LAKE LOCAL SCHOOL DISTRICT
WOOD COUNTY

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OHIO AUDITOR OF STATE
KEITH FABER

LAKE LOCAL SCHOOL DISTRICT
WOOD COUNTY
JUNE 30, 2023

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OHIO AUDITOR OF STATE
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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lake Local School District, Wood County, Ohio (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in cash-basis financial position thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the cash-basis of accounting described in Note 2.

Basis for Opinions

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

Emphasis of Matter - Accounting Basis

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

Supplementary Information

Our audit was conducted to opine on the financial statements as a whole that collectively comprise the District's basic financial statements.

The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2024, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

June 3, 2024

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Lake Local School District
Wood County
Statement of Net Position - Cash Basis
June 30, 2023

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	$ 42,184,391
Total Assets	42,184,391
Net Position	
Restricted for:	
Capital Projects	34,058,854
Debt Service	2,255,554
Other Purposes	1,381,871
Unrestricted	4,488,112
Total Net Position	$ 42,184,391

See accompanying notes to the basic financial statements

Lake Local School District
Wood County
Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2023

	Cash Disbursements	Program Cash Receipts: Charges for Services and Sales	Program Cash Receipts: Operating Grants, Contributions and Interest	Program Cash Receipts: Capital Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Position: Governmental Activities
Governmental Activities					
Instruction:					
Regular	$ 10,622,728	$ 644,262	$ 1,256,108	$ -	$ (8,722,358)
Special	3,008,654	-	831,500	-	(2,177,154)
Vocational	122,494	-	-	-	(122,494)
Other	171,875	-	-	-	(171,875)
Support Services:					
Pupil	718,702	-	-	-	(718,702)
Instructional Staff	1,456,275	-	9,174	-	(1,447,101)
Board of Education	235,674	-	-	-	(235,674)
Administration	1,352,463	-	2,700	-	(1,349,763)
Fiscal	623,931	-	-	-	(623,931)
Business	6,194	-	-	-	(6,194)
Operation and Maintenance of Plant	2,444,452	-	-	-	(2,444,452)
Pupil Transportation	1,640,525	42,641	-	-	(1,597,884)
Central	194,834	-	-	-	(194,834)
Food Service Operations	645,460	294,552	471,864	-	120,956
Facility Acquisition and Contrustion	2,082,268	-			(2,082,268)
Extracurricular Activities	981,435	640,806	-	-	(340,629)
Capital Outlay	-	-	-	74,371	74,371
Debt Service:					
Principal Retirement	1,105,000	-	-	-	(1,105,000)
Interest and Fiscal Charges	1,477,075	-	-	-	(1,477,075)
Total Governmental Activities	$ 28,890,039	$ 1,622,261	$ 2,571,346	$ 74,371	(24,622,061)

General Receipts	
Property Taxes Levied for:	
General Purposes	9,291,419
Debt Service	1,679,609
Capital Outlay	285,644
Grants and Entitlements not Restricted to Specific Programs	7,671,144
Sale of Capital Assets	4,400
Payment in Lieu of Taxes	909,000
Earnings on Investments	533,612
Refund of Prior Year Expenditures	12,720
Miscellaneous	11,505
Total General Receipts	20,399,053
Change in Net Position	(4,223,008)
Net Position Beginning of Year (Restated)	46,407,399
Net Position End of Year	$ 42,184,391

See accompanying notes to the basic financial statements

Lake Local School District
Wood County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
June 30, 2023

	General	Building Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Investments	$ 4,488,112	$ 33,854,512	$ 3,841,767	$ 42,184,391
Total Assets	4,488,112	33,854,512	3,841,767	42,184,391
Fund Balances				
Restricted	-	33,854,512	4,511,126	38,365,638
Assigned	247,858	-	-	247,858
Unassigned	4,240,254	-	(669,359)	3,570,895
Total Fund Balances	$ 4,488,112	$ 33,854,512	$ 3,841,767	$ 42,184,391

See accompanying notes to the basic financial statements

Lake Local School District
Wood County
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General	Building Fund	Other Governmental Funds	Total Governmental Funds
Cash Receipts				
Property and Other Local Taxes	$ 9,291,419	$ -	$ 1,928,944	$ 11,220,363
Payments in Lieu of Taxes	909,000	-	-	909,000
Tuition	537,133	-	-	537,133
Transportation Fees	42,641	-	-	42,641
Earnings on Investments	533,612	-	9,023	542,635
Charges for Services - Food Service	-	-	294,552	294,552
Extracurricular Activities	145,397	-	426,727	572,124
Classroom Materials and Fees	87,121	-	-	87,121
Rental Income	8,950	-	-	8,950
Contributions and Donations	1,754	-	83,837	85,591
Contract Services	1,435	-	12,714	14,149
Other Local Revenue	11,505	-	-	11,505
Intergovernmental - State	7,671,144	-	285,318	7,956,462
Intergovernmental - Federal	106,984	-	2,260,701	2,367,685
Total Cash Receipts	19,348,095	-	5,301,816	24,649,911
Cash Disbursements				
Current:				
Instruction:				
Regular	9,802,240	-	820,488	10,622,728
Special	2,706,263	-	302,391	3,008,654
Vocational	122,494	-	-	122,494
Other	148,780	-	23,095	171,875
Support Services:				
Pupil	568,551	-	150,151	718,702
Instructional Staff	589,362	-	866,913	1,456,275
Board of Education	235,674	-	-	235,674
Administration	1,348,676	-	3,787	1,352,463
Fiscal	597,817	500	25,614	623,931
Business	6,194	-	-	6,194
Operation and Maintenance of Plant	2,086,140	-	358,312	2,444,452
Pupil Transportation	1,195,695	-	444,830	1,640,525
Central	193,587	-	1,247	194,834
Food Service Operations	-	-	645,460	645,460
Facility Acquisition and Contrustion	-	2,082,268	-	2,082,268
Extracurricular Activities	563,930	-	417,505	981,435
Debt Service:				
Principal Retirement	-	-	1,105,000	1,105,000
Interest and Fiscal Charges	-	-	1,477,075	1,477,075
Total Cash Disbursements	20,165,403	2,082,768	6,641,868	28,890,039
Excess of Receipts (Under) Disbursements	(817,308)	(2,082,768)	(1,340,052)	(4,240,128)
Other Financing Sources (Uses)				
Sale of Fixed Assets	-	-	4,400	4,400
Transfers In	-	-	10,000	10,000
Transfers Out	(10,000)	-	-	(10,000)
Reduction of prior year expenditure	12,720	-	-	12,720
Total Other Financing Sources (Uses)	2,720	-	14,400	17,120
Change in Fund Balance	(814,588)	(2,082,768)	(1,325,652)	(4,223,008)
Fund Balance, Beginning of Year (Restated)	5,302,700	35,937,280	5,167,419	46,407,399
Fund Balance, End of Year	$ 4,488,112	$ 33,854,512	$ 3,841,767	$ 42,184,391

See accompanying notes to the basic financial statements

Lake Local School District
Wood County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget (Non-GAAP) and Actual
General Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Property and Other Local Taxes	$ 9,166,105	$ 9,166,105	$ 9,291,419	$ 125,314
Payments in Lieu of Taxes	896,740	896,740	909,000	12,260
Tuition	593,986	593,986	537,133	(56,853)
Transportation Fees	47,154	47,154	42,641	(4,513)
Earnings on Investments	590,092	590,092	533,612	(56,480)
Extracurricular Activities	160,787	160,787	145,397	(15,390)
Classroom Materials and Fees	96,342	96,342	87,121	(9,221)
Rental Income	9,897	9,897	8,950	(947)
Contributions and Donations	1,940	1,940	1,754	(186)
Contract Services	1,587	1,587	1,435	(152)
Other Local Revenue	12,723	12,723	11,505	(1,218)
Intergovernmental - State	8,523,252	8,523,252	7,671,144	(852,108)
Intergovernmental - Federal	118,308	118,308	106,984	(11,324)
Total Revenues	20,218,913	20,218,913	19,348,095	(870,818)
Disbursements				
Current:				
Instruction:				
Regular	9,295,169	9,847,492	9,806,268	41,224
Special	2,399,308	3,099,679	2,706,634	393,045
Vocational	107,893	107,920	122,521	(14,601)
Other	62,256	62,256	148,780	(86,524)
Support Services:				
Pupils	496,094	796,224	568,681	227,543
Instructional Staff	466,132	540,151	623,631	(83,480)
Board of Education	168,255	368,326	235,745	132,581
Administration	1,294,283	1,559,030	1,353,423	205,607
Fiscal	594,368	634,445	598,158	36,287
Business	3,817	3,817	6,194	(2,377)
Operation and Maintenance of Plant	2,105,362	2,217,774	2,282,443	(64,669)
Pupil Transportation	1,014,060	1,114,268	1,195,903	(81,635)
Central	186,399	293,490	200,678	92,812
Extracurricular Activities	506,869	607,141	564,202	42,939
Total Disbursements	18,700,265	21,252,013	20,413,261	838,752
Excess of Revenues Over (Under) Disbursements	1,518,648	(1,033,100)	(1,065,166)	(32,066)
Other Financing Sources (Uses)				
Proceeds from Sale of Fixed Assets	4,866	4,866	-	(4,866)
Refund of Prior Year Expenditures	14,066	14,066	12,720	(1,346)
Transfers Out	-	(10,000)	(10,000)	-
Total Other Financing Sources (Uses)	18,932	8,932	2,720	(6,212)
Change in Fund Balance	1,537,580	(1,024,168)	(1,062,446)	(38,278)
Fund Balance, Beginning of Year	5,302,700	5,302,700	5,302,700	-
Fund Balance, End of Year	$ 6,840,280	$ 4,278,532	$ 4,240,254	$ (38,278)

See accompanying notes to the basic financial statements

Lake Local School District
Wood County
Statement of Fiduciary Net Position - Cash Basis
Fiduciary Funds
June 30, 2023

	Private Purpose Trust	Custodial
Assets		
Equity in pooled cash and cash equivalents	$ 673,823	$ 42,150
Total assets	673,823	42,150
Net Position		
Restricted for:		
Held in Trsut for Scholarships	673,823	-
Individuals, Organizations, and Other Governments	-	42,150
Total net position	$ 673,823	$ 42,150

See accompanying notes to the financial statements.

Lake Local School District
Wood County
Statement of Changes in Fiduciary Net Position - Cash Basis
Fiduciary Funds
For the Fiscal Year Ended June 30, 2023

	Private Purpose Trust	Custodial
Additions		
Earnings on Investments	$ 6,329	$ -
Total Additions	6,329	-
Deductions		
Extracurricular Activities	-	909
Payments in Accordance with Trust Agreements	19,500	-
Total Deductions	19,500	909
Change in Net Position	(13,171)	(909)
Net Position, Beginning of Year	686,994	43,059
Net Position, End of Year	$ 673,823	$ 42,150

See accompanying notes to the financial statements.

Note 1 – Description of the District

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

The District is located in a rural community in northwest Ohio. The District is staffed by 45 classified employees, 116 certified teaching personnel, and 14 administrative employees who provide services to 1,551 students and other community members.

Primary Government

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

Jointly Governed Organizations and Public Entity Risk Pools

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

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

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

Note 2 – Summary of Significant Accounting Policies (continued)

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

Fund Accounting

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

Governmental Funds

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

> ***General Fund*** The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.
>
> ***Building Fund*** This fund accounts for and reports financial resources that are restricted to expenditure for the construction of capital facilities and capital assets.

Note 2 – Summary of Significant Accounting Policies (continued)

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

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

Basis of Accounting

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

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

Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund level for all funds. Budgetary allocations at the function and object level within all funds are made by the Treasurer.

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

Note 2 – Summary of Significant Accounting Policies (continued)

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

Cash and Investments

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

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

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

During the fiscal year of 2023, the School District invested in nonnegotiable certificates of deposit, Bank-Insured Sweep, federal agency securities, US Treasury Notes and Bills, money market funds, and STAR Ohio. Investments are reported at cost, except for the money market fund and STAR Ohio. The School District's money market fund investment is recorded at amount reported by Red Tree Investment Group, and Hilltop Securities at June 30, 2023.

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

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2023 was $533,612, which included $477,787 assigned from other School District funds.

Note 2 – Summary of Significant Accounting Policies (continued)

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or by laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted assets represent amounts set aside for bus purchase and budget stabilization.

Inventory and Prepaid Items

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

Capital Assets

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

Interfund Receivables/Payables

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

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's cash basis of accounting.

Employer Contributions to Cost-Sharing Pension Plans

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

Long-Term Obligations

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

Note 2 – Summary of Significant Accounting Policies (continued)

Net Position

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

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

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

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

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

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

Note 2 – Summary of Significant Accounting Policies (continued)

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

Interfund Transactions

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

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

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Pensions/Other Postemployment Benefits (OPEB)

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

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is that outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed, or assigned fund balance (cash basis). In addition, Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, requires in part, that certain funds on the cash basis financial statements.

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

Note 3 – Budgetary Basis of Accounting (continued)

Net Change in Fund Balance	
Budget Basis	$ (1,062,446)
Encumbrances	247,858
Cash Basis	$ (814,588)

Note 4 – Deposits and Investments

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

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, or Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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

Note 4 – Deposits and Investments (Continued)

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

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

6. The State Treasurer's investment pool (STAR Ohio);

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

8. Written repurchase agreements in the securities described in (1) or (2) provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreeent must not exceed thirty days;

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

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

Note 4 – Deposits and Investments (Continued)

Investments

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

Measurement/ Investment	Meausrement Amount	Less Than Six Months	Six Months to One Year	One Year to Two Years	More Than Two Years
Bank-Insured Sweep Deposit	$ 81,988	$ 81,988	$ -	$ -	$ -
Negotiable Certificates of Deposit	848,825	249,000	-	350,825	249,000
Money Market Mutual Funds	$ 32,427	$ 32,427	$ -	$ -	$ -
Federal Farm Credit Bank	3,188,997	-	2,740,000	99,848	349,149
Federal Home Loan Bank	9,123,440	3,499,572	5,323,868	-	300,000
Federal Home Loan Mortgage Corporation	5,880,000	5,880,000	-	-	-
United States Treasury Bills	2,413,328	2,413,328			
United States Treasury Notes	13,579,922	9,940,000	3,303,096	169,363	167,463
STAR Ohio	4,923,468	4,923,468	-	-	-
Total Investments	$ 40,072,395	$ 27,019,783	$ 11,366,964	$ 620,036	$ 1,065,612

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

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

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

Note 4 – Deposits and Investments (Continued)

	Cost Value	Percentage of Portfolio
Bank-Insured Sweep Deposit	$ 81,988	0.60%
STAR Ohio	4,923,468	12.29%
Money Market Mutual Fund	32,427	0.08%
Negotiable Certificates of Deposit	848,825	2.12%
Federal Home Loan	9,123,440	22.77%
Federal Home Loan Mortgage Corporation	5,880,000	14.67%
Federal Farm Credit	3,188,997	7.96%
United States Treasury Bills	2,413,328	6.02%
United States Treasury Notes	13,579,922	33.89%
	$ 40,072,395	100%

Note 5 – Property Taxes

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

Real property tax receipts received in calendar year 2023 represent the collection of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed value as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value.

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

Public Utility property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 become a lien on December 31, 2021, were levied after April 1, 2022 and are collected with real property taxes. Public Utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The District receives property taxes from Wood and Ottawa Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2023, are available to finance fiscal year 2023 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The full tax rate for all District operations for the fiscal year ended June 30, 2023, was $64.65 per $1,000 of assessed value for 2023 and for 2022. The assessed values of real property and public utility property upon which the fiscal year 2023 tax receipts were collected are as follows:

Note 5 – Property Taxes (continued)

	2023 First-Half Collections	Percent	2022 Second-Half Collections	Percent
Real property				
Residential, agricultural, and other	$ 259,483,530	88.61%	$ 257,377,950	89.09%
Public utility	33,365,580	11.39%	31,508,660	10.91%
Total assessed value	$ 292,849,110	100.00%	$ 288,886,610	100.00%

Note 6– Payment in Lieu of Taxes

In accordance with agreements related to tax increment financing districts, Wood County has entered into agreements with a number of property owners under which the County has granted property tax exemptions to those property owners. The property owners have agreed to make payments to the County which reflect all or a portion of the property taxes which the property owners would have paid if the taxes had not been exempted. The agreements provide for a portion of this payment to be paid to the District. The property owners contractually promise to make these payments in lieu of taxes until the agreements expire. For 2023, the total amount of payments in lieu of taxes was $909,000.

Note 7 – Tax Abatements

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

Overlapping Government	Amount of Fiscal Year 2023 Taxes Abated
Enterprise Zone Agreement	
Wood County	$760,426

Note 8 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains comprehensive insurance coverage through The Ohio School Plan, an insurance purchasing plan (see Note 15). During fiscal year 2023, the District contracted for the following insurance coverage:

Note 8 – Risk Management (continued)

Property Damage	$ 83,329,799
Educational Liability:	
General Aggregate	8,000,000
Each Occurrence	6,000,000
Automobile Liability	6,000,000
School Board Legal Liability	8,000,000
Employee Benefits:	
General Aggregate	8,000,000
Each Occurrence	6,000,000

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

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

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

Note 9 – Defined Benefit Pension Plans

Net Pension Liability

Pensions are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions 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 liability represents the 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 liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and other factors. While this estimate uses the best information available, unknowable future events require adjusting this estimate annually.

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

Note 9 – Defined Benefit Pension Plans (continued)

Governmental Accounting Board Standard (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*, 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 the employers. All contributions to date have come solely from the employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities 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 liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The net pension liability is not reported on the face of the financial statements, but disclosed in the notes because of the use of the cash basis framework.

School Employees Retirement System (SERS)

Plan Description – District non-teaching employees participate in the State Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code 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 may be obtained by visiting https://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 years of service; 2.2 percent for the first thirty 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.

Note 9 – Defined Benefit Pension Plans (continued)

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension is in effect for all benefit recipients for the year 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 0 percent. The Retirement Board, the Board of Trustees approved a 2.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries for calendar year 2023.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the 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, 2023, the allocation to pension, death benefits, and Medicare B was 14 percent. None of the employer contribution rate was allocated to the Health Care Fund.

The District's contractually required contribution to SERS was $299,782 for fiscal year 2023.

State Teachers Retirement System (STRS)

Plan Description – 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 website at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined 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 will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost of living increases are not affected by this change. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age sixty-five or thirty-five years of service credit and at least age sixty. Eligibility changes for DBP members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age sixty or thirty years of service credit at any age.

Note 9 – Defined Benefit Pension Plans (continued)

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 unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013 must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. 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. For the fiscal year ended June 30, 2023, the employer and employee rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2023, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was $1,211,033 for fiscal year 2023.

Net Pension Liability

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

Note 9 – Defined Benefit Pension Plans (continued)

	SERS	STRS	Total
Proportion of the Net Pension Liability Prior Measurement Date	0.05542750%	0.06567886%	
Proportion of the Net Pension Liability Current Measurement Date	0.05732200%	0.06653785%	
Change in Proportionate Share	0.00189450%	0.00085899%	
Proportionate Share of the Net Pension Liability	$ 3,100,420	$ 14,791,448	$ 17,891,868

Actuarial Assumptions – SERS

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

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

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

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

	30-Jun-22
Wage Inflation	2.4%
Future Salary Increases, including inflation	3.25% to 13.58%
COLA or Ad Hoc COLA	2.0%, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement
Investment Rate of Return	7.0% net of system expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)

Note 9 – Defined Benefit Pension Plans (continued)

Mortality rates for 2022 were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
US equity	24.75	5.37
Non-US Equity developed	13.50	6.22
Non -US Equity emerging	6.75	8.22
Fixed income/Global Bonds	19.00	1.20
Private equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-asset strategies	4.00	3.39
Private debt/private credit	3.00	5.38
Total	100.00 %	

Discount Rate The total pension liability for 2022 was calculated using the discount rate of 7.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

Note 9 – Defined Benefit Pension Plans (continued)

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	$ 4,563,670	$ 3,100,420	$ 1,867,651

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Projected salary increases	From 2.50% to 12.50% based on age
Investment Rate of Return	7.00%, net of investment expenses, including inflation
Cost-of-Living Adjustments (COLA)	0% effective July 1, 2017
Payroll Increases	3.00%
Discount Rate of Return	7.00%

For 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, post-retirement mortality rates are based on 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 Table, 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.

Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

Note 9 – Defined Benefit Pension Plans (continued)

Asset Class	Target Allocation*	Long Term Expected Real Rate of Return**
Domestic equity	26.00 %	6.60 %
International equity	22.00	6.80
Alternatives	19.00	7.38
Fixed income	22.00	1.75
Real estate	10.00	5.75
Liquidity reserves	1.00	1.00
Total	100.00 %	

* Target allocation percentage is effective July 1, 2022. Target weights were phased in over a 3 month period concluding on October 1, 2022
*10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30 year period, STRS's investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not 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, 2022. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2022.

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	$ 23,675,250	$ 14,791,448	$ 8,403,910

Note 9 – Defined Benefit Pension Plans (continued)

Changes Between Measurement Date and Reporting Date - STRS approved a one-time 1.00% cost-of-living adjustment to eligible benefit recipients effective July 1, 2023. It is unknown what effect this change will have on net pension liability.

Social Security System

Effective July, 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. As of June 30, 2023, all of the Board of Education members have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 10 - Postemployment Benefits

Net OPEB (Asset)/Liability

OPEB is a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. OPEB is 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 OPEB liability (asset) represents the District's proportionate share of each OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each OPEB plan's fiduciary net position. The net OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net OPEB liability (asset). Resulting adjustments to the net OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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

Note 10 - Postemployment Benefits (continued)

Plan Description - School Employees Retirement System (SERS)

School Employees Retirement System The District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29 ,1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual 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. 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 fiscal year 2023, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was $25,000. Statute provides that no employer shall pay a health care surcharge greater than 2 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 2023, the District's surcharge obligation was $8,809.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required health care contribution to SERS was $8,809 for fiscal year 2023.

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

Note 10 - Postemployment Benefits (continued)

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. All benefit recipients, 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, 2023, STRS did not allocate any employer contributions to post-employment health care.

Net OPEB Liability (Asset)

The net OPEB liability (Asset) was measured as of June 30, 2022, and the total OPEB liability (Asset) used to calculate the net OPEB liability (Asset) was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability (Asset) was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the Net OPEB (Asset)/Liability Prior Measurement Date	0.05691150%	0.06567886%	
Proportion of the Net OPEB (Asset)/Liability Current Measurement Date	0.05838580%	0.06653785%	
Change in Proportionate Share	0.00147430%	0.00085899%	
Proportionate Share of the Net OPEB (Asset)/Liability	$ 819,743	$ (1,722,887)	$ (903,144)

Actuarial Assumptions - SERS

SERS' total OPEB liability was determined by their 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 termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

Note 10 - Postemployment Benefits (continued)

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, prepared as of June 30, 2022, are presented below:

Inflation	2.40%
Future Salary Increases, including inflation	3.25% - 13.58%
Investment Rate of Return	7.00% net of investment expense, including inflation
Fiduciary Net Position is Projected to be Depleted	2044
Municipal Bond Index Rate:	
Measurement Date	3.69%
Prior Measurement Date	1.92%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Measurement Date	4.08%
Prior Measurement Date	2.27%
Health Care Cost Trend Rate	
Medicare	5.125% - 4.40%
Pre-Medicare	6.75% - 4.40%
Medical Trend Assumption	7.00% - 4.40%

For 2022, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

Note 10 - Postemployment Benefits (continued)

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 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 consultants are intended for use over a 10-year horizon and may not be useful in the long-term rate of return for funding pension plans which covers a longer timeframe. The assumptions is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
US equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed income/Global bonds	19.00	1.20
Private equity	11.00	10.05
Real Estate/Real assets	16.00	4.87
Multi-asset strategies	4.00	3.39
Private debt/private credit	3.00	5.38
Total	100.00 %	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2022 was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022, and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69 percent at June 30, 2022 and 1.92 percent at June 30, 2021.

Note 10 - Postemployment Benefits (continued)

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 of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate.

	1% Decrease (1.27%)	Current Discount Rate (2.27%)	1% Increase (3.27%)
District's proportionate share of the net OPEB liability	$1,018,133	$819,743	$659,588

	1% Decrease (5.75 % decreaing to 3.40%)	Current Trend Rate (6.75 % decreaing to 4.40%)	1% Increase (7.75 % decreaing to 5.40%)
District's proportionate share of the net OPEB liability	$632,169	$819,743	$1,064,745

Actuarial Assumptions - STRS

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

	June 30, 2022	June 30,2021
Projected salary increases	Varies by service, from 2.50% - 8.50%	Varies by age, from 2.50% - 12.50%
Investment Rate of Return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Payroll Increases	3.00%	3.00%
Discount rate of return	7.00%	7.00%
Health Care Cost Trends:		
Medical		
Pre-Medicare	7.50% initial, 3.94% ultimate	5.00% initial, 4.00% ultimate
Medicare	-68.78% initial, 3.94% ultimate	-16.18% initial, 4.00% ultimate
Prescription Drug		
Pre-Medicare	9.00% initial, 3.94% ultimate	6.50% initial, 4.00% ultimate
Medicare	-5.47% initial, 3.94% ultimate	29.98% initial, 4.00% ultimate

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

Note 10 - Postemployment Benefits (continued)

For 2022, healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95 percent for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For 2021, 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.

Actuarial assumptions used in the June 30, 2022, valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

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

* Target allocation percentage is effective as of July 1, 2022. Target weights will be phased in over a 3-month period concluding on October 1, 2022.
* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actual rate of return, without net value added by management.

Note 10 - Postemployment Benefits (continued)

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes STRS Ohio continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB liability as of June 30, 2022.

Sensitivity of the District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2022, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

1% Decrease 6.00%	Discount Rate 7.00%	1% Increase 8.00%
($1,592,763)	($1,722,887)	($1,834,348)

1% Decrease	Current Trend Rate	1% Increase
($1,787,052)	($1,722,887)	($1,641,893)

Note 11 – Leases

The District leases copiers from Perry ProTech. The District disbursed $22,807 to pay lease costs for the copiers during the year ended June 30, 2023. The following is the schedule of future lease payments:

Year Ending June 30:	Copier Lease
2024	22,807
2025	22,807
2026	22,807
2027	1,900
Total	$70,321

Note 12 –Debt

The District's long-term debt activity for the year ended June 30, 2023 was as follows:

Long-term Obligations	Balance at 7/1/2022	Increase	Decrease	Balance at 6/30/2023	Due within one year
2016 Refunding:					
Serial Bonds 1.0-3.0%	$ 2,470,000	$ -	$ (1,005,000)	$ 1,465,000	$ 1,040,000
Premium	132,303	-	(37,800)	94,503	-
2022 Bonds					
4% Term	26,265,000	-	-	26,265,000	
Serial 3-4%	9,735,000	-	(100,000)	9,635,000	200,000
Premium	2,813,952	-	(7,817)	2,806,135	
Net Pension Liability					
STRS	8,397,632	6,393,816	-	14,791,448	-
SERS	2,045,114	1,055,306	-	3,100,420	-
Net OPEB Liability					
SERS	1,077,097	-	(257,354)	819,743	-
Total Long-term Obligations	$ 52,936,098	$ 7,449,122	$ (1,407,971)	$ 58,977,249	$ 1,240,000

FY 2007 School Improvement Refunding Bonds

On January 25, 2007, the District issued bonds in the amount of $9,139,990 to partially refund bonds previously issued in 2001 for construction and renovation to the District's middle school. The bond issue included serial, term and capital appreciation bonds in the amounts of $7,380,000, $1,185,000, and $574,990 respectively. The bonds were issued at a premium of $794,111. The bonds were issued for a nineteen year period with final maturity during fiscal year 2025. During October 2016, these bonds were refunded. As of June 30, 2023, $1,465,000 of these bonds are outstanding.

FY 2016 School Improvement Refunding Bonds

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

Note 12 –Debt (continued)

2021 Bonds

FY 2022 General Obligation School Improvement Bonds

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

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

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

Principal and interest requirements to retire long-term obligations outstanding at June 30, 2023 are as follows:

Note 12 –Debt (continued)

	2016 Refunding Bonds		2022 Bonds			
	Serial Bonds		Serial Bonds		Term Bonds	
Year Ending June 30:	Principal	Interest	Principal	Interest	Principal	Interest
2024	$ 1,040,000	$ 28,350	$ 200,000	$ 1,412,550	$ -	$ -
2025	425,000	6,375	235,000	1,403,850	-	-
2026	-	-	260,000	1,393,950	-	-
2027	-	-	275,000	1,383,250	-	-
2028	-	-	330,000	1,371,150	-	-
2029-2033	-	-	2,075,000	6,628,450	-	-
2034-2038	-	-	3,050,000	6,146,775	-	-
2039-2043	-	-	3,210,000	4,469,200	960,000	1,031,400
2044-2048	-	-	-	-	5,655,000	4,521,500
2049-2053	-	-	-	-	7,540,000	3,208,400
2054-2058	-	-	-	-	9,825,000	1,481,300
2059	-	-	-	-	2,285,000	45,700
Total	$ 1,465,000	$ 34,725	$ 9,635,000	$ 24,209,175	$ 26,265,000	$ 10,288,300

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

Note 13 - Fund Balances

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

	General	Building Fund	Other Governmental Funds	Total Governmental Funds
Restricted				
Capital Projects	$ -	$ 33,854,512	$ 204,342	$ 34,058,854
Debt Service	-	-	2,255,554	2,255,554
Other Purposes	-	-	2,051,230	2,051,230
Total Restricted	-	33,854,512	4,511,126	38,365,638
Assigned				
Encumbrances	247,858	-	-	247,858
Total Assigned	247,858	-	-	247,858
Unassigned	4,240,254	-	(669,359)	3,570,895
Total Fund Balances	$ 4,488,112	$ 33,854,512	$ 3,841,767	$ 42,184,391

Note 14 – Jointly Governed Organizations

Northwest Ohio Computer Association

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

The NWOCA Assembly consists of the superintendent from each participating educational entity and a representative from the fiscal agent. The Assembly elects the governing Council of two representatives from each of the six counties in which member educational entities are located and the representative from the member of educational entity serving as fiscal agent for NWOCA. The degree of control exercised by any participating educational entity is limited to its representation on the Board. During fiscal year 2023, the District paid $93,489 to NWOCA for various services. Financial information can be obtained from the Northwest Ohio Computer Association, 209 Nolan Parkway, Archbold, Ohio 43502.

Note 14 – Jointly Governed Organizations (Continued)

Northern Buckeye Education Council

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

Penta Career Center

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

Ohio Schools Council

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

Note 15 – Insurance Purchasing Pools

Ohio Association of School Business Officials Group Rating Program

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

Wood County Schools Benefit Plan Association

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

Note 15 – Insurance Purchasing Pools (continued)

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

The Ohio School Plan

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

Note 16 – Contingent Liabilities

Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2023.

Litigation

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

Foundation Funding

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. As of the date of this report, ODE has finalized adjustments for fiscal year 2023. As a result, the impact of the adjustments on the fiscal year 2023 financial statements resulted in a payable for the District in the amount of $862, which has since been repaid.

Note 17– Compliance, Accountability, and Change in Accounting Principles

A. Compliance

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

B. Accountability

At June 30, 2023, the Early Education, ESSER – Emergency Relief Fund, IDEA, Title I, and Title IV-A, and Title II-A special revenue funds had deficit balances, in the amount of $12,704, $594,986, $34,240, $ 12,647, $12,096, and $2,686, respectively.

C. Change in Accounting Principles

For fiscal year 2023, the District has implemented GASB Statement No. 91, "*Conduit Debt Obligations"*, GASB Statement No. 94, "*Public-Private and Public-Public Partnerships and Availability Payment Arrangements*", GASB Statement No. 96, "*Subscription Based Information Technology Arrangements*", certain questions and answers of GASB Implementation Guide 2021-1 and certain paragraphs of GASB Statement No. 99, "*Omnibus 2022*".

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the District.

GASB Statement No. 94 is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the District.

Note 17– Compliance, Accountability, and Change in Accounting Principles (continued)

GASB Statement No. 96 provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended. The notes to the basic financial statements include the disclosure requirements under the Statement.

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

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

Note 18 – Related Parties

Contrary to the requirements of the Ohio Revised Code, Board of Education members Nick Baer and John Ervin did not abstain from voting on approving payments to their employers, GEM Industrial Inc. and Goodyear. The District made payments totaling $105,662 and $9,380 in fiscal year 2023 to GEM Industrial Inc. and Goodyear, respectively, during Nick Baer's and John Ervin's terms.

Note 19 – Restatement of Net Position/Fund Balance

During 2022, the District issued bonds for the construction of a new elementary school and deposited the proceeds from the bond sale in an investment account. The District reconciled to a balance on the investment statement other than cost. In doing so, the value of the District's investments was understated in the Building Fund, at June 30, 2022 by $443,157, resulting in a restatement to the beginning fund balances/net position. The effect on net position is below:

	Governmental Activities
Net Position, June 30, 2022	$45,964,242
Restatement to Record Investments at Cost	443,157
Restated Net Position, June 30, 2022	$46,407,399

The error had the following effect on fund balance in the Building Fund as reported at June 30, 2022:

	Building Fund
Fund Balance, June 30, 2022	$35,494,123
Restatement to Record Investments at Cost	443,157
Restated Fund Balance, June 30, 2022	$35,937,280

Note 20 – Set-Aside Requirements

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

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

	Capital Improvements
Set-Aside Balance as of June 30, 2022	$0
Current Year Set-aside Requirement	357,979
Offsets	(357,979)
Total	$0
Set-aside Balance Carried Forward to Fiscal Year 2024	$0

LAKE LOCAL SCHOOL DISTRICT
WOOD COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal AL Number**	**Total Federal Expenditures**
U.S. DEPARTMENT OF AGRICULTURE		
Passed Through Ohio Department of Education		
Child Nutrition Cluster:		
School Breakfast Program	10.553	$99,701
National School Lunch Program:		
COVID-19 Cash Assistance	10.555	42,020
Cash Assistance	10.555	360,656
Non-Cash Assistance (Commodities)	10.555	61,085
Total National School Lunch Program		463,761
Summer Food Service Program for Children	10.559	143,083
Total Child Nutrition Cluster		706,545
COVID-19 Pandemic EBT Administrative Costs	10.649	1,242
Total U.S. Department of Agriculture		**707,787**
U.S. DEPARTMENT OF EDUCATION		
Passed Through Ohio Department of Education		
Title I Grants to Local Educational Agencies	84.010A	245,179
Title I Grants to Local Educational Agencies - Expanding Opportunities	84.010A	6,575
Total Title I Grants to Local Educational Agencies		251,754
Special Education Cluster:		
Special Education Grants to States	84.027A	381,521
Total Special Education Cluster		381,521
Supporting Effective Instruction State Grants	84.367A	52,041
Student Support and Academic Enrichment Program	84.424A	14,945
COVID-19 Education Stabilization Fund (ESSER II)	84.425D	503,621
COVID-19 Education Stabilization Fund (ARP ESSER)	84.425U	698,972
Total COVID-19 Education Stabilization Fund		1,202,593
Total U.S. Department of Education		**1,902,854**
U.S. DEPARTMENT OF TREASURY		
Passed Through Ohio Facilities Construction Commission		
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	124,830
Total U.S. Department of Treasury		**124,830**
Total Expenditures of Federal Awards		**$2,735,471**

The accompanying notes are an integral part of this schedule.

LAKE LOCAL SCHOOL DISTRICT
WOOD COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Lake Local School District, Wood County, Ohio (the District) under programs of the federal government for the year ended June 30, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D – CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F – TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with the Ohio Department of Education's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2023 to 2024 programs:

Program Title	AL Number	Amt. Transferred
Title I Grants to Local Educational Agencies	84.010A	$ 1,416
Special Education Preschool Grants	84.173A	21,666
School Breakfast Program	10.553	60,746
National School Lunch Program	10.555	243,038
Summer Food Service Program for Children	10.559	21,598
COVID-19 Education Stabilization Fund (ARP)	84.425U	259,862
COVID-19 Education Stabilization Fund (ARP Homeless Targeted Support)	84.425W	16,500

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
Wood County
28090 Lemoyne Road
Millbury, Ohio 43447-9747

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lake Local School District, Wood County, Ohio (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 3, 2024, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-002 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2023-001.

District's Response to Findings

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

Purpose of this Report

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

Keith Faber
Auditor of State
Columbus, Ohio

June 3, 2024

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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
Wood County
28090 Lemoyne Road
Millbury, Ohio 45447-9747

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Lake Local School District, Wod County, Ohio's (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on Lake Local School District's major federal program for the year ended June 30, 2023. Lake Local School District's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

Qualified Opinion on Education Stabilization Fund

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* section of our report, Lake Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Education Stabilization Fund for the year ended June 30, 2023.

Basis for Qualified Opinion on the Major Federal Program

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

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

Matter Giving Rise to Qualified Opinion on Education Stabilization Fund

As described in finding 2023-003 in the accompanying schedule of findings, the District did not comply with requirements regarding reporting applicable to its AL #84.425 Education Stabilization Fund major federal program.

Compliance with such requirements is necessary, in our opinion, for the District to comply with requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2023-003, to be a material weakness.

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

June 3, 2024

LAKE LOCAL SCHOOL DISTRICT
WOOD COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023

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)?**	Yes
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	Yes
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	Yes
(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**	Qualified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	Yes
(d)(1)(vii)	**Major Programs (list):**	COVID-19 Education Stabilization Fund – AL #84.425
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	No

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

FINDING NUMBER 2023-001

Noncompliance

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

Ohio Admin. Code 117-2-03(B), which further clarifies the requirements of Ohio Rev. Code § 117.38, requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

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

Pursuant to Ohio Rev. Code § 117.38 the District may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the District's ability to evaluate and monitor the overall financial condition of the District.

To help provide the users with more meaningful financial statements, the District should prepare its annual financial statements according to generally accepted accounting principles.

Officials' Response:

See corrective action plan.

FINDING NUMBER 2023-002

Significant Deficiency – Cash Reconciliation Process Errors

Sound accounting practices require that when designing the public office's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) to the accounting system is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Treasurer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board is responsible for reviewing the reconciliations and related support.

Monthly bank to book reconciliations were prepared. However, due to a lack of understanding of the reconciliation process and of the correct amounts to reconcile to, the District was not consistently or properly reconciling the Hilltop investment account throughout the fiscal year. This matter went back to the prior year, where we noted the District was reconciling to a value on the statement other than market value or cost. These errors continued throughout the year until year end, when entries were posted to the District's Building Fund to reconcile the value of the investments at cost. These entries were incorrectly posted against Sale of Capital Assets in the net amount of $443,157. Given that we were able to trace the incorrect values to the prior audit period, an entry was posted to Beginning Balance in the Building Fund to correctly account for the value of the investments, and to also reduce the Sale of Capital Assets amount in the Building Fund at year-end to zero.

Failure to accurately reconcile monthly increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Treasurer should record all transactions and prepare accurate monthly bank to book cash reconciliations, which include all bank accounts and all fund balances. Variances should be investigated, documented, corrected, and all supporting documentation should be maintained. Activity should be posted to the District's books as it occurs. Investments should be reported at cost. In addition, the Board should review the monthly cash reconciliations including the related support (such as reconciling items and supporting bank statements) and document the reviews.

Officials' Response:

See corrective action plan.

3. FINDINGS FOR FEDERAL AWARDS

Financial Reporting

Finding Number:	**2023-003**
Assistance Listing Number and Title:	**AL # 84.425 COVID-19 Education Stabilization Fund**
Federal Award Identification Number / Year:	**2023**
Federal Agency:	**U.S. Department of Education**
Compliance Requirement:	**Reporting**
Pass-Through Entity:	**Ohio Department of Education**
Repeat Finding from Prior Audit?	**Yes**

Noncompliance and Material Weakness

2 CFR § 3474.1 provides the Department of Education (DOE) adopts the Office of Management and Budget (OMB) Guidance in **2 CFR part 200**, except for 2 CFR § 200.102(a) and 2 CFR § 200.207(a). Thus, this part gives regulatory effect to the OMB guidance and supplements the guidance as needed for the DOE.

2 CFR § 200.329(a) provides that the non-Federal entity is responsible for oversight of the operations of the Federal award supported activities. The non-Federal entity must monitor its activities under Federal awards to assure compliance with applicable Federal requirements and performance expectations are being achieved. Monitoring by the non-Federal entity must cover each program, function or activity. See also § 200.332.

2 CFR § 200.302(b)(2) provides, in part, that the financial management system of each non-Federal entity must provide for accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.328 and 200.329.

2 CFR § 200.332(d) provides, in part, that a pass-through entity must monitor the activities of the subrecipient as necessary to ensure that the subaward is used for authorized purposes, in compliance with Federal statutes, regulations, and the terms and conditions of the subaward; and that subaward performance goals are achieved. Pass-through entity monitoring of the subrecipient must include: (1) reviewing financial and performance reports required by the pass-through entity.

The Ohio Department of Education requires school districts to file a Final Expenditure Report each year by September 30, unless stated otherwise in the grant application. ODE further requires subgrantees to obligate funds within the approved project period as set forth in the approved application and to liquidate said obligations not later than 90 days after the end of the project period for electronic applications for grants, with obligations having the same meaning as in 2 CFR §§ 200.343 and 200.1. ODE also requires all allowable grant expenditures obligated by the project end date as designated in the grant agreement to be reported in the FER.

The District did file the Final Expenditure Report with ODE before the required reporting deadline, however, due to deficiencies in the internal policies and procedures over Federal compliance, the District did not exclude the prior grant year expenditures obligated during the prior fiscal year, but not paid until after June 30, 2022. This resulted in expenditures being overreported in the amount of $78,795; however, this oversight did not result in additional federal funding. Failure to file accurate financial information in the Final Expenditure Report could lead to material misstatements and could impact future grant funding.

The District should review the Final Expenditure Report before submission to help ensure all required amounts are included.

Officials' Response:

See corrective action plan.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
JUNE 30, 2023

Finding Number	Finding Summary	Status	Additional Information
2022-001	Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03(B), for not reporting financial statements on a Generally Accepted Accounting Principles (GAAP) basis. Finding first reported in 2010.	Not corrected and reissued as Finding 2023-001 in this report.	GAAP Statements not deemed cost beneficial
2022-002	Material weakness regarding financial reporting due to errors on the financial statements. Finding first reported in 2021.	Partially corrected. Reissued in the management letter.	
2022-003	Significant deficiency over the cash reconciliation process due to the District not reconciling their payroll account. Finding first reported in 2022.	Not corrected and reissued as Finding 2023-002	The District is now including the payroll account on the reconciliation; however, they were not properly reconciling their investment accounts resulting in financial statement errors.
2022-004	Noncompliance and material weakness over federal financial reporting for not properly reporting federal expenditures on the Final Expenditure Report. Finding first reported in 2022.	Not corrected and reissued as Finding 2023-003	The District was not properly completing the Final Expenditure Report, due to including information that had previously been recorded.

LAKE LOCAL SCHOOLS
FLYERS
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CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2023

Finding Number:	2023-001
Planned Corrective Action:	No corrective action will be taken - GAAP statements not deemed cost effective.
Anticipated Completion Date:	N/A
Responsible Contact Person:	Maria E. Robinson, Treasurer

Finding Number:	2023-002
Planned Corrective Action:	To date, cash reconciliations are performed monthly and all accounts are reconciled.
Anticipated Completion Date:	June 30, 2024
Responsible Contact Person:	Maria E. Robinson

Finding Number:	2023-003
Planned Corrective Action:	All Final Expenditure Reports will include the appropriate expenditure amounts associated with the grant year.
Anticipated Completion Date:	June 30, 2024
Responsible Contact Person:	Maria E. Robinson

OHIO AUDITOR OF STATE
KEITH FABER

LAKE LOCAL SCHOOL DISTRICT

WOOD COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 6/25/2024