



OHIO AUDITOR OF STATE
KEITH FABER



**LAKE LOCAL SCHOOL DISTRICT
STARK COUNTY
JUNE 30, 2021**

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**LAKE LOCAL SCHOOL DISTRICT
STARK COUNTY
JUNE 30, 2021**

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lake Local School District, Stark, Ohio (the School District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the School District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2021, and the respective changes in financial position and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during fiscal year 2021, the School District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. In addition, as discussed in Note 19 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the School District. We did not modify our opinion regarding these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the School District's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis 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 and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 13, 2022, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

April 13, 2022

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Lake Local School District
Stark County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

The discussion and analysis of the Lake Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's performance as a whole. Readers should review the notes to the financial statements as well as the financial statements themselves to enhance their understanding of the School District's finances.

Financial Highlights

Key financial highlights for 2021 are as follows:

- Net position decreased \$2 million, or 6 percent under fiscal year 2020 restated net position.
- Capital assets decreased \$4 million during fiscal year 2021.
- During the fiscal year, outstanding debt obligations decreased from \$51 million to \$48 million.

Using this Annual Report

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2021?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all (non-fiduciary) assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Lake Local School District
Stark County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

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

Reporting the School District's Fiduciary Responsibilities

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

Lake Local School District
Stark County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2021 compared to 2020:

Table 1
Net Position

	Governmental Activities		
	2021	Restated 2020	Change
Assets			
Current & Other Assets	\$ 40,874,240	\$ 38,409,748	\$ 2,464,492
Net Pension/OPEB Asset	2,359,002	2,243,675	115,327
Capital Assets	99,488,743	103,661,237	(4,172,494)
<i>Total Assets</i>	<u>142,721,985</u>	<u>144,314,660</u>	<u>(1,592,675)</u>
Deferred Outflows of Resources			
Deferred Charges	2,320,738	2,371,382	(50,644)
Pension & OPEB	8,464,990	8,360,557	104,433
<i>Total Deferred Outflows of Resources</i>	<u>10,785,728</u>	<u>10,731,939</u>	<u>53,789</u>
Liabilities			
Current & Other Liabilities	5,329,126	5,093,908	235,218
Long-Term Liabilities:			
Due Within One Year	2,832,425	3,169,029	(336,604)
Due In More Than One Year:			
Pension & OPEB	44,132,753	41,152,919	2,979,834
Other Amounts	46,236,363	48,717,072	(2,480,709)
<i>Total Liabilities</i>	<u>98,530,667</u>	<u>98,132,928</u>	<u>397,739</u>
Deferred Inflows of Resources			
Property Taxes	19,713,832	18,702,715	1,011,117
Deferred Charges on Refunding	238,653	357,979	(119,326)
Pension & OPEB	5,027,854	5,830,615	(802,761)
<i>Total Deferred Inflows of Resources</i>	<u>24,980,339</u>	<u>24,891,309</u>	<u>89,030</u>
Net Position			
Net Investment in Capital Assets	53,489,613	54,396,089	(906,476)
Restricted	4,276,410	4,189,301	87,109
Unrestricted	(27,769,316)	(26,563,028)	(1,206,288)
<i>Total Net Position</i>	<u>\$ 29,996,707</u>	<u>\$ 32,022,362</u>	<u>\$ (2,025,655)</u>

Lake Local School District
Stark County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

The net pension liability (NPL) is one of the largest liabilities reported by the School District at June 30, 2021, and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In a prior period, the School District also adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

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

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

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

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. For STRS, the plan's fiduciary net OPEB position was sufficient to cover the plan's total OPEB liability resulting in a net OPEB asset for fiscal year 2021 that is allocated to each school based on its proportionate share. The retirement system is responsible for the administration of the pension and OPEB plans.

Lake Local School District
Stark County, Ohio

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

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

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

At year end, capital assets represented 70 percent of total assets. Capital assets include land, land improvements, buildings and improvements, furniture and equipment, vehicles and construction in progress. Net investment in capital assets was \$53.5 million at June 30, 2021. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, \$4.3 million represents resources that are subject to external restrictions on how they may be used. The balance of government-wide unrestricted net position is a deficit of \$27.8 million, which is primarily caused by GASBs 68 and 75.

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

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Lake Local School District
Stark County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

Table 2 shows the changes in net position for fiscal year 2021 compared to 2020.

Table 2
Changes in Net Position

	Governmental Activities		
	2021	2020	Change
Revenues			
<i>Program Revenues</i>			
Charges for Services	\$ 1,529,237	\$ 1,732,890	\$ (203,653)
Operating Grants	6,481,256	4,065,827	2,415,429
Capital Grants	20,797	1,200,968	(1,180,171)
<i>Total Program Revenues</i>	<u>8,031,290</u>	<u>6,999,685</u>	<u>1,031,605</u>
General Revenues			
Property Taxes	19,758,960	18,187,076	1,571,884
Grants & Entitlements	17,814,135	17,413,858	400,277
Payments in Lieu of Taxes	21,945	19,313	2,632
Miscellaneous	449,159	749,124	(299,965)
<i>Total General Revenues</i>	<u>38,044,199</u>	<u>36,369,371</u>	<u>1,674,828</u>
<i>Total Revenues</i>	<u>46,075,489</u>	<u>43,369,056</u>	<u>2,706,433</u>
Program Expenses			
Instruction:			
Regular	22,286,000	21,410,744	875,256
Special	5,198,261	5,313,495	(115,234)
Vocational	876,836	685,241	191,595
Other	1,880,015	1,718,272	161,743
Support Services:			
Pupils	2,503,538	2,378,888	124,650
Instructional Staff	1,512,386	1,498,392	13,994
Board of Education	28,738	29,257	(519)
Administration	2,421,998	2,724,939	(302,941)
Fiscal	780,673	807,256	(26,583)
Business	237,430	224,508	12,922
Operation and Maintenance of Plant	3,145,149	3,765,617	(620,468)
Pupil Transportation	2,240,270	2,393,308	(153,038)
Central	121,117	101,340	19,777
Operation of Non-Instructional/Shared Services:			
Food Service Operations	1,156,164	997,522	158,642
Community Services	817,862	737,491	80,371
Extracurricular Activities	1,409,049	1,225,433	183,616
Debt Service:			
Interest and Fiscal Charges	1,485,658	1,361,676	123,982
<i>Total Expenses</i>	<u>48,101,144</u>	<u>47,373,379</u>	<u>727,765</u>
<i>Change in Net Position</i>	(2,025,655)	(4,004,323)	1,978,668
<i>Net Position Beginning of Year</i>	32,022,362	35,931,275	(3,908,913)
<i>Restatement - See Note 2R</i>	-	95,410	(95,410)
<i>Net Position End of Year</i>	<u>\$ 29,996,707</u>	<u>\$ 32,022,362</u>	<u>\$ (2,025,655)</u>

The comparative column in Table 2 was not restated for the implementation of GASB 84.

Lake Local School District
Stark County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

The increase in operating grants is primarily due to the receipt of a larger Federal grant award for special education and Cares Act grants during the fiscal year. The School District saw a decrease in capital grants as contributions being received from the YMCA for the construction of an addition to the Family Fitness Center and Field House and renovations to the existing building, a component of the OFCC building projects, continued to decline with the completion of the construction in prior year. The changes in program expenses are primarily associated to changes in the School District's proportionate share of the net pension liability, net OPEB liability/asset and related accruals. As previously indicated, these items are explained in detail within their respective notes.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Governmental Activities

	Total Cost of Service		Net Cost of Service	
	2021	2020	2021	2020
Instruction:				
Regular	22,286,000	21,410,744	20,314,949	\$20,504,138
Special	5,198,261	5,313,495	3,808,386	3,275,029
Vocational	876,836	685,241	483,956	303,839
Other	1,880,015	1,718,272	1,880,015	1,718,272
Support Services:				
Pupils	2,503,538	2,378,888	2,326,236	2,260,228
Instructional Staff	1,512,386	1,498,392	1,414,183	1,412,426
Board of Education	28,738	29,257	28,738	29,257
Administration	2,421,998	2,724,939	2,418,845	2,722,824
Fiscal	780,673	807,256	778,121	804,912
Business	237,430	224,508	237,430	224,508
Operation and Maintenance of Plant	3,145,149	3,765,617	3,054,754	3,551,918
Pupil Transportation	2,240,270	2,393,308	782,466	2,020,178
Central	121,117	101,340	66,020	48,065
Operation of Non-Instructional/Shared Services:				
Food Service Operations	1,156,164	997,522	(61,615)	154,629
Community Services	817,862	737,491	23,243	(1,042,181)
Extracurricular Activities	1,409,049	1,225,433	1,028,469	1,023,976
Debt Service:				
Interest and Fiscal Charges	1,485,658	1,361,676	1,485,658	1,361,676
Total Expenses	\$ 48,101,144	\$ 47,373,379	\$ 40,069,854	\$ 40,373,694

The comparative columns in Table 3 were not restated for the implementation of GASB 84.

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Management's Discussion and Analysis
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(Unaudited)

The dependence upon general revenues for governmental activities is apparent. Over 83 percent of governmental activities are supported through taxes and other general revenues; such revenues are 83 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

Financial Analysis of the Government's Funds

Governmental Funds

The School District's major funds are accounted for using the modified accrual basis of accounting.

The general fund's net change in fund balance for fiscal year 2021 was an increase of \$803,562. This increase was caused primarily caused by an increase intergovernmental revenue for Foundation combined with lower overall expenses and less transfers out to support other funds.

The bond retirement fund's net change in fund balance for fiscal year 2021 was a decrease of \$215,341.

General Fund Budgeting Highlights

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

During the course of fiscal year 2021, the School District amended its general fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

Original Budget Compared to Final Budget The original budget basis revenue was less than the final budget basis revenue. The majority of this difference was due to an initial underestimation of intergovernmental revenues. Original expenditure appropriations were higher than the final expenditures appropriations due to an overestimation of instruction and support services.

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

Final budgeted other financing sources and uses were higher than original budget basis due to the receipt of a premium refund received from the Bureau of Workers Compensation during the year.

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Lake Local School District
Stark County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
(Unaudited)

Capital Assets and Debt Administration

Capital Assets

Table 4 shows fiscal year 2021 balances compared with 2020.

Table 4
Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2021	2020
Land	\$ 3,127,145	\$ 3,127,145
Construction in Progress	-	2,208,110
Land Improvements	976,484	1,001,513
Buildings and Improvements	93,498,569	95,809,264
Furniture and Equipment	689,022	591,392
Vehicles	1,197,523	923,813
<i>Total</i>	\$ 99,488,743	\$ 103,661,237

The decrease in capital assets was attributable to current year depreciation exceeding additional purchases and disposals, primarily related the newly constructed building that were completed in fiscal year 2020. See Note 9 for additional details about the School District's capital assets.

Debt

Table 5 summarizes outstanding debt.

Table 5
Outstanding Debt and Related Charges, at June 30

	Governmental Activities	
	2021	2020
General Obligation Bonds:		
2013 School Improvement Bonds	\$ 2,270,000	\$ 2,520,000
2015 Refunding Bonds	2,790,000	4,360,000
2015 Unamortized Bond Premium	63,135	333,067
2015 School Improvement Bonds	2,960,000	3,265,000
2015 Unamortized Bond Premium	222,045	71,027
2020 Refunding Bonds	34,640,000	35,410,000
2020 Capital Appreciation Bonds	644,975	644,975
2020 Accretion on Capital Appreciation Bonds	285,636	13,992
2020 Unamortized Bond Premium	4,554,195	4,653,578
<i>Total</i>	\$ 48,429,986	\$ 51,271,639

See Note 14 for additional details.

Lake Local School District
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(Unaudited)

Current Issues

The Lake Local School District continues to provide and be recognized for providing a quality education for our students in a closely monitored, cost controlled environment. The School District continues to rely on both state revenue and local property taxes for the continued support of public education. During fiscal year 2021, 54 percent of the School District's general fund total revenue was derived from state sources, while 46 percent was derived from local and other sources. Also during fiscal year 2021, 62 percent of the School District's General Fund total expenditures were made directly on classroom instruction. The School District has made significant efforts to achieve the highest level of performance while maintaining a low cost. The School Board and Administration continue to closely monitor performance in conjunction with revenues and expenditures.

Following the support from our voters to pass a bond issue in May 2015, the School District worked with the Ohio Facilities Construction Commission on a district-wide facility project. For the start of the 2019-2020 school year, we had completed our transition from five buildings to three. Grades Pre-K to 1 are housed at Lake Primary, Grades 2 through 6 are housed at Lake Elementary, and Grades 7 through 12 are housed at Lake Middle/High School. Our academic settings are state of the art, with flexible spaces and furniture, with access to extended learning areas. Technology in the form of one-to-one computing is district-wide in all grades, in addition to a K-12 robotics curriculum. The delivery of content will continue to evolve into the best practice of student centered learning.

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

The School District's Performance Index for the 2020-2021 school year was the highest in Stark County for the sixth year in a row. The School District's Performance Index for the 2020-2021 school year placed us in the top five percent in the State, as 33rd out of 607. The School District's Expenditure Per Equivalent Pupil for the 2020-2021 school year was \$9,259, while the Statewide Average was \$10,334. Based on Expenditure Per Equivalent Pupil and Performance Index, there were zero districts who spent the same or less and performed the same or better.

With the continuing COVID-19 pandemic, the School District took great pride in providing in-person instruction for the entire 2020-2021 school year. With the pandemic still impacting our day to day operations, the School District cannot fully predict the full effect on performance, finances or operations.

All of the School District's resources have and will continue to be focused on doing what is best for our students, and meeting the needs of all of our stakeholders.

Contacting the School District's Financial Management

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

Lake Local School District
Stark County, Ohio
Statement of Net Position
June 30, 2021

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$ 19,219,920
Accounts Receivable	10,036
Intergovernmental Receivable	956,940
Property Taxes Receivable	20,687,344
Net OPEB Asset	2,359,002
Non-Depreciable Capital Assets	3,127,145
Depreciable Capital Assets, net	96,361,598
<i>Total Assets</i>	142,721,985
Deferred Outflows of Resources	
Deferred Charges on Refunding	2,320,738
Pension	7,368,859
OPEB	1,096,131
<i>Total Deferred Outflows of Resources</i>	10,785,728
Liabilities	
Accounts Payable	540,161
Accrued Wages and Benefits	4,031,153
Intergovernmental Payable	633,296
Accrued Interest Payable	117,196
Matured Compensated Absences Payable	7,320
Long-Term Liabilities:	
Due Within One Year	2,832,425
Due In More Than One Year:	
Net Pension Liability	41,163,271
Net OPEB Liability	2,969,482
Other Amounts Due in More Than One Year	46,236,363
<i>Total Liabilities</i>	98,530,667
Deferred Inflows of Resources	
Property Taxes Levied for the Next Year	19,713,832
Deferred Charges on Refunding	238,653
Pension	597,750
OPEB	4,430,104
<i>Total Deferred Inflows of Resources</i>	24,980,339
Net Position	
Net Investment in Capital Assets	53,489,613
Restricted for:	
Capital Outlay	1,345,759
Debt Service	1,288,312
Athletics	97,818
Auxiliary Programs	34,316
Other Purposes	1,510,205
Unrestricted	(27,769,316)
<i>Total Net Position</i>	\$ 29,996,707

See accompanying notes to the basic financial statements.

Lake Local School District
Stark County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2021

	Program Revenues			Net (Expense)	
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Revenue and Changes in Net Position	
			Capital Grants and Contributions	Governmental Activities	
Governmental Activities					
Instruction:					
Regular	\$ 22,286,000	\$ 861,471	\$ 1,094,066	\$ 15,514	
Special	5,198,261	52,686	1,337,189	-	
Vocational	876,836	-	392,880	-	
Other	1,880,015	-	-	-	
Support Services:					
Pupils	2,503,538	-	177,302	-	
Instructional Staff	1,512,386	-	98,203	-	
Board of Education	28,738	-	-	-	
Administration	2,421,998	-	3,153	-	
Fiscal	780,673	2,334	-	218	
Business	237,430	-	-	-	
Operation and Maintenance of Plant	3,145,149	7,329	82,381	685	
Pupil Transportation	2,240,270	17,442	1,438,731	1,631	
Central	121,117	55,097	-	-	
Operation of Non-Instructional/Shared Services:					
Food Service Operations	1,156,164	159,486	1,058,293	-	
Community Services	817,862	-	791,870	2,749	
Extracurricular Activities	1,409,049	373,392	7,188	-	
Debt Service:					
Interest and Fiscal Charges	1,485,658	-	-	-	
Total	\$ 48,101,144	\$ 1,529,237	\$ 6,481,256	\$ 20,797	(40,069,854)

General Revenues

Property Taxes Levied for:	
General Purposes	15,385,749
Debt Service	3,728,744
Capital Outlay	644,467
Grants and Entitlements not Restricted to Specific Programs	17,814,135
Payments in Lieu of Taxes	21,945
Gain on Sale of Capital Assets	600
Investment Earnings	46,829
Miscellaneous	401,730
Total General Revenues	38,044,199
<i>Change in Net Position</i>	(2,025,655)
<i>Net Position Beginning of Year (Restated, See Note 2R)</i>	32,022,362
<i>Net Position End of Year</i>	\$ 29,996,707

See accompanying notes to the basic financial statements.

Lake Local School District
Stark County, Ohio
Balance Sheet
Governmental Funds
June 30, 2021

	General	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Investments	\$ 14,403,905	\$ 1,853,916	\$ 2,962,100	\$ 19,219,921
Accounts Receivable	1,325	-	8,711	10,036
Interfund Receivable	161,412	-	-	161,412
Intergovernmental Receivable	37,403	-	919,537	956,940
Property Taxes Receivable	16,116,067	3,900,576	670,701	20,687,344
<i>Total Assets</i>	<u>\$ 30,720,112</u>	<u>\$ 5,754,492</u>	<u>\$ 4,561,049</u>	<u>\$ 41,035,653</u>
Liabilities				
Accounts Payable	\$ 164,557	\$ -	\$ 375,604	\$ 540,161
Accrued Wages and Benefits	3,733,301	-	297,852	4,031,153
Intergovernmental Payable	572,375	-	60,921	633,296
Interfund Payable	-	-	161,412	161,412
Matured Compensated Absences Payable	7,320	-	-	7,320
<i>Total Liabilities</i>	<u>4,477,553</u>	<u>-</u>	<u>895,789</u>	<u>5,373,342</u>
Deferred Inflows of Resources				
Property Taxes Levied for the Next Year	15,352,929	3,719,779	641,124	19,713,832
Unavailable Revenue	532,385	116,376	654,140	1,302,901
<i>Total Deferred Inflows of Resources</i>	<u>15,885,314</u>	<u>3,836,155</u>	<u>1,295,264</u>	<u>21,016,733</u>
Fund Balances				
Restricted	-	1,918,337	2,648,564	4,566,901
Assigned	996,249	-	-	996,249
Unassigned	9,360,996	-	(278,568)	9,082,428
<i>Total Fund Balance</i>	<u>10,357,245</u>	<u>1,918,337</u>	<u>2,369,996</u>	<u>14,645,578</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 30,720,112</u>	<u>\$ 5,754,492</u>	<u>\$ 4,561,049</u>	<u>\$ 41,035,653</u>

See accompanying notes to the basic financial statements.

Lake Local School District
Stark County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2021

Total Governmental Fund Balances		\$ 14,645,578
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		99,488,743
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Intergovernmental	\$ 635,006	
Accounts Receivable	37,403	
Delinquent Property Taxes	630,492	1,302,901
Accrued interest payable is not due and payable in the current period and therefore not reported in the funds.		(117,196)
Unamortized loss on refunding represents deferred outflows, which do not use current financial resources and, therefore, are not reported in the funds.		2,320,738
Unamortized gain on refunding represents deferred inflows, which do not provide current financial resources and, therefore, are not reported in the funds.		(238,653)
The net pension liability and net OPEB liability are not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB Asset	2,359,002	
Deferred Outflows - Pension	7,368,859	
Deferred Outflows - OPEB	1,096,131	
Net Pension Liability	(41,163,271)	
Net OPEB Liability	(2,969,482)	
Deferred Inflows - Pension	(597,750)	
Deferred Inflows - OPEB	(4,430,104)	(38,336,615)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(42,660,000)	
Unamortized Bond Premium	(4,839,376)	
Capital Appreciation Bonds	(644,975)	
Accretion of Interest - Capital Appreciation Bonds	(285,636)	
Compensated Absences	(638,802)	(49,068,789)
<i>Net Position of Governmental Activities</i>		\$ 29,996,707

See accompanying notes to the basic financial statements.

Lake Local School District
Stark County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2021

	General	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property and Other Local Taxes	\$ 15,063,326	\$ 3,651,319	\$ 631,981	\$ 19,346,626
Intergovernmental	19,273,775	286,358	4,599,800	24,159,933
Investment Income	46,829	-	1,063	47,892
Tuition and Fees	694,088	-	4,032	698,120
Extracurricular Activities	183,926	-	273,115	457,041
Charges for Services	-	-	159,486	159,486
Rent	23,760	-	242,000	265,760
Contributions and Donations	10,160	-	50,065	60,225
Payments in Lieu of Taxes	-	-	21,945	21,945
Miscellaneous	434,550	-	7,847	442,397
<i>Total Revenues</i>	<u>35,730,414</u>	<u>3,937,677</u>	<u>5,991,334</u>	<u>45,659,425</u>
Expenditures				
Current:				
Instruction:				
Regular	14,948,413	-	1,657,290	16,605,703
Special	3,919,554	-	1,056,302	4,975,856
Vocational	777,099	-	46,208	823,307
Other	1,880,015	-	-	1,880,015
Support Services:				
Pupils	2,245,100	-	116,388	2,361,488
Instructional Staff	1,362,398	-	86,479	1,448,877
Board of Education	28,738	-	-	28,738
Administration	2,301,777	-	3,142	2,304,919
Fiscal	710,001	53,959	8,918	772,878
Business	219,587	-	-	219,587
Operation and Maintenance of Plant	2,816,296	-	329,748	3,146,044
Pupil Transportation	2,370,803	-	79,583	2,450,386
Central	97,747	-	14,342	112,089
Operation of Non-Instructional/Shared Services:				
Food Service Operations	7,320	-	1,134,668	1,141,988
Community Services	-	-	777,699	777,699
Extracurricular Activities	876,742	-	351,630	1,228,372
Capital Outlay	-	-	183,393	183,393
Debt Service				
Principal Retirement	250,000	2,645,000	-	2,895,000
Interest and Fiscal Charges	65,862	1,454,059	-	1,519,921
<i>Total Expenditures</i>	<u>34,877,452</u>	<u>4,153,018</u>	<u>5,845,790</u>	<u>44,876,260</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>852,962</u>	<u>(215,341)</u>	<u>145,544</u>	<u>783,165</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	600	-	-	600
Transfers In	-	-	50,000	50,000
Transfers Out	(50,000)	-	-	(50,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(49,400)</u>	<u>-</u>	<u>50,000</u>	<u>600</u>
<i>Net Change in Fund Balances</i>	803,562	(215,341)	195,544	783,765
<i>Fund Balances Beginning of Year, Restated (See Note 2R)</i>	<u>\$ 9,553,683</u>	<u>\$ 2,133,678</u>	<u>\$ 2,174,452</u>	<u>\$ 13,861,813</u>
<i>Fund Balances End of Year</i>	<u>\$ 10,357,245</u>	<u>\$ 1,918,337</u>	<u>\$ 2,369,996</u>	<u>\$ 14,645,578</u>

See accompanying notes to the basic financial statements.

Lake Local School District
Stark County, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2021*

Net Change in Fund Balances - Total Governmental Funds	\$	783,765
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	\$ 632,780	
Current Year Depreciation	<u>(4,805,274)</u>	(4,172,494)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Intergovernmental	16,897	
Property Taxes	(13,767)	
Income Tax	<u>412,334</u>	415,464
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	2,895,000	
Accreted Interest	<u>(271,644)</u>	2,623,356
In the statement of activities, interest is accrued on outstanding bonds, and bond premium and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	18,928	
Amortization of Premium on Bonds	218,296	
Amortization of Refunding Loss	(50,644)	
Amortization of Refunding Gain	<u>119,326</u>	305,906
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	3,054,193	
OPEB	<u>91,227</u>	3,145,420
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(5,234,301)	
OPEB	<u>131,568</u>	(5,102,733)
Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences		<u>(24,339)</u>
<i>Change in Net Position of Governmental Activities</i>	\$	<u><u>(2,025,655)</u></u>

See accompanying notes to the basic financial statements.

Lake Local School District
Stark County, Ohio
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2021

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Property and Other Local Taxes	\$ 14,856,597	\$ 14,925,483	\$ 15,104,466	\$ 178,983
Intergovernmental	18,971,840	19,234,357	19,273,775	39,418
Investment Income	174,100	153,805	146,582	(7,223)
Tuition and Fees	499,929	500,944	676,875	175,931
Extracurricular Activities	80,000	60,000	96,245	36,245
Rent	12,000	12,000	22,680	10,680
Miscellaneous	40,000	40,000	37,530	(2,470)
<i>Total Revenues</i>	<u>34,634,466</u>	<u>34,926,589</u>	<u>35,358,153</u>	<u>431,564</u>
Expenditures				
Current:				
Instruction:				
Regular	15,290,987	15,121,080	14,895,577	225,503
Special	4,505,390	4,455,328	4,388,892	66,436
Vocational	780,268	771,598	760,092	11,506
Other	1,929,918	1,908,473	1,880,015	28,458
Support Services:				
Pupils	2,294,925	2,269,425	2,235,584	33,841
Instructional Staff	1,397,485	1,381,957	1,361,350	20,607
Board of Education	29,515	29,187	28,752	435
Administration	2,397,622	2,370,981	2,335,626	35,355
Fiscal	727,504	719,421	708,693	10,728
Business	222,583	220,110	216,828	3,282
Operation and Maintenance of Plant	2,969,920	2,936,919	2,893,125	43,794
Pupil Transportation	2,505,726	2,477,883	2,440,934	36,949
Central	46,013	45,501	44,823	678
Extracurricular Activities	900,610	890,603	877,323	13,280
Debt Service				
Principal Retirement	250,000	250,000	250,000	-
Interest and Fiscal Charges	65,862	65,862	65,862	-
<i>Total Expenditures</i>	<u>36,314,328</u>	<u>35,914,328</u>	<u>35,383,476</u>	<u>530,852</u>
<i>Excess of Receipts Over (Under) Expenditures</i>	<u>(1,679,862)</u>	<u>(987,739)</u>	<u>(25,323)</u>	<u>962,416</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	-	-	600	600
Refund of Prior Year Expenditures	50,000	384,487	396,341	11,854
Transfers Out	(50,000)	(50,000)	(50,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>334,487</u>	<u>346,941</u>	<u>12,454</u>
<i>Net Change in Fund Balance</i>	<u>(1,679,862)</u>	<u>(653,252)</u>	<u>321,618</u>	<u>974,870</u>
<i>Fund Balance Beginning of Year</i>	<u>12,909,607</u>	<u>12,909,607</u>	<u>12,909,607</u>	<u>-</u>
Prior Year Encumbrances Appropriated	422,598	422,598	422,598	-
<i>Fund Balance End of Year</i>	<u>\$ 11,652,343</u>	<u>\$ 12,678,953</u>	<u>\$ 13,653,823</u>	<u>\$ 974,870</u>

See accompanying notes to the basic financial statements.

Lake Local School District
Stark County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	<u>Custodial</u>
Assets	
Equity in Pooled Cash and Investments	\$ 29,169
<i>Total Assets</i>	<u>29,169</u>
Net Position	
Restricted for Individuals, Organizations, and Other Governments	29,169
<i>Total Net Position</i>	<u>\$ 29,169</u>

See accompanying notes to the basic financial statements.

Lake Local School District
Stark County, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2021

	Custodial
Additions	
Amounts Received as Fiscal Agent	39,831
Extracurricular Amounts Collected for Other Governments	4,830
<i>Total Additions</i>	44,661
 Deductions	
Distributions as Fiscal Agent	42,241
Distributions to OHSAA	2,520
<i>Total Deductions</i>	44,761
 <i>Change in Net Position</i>	 (100)
 <i>Net Position Beginning of Year, Restated (See Note 2R)</i>	 29,269
 <i>Net Position End of Year</i>	 \$ 29,169

See accompanying notes to the basic financial statements.

Lake Local School District
Stark County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

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

Reporting Entity

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

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

The School District participates in a jointly governed organization and two public entity risk pools. These organizations include the Stark/Portage Area Computer Consortium (SPARCC), the Stark County Schools Council of Governments and the Stark County Schools Council of Governments Health Benefit Plan. These organizations are presented in Notes 10 and 17 to the basic financial statements.

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Lake Local School District
Stark County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

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

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

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

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

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

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

C. Measurement Focus

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

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows and current liabilities and deferred inflows generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

D. Basis of Accounting

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

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

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

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, for pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 12 and 13.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue may include delinquent property taxes, grants and entitlements and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 12 and 13).

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as “federal donated commodities revenue.”

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

E. Cash and Cash Equivalents

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

During fiscal year 2021, investments were limited to STAR Ohio, negotiable certificates of deposit, Federal Farm Credit Bank notes, Federal National Mortgage Association notes, Federal Home Loan Bank notes, Federal Home Loan Mortgage notes, U.S. Treasury notes, money market and commercial paper. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, *Certain External Investment Pools and Pool Participants*. The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For the fiscal year 2021, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$46,829 which includes \$10,050 assigned from other School District funds.

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

F. Capital Assets

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

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

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

Description	Governmental Activities Estimated Lives
Land Improvements	40 - 50 Years
Buildings and Improvements	10 - 40 Years
Furniture and Equipment	5 - 20 Years
Vehicles	10 Years

G. Compensated Absences

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

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

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

H. Pensions and Other Postemployment Benefits (OPEB)

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

I. Accrued Liabilities and Long-term Obligations

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

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J. Bond Premiums

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

K. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At June 30, 2021, there was no net position restricted by enabling legislation.

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

L. Fund Balance

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

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

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

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

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

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

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

M. Contributions and Donations

In a prior year, the School District Board approved a project that allows the YMCA to add an addition to the Family Fitness Center and Field House and to renovate the existing building, which is located on the High School/Middle School campus. This project is being fully funded by the YMCA and expense reimbursements received by the School District have been recorded as capital contributions in the amount of \$2,707 in the current year. The project was substantially complete in fiscal year 2020.

N. Interfund Activity

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

O. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2021.

P. Estimates

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

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Q. Budgetary Data

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

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2021.

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

R. Implementation of New Accounting Principles and Restatement of Fund Balance/Net Position

For the fiscal year ended June 30, 2021, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, GASB Statement No. 90, *Majority Equity Interests an amendment of GASB Statements No. 14 and No. 61*, certain provisions of GASB Statement No. 93, *Replacement of Interbank Offered Rates* and GASB Statement No. 98, *The Annual Comprehensive Financial Report*.

GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the School District reviewed its funds for proper classification, and any fund reclassifications resulted in the restatement of the School District's financial statements (see below).

GASB Statement No. 90 improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units. The implementation of GASB Statement No. 90 did not have an effect on the financial statements of the School District.

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GASB Statement No. 93 addresses accounting and financial reporting effects that result from the replacement of interbank offered rates (IBORs) with other reference rates in order to preserve the reliability, relevance, consistency, and comparability of reported information. The implementation of certain provisions (all except for paragraphs 13 and 14, which are effective for fiscal years beginning after June 15, 2021), of GASB Statement No. 93 did not have an effect on the financial statements of the School District.

GASB Statement No. 98 establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments. The implementation of GASB Statement No. 98 did not have an effect on the financial statements of the School District.

Restatement of Net Position/Fund Balances

The implementation of GASB 84 had the following effect on net position as reported June 30, 2020:

	General Fund	Other Governmental Funds
Fund Balance, June 30, 2020	\$ 9,553,281	\$ 2,079,444
GASB Statement No. 84	402	95,008
Restated Fund Balance, June 30, 2020	\$ 9,553,683	\$ 2,174,452

The implementation of GASB 84 had the following effect on fund balance as reported June 30, 2020:

	Governmental Activities
Net Position, June 30, 2020	\$ 31,926,952
GASB Statement No. 84	95,410
Restated Net Position, June 30, 2020	\$ 32,022,362

The implementation of GASB 84 had the following effect on fiduciary net position as reported June 30, 2020:

	Fiduciary Funds	
	Agency	Custodial
Net Position, June 30, 2020	\$ -	\$ -
GASB Statement No. 84	-	29,269
Adjustments:		
Assets	(124,679)	-
Liabilities	124,679	-
Restated Net Position, June 30, 2020	\$ -	\$ 29,269

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NOTE 3 - FUND DEFICITS

Fund balances at June 30, 2021 included the following individual fund deficits:

	Deficit Fund Balance
Nonmajor Governmental Funds:	
IDEA B	\$ 112,463
Title II-A	15,055
Title I	54,831
ESSER	96,219
Total	\$ 278,568

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

NOTE 4 – FUND BALANCE

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

	General	Bond Retirement Fund	Other Governmental Funds	Total
Restricted for:				
Debt Service	-	1,918,337	-	1,918,337
Capital Outlay	-	-	1,226,625	1,226,625
Student Activities	-	-	148,442	148,442
Facilities Maintenance	-	-	918,221	918,221
Other Purposes	-	-	355,276	355,276
Total Restricted	-	1,918,337	2,648,564	4,566,901
Assigned for:				
Public School Support	101,887	-	-	101,887
Other Purposes	37,153	-	-	37,153
Encumbrances:				
Instruction	376,347	-	-	376,347
Support Services	82,541	-	-	82,541
Extracurricular	6,215	-	-	6,215
Subsequent Appropriations	392,106	-	-	392,106
Total Assigned	996,249	-	-	996,249
Unassigned	9,360,996	-	(278,568)	9,082,428
Total Fund Balance	10,357,245	1,918,337	2,369,996	14,645,578

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NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

GAAP Basis	\$ 803,562
Net Adjustment for Revenue Accruals	139,813
Net Adjustment for Expenditure Accruals	(37,273)
Funds Budgeted Elsewhere **	9,111
Adjustment for Encumbrances	<u>(593,595)</u>
Budget Basis	<u>\$ 321,618</u>

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

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days and two hundred seventy days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate note interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

Cash on Hand - At June 30, 2021 the School District had \$1,000 in undeposited cash on hand, which is included as part of “Equity in Pooled Cash and Investments.”

Deposits - At year-end, \$2,387,341 of the School District’s bank balance of \$2,887,341 was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions’ trust department in the School District’s name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

- Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments: Investments are reported at fair value. As of June 30, 2021, the School District had the following investment:

S&P Global Ratings	Investment Type	Measurement Value	Investment Maturities			Percent of Total
			Less than 1 Year	1 to 3 Years	More than 3 Years	
	NAV:					
AAAm	Money Market	\$ 4,813	\$ 4,813	\$ -	\$ -	0.03%
AAAm	STAR Ohio	4,791,636	4,791,636	-	-	29.08%
	Fair Value:					
N/A	Negotiable Certificates of Deposit	5,238,982	755,006	3,994,691	489,285	31.79%
AA+	Federal Farm Credit Bank	1,013,172	-	264,149	749,023	6.15%
AA+	Federal Home Loan Mortgage	944,468	150,188	425,062	369,218	5.73%
AA+	Federal Home Loan Bank	1,306,818	265,106	-	1,041,712	7.93%
AA+	Federal National Mortgage Association	1,091,984	250,372	-	841,612	6.63%
A-1	Commercial Paper	1,099,369	1,099,369	-	-	6.67%
AA+	U.S Treasury notes	987,050	-	-	987,050	5.99%
	Total Investments	\$ 16,478,292	\$ 7,316,490	\$ 4,683,902	\$ 4,477,900	100.00%

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The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2021. The School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

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

Credit Risk: The School District's investments during fiscal year 2021 included STAR Ohio, Commercial Paper, negotiable certificates of deposit, Fidelity Money Market, U.S. Treasury notes, FFCB notes, FNMA notes, FHLB notes and FHLM notes. STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAROhio as of June 30, 2021, is 54 days. The School District has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

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

NOTE 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Public utility real and tangible personal property taxes received in calendar year 2021 became a lien December 31, 2019, were levied after April 1, 2020 and are collected in 2021 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.

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The School District receives property taxes from Stark and Portage Counties. The County Auditors periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2022 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2021, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

The assessed values upon which the fiscal year 2021 taxes were collected are:

	2020 Second Half Collections		2021 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 514,833,960	95.05%	\$ 516,537,210	95.00%
Public Utility Personal Property	26,827,680	4.95%	27,200,920	5.00%
Total	\$ 541,661,640	100.00%	\$ 543,738,130	100.00%
Full Tax Rate per \$1,000 of assessed valuation	\$ 75.90		\$ 76.10	

NOTE 8 - RECEIVABLES

Receivables at June 30, 2021, consisted of taxes, miscellaneous accounts, interfund and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

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Lake Local School District
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NOTE 9 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021 as follows:

	Balance 6/30/2020	Additions	Reductions	Balance 6/30/2021
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 3,127,145	\$ -	\$ -	\$ 3,127,145
Construction in Progress	2,208,110	1,419	(2,209,529)	-
Total Capital Assets not being depreciated	<u>5,335,255</u>	<u>1,419</u>	<u>(2,209,529)</u>	<u>3,127,145</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	1,847,593	-	-	1,847,593
Buildings and Improvements	111,141,188	2,209,529	-	113,350,717
Furniture and Equipment	1,534,917	203,033	-	1,737,950
Vehicles	3,047,709	428,328	(181,096)	3,294,941
Total Capital Assets, being depreciated	<u>117,571,407</u>	<u>2,840,890</u>	<u>(181,096)</u>	<u>120,231,201</u>
Less Accumulated Depreciation:				
Land Improvements	(846,080)	(25,029)	-	(871,109)
Buildings and Improvements	(15,331,924)	(4,520,224)	-	(19,852,148)
Furniture and Equipment	(943,525)	(105,403)	-	(1,048,928)
Vehicles	(2,123,896)	(154,618)	181,096	(2,097,418)
Total Accumulated Depreciation	<u>(19,245,425)</u>	<u>(4,805,274)</u>	<u>181,096</u>	<u>(23,869,603)</u>
Total Capital Assets being depreciated, net	<u>98,325,982</u>	<u>(1,964,384)</u>	<u>-</u>	<u>96,361,598</u>
Governmental Activities Capital Assets, Net	<u>\$ 103,661,237</u>	<u>\$ (1,962,965)</u>	<u>\$ (2,209,529)</u>	<u>\$ 99,488,743</u>

Depreciation expense was charged to the governmental functions as follows:

Governmental Activities:

Instruction:

Regular	\$ 4,481,308
Special	1,959

Support Services:

Administration	1,718
Operation and Maintenance of Plant	20,773
Pupil Transportation	171,124
Central	8,518
Food Services	5,477
Community Services	2,592
Extracurricular Activities	111,805
Total Governmental Activities	<u>\$ 4,805,274</u>

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NOTE 10 - RISK MANAGEMENT

A. Property and Liability

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

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

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

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

B. Workers' Compensation

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

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

C. Health Insurance

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

NOTE 11 - COMPENSATED ABSENCES

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

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

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire 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 percent for the first 30 years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0 percent. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2021.

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The School District's contractually required contribution to SERS was \$658,517 for fiscal year 2021. Of this amount, \$69,878 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased through August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

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

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14 percent and the statutory member rate is 14 percent of covered payroll. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The 2021 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$2,395,676 for fiscal year 2021. Of this amount, \$421,271 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.13131820%	0.13422473%	
Prior Measurement Date	0.13077290%	0.13546760%	
Change in Proportionate Share	0.00054530%	-0.00124287%	
Proportionate Share of the Net			
Pension Liability	\$ 8,685,662	\$ 32,477,609	\$ 41,163,271
Pension Expense	\$ 924,188	\$ 4,310,113	\$ 5,234,301

Deferred outflows/inflows of resources represent the effect of changes in the net pension liability due to the difference between projected and actual investment earnings, differences between expected and actual actuarial experience, changes in assumptions and changes in the School District's proportion of the collective net pension liability. The deferred outflows and deferred inflows are to be included in pension expense over current and future periods. The difference between projected and actual investment earnings is recognized in pension expense using a straight line method over a five year period beginning in the current year. Deferred outflows and deferred inflows resulting from changes in sources other than differences between projected and actual investment earnings are amortized over the average expected remaining service lives of all members (both active and inactive) using the straight line method. Employer contributions to the pension plan subsequent to the measurement date are also required to be reported as a deferred outflow of resources.

At June 30, 2021 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ 16,872	\$ 72,872	\$ 89,744
Net Difference between Projected and Actual Earnings on Pension Plan Investments	551,364	1,579,387	2,130,751
Changes of Assumptions	-	1,743,422	1,743,422
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	22,108	328,641	350,749
School District Contributions Subsequent to the Measurement Date	<u>658,517</u>	<u>2,395,676</u>	<u>3,054,193</u>
Total Deferred Outflows of Resources	<u>\$ 1,248,861</u>	<u>\$ 6,119,998</u>	<u>\$ 7,368,859</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ -	\$ 207,672	\$ 207,672
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	<u>15,772</u>	<u>374,306</u>	<u>390,078</u>
Total Deferred Inflows of Resources	<u>\$ 15,772</u>	<u>\$ 581,978</u>	<u>\$ 597,750</u>

\$3,054,193 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2022	\$ (2,455)	\$ 1,148,121	\$ 1,145,666
2023	174,585	544,868	719,453
2024	229,819	786,533	1,016,352
2025	<u>172,623</u>	<u>662,822</u>	<u>835,445</u>
	<u>\$ 574,572</u>	<u>\$ 3,142,344</u>	<u>\$ 3,716,916</u>

Actuarial Assumptions - SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2130.

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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, 2020, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percentage of Payroll, Closed)
Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent, net of investment expense, including inflation
COLA or Ad Hoc COLA	2.50 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, with 120 percent of male rates and 110 percent of female rates used. The RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years is used for the period after disability retirement.

The most recent experience study was completed for the five year period ended June 30, 2015.

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	<u>100.00 %</u>	

Discount Rate Total pension liability was calculated using the discount rate of 7.50 percent. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 24-year amortization period of the unfunded actuarial accrued liability.

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Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the School District's proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the School District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 11,898,297	\$ 8,685,662	\$ 5,990,201

Actuarial Assumptions - STRS

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

Inflation	2.50 percent
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Cost-of-Living Adjustments	0.00 percent

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

The actuarial assumptions used in the June 30, 2020 valuation, were based on the results of the latest available actuarial experience study, which is for the period July 1, 2011, through June 30, 2016.

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

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

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

Discount Rate. The discount rate used to measure the total pension liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2020. Therefore, the long-term expected rate of return on investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2020.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table represents the School District's proportionate share of the net pension liability as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 46,242,461	\$ 32,477,609	\$ 20,813,043

Social Security System

Effective July 1, 1991, all employees not otherwise covered by School Employees Retirement System or State Teachers Retirement System have an option to choose Social Security. The School District's liability is 6.2 percent of wages paid.

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NOTE 13 - DEFINED BENEFIT OPEB PLANS

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

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2021, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District's surcharge obligation was \$91,227, which is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B premium reimbursements were discontinued effective January 1, 2021. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.13663300%	0.13422500%	
Prior Measurement Date	<u>0.13403500%</u>	<u>0.13546800%</u>	
Change in Proportionate Share	<u>0.00259800%</u>	<u>-0.00124300%</u>	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ 2,969,482	\$ (2,359,002)	
OPEB Expense	\$ (1,442)	\$ (130,126)	\$ (131,568)

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between Expected and			
Actual Experience	\$ 39,002	\$ 151,155	\$ 190,157
Net Difference between Projected and			
Actual Earnings on OPEB Plan Investments	33,460	82,676	116,136
Changes of Assumptions	506,194	38,941	545,135
Changes in Proportion and Differences between			
School District Contributions and Proportionate			
Share of Contributions	48,164	105,312	153,476
School District Contributions Subsequent to the			
Measurement Date	<u>91,227</u>	<u>-</u>	<u>91,227</u>
Total Deferred Outflows of Resources	<u>\$ 718,047</u>	<u>\$ 378,084</u>	<u>\$ 1,096,131</u>
Deferred Inflows of Resources			
Differences between Expected and			
Actual Experience	\$ 1,510,189	\$ 469,881	\$ 1,980,070
Changes of Assumptions	74,794	2,240,660	2,315,454
Changes in Proportion and Differences between			
School District Contributions and Proportionate			
Share of Contributions	<u>44,477</u>	<u>90,103</u>	<u>134,580</u>
Total Deferred Inflows of Resources	<u>\$ 1,629,460</u>	<u>\$ 2,800,644</u>	<u>\$ 4,430,104</u>

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\$91,227 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2022	\$ (206,700)	\$ (599,021)	\$ (805,721)
2023	(204,281)	(543,059)	(747,340)
2024	(204,674)	(523,433)	(728,107)
2025	(194,231)	(517,204)	(711,435)
2026	(143,313)	(125,559)	(268,872)
Thereafter	(49,441)	(114,284)	(163,725)
	\$ (1,002,640)	\$ (2,422,560)	\$ (3,425,200)

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, 2020, are presented below:

Inflation	3.00 percent
Salary Increases, including inflation	3.50 percent to 18.20 percent
Investment Rate of Return	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	2.45 percent
Prior Measurement Date	3.13 percent
Single Equivalent Interest Rate	
Measurement Date	2.63 percent, net of plan investment expense, including price inflation
Prior Measurement Date	3.22 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Pre-Medicare	7.00 percent - 4.75 percent
Medicare	5.25 percent - 4.75 percent

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Mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

The most recent experience study was completed for the five year period ended June 30, 2015.

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 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer time frame. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class, as used in the June 30, 2015 five-year experience study, are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	1.85 %
US Stocks	22.50	5.75
Non-US Stocks	22.50	6.50
Fixed Income	19.00	2.85
Private Equity	12.00	7.60
Real Assets	17.00	6.60
Multi-Asset Strategies	5.00	6.65
Total	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability prior to June 30, 2020 was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2034. However, since SERS' actuaries indicate the fiduciary net position is projected to be depleted at a future measurement date, the single equivalent interest rate is determined as 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 by the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e., municipal bond rate).

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Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.63 percent) and higher (3.63 percent) than the current discount rate (2.63 percent). 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 percent decreasing to 3.75 percent) and higher (8.00 percent decreasing to 5.75 percent) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 3,634,573	\$ 2,969,482	\$ 2,440,737
		Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 2,338,241	\$ 2,969,482	\$ 3,813,613

Actuarial Assumptions – STRS

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

Inflation	2.50 percent	
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	
Payroll Increases	3.00 percent	
Investment Rate of Return	7.45 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.45 percent	
Health Care Cost Trend Rates		
Medical	<u>Initial</u>	<u>Ultimate</u>
Pre-Medicare	5.00 percent	4.00 percent
Medicare	-6.69 percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.50 percent	4.00 percent
Medicare	11.87 percent	4.00 percent

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

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

The actuarial assumptions used in the June 30, 2020 valuation were adopted by the board from the results of an actuarial experience study for July 1, 2011, through June 30, 2016.

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

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

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.45 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2020.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as of June 30, 2020, calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (2,052,485)	\$ (2,359,002)	\$ (2,619,071)
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (2,602,927)	\$ (2,359,002)	\$ (2,061,865)

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

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NOTE 14 - LONG - TERM OBLIGATIONS

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

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

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

	Outstanding 6/30/2020	Additions	Reductions	Outstanding 6/30/2021	Amounts Due in One Year
Governmental Activities:					
General Obligation Bonds:					
School Improvement Bonds - 2013	\$ 2,520,000	\$ 0	\$ 250,000	\$ 2,270,000	\$ 255,000
School Improvement Bonds - 2015	3,265,000	0	475,000	2,790,000	490,000
Unamortized Bond Premium	71,027	0	7,892	63,135	0
School Improvement Refunding Bonds - 2015	4,360,000	0	1,400,000	2,960,000	1,450,000
Unamortized Bond Premium	333,067	0	111,022	222,045	0
School Improvement Refunding Bonds - 2020					
Serial and Term Bonds	35,410,000	0	770,000	34,640,000	315,000
Capital Appreciation Bonds	644,975	0	0	644,975	0
Accretion on Bonds	13,992	271,644	0	285,636	0
Unamortized Bond Premium	4,653,578	0	99,383	4,554,195	0
Total General Obligation Bonds	<u>51,271,639</u>	<u>271,644</u>	<u>3,113,297</u>	<u>48,429,986</u>	<u>2,510,000</u>
Net Pension/OPEB Liability:					
Pension	37,782,218	3,381,053	0	41,163,271	0
OPEB	3,370,701	0	401,219	2,969,482	0
Total Net Pension/OPEB Liability	<u>41,152,919</u>	<u>3,381,053</u>	<u>401,219</u>	<u>44,132,753</u>	<u>0</u>
Compensated Absences	614,462	174,639	150,299	638,802	322,425
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 93,039,020</u>	<u>\$ 3,827,336</u>	<u>\$ 3,664,815</u>	<u>\$ 93,201,541</u>	<u>\$ 2,832,425</u>

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2013 School Facilities Improvement Bonds

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

2015 Unlimited Tax General Obligation Bonds

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

2015 School Improvement Refunding Bonds

On March 12, 2015, the School District issued \$17,650,000 in general obligation bonds. The proceeds of the bonds were used to refund \$18,295,000 of the School District's outstanding 2005 School Improvement Refunding Bonds. The bonds were issued for a 10 year period with final maturity at December 1, 2026. At the date of the refunding, \$18,599,917 (including premium and after underwriting fees) was deposited in an irrevocable trust to provide for all future payments on the refunded bonds. These refunding bonds were issued with a premium of \$1,334,380, which was reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the bonds outstanding method. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$3,036,317. The issuance resulted in an economic gain of \$2,634,092. A portion of these bonds were refunded during fiscal year 2020, as further discussed below.

2020 School Improvement Refunding Bonds

On April 21, 2020, the School District issued \$36,054,975 in general obligation bonds, which included serial and capital appreciation (deep discount) bonds in the amount of \$35,410,000 and \$644,975, respectively. The proceeds of the bonds were used to refund \$6,575,000 of the School District's outstanding 2015 School Improvement Refunding Bonds and \$29,580,000 of 2015 School Improvement Bonds. The bonds were issued for a 30 year period with final maturity at December 1, 2050. At the date of refunding, \$40,708,552 (including premium and after underwriting fees, and other issuance costs) was received to pay off old debt. As all of the legal steps had been taken to refund the debt, the balance of the outstanding bonds refunded was removed from the School District's financial statements. The principal balance outstanding on defeased bonds was \$36,155,000 at June 30, 2021.

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

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

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

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

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

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

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

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

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

Lake Local School District
Stark County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2021 are as follows:

Fiscal Year Ending June 30,	Serial Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Accretion	Principal	Accretion/ Interest
2022	\$ 2,510,000	\$ 1,360,204	\$ -	\$ -	\$ 2,510,000	\$ 1,360,204
2023	2,615,000	1,277,278	-	-	2,615,000	1,277,278
2024	2,645,000	1,189,298	-	-	2,645,000	1,189,298
2025	2,750,000	1,087,610	-	-	2,837,585	1,365,025
2026	2,495,000	991,922	87,585	277,415	3,000,597	4,741,325
2027-2031	3,260,000	4,284,426	505,597	3,749,403	3,311,793	5,242,633
2032-2036	4,245,000	3,935,999	51,793	958,207	4,245,000	3,935,999
2037-2041	6,145,000	3,137,222	-	-	6,145,000	3,137,222
2042-2046	7,285,000	2,071,928	-	-	7,285,000	2,071,928
2047-2051	8,710,000	751,800	-	-	8,710,000	751,800
Total	\$ 42,660,000	\$ 20,087,687	\$ 644,975	\$ 4,985,025	\$ 43,304,975	\$ 25,072,712

NOTE 15 - INTERFUND TRANSACTIONS

A. Interfund Balances

Interfund balances at June 30, 2021 consist of the following receivables and payables:

	Interfund Payable	Interfund Receivable
		General
Nonmajor Governmental Funds:		
ESSER		\$ 58,472
IDEA B		76,194
Title I		20,936
Title II-A		5,810
Total		\$ 161,412

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

B. Interfund Transfers

During the fiscal year, the general fund transferred \$50,000 to the district managed student activities fund to provide additional resources for current operations.

NOTE 16 - SET-ASIDES

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

Lake Local School District
Stark County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

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

	Capital Improvement
Set Aside Restricted Balance June 30, 2020	\$ 0
Current Year Set-Aside Requirement	599,959
Current Year Qualifying Expenditures	(471,977)
Current Year Offsets	(434,721)
Total	\$ (306,739)
Balance Carried Forward to Fiscal Year 2022	\$ 0
Set Aside Balance June 30, 2021	\$ 0

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

NOTE 17- JOINTLY GOVERNED ORGANIZATION

The Stark/Portage Area Computer Consortium (SPARCC) is a jointly governed organization comprised of 31 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports SPARCC based upon a per pupil charge dependent upon the software package utilized. The SPARCC assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. SPARCC is governed by a board of directors chosen from the general membership of the SPARCC assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county in which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Stark County Education Services Center, which serves as fiscal agent, located at 6057 Strip Avenue NW, North Canton, Ohio 44720. The School District paid \$113,685 to SPARCC for basic services in fiscal year 2021.

NOTE 18 – CONTINGENCIES AND SIGNIFICANT COMMITMENTS

A. Grants

The School District received financial assistance from Federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2021, if applicable, cannot be determined at this time.

B. Litigation

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

Lake Local School District
Stark County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2021

C. Encumbrance Commitments

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

Fund	Encumbrances
General Fund	\$ 469,208
Nonmajor Governmental Funds	230,795
	\$ 700,003

D. School District Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) 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. The net adjustments were not material and are not reflected in the accompanying financial statements.

NOTE 19 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's State of Emergency ended in June of 2021 while the national State of Emergency continues. During fiscal year 2021, the District received Coronavirus Act Relief and Economic Security (CARES) Act funding. The School District’s investment portfolio and the investments of the pension and other employee benefit plan in which the School District participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. In addition, the impact on the School District’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. Additional funding has been made available through the Consolidated Appropriations Act 2021, passed by Congress on December 21, 2020 and/or the American Rescue Plan Act, passed by Congress on March 11, 2021.

NOTE 20 – SUBSEQUENT EVENTS

For fiscal year 2022, school district foundation funding received from the State of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the educating school. For fiscal year 2021, the School District reported \$656,876 in revenues and expenditures/expenses related to these programs. Also during fiscal year 2021, the School District reported \$242,019 in tuition and fees from the resident school district which will be direct funded to the School District as education entity in fiscal year 2022. This new funding system calculates a unique base cost and a unique “per-pupil local capacity amount” for each school district. The School District’s state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>School Employees Retirement System (SERS)</i>				
School District's Proportion of the Net Pension Liability	0.13131820%	0.13077290%	0.13223740%	0.13444370%
School District's Proportionate Share of the Net Pension Liability	\$ 8,685,662	\$ 7,824,372	\$ 7,573,481	\$ 8,032,714
School District's Covered Payroll	\$ 4,641,129	\$ 4,501,467	\$ 4,332,148	\$ 4,327,571
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	187.15%	173.82%	174.82%	185.62%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	68.55%	70.85%	71.36%	69.50%
<i>State Teachers Retirement System (STRS)</i>				
School District's Proportion of the Net Pension Liability	0.13422473%	0.13546760%	0.13678483%	0.13309679%
School District's Proportionate Share of the Net Pension Liability	\$ 32,477,609	\$ 29,957,846	\$ 30,075,913	\$ 31,617,428
School District's Covered Payroll	\$ 16,243,371	\$ 15,953,407	\$ 15,817,700	\$ 14,780,679
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	199.94%	187.78%	190.14%	213.91%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.50%	77.40%	77.31%	75.30%

(1) Information prior to 2014 is not available.

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

See accompanying notes to the required supplementary information.

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

See accompanying notes to the required supplementary information.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>School Employees Retirement System (SERS)</i>				
Contractually Required Contribution	\$ 658,517	\$ 649,758	\$ 607,698	\$ 584,840
Contributions in Relation to the Contractually Required Contribution	<u>(658,517)</u>	<u>(649,758)</u>	<u>(607,698)</u>	<u>(584,840)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 4,703,693	\$ 4,641,129	\$ 4,501,467	\$ 4,332,148
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.50%	13.50%
<i>State Teachers Retirement System (STRS)</i>				
Contractually Required Contribution	\$ 2,395,676	\$ 2,274,072	\$ 2,233,477	\$ 2,214,478
Contributions in Relation to the Contractually Required Contribution	<u>(2,395,676)</u>	<u>(2,274,072)</u>	<u>(2,233,477)</u>	<u>(2,214,478)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 17,111,971	\$ 16,243,371	\$ 15,953,407	\$ 15,817,700
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 605,860	\$ 735,509	\$ 586,318	\$ 566,889	\$ 647,952	\$ 713,664
<u>(605,860)</u>	<u>(735,509)</u>	<u>(586,318)</u>	<u>(566,889)</u>	<u>(647,952)</u>	<u>(713,664)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,327,571	\$ 5,253,636	\$ 4,448,543	\$ 4,090,108	\$ 4,681,734	\$ 5,306,052
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%
\$ 2,069,295	\$ 1,970,238	\$ 1,817,484	\$ 1,839,162	\$ 1,769,888	\$ 1,814,426
<u>(2,069,295)</u>	<u>(1,970,238)</u>	<u>(1,817,484)</u>	<u>(1,839,162)</u>	<u>(1,769,888)</u>	<u>(1,814,426)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 14,780,679	\$ 14,073,129	\$ 12,982,029	\$ 14,147,400	\$ 13,614,523	\$ 13,957,123
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

See accompanying notes to the required supplementary information.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<i>School Employees Retirement System (SERS)</i>					
School District's Proportion of the Net OPEB Liability	0.136633%	0.13403500%	0.13398580%	0.13692630%	0.13896533%
School District's Proportionate Share of the Net OPEB Liability	\$ 2,969,482	\$ 3,370,701	\$ 3,717,128	\$ 3,674,742	\$ 3,961,026
School District's Covered Payroll	\$ 4,641,129	\$ 4,501,467	\$ 4,332,148	\$ 4,327,571	\$ 5,253,636
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	63.98%	74.88%	85.80%	84.91%	75.40%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	18.17%	15.57%	13.57%	12.46%	11.49%
<i>State Teachers Retirement System (STRS)</i>					
School District's Proportion of the Net OPEB Liability/(Asset)	0.134225%	0.13546800%	0.13678483%	0.13309679%	0.13232469%
School District's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (2,359,002)	\$ (2,243,675)	\$ (2,197,993)	\$ 5,192,946	\$ 7,076,759
School District's Covered Payroll	\$ 16,243,371	\$ 15,953,407	\$ 15,817,700	\$ 14,780,679	\$ 14,073,129
School District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-14.52%	-14.06%	-13.90%	35.13%	50.29%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)	182.10%	174.70%	176.00%	47.10%	37.30%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<i>School Employees Retirement System (SERS)</i>				
Contractually Required Contribution (1)	\$ 91,227	\$ 89,499	\$ 104,405	\$ 93,295
Contributions in Relation to the Contractually Required Contribution	<u>(91,227)</u>	<u>(89,499)</u>	<u>(104,405)</u>	<u>(93,295)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
School District's Covered Payroll	\$ 4,703,693	\$ 4,641,129	\$ 4,501,467	\$ 4,332,148
OPEB Contributions as a Percentage of Covered Payroll (1)	1.94%	1.93%	2.32%	2.15%
<i>State Teachers Retirement System (STRS)</i>				
Contractually Required Contribution	\$ -	-	-	-
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
School District's Covered Payroll	\$ 17,111,971	\$ 16,243,371	\$ 15,953,407	\$ 15,817,700
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

See accompanying notes to the required supplementary information.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 76,927	\$ 65,251	\$ 106,546	\$ 75,294	\$ 72,366	\$ 94,808
<u>(76,927)</u>	<u>(65,251)</u>	<u>(106,546)</u>	<u>(75,294)</u>	<u>(72,366)</u>	<u>(94,808)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 4,327,571	\$ 5,253,636	\$ 4,448,543	\$ 4,090,108	\$ 4,681,734	\$ 5,306,052
1.78%	1.24%	2.40%	1.84%	1.55%	1.79%
-	-	-	\$ 125,881	\$ 142,286	\$ 143,305
<u>-</u>	<u>-</u>	<u>-</u>	<u>(125,881)</u>	<u>(142,286)</u>	<u>(143,305)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 14,780,679	\$ 14,073,129	\$ 12,982,029	\$ 14,147,400	\$ 13,614,523	\$ 13,957,123
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

See accompanying notes to the required supplementary information.

Lake Local School District
Stark County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

NOTE 1 - NET PENSION LIABILITY

Changes in Assumptions - SERS

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

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

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

Changes in Assumptions – STRS

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

Changes in Benefit Terms - SERS

With the authority granted to the Board under SB 8, the Board enacted a three-year COLA delay for future benefit recipients commencing on or after April 1, 2018.

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

Changes in Benefit Terms - STRS

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

Lake Local School District
Stark County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:

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

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

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

Pre-Medicare

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

Medicare

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

Changes in Assumptions – STRS

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

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

Lake Local School District
Stark County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2021

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

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Changes in Benefit Terms – STRS

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

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

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

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

LAKE LOCAL SCHOOL DISTRICT
STARK COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555	N/A	\$115,951
Cash Assistance			
National School Breakfast Program	10.553	049866-3L60-2021	88,433
National School Lunch Program	10.555	049866-3L60-2021	656,518
COVID-19 National School Lunch Program	10.555	049866-3L60-2021	69,061
Total U.S. Department of Agriculture/Child Nutrition Cluster			929,963
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
Title I, Grants to Local Educational Agencies	84.010	049866-3M00-2020	45,302
Title I, Grants to Local Educational Agencies	84.010	049866-3M00-2021	267,612
Title I, Expanding Opportunities for Each Child	84.010	049866-2021	6,239
Total Title I, Grants to Local Educational Agencies			319,153
Special Education Cluster			
IDEA-B, Special Education Grants to States	84.027	049866-3M20-2020	93,635
IDEA-B, Special Education Grants to States	84.027	049866-3M20-2021	776,507
IDEA-B, Restoration	84.027	049866-3M20-2020	903
Total Special Education Cluster			871,045
Title II-A, Improving Teacher Quality State Grants	84.367	049866-3Y60-2020	13,796
Title II-A, Improving Teacher Quality State Grants	84.367	049866-3Y60-2021	68,676
Total Title II-A, Improving Teacher Quality State Grants			82,472
Title IV-A, Student Support and Academic Enrichment Program	84.424A	049866-2021	21,095
Elementary and Secondary School Emergency Relief Fund (ESSER)			
COVID-19 Elementary and Secondary School Emergency Relief Fund - I	84.425D	049866-2021	196,377
COVID-19 Elementary and Secondary School Emergency Relief Fund - II	84.425D	049866-2022	586,144
Total Elementary and Secondary School Emergency Relief Fund			782,521
Total Passed Through Ohio Department of Education			2,076,286
<i>Passed Through Ohio Department of Education and Plain Local School District</i>			
Career and Technical Education - Basic Grants to States	84.048	N/A	39,968
Total U.S. Department of Education			2,116,254
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through Ohio Department of Education</i>			
COVID-19 Coronavirus Relief Fund	21.019	049866-2021	164,732
Total U.S. Department of Treasury			164,732
INSTITUTE OF MUSEUM AND LIBRARY SERVICES			
<i>Passed Through State Library of Ohio</i>			
COVID-19 Grants to States	45.310	049866-2021	3,000
Total Institute of Museum and Library Services			3,000
Total Expenditures of Federal Awards			\$3,213,949

The accompanying notes are an integral part of this schedule.

**LAKE LOCAL SCHOOL DISTRICT
STARK COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Lake Local School District (the School District) under programs of the federal government for the year ended June 30, 2021. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position or changes in net position of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

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

NOTE E - CHILD NUTRITION CLUSTER

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

NOTE F – FOOD DONATION PROGRAM

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

OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lake Local School District, Stark County, (the School District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated April 13, 2022, wherein we noted the School District adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the School District.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the School District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the School District's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

April 13, 2022

OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited Lake Local School District's (the School District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Lake Local School District's major federal program for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the School District's major federal program.

Management's Responsibility

The School District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for the School District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in 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). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the School District's major program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on the Major Federal Program

In our opinion, Lake Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2021.

Report on Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *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 federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement 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 first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

April 13, 2022

**LAKE LOCAL SCHOOL DISTRICT
STARK COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2021**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE KEITH FABER



LAKE LOCAL SCHOOL DISTRICT

STARK COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 5/5/2022

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This report is a matter of public record and is available online at
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