \$9,735,000 and \$26,265,000, respectively. The bonds were issued at a premium of \$2,813,952. The bonds were issued for a thirty-seven year period with a final maturity during fiscal year 2058. The bonds are being retired from the Bond Retirement debt service fund from a voted tax levy. The term bonds maturing on December 1, 2046, December 1, 2051, and December 1, 2058 are subject to mandatory sinking fund redemption at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date, on December 1 in the years and respective principal amounts as follows:

<u>2046 Term Bonds</u>		<u>2051 Term Bonds</u>		<u>2058 Term Bonds</u>	
Year Ending	<u>Principal</u>	Year Ending	<u>Principal</u>	Year Ending	<u>Principal</u>
June 30:		June 30:		June 30:	
2042	\$ 960,000	2047	\$ 1,255,000	2052	\$ 1,675,000
2043	1,005,000	2048	1,360,000	2053	1,750,000
2044	1,050,000	2049	1,420,000	2054	1,880,000
2045	1,145,000	2050	1,485,000	2055	1,960,000
2046	1,200,000	2051	1,600,000	2056	2,045,000
				2057	2,190,000
				2058	2,285,000
Total	<u>\$ 5,360,000</u>		<u>\$ 7,120,000</u>		<u>\$ 13,785,000</u>

The serial bonds maturing December 1, 2027, are subject to optional redemption, in whole or in part, in whole multiples of \$5,000, at the option of the District on any date on or after June 1, 2027, at the redemption price equal to 100% of the principal redeemed, plus accrued interest to the redemption date.

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 12 –Debt (continued)

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2025 are as follows:

Year Ending June 30:	2022 Bonds			
	Serial Bonds		Term Bonds	
	Principal	Interest	Principal	Interest
2026	260,000	1,393,950	\$ -	\$ -
2027	275,000	1,383,250	-	-
2028	330,000	1,371,150	-	-
2029	350,000	1,357,550	-	-
2030	370,000	1,343,150	-	-
2031-2035	2,460,000	6,447,150	-	-
2036-2040	3,455,000	5,926,575	-	-
2041-2045	1,700,000	2,170,000	3,015,000	2,974,500
2046-2050	-	-	6,380,000	4,040,400
2051-2055	-	-	8,390,000	2,572,600
2056-2059	-	-	8,480,000	700,800
Total	<u>\$ 9,200,000</u>	<u>\$ 21,392,775</u>	<u>\$ 26,265,000</u>	<u>\$ 10,288,300</u>

The 2022 bond issuance, together with the District's outstanding net indebtedness, made the total net indebtedness of the school district exceed 9% of the total assessed value of all property in the school district, as defined in Ohio Revised Code section 133.06. The Superintendent of Public Instruction, acting under policies adopted by the State Board of Education, has determined that the school district qualifies as a "Special Needs District" under Revised Code 133.06(E), which may exceed the 9% limit.

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 13 - Fund Balances

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

	General	Building Fund	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Nonspendable					
Unclaimed Funds	\$ 11,910	\$ -	\$ -	\$ -	\$ 11,910
Total Nonspendable	11,910	-	-	-	11,910
Restricted					
Capital Projects	\$ -	\$ 1,419,743		\$ 701,855	\$ 2,121,598
Debt Service	-	-	1,009,934	-	1,009,934
Other Purposes	-	-	-	1,356,943	1,356,943
Total Restricted	-	1,419,743	1,009,934	2,058,798	4,488,475
Assigned					
Encumbrances	590,164	-	-	-	590,164
Total Assigned	590,164	-	-	-	590,164
Unassigned	4,594,731	-	-	(753,825)	3,840,906
Total Fund Balances	<u>\$ 5,196,805</u>	<u>\$ 1,419,743</u>	<u>\$ 1,009,934</u>	<u>\$ 1,304,973</u>	<u>\$ 8,931,455</u>

Note 14 – Jointly Governed Organizations

Northwest Ohio Computer Association

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

The NWOCA Assembly consists of the superintendent from each participating educational entity and a representative from the fiscal agent. The Assembly elects the governing Council of two representatives from each of the six counties in which member educational entities are located and the representative from the member of educational entity serving as fiscal agent for NWOCA. The degree of control exercised by any participating educational entity is limited to its representation on the Board. During fiscal year 2025, the District paid \$194,149 to NWOCA for various services. Financial information can be obtained from the Northwest Ohio Computer Association, 209 Nolan Parkway, Archbold, Ohio 43502.

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 14 – Jointly Governed Organizations (Continued)

Northern Buckeye Education Council

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

Penta Career Center

The Penta Career Center (PCC) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The PCC is operated under the direction of a Board consisting of nine board members appointed from the participating school districts' or Educational Service Centers' elected boards. The Board consists of one representative from each exempted village and/or city school district: Bowling Green, Maumee, Perrysburg, and Rossford; one representative from each of these counties: Fulton, Ottawa, and Lucas; and two representatives from Wood County. The Board possesses its own budgeting and taxing authority. Financial information can be obtained from Penta Career Center, 9301 Buck Road, Perrysburg, Ohio 43551.

Ohio Schools Council

The Ohio Schools Council Association (Council) is a jointly governed organization among school districts, educational service centers, joint vocational districts, and Developmental Disabilities Boards which was formed to purchase quality products and services at the lowest possible cost to participants. The Council is governed by a board consisting of nine superintendents from the participants. The degree of control exercised by any participant is limited to its representation on the Board. Financial information can be obtained from the Ohio Schools Council Association, 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

Note 15 – Insurance Purchasing Pools

Ohio Association of School Business Officials Group Rating Program

The District participates in the Ohio Association of School Business Officials Group Rating Program, a workers' compensation insurance group purchasing pool. Each year, the participating school districts pay an enrollment fee to cover the costs of administering the program.

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 15 – Insurance Purchasing Pools (continued)

Wood County Schools Benefit Plan Association

The School Benefit Plan Association (Association) is a public entity shared risk pool consisting of six local school districts, two exempted village school districts, a city school district, a joint vocational school and the Wood County Educational Service Center. The Association is organized as a Voluntary Employee Benefit Association under Internal Revenue Code Section 501(c)(9) and provides medical, dental and other benefits to the employees of the participating entities. Each participating entity's superintendent is appointed to an Administrative Committee which advises the Trustee, Huntington Bank, concerning aspects of the administration of the Association.

Each entity decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Association is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Huntington Retirement Plan Services, 519 Madison Avenue, 3rd Floor, Toledo, Ohio 43604.

The Ohio School Plan

The District participates in the Ohio School Plan (the Plan), an insurance purchasing pool established under Ohio Revised Code Section 2744.081. The Plan is an unincorporated nonprofit association of its members which enable the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services. The Plan's business and affairs are conducted by a twelve member Board consisting of individual representatives from various plan members. Hylant Administrative Service is the Plan's administrator and is responsible for processing claims, sales, and customer service. Financial information can be obtained from Hylant Administrative Services, LLC, 811 Madison Avenue, Toledo, Ohio 43604.

Note 16 – Contingent Liabilities

Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2025.

Litigation

The District is not a party to legal proceedings that would have a material effect, if any, on the financial condition of the District.

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 16 – Contingent Liabilities (Continued)

Foundation Funding

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (DEW) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional DEW adjustments for fiscal year 2025 are not finalized. As a result, the impact of future FTE adjustments on the fiscal year 2035 financial statements is not determinable, at this time. Management believes this may result in either an additional receivable to, or a liability of, the School District.

Note 17– Compliance, Accountability, Change and Accounting Principles, and Change within the Financial Reporting Entity

A. Compliance

Per Ohio Administrative Code Section 117-2-03(B), the District is required to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP). However, the District elected to prepare its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

B. Accountability

At June 30, 2025, the Public School Preschool, IDEA Part B Special Education, Title I, Improving Teacher Quality, Student Support and Academic Enrichment, and IDEA Part B Special Education Preschool special revenue funds, had deficit balances, in the amount of \$85,000, \$359,514, \$234,600, \$48,369, \$15,065, and \$11,277, respectively.

C. Change in Accounting Principles

For fiscal year 2025, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 100, Accounting Changes and Error Corrections, and related guidance from GASB Implementation Guide No. 2023-1, Implementation Guidance Update — 2023. The School District also implemented Question 5.1 from GASB Implementation Guide No. 2021-1, Implementation Guidance Update — 2021.

GASB 100 will improve the clarity of the accounting and financial reporting requirements for accounting changes and error corrections, which will result in greater consistency in application in practice. In turn, more understandable, reliable, relevant, consistent, and comparable information will be provided to financial statement users for making decisions or assessing accountability. In addition, the display and note disclosure requirements will result in more consistent, decision-useful, understandable, and comprehensive information for users about accounting changes and error corrections.

GASB Implementation Guide No. 2023-1, Implementation Guidance Update – 2023 amends Implementation Guide No. 2019-3, Leases, Question 4.15, and Implementation Guide No. 2021-1, Implementation Guidance Update – 2021, Question 4.13.

Lake Local School District
Wood County
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 17– Compliance, Accountability, Change and Accounting Principles, and Change within the Financial Reporting Entity (continued)

Question 5.1 from Implementation Guide 2021-1 addresses the collective significance of applying the capitalization threshold to individual items in a group of assets. The School District reviewed its capital asset groupings and determined there were no asset groups where individually the assets were under the capitalization threshold yet were significant collectively.

The implementation of GASB Statement No. 100 and GASB Implementation Guides 2021-1 and 2023-1 did not have any effect on beginning net position.

In an effort to promote comparability with other governments, the School District updated its calculation of net position restricted for OPEB plans for fiscal year 2024. This change had no impact on beginning net position, but rather impacted the amounts presented as net position restricted for OPEB and unrestricted net position.

D. Change to or within the Financial Reporting Entity

For fiscal year 2024, the Bond Retirement capital projects fund presentation was adjusted from nonmajor to major due to meeting the quantitative threshold for a major fund. This change is separately displayed in the financial statements.

Note 19 – Set-Aside Requirements

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

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

	<u>Capital Improvements</u>
Set-Aside Balance as of June 30, 2024	\$0
Current Year Set-aside Requirement	366,717
Offsets	(361,158)
Qualifying Disbursements	<u>(5,559)</u>
Total	<u><u>\$0</u></u>
Set-aside Balance Carried Forward to Fiscal Year 2025	<u><u>\$0</u></u>

**LAKE LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education and Workforce</i>		
<u>Child Nutrition Cluster</u>		
School Breakfast Program	10.553	\$60,466
National School Lunch Program		
Cash Assistance	10.555	280,373
Non-Cash Assistance (Commodities)	10.555	58,139
Total National School Lunch Program		338,512
Summer Food Service Program for Children	10.559	77,488
Total Child Nutrition Cluster		476,466
Total U.S. Department of Agriculture		476,466
U.S. DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education and Workforce</i>		
Title I Grants to Local Educational Agencies	84.010A	244,976
<u>Special Education Cluster</u>		
Special Education Grants to States	84.027A	360,588
Special Education Preschool Grants	84.173A	21,866
Total Special Education Cluster		382,454
Supporting Effective Instruction State Grants	84.367A	55,538
Student Support and Academic Enrichment Program - Title IV	84.424A	23,570
Student Support and Academic Enrichment Program - Stronger Connections	84.424F	10,257
		33,827
Total U.S. Department of Education		716,795
Total Expenditures of Federal Awards		<u>\$1,193,261</u>

The accompanying notes are an integral part of this schedule.

**LAKE LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR § 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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, Wood County, Ohio (the District) under programs of the federal government for the year ended June 30, 2025. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

The District has elected not to use the 15-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with Ohio Department of Education and Workforce's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2024 to 2025 programs:

<u>Program Title</u>	<u>AL Number</u>	<u>Amt.</u> <u>Transferred</u>
Title I Grants to Local Educational Agencies	84.010A	\$ 596
Special Education - Grants to States	84.027A	2,178

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

Lake Local School District
Wood County
28090 Lemoyne Road
Millbury, Ohio 43447-9747

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 the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lake Local School District, Wood County, Ohio (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 24, 2026, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2025-002 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2025-001.

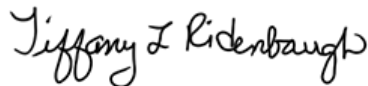
District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying schedule of findings and corrective action plan. The District's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

March 24, 2026



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Columbus, Ohio 43215
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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
Wood County
28090 Lemoyne Road
Millbury, Ohio 43447-9747

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lake Local School District, Wood County, Ohio's (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Lake Local School District's major federal programs for the year ended June 30, 2025. 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, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of 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 District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

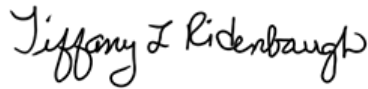
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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

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

KEITH FABER
Ohio Auditor of State

A handwritten signature in black ink, reading "Tiffany L. Ridenbaugh". The signature is written in a cursive, flowing style.

Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

March 24, 2026

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**LAKE LOCAL SCHOOL DISTRICT
WOOD COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2025**

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)?	Yes
(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)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster Special Education Cluster
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

FINDING NUMBER 2025-001

Noncompliance

Ohio Rev. Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

Ohio Admin. Code 117-2-03(B) requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

The District prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the cash basis of accounting rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while presumed material, cannot be determined at this time.

Pursuant to **Ohio Rev. Code § 117.38** the District may be fined for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District. To help provide the users with more meaningful financial statements, the District should prepare its annual financial statements according to generally accepted accounting principles.

Officials' Response:

See corrective action plan.

FINDING NUMBER 2025-002

Material Weakness – Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

We identified the following errors requiring adjustments to the financial statements in accordance with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54 (GASB Cod. 1800. 156-165):

- Governmental Activities Unrestricted net position was overstated in the amount of \$1,775,670
- Governmental Activities Restricted for Debt Service net position was understated by \$1,009,934
- Governmental Activities Restricted for Other Purposes net position was understated by \$765,734

In addition to the errors above, we noted the following errors on the Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget (Non-GAAP) and Actual for the General Fund:

- The final amended certificate of estimated resources as approved by the Board of Education was not used for the final budgetary revenues and other financing sources. The General fund budgetary statement was updated to reflect the proper amount, increasing final budgeted receipts in the amount of \$2,148,635.
- Final actual disbursements plus current year carryover encumbrances were improperly recorded, understating actual budgetary expenditures and other financing uses. The General fund budgetary statement was updated to reflect the proper amount, increasing actual disbursements in the amount of \$208,519.

The District included a Statement of Receipts, Disbursements, and Changes in Fund Balance - Budget (Non-GAAP) and Actual for the Bond Retirement Fund. The District is not required to present this statement for funds other than the General fund and major special revenue funds. The District also incorrectly presented activity in the Statement of Changes in Fiduciary Net Position – Cash Basis for the Custodial fund, reporting additions related to extracurricular activity receipts as earnings on investments; the underlying trial balances correctly presented this information, therefore no adjustment to the underlying accounting records or trials was necessary, but the financial statements were adjusted to reflect the proper presentation.

These errors were the result of inadequate policies and procedures in reviewing the financial statements. Failure to complete accurate financial statements and notes to the financial statements could lead to the Board of Education making misinformed decisions. The accompanying financial statements and notes to the financial statements have been adjusted to correct these errors.

In addition to the adjustments noted above, we also identified additional misstatements ranging from \$6,250 to \$775,480 that we have been brought to the District's attention.

The District should adopt policies and procedures, including a final review of the financial statements and notes to the financial statements by the Treasurer and the Board, to identify and correct errors and omissions.

Officials' Response:

See corrective action plan.

3. FINDINGS FOR FEDERAL AWARDS

None.



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR § 200.511(b)
JUNE 30, 2025

Finding Number	Finding Summary	Status	Additional Information
2024-001	Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(B), for not reporting financial statements on a Generally Accepted Accounting Principles (GAAP) basis. Finding first reported in 2010.	Not corrected and reissued as Finding 2025-001 in this report.	GAAP Statements not deemed cost beneficial.

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CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
June 30, 2025

Finding Number:	2025-001
Planned Corrective Action:	No corrective action will be taken – GAAP statements not deemed cost effective.
Anticipated Completion Date:	N/A
Responsible Contact Person:	Maria E. Robinson, Treasurer
Finding Number:	2025-002
Planned Corrective Action:	The District will review the annual financial report for completeness and accuracy prior to the IPA filing the report on the HINKLE system.
Anticipated Completion Date:	August 2026
Responsible Contact Person:	Maria E. Robinson, Treasurer

OHIO AUDITOR OF STATE KEITH FABER



LAKE LOCAL SCHOOL DISTRICT

WOOD 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 3/31/2026

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

This report is a matter of public record and is available online at
www.ohioauditor.gov