

**LAKWOOD CITY  
SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

**SINGLE AUDIT REPORT**

**FOR THE FISCAL YEAR  
ENDED JUNE 30, 2022**

***Zupka & Associates***  
**Certified Public Accountants**



OHIO AUDITOR OF STATE  
KEITH FABER



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Board of Education  
Lakewood City School District  
13701 Lake Avenue  
Lakewood, Ohio 44107

We have reviewed the *Independent Auditor's Report* of Lakewood City School District, Cuyahoga County, prepared by Zupka & Associates, for the audit period July 1, 2021 through June 30, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Keith Faber".

Keith Faber  
Auditor of State  
Columbus, Ohio

March 03, 2023

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**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO  
SINGLE AUDIT REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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## INDEPENDENT AUDITOR'S REPORT

Lakewood City School District  
Cuyahoga County  
13701 Lake Avenue  
Lakewood, Ohio 44107

To the Members of the Board of Education:

### Report on the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lakewood City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2022, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lakewood City School District as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (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.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

***Emphasis of Matter***

As discussed in Note 3 to the basic financial statements, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. As discussed in Note 18 to the basic financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. Our opinion is not modified with respect to these matters.



**Required Supplementary Information**


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

**Supplementary Information**

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Zupka & Associates  
Certified Public Accountants

December 22, 2022

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**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

The management's discussion and analysis of Lakewood City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2022 are as follows:

- In total, net position increased \$21,576,475. Net position of governmental activities increased \$20,656,456, which represents an 90.08% increase from June 30, 2021's net position. Net position of business-type activities increased \$920,019 from June 30, 2021's net position.
- Governmental activities general revenues accounted for \$86,094,457, in revenue or 81.55% of all governmental activities revenues. Governmental activities program specific revenues in the form of charges for services and sales, operating and capital grants and contributions accounted for \$19,474,057 or 18.45% of total governmental activities revenues of \$105,568,514.
- The District had \$84,912,058 in expenses related to governmental activities; only \$19,474,057 of these expenses were offset by program specific charges for services, operating and capital grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted and restricted grants and entitlements) of \$86,094,457 were adequate to provide for these programs.
- The District had \$1,399,569 in expenses related to business-type activities; a total of \$2,316,347 were offset by program specific charges for services, grants and contributions. General revenues were \$3,241. Total revenues were adequate to provide for these programs by \$916,778 resulting in an increase in net position from (\$1,504,410) to (\$584,391).
- The District's major governmental funds are the general fund and debt service fund. The general fund had \$80,941,048 in revenues and other financing sources and \$71,154,337 in expenditures. The general fund's fund balance increased \$9,786,711 from \$26,734,781 to \$36,521,492.
- Another of the District's major governmental funds is the debt service fund. The debt service fund had \$10,175,442 in revenues and \$11,577,263 in expenditures. The debt service fund's fund balance decreased \$1,401,821 from \$15,849,020 to \$14,447,199.

**Using these Basic Financial Statements**

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

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

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

**Reporting the District as a Whole**

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

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

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

In the statement of net position and the statement of activities, the District is divided into two distinct kinds of activities:

Governmental Activities - Most of the District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Business-type Activities - These services are provided on a charge for goods or services basis to recover all or a significant portion of the expenses of the goods or services provided. The District's recreation programs and food service operations are reported as business-type activities.

The District's statement of net position and statement of activities can be found on pages 21-23 of this report.

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

***Fund Financial Statements***

The analysis of the District's major governmental funds begins on page 14. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and debt service fund.

***Governmental Funds***

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* that can readily be converted to cash. The governmental fund statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net position and the statement of activities) and governmental *funds* is reconciled in the financial statements. The basic governmental fund financial statements can be found on pages 24-28 of this report.

**LAKEWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

***Proprietary Funds***

Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match information provided in the statements for the District as a whole. The basic proprietary fund financial statements can be found on pages 29-31 of this report.

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

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 33-83 of this report.

***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability/asset. The required supplementary information can be found on pages 86-104 of this report.

**The District as a Whole**

The statement of net position provides the perspective of the District as a whole.

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**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

The table below provides a summary of the District's net position at June 30, 2022 and June 30, 2021. The amounts at June 30, 2021 have been restated as described in Note 3.

**Net Position**

	Governmental Activities		Business-Type Activities		Total	
	2022	Restated 2021	2022	2021	2022	Restated 2021
<b>Assets</b>						
Current assets	\$ 129,469,580	\$ 117,180,635	\$ 921,895	\$ 270,284	\$ 130,391,475	\$ 117,450,919
Net OPEB asset	6,622,956	5,461,801	-	-	6,622,956	5,461,801
Capital assets, net	202,723,167	206,742,877	337,546	407,749	203,060,713	207,150,626
Total assets	<u>338,815,703</u>	<u>329,385,313</u>	<u>1,259,441</u>	<u>678,033</u>	<u>340,075,144</u>	<u>330,063,346</u>
<b>Deferred outflows of resources</b>						
Unamortized deferred charges	4,578,309	5,044,119	-	-	4,578,309	5,044,119
Pension	20,411,449	16,416,723	142,396	180,685	20,553,845	16,597,408
OPEB	2,007,567	2,419,356	92,812	108,018	2,100,379	2,527,374
Total deferred outflows of resources	<u>26,997,325</u>	<u>23,880,198</u>	<u>235,208</u>	<u>288,703</u>	<u>27,232,533</u>	<u>24,168,901</u>
<b>Liabilities</b>						
Current liabilities	10,927,990	11,708,181	163,756	194,867	11,091,746	11,903,048
Long-term liabilities:						
Due within one year	8,139,434	7,653,811	2,008	1,588	8,141,442	7,655,399
Net pension liability	50,174,418	94,532,222	712,454	1,315,096	50,886,872	95,847,318
Net OPEB liability	5,305,800	6,577,283	377,584	447,327	5,683,384	7,024,610
Other amounts	137,180,724	144,921,242	41,009	120,920	137,221,733	145,042,162
Total liabilities	<u>211,728,366</u>	<u>265,392,739</u>	<u>1,296,811</u>	<u>2,079,798</u>	<u>213,025,177</u>	<u>267,472,537</u>
<b>Deferred inflows of resources</b>						
Property taxes and PILOTs	56,945,414	52,909,257	-	-	56,945,414	52,909,257
Leases	383,772	431,249	-	-	383,772	431,249
Pension	41,489,702	1,465,364	447,654	74,528	41,937,356	1,539,892
OPEB	11,299,766	10,134,849	334,575	316,820	11,634,341	10,451,669
Total deferred inflows of resources	<u>110,118,654</u>	<u>64,940,719</u>	<u>782,229</u>	<u>391,348</u>	<u>110,900,883</u>	<u>65,332,067</u>
<b>Net Position</b>						
Net investment in capital assets	72,393,000	70,682,894	337,546	407,749	72,730,546	71,090,643
Restricted	18,551,123	20,484,080	-	-	18,551,123	20,484,080
Unrestricted (deficit)	<u>(47,355,614)</u>	<u>(68,234,921)</u>	<u>(921,937)</u>	<u>(1,912,159)</u>	<u>(48,277,551)</u>	<u>(70,147,080)</u>
Total net position	<u>\$ 43,588,509</u>	<u>\$ 22,932,053</u>	<u>\$ (584,391)</u>	<u>\$ (1,504,410)</u>	<u>\$ 43,004,118</u>	<u>\$ 21,427,643</u>

The net pension liability (NPL) is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and the net OPEB liability/asset is reported pursuant adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB).

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

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

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

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

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

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

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

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)**

Over time, net position can serve as a useful indicator of a government’s financial position. At June 30, 2022, the District assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by \$43,004,118. Of this amount, \$43,588,509 is reported in governmental activities and (\$584,391) is reported in business-type activities.

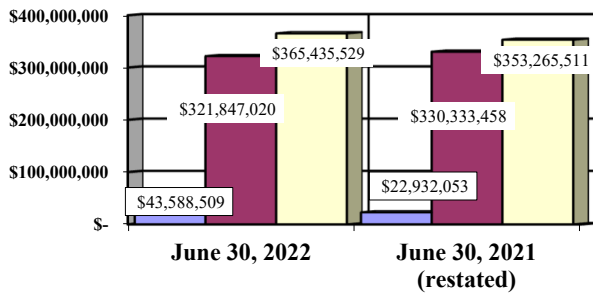
Assets of the District’s governmental activities increased \$9,430,390 or 2.86%. The District saw an increase in current assets due to increases in equity and pooled cash and cash equivalents and property taxes receivable. Capital assets of the District decreased \$4,019,710 due to current year depreciation/amortization expense. Deferred outflows of resources increased due to various amounts related to the District net pension liability and net OPEB liability/asset.

The net pension liability decreased approximately \$44.4 million and deferred inflows of resources related to pension increased approximately \$40.0 million. These changes were the result of changes at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS). Net investment income on investments at both pension systems exceeded estimates for the fiscal year 2021 measurement that are used for the fiscal year 2022 reporting which caused a large increase in their respective fiduciary net positions.

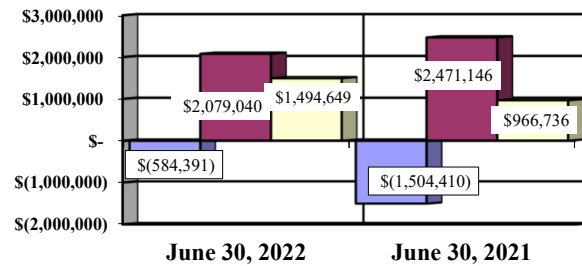
A portion of the District’s net position, \$18,551,123, represents resources that are subject to external restriction on how they may be used. Of the restricted net position, 3,084,273 is restricted for classroom facilities maintenance and \$13,178,250 that is restricted for debt service. The remaining balance of the governmental activities unrestricted net position is (\$47,355,614).

The graphs below show the District’s assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2022 and June 30, 2021. The amounts at June 30, 2021 have been restated as described in Note 3.

**Governmental – Net Position**



**Business-Type – Net Position**



Net Position  
 Liabilities + Deferred Inflows  
 Assets + Deferred Outflows

Net Position  
 Liabilities + Deferred Inflows  
 Assets + Deferred Outflows



**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

The table below shows the changes in net position for fiscal years 2022 and 2021.

	Governmental Activities		Business-type Activities		Total	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
<b>Revenues</b>						
Program revenues:						
Charges for services and sales	\$ 4,693,863	\$ 3,802,545	\$ 438,999	\$ 314,247	\$ 5,132,862	\$ 4,116,792
Operating grants and contributions	14,780,194	11,488,802	1,877,348	523,741	16,657,542	12,012,543
Capital grants and contributions	-	-	-	-	-	-
General revenues:						
Property taxes	62,592,113	59,972,711	-	-	62,592,113	59,972,711
Payment in lieu of taxes	1,039,367	1,050,218	-	-	1,039,367	1,050,218
Unrestricted grants and entitlements	22,029,945	21,375,898	-	-	22,029,945	21,375,898
Investment earnings	41,312	86,879	2,336	996	43,648	87,875
Miscellaneous	391,720	1,516,865	905	788	392,625	1,517,653
Total revenues	<u>105,568,514</u>	<u>99,293,918</u>	<u>2,319,588</u>	<u>839,772</u>	<u>107,888,102</u>	<u>100,133,690</u>
<b>Expenses</b>						
Program expenses:						
Instruction:						
Regular	32,756,730	38,896,581	-	-	32,756,730	38,896,581
Special	14,219,883	16,705,022	-	-	14,219,883	16,705,022
Vocational	3,056,478	3,648,986	-	-	3,056,478	3,648,986
Adult/continuing	106,492	115,518	-	-	106,492	115,518
Other	1,533,922	3,262,171	-	-	1,533,922	3,262,171
Support services:						
Pupil	4,993,535	5,619,428	-	-	4,993,535	5,619,428
Instructional staff	3,239,193	3,850,117	-	-	3,239,193	3,850,117
Board of education	366,011	468,641	-	-	366,011	468,641
Administration	3,928,275	4,683,481	-	-	3,928,275	4,683,481
Fiscal	1,933,380	1,767,423	-	-	1,933,380	1,767,423
Business	665,361	653,702	-	-	665,361	653,702
Operations and maintenance	7,940,410	7,151,276	-	-	7,940,410	7,151,276
Pupil transportation	403,201	88,338	-	-	403,201	88,338
Central	412,756	389,340	-	-	412,756	389,340
Operation of non-instructional services	2,995,891	2,991,066	-	-	2,995,891	2,991,066
Extracurricular activities	1,273,099	1,358,159	-	-	1,273,099	1,358,159
Interest and fiscal charges	5,087,441	5,267,107	-	-	5,087,441	5,267,107
Food service	-	-	1,233,576	1,150,556	1,233,576	1,150,556
Recreation	-	-	165,993	148,837	165,993	148,837
Total expenses	<u>84,912,058</u>	<u>96,916,356</u>	<u>1,399,569</u>	<u>1,299,393</u>	<u>86,311,627</u>	<u>98,215,749</u>
Changes in net position	<u>20,656,456</u>	<u>2,377,562</u>	<u>920,019</u>	<u>(459,621)</u>	<u>21,576,475</u>	<u>1,917,941</u>
Net position at beginning of year	<u>22,932,053</u>	<u>20,554,491</u>	<u>(1,504,410)</u>	<u>(1,044,789)</u>	<u>21,427,643</u>	<u>19,509,702</u>
Net position at end of year	<u>\$ 43,588,509</u>	<u>\$ 22,932,053</u>	<u>\$ (584,391)</u>	<u>\$ (1,504,410)</u>	<u>\$ 43,004,118</u>	<u>\$ 21,427,643</u>

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

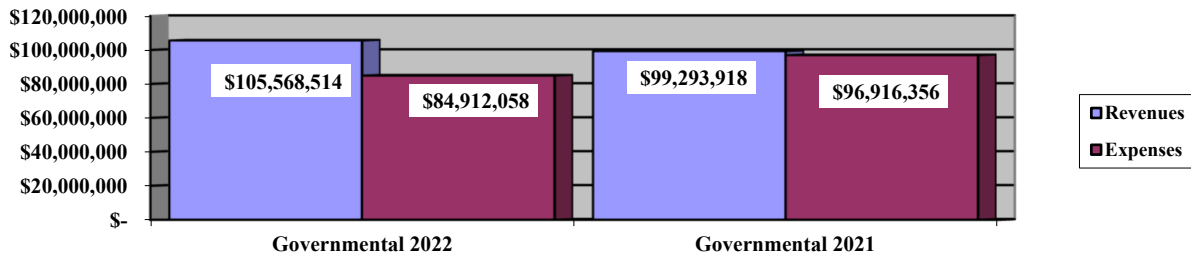
**Governmental Activities**

Net position of the District's governmental activities increased \$20,656,456. Total governmental expenses of \$84,912,058 were offset by program revenues of \$19,474,057 and general revenues of \$86,094,457. Program revenues supported 22.93% of the total governmental expenses. Governmental revenues of the District increased \$6,274,596 which was due to an increase in property taxes and operating grants and contributions. Property taxes of the District increased \$2,619,402 due to new tax levies and fluctuations in the amount of tax collected and available for advance at fiscal year-end by the Cuyahoga County Fiscal Officer. Tax advances available are recorded as revenue under GAAP. Operating grants and contributions also increased due to Elementary and Secondary School Emergency Relief (ESSER) funding.

Overall, expenses of the governmental activities decreased \$12,004,298 or 12.39%. This decrease is primarily the result of a decrease in pension expense. Pension expense decreased approximately \$12,872,748. This decrease was the result of a decrease in expenses incurred at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS) due to an increase in net investment income on investments compared to previous years.

The graph below presents the District's governmental activities revenues and expenses for fiscal years 2022 and 2021.

**Governmental Activities - Revenues and Expenses**



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2022 and 2021. That is, it identifies the cost of these services supported by tax revenue and unrestricted and restricted grants and entitlements.

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)**

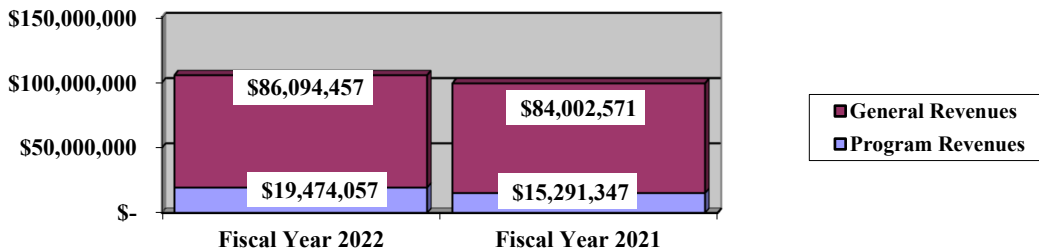
**Governmental Activities**

	Total Cost of Services <u>2022</u>	Net Cost of Services <u>2022</u>	Total Cost of Services <u>2021</u>	Net Cost of Services <u>2021</u>
Program expenses:				
Instruction:				
Regular	\$ 32,756,730	\$ 24,489,812	\$ 38,896,581	\$ 34,802,462
Special	14,219,883	9,537,544	16,705,022	12,041,322
Vocational	3,056,478	265,178	3,648,986	1,008,259
Adult/continuing	106,492	(2,734)	115,518	24,957
Other	1,533,922	1,533,922	3,262,171	3,262,171
Support services:				
Pupil	4,993,535	3,889,340	5,619,428	3,938,110
Instructional staff	3,239,193	3,211,038	3,850,117	3,832,117
Board of education	366,011	366,011	468,641	468,641
Administration	3,928,275	3,892,954	4,683,481	4,594,479
Fiscal	1,933,380	1,933,380	1,767,423	1,767,423
Business	665,361	665,361	653,702	653,702
Operations and maintenance	7,940,410	7,587,050	7,151,276	6,931,882
Pupil transportation	403,201	334,376	88,338	(6,890)
Central	412,756	409,222	389,340	389,340
Operation of non-instructional services	2,995,891	1,490,593	2,991,066	1,546,682
Extracurricular activities	1,273,099	747,513	1,358,159	1,103,245
Interest and fiscal charges	<u>5,087,441</u>	<u>5,087,441</u>	<u>5,267,107</u>	<u>5,267,107</u>
 Total expenses	 <u>\$ 84,912,058</u>	 <u>\$ 65,438,001</u>	 <u>\$ 96,916,356</u>	 <u>\$ 81,625,009</u>

The dependence upon tax revenues and unrestricted grants and entitlements during fiscal year 2022 for governmental activities is apparent, as 69.33% of 2022 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support was 77.07% in 2022. The District's taxpayers and unrestricted and restricted grants and entitlements from the State of Ohio, as a whole, are by far the primary support for the District's students.

The graph below presents the District's governmental activities revenues for fiscal years 2022 and 2021.

**Governmental Activities - General and Program Revenues**



**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

**Business-Type Activities**

Business-type activities include recreation and the food service operation. These programs had revenues of \$2,319,588 and expenses of \$1,399,569 for fiscal year 2022. The food service operations had program revenues of \$2,092,830 and expenses of \$1,233,576. The recreation fund has \$165,993 in expenses and program revenues of \$223,517. This resulted in an increase to net position for the fiscal year of \$920,019. These funds are intended to be self-supporting through user fees and charges. Management assesses their performance to ensure that they are run efficiently. The major reason for the deficits in these funds is due to the recording of the net pension liability/net OPEB liability/asset and the related deferred outflows/inflows under GASB Statement No. 68 and 75.

**The District's Funds**

The District's governmental funds reported a combined fund balance of \$56,331,263 which is higher than last year's total of \$47,941,969. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2022 and 2021.

	<u>Fund Balance</u> <u>June 30, 2022</u>	<u>Fund Balance</u> <u>June 30, 2021</u>	<u>Change</u>
General	\$ 36,521,492	\$ 26,734,781	\$ 9,786,711
Debt Service	14,447,199	15,849,020	(1,401,821)
Other Governmental	<u>5,362,572</u>	<u>5,358,168</u>	<u>4,404</u>
Total	<u>\$ 56,331,263</u>	<u>\$ 47,941,969</u>	<u>\$ 8,389,294</u>

**General Fund**

The District's general fund balance increased \$9,786,711. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2022</u> <u>Amount</u>	<u>2021</u> <u>Amount</u>	<u>Change</u>	<u>Percentage</u> <u>Change</u>
<b><u>Revenues</u></b>				
Property taxes	\$ 52,237,246	\$ 47,361,316	\$ 4,875,930	10.30 %
Intergovernmental	23,649,671	23,373,641	276,030	1.18 %
Earnings on investments	30,204	91,801	(61,597)	(67.10) %
Other revenues	<u>4,502,748</u>	<u>5,540,147</u>	<u>(1,037,399)</u>	<u>(18.73) %</u>
Total	<u>\$ 80,419,869</u>	<u>\$ 76,366,905</u>	<u>\$ 4,052,964</u>	<u>5.31 %</u>

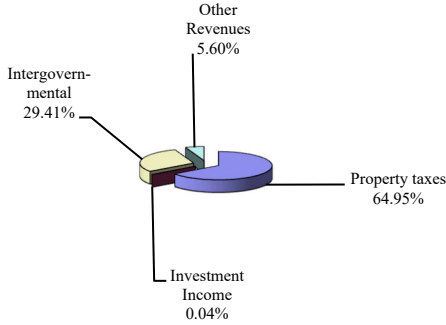
Overall revenues of the general fund increased \$4,052,964 or 5.31%. Tax revenue increased \$4,875,930 or 10.30% from the prior year. This increase can be attributed to an increase in the amount of tax advance that was available to the District from the County Fiscal Officer at June 30, 2022 versus June 30, 2021. This variance resulted in more tax revenue being reported in fiscal year 2022. The amount of tax advances available from the County Fiscal Officer can vary depending upon when tax bills are mailed. Earnings on investments decreased \$61,597 due to a decrease in interest rates earned on investments. Other revenues increased due to a decrease in tuition and miscellaneous revenues.

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

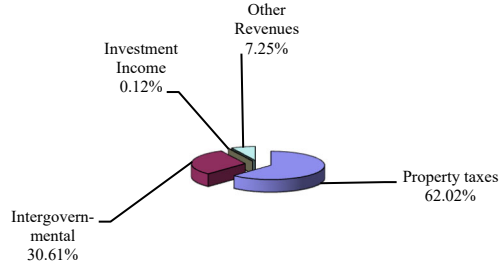
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

The graphs below detail general fund revenues from fiscal year 2022 and 2021.

**Revenues – Fiscal year 2022**



**Revenues – Fiscal year 2021**



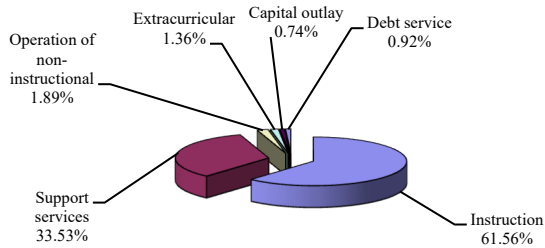
The table that follows assists in illustrating the expenditures of the general fund.

	2022 <u>Amount</u>	2021 <u>Amount</u>	<u>Change</u>	<u>Percentage Change</u>
<b><u>Expenditures</u></b>				
Instruction	\$ 43,793,364	\$ 49,951,285	\$ (6,157,921)	(12.33) %
Support services	23,858,529	22,224,731	1,633,798	7.35 %
Operation of non-instructional services	1,347,958	968,106	379,852	39.24 %
Extracurricular activities	968,490	1,012,773	(44,283)	(4.37) %
Capital outlay	528,357	330,854	197,503	59.69 %
Debt service	657,639	629,851	27,788	4.41 %
<b>Total</b>	<b><u>\$ 71,154,337</u></b>	<b><u>\$ 75,117,600</u></b>	<b><u>\$ (3,963,263)</u></b>	<b>(5.28) %</b>

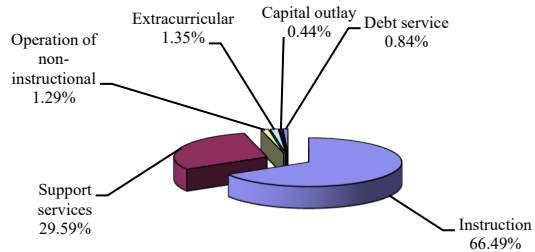
Expenditures of the general fund decreased by \$3,963,263 or 5.28%. The largest decrease was in the area of instruction which decreased due to the movement of expenditures over to the ESSER Fund.

The graphs below detail general fund expenditures for fiscal year 2022 and 2021.

**Expenditures – Fiscal year 2022**



**Expenditures – Fiscal year 2021**



**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
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***Debt Service Fund***

Another of the District's major governmental funds is the debt service fund. The debt service fund had \$10,175,442 in revenues and \$11,577,263 in expenditures. The debt service fund's fund balance decreased \$1,401,821 from \$15,849,020 to \$14,447,199. The decrease in fund balance was the result of scheduled debt service payments exceeding property tax collections during the fiscal year.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2022, the District did not amend its general fund budget. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. For the general fund, original and final budgeted revenues were \$127,452,955. Actual revenues for fiscal year 2022 were \$79,986,729. This represents a \$47,466,266 increase from final budgeted revenues.

General fund original appropriations (expenditures) and final appropriations were \$77,277,952. The actual budget basis expenditures for fiscal year 2022 totaled \$74,371,059, which was \$2,906,893 less than the final budget appropriations.

**Capital Assets and Debt Administration**

***Capital Assets***

At June 30, 2022, the District had \$203,060,713 invested in land, land improvements, buildings/improvements, furniture/equipment, vehicles, infrastructure and intangible right to use assets. Of this total, \$202,723,167 was reported in governmental activities and \$337,546 was reported in business-type activities.

The following table shows June 30, 2022 balances compared to June 30, 2021.

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

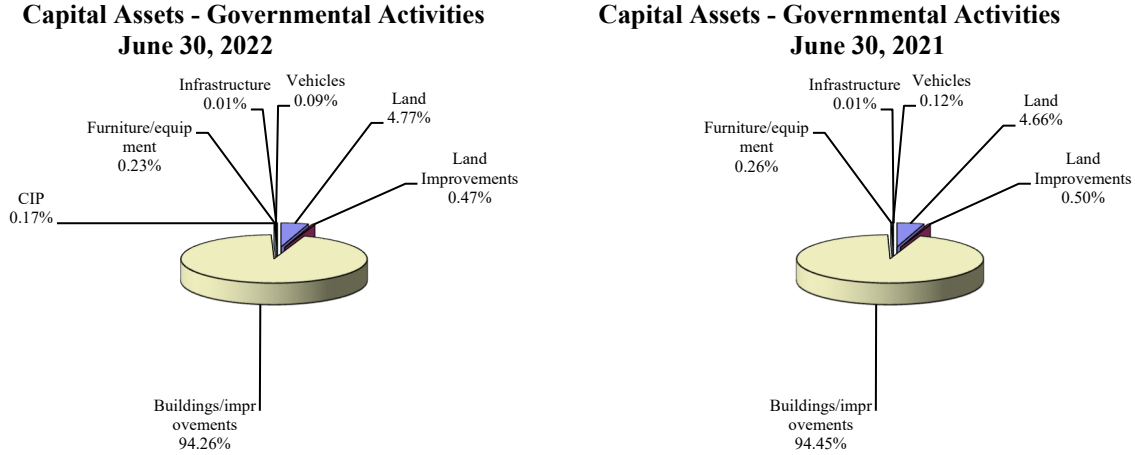
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Land	\$ 9,643,808	\$ 9,643,808	\$ -	\$ -	\$ 9,643,808	\$ 9,643,808
Construction in progress	339,492	-	-	-	339,492	-
Land improvements	945,181	1,039,251	-	-	945,181	1,039,251
Buildings/improvements	190,642,950	195,267,504	-	-	190,642,950	195,267,504
Furniture/equipment	459,027	537,914	337,546	407,749	796,573	945,663
Vehicles	187,372	239,501	-	-	187,372	239,501
Infrastructure	13,112	14,899	-	-	13,112	14,899
Intangible right to use assets	<u>492,225</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>492,225</u>	<u>-</u>
Total	<u>\$ 202,723,167</u>	<u>\$ 206,742,877</u>	<u>\$ 337,546</u>	<u>\$ 407,749</u>	<u>\$ 203,060,713</u>	<u>\$ 207,150,626</u>

The overall decrease in governmental capital assets of \$4,019,710 is the result of capital outlays of \$1,083,850 and depreciation/amortization expense of \$5,103,560.

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)

The following graphs show the breakdown of governmental activities capital assets by category for 2022 and 2021.



See Note 8 to the basic financial statements for additional information on the District's capital assets.

**Debt Administration**

At June 30, 2022 the District had \$125,291,911 in general obligation bonds, notes payable and leases payable outstanding. Of this total, \$7,559,373 is due within one year and \$117,732,538 is due in more than one year.

The following table summarizes the bonds and capital leases outstanding.

**Outstanding Bond and Lease Debt, at Year End**

	Governmental Activities <u>2022</u>	Governmental Activities <u>2021</u>
General obligation bonds	\$ 119,274,145	\$ 125,102,667
Leases payable	493,628	5,934,488
Notes payable	<u>5,524,138</u>	<u>-</u>
Total	<u>\$ 125,291,911</u>	<u>\$ 131,037,155</u>

The District maintains an Aa2 bond rating.

See Note 9 to the basic financial statements for additional information on the District's debt administration.

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)**

**Current Financial Related Activities**

The District has carefully managed its general fund budgets in order to optimize the dollars available for educating the students it serves, and to minimize the levy millage amounts needed periodically from the community's citizens. As the balance sheet on page 24 shows, the general fund's cash balance was \$38,094,068 at June 30, 2022. Fiscal year-end general fund unrestricted cash balances were \$33,870,551, \$31,866,920, \$32,447,489, \$32,319,547, \$30,463,382, \$28,745,741, \$24,811,841, \$22,581,173 and \$19,580,409 at June 30 in fiscal years 2021-2013, respectively. Sound fiscal management by the Board of Education and Administration has enabled the District to maintain a healthy cash balance, pass five consecutive operating levies in 1995, 1999, 2002, 2010, 2013 and 2020 at minimum millage amounts possible, and continue a quality, comprehensive educational program.

In May 2010, the Board submitted, and the electors of the District approved (by a vote of 60.62% to 39.38%) a 6.9-mill ad valorem property tax for the purpose of current expenses for a continuing period of time. That levy generates approximately \$5.8 million annually. By monitoring its five-year forecast, the Board was able to request voter approval early in the forecast cycle to lower the millage amount needed and not face significant reductions in educational programming. Once again, in May 2013, the board submitted, and the electors of the District approved (by a vote of 69% to 31%) a 3.9-mill ad valorem property tax for the purpose of current expenses for a continuing period of time. This levy generates approximately \$3.2 million annually. In March 2020 (certification delayed until April 2020 due to the pandemic), the board submitted, and the electors of the District approved (by a vote of 77% to 23%) a 3.9-mill ad valorem property tax for the purpose of current expenses for a continuing period of time. This levy generates approximately \$4.2 million annually. In addition, the community approved a 1-mill permanent improvement levy for the purpose of general permanent improvements for a continuing period of time. This levy generates approximately \$1.1 million annually. Since 2005, the Board has made numerous reductions in operating expenses to manage the budget and deal with revenue losses from reduced state funding, property valuations, and investment earnings.

Several significant legislative and judicial actions have occurred that will have a major impact on our District. The Ohio Supreme Court ruled in March 1997 that the State of Ohio was operating an unconstitutional educational system, one that was neither "adequate" nor "equitable." Beginning in FY 2022 Ohio adopted the Fair School Funding Plan (FSFP). Funding is driven by a base cost methodology that incorporates the four components identified as necessary to the education process. The four components of the Base Cost consist of the following: Direct Instruction, Instructional & Student Supports, Building Leadership & Operations, and District Leadership & Accountability. The Base Cost is currently calculated for two years using a statewide average from historical actual data. The District has been able to streamline some of its operations, thus cutting expenses, due to commencement of its new school facilities program.

Declining enrollment over the past ten years is a trend that has received, and will continue to receive, the attention of the Board and Administration. Enrollment in the past two years has leveled, perhaps due to implementation of extended-day kindergarten, economic conditions, or other factors. Reduced student counts lead to staffing cuts, excess building capacity, and less state funding. Each of these factors negatively impacts the operations of the District.



**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022  
(UNAUDITED)**

In 2004, the Board empowered the “Designing Our Schools for the Next 50 Years” Committee to develop a plan for school building replacement/renovation, grade configuration, and building numbers and locations. The Board has worked with the Ohio School Facilities Commission (OSFC - now the Ohio Facilities Construction Commission (OFCC)) to develop a master facilities plan and project agreement, both of which were necessary in order to access State funds to assist with costs related to the plan. OSFC funding comprised approximately 31% of the approved project costs; thus, it was important to capture this revenue source to relieve some of the financial burden from local taxpayers. The Lakewood community passed a \$93.6 million bond issue in March 2005, to begin the first construction phase of the facilities plan. Community and staff committees designed two new elementary schools and two new middle schools. The Lakewood community also passed a \$30.1 million bond issue on May 8, 2007. The 1.9 mill levy is for a term of 27 years commenced in 2007 (tax collections began in 2008). This bond issue was passed to renovate two middle schools to become elementary schools, and to renovate the western portion of Lakewood High School. In November 2013, the Lakewood community passed a \$49,950,000 million bond issue to replace the last three elementary buildings and provide additions and renovations to the High School. Three new elementary buildings were opened in the fall of 2016 and a new academic wing at the High School opened in January 2017. The final phase of the High School project was completed in January 2018. This completed the mission of the “50 Year” Committee. With the entire project completed, the District has reduced its operations from 14 school buildings (10 elementary schools, 3 middle schools, and 1 high school) to 10 school buildings (7 elementary schools, 2 middle schools and 1 high school). The operational efficiencies created by this realignment of facilities will lessen millage amounts that will be needed for general fund operations in years after the facilities plan is completed.

The District has committed itself to educational and financial excellence for many years. This is exemplified by the unmodified audit opinions that have been received by the Auditor of State. Each challenge identified in this section is viewed simultaneously as an opportunity for the District to foray down paths not previously traveled to continue its commitment to excellence. The District is committed to living within its financial means, and working with the community it serves in order to garner adequate resources to support the educational program.

**Contacting the District’s Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Kent Zeman, Treasurer, Lakewood City School District, 13701 Lake Avenue, Lakewood, Ohio 44107.

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**LAKEWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF NET POSITION  
JUNE 30, 2022

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Assets:</b>			
Equity in pooled cash and cash equivalents	\$ 57,953,698	\$ 903,745	\$ 58,857,443
Receivables:			
Property taxes	64,883,266	-	64,883,266
Payment in lieu of taxes	1,039,367	-	1,039,367
Accounts	26,696	-	26,696
Accrued interest	51,403	713	52,116
Intergovernmental	4,730,736	-	4,730,736
Leases	377,499	-	377,499
Prepayments	29,416	-	29,416
Materials and supplies inventory	-	9,831	9,831
Inventory held for resale	-	7,606	7,606
Net OPEB asset	6,622,956	-	6,622,956
Capital assets:			
Nondepreciable capital assets	9,983,300	-	9,983,300
Depreciable capital assets, net	192,739,867	337,546	193,077,413
Capital assets, net	<u>202,723,167</u>	<u>337,546</u>	<u>203,060,713</u>
Total assets	<u>338,438,204</u>	<u>1,259,441</u>	<u>339,697,645</u>
<b>Deferred outflows of resources:</b>			
Unamortized deferred charges on debt refunding	4,578,309	-	4,578,309
Pension	20,411,449	142,396	20,553,845
OPEB	2,007,567	92,812	2,100,379
Total deferred outflows of resources	<u>26,997,325</u>	<u>235,208</u>	<u>27,232,533</u>
<b>Liabilities:</b>			
Accounts payable	705,284	9,728	715,012
Contracts payable	339,492	-	339,492
Accrued wages and benefits payable	7,616,977	103,221	7,720,198
Intergovernmental payable	175,112	1,427	176,539
Pension and postemployment benefits payable	1,407,728	49,380	1,457,108
Accrued interest payable	683,397	-	683,397
Long-term liabilities:			
Due within one year	8,139,434	2,008	8,141,442
Due in more than one year:			
Net pension liability	50,174,418	712,454	50,886,872
Net OPEB liability	5,305,800	377,584	5,683,384
Other amounts due in more than one year	137,180,724	41,009	137,221,733
Total liabilities	<u>211,728,366</u>	<u>1,296,811</u>	<u>213,025,177</u>
<b>Deferred inflows of resources:</b>			
Property taxes levied for the next fiscal year	55,906,047	-	55,906,047
Payment in lieu of taxes levied for the next fiscal year	1,039,367	-	1,039,367
Leases	383,772	-	383,772
Pension	41,489,702	447,654	41,937,356
OPEB	11,299,766	334,575	11,634,341
Total deferred inflows of resources	<u>110,118,654</u>	<u>782,229</u>	<u>110,900,883</u>
<b>Net position:</b>			
Net investment in capital assets	72,393,000	337,546	72,730,546
Restricted for:			
Capital projects	689,319	-	689,319
Classroom facilities maintenance	3,084,273	-	3,084,273
Debt service	13,178,250	-	13,178,250
State funded programs	718,691	-	718,691
Federally funded programs	60,600	-	60,600
Extracurricular programs	484,627	-	484,627
Other purposes	335,363	-	335,363
Unrestricted (deficit)	<u>(47,355,614)</u>	<u>(921,937)</u>	<u>(48,277,551)</u>
Total net position	<u>\$ 43,588,509</u>	<u>\$ (584,391)</u>	<u>\$ 43,004,118</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LAKEWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Expenses</u>	<u>Program Revenues</u>	
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>
<b>Governmental activities:</b>			
Instruction:			
Regular	\$ 32,756,730	\$ 1,186,204	\$ 7,080,714
Special	14,219,883	288,240	4,394,099
Vocational	3,056,478	2,365,485	425,815
Adult/continuing	106,492	109,226	-
Other	1,533,922	-	-
Support services:			
Pupil	4,993,535	-	1,104,195
Instructional staff	3,239,193	-	28,155
Board of education	366,011	-	-
Administration	3,928,275	-	35,321
Fiscal	1,933,380	-	-
Business	665,361	-	-
Operations and maintenance	7,940,410	299,496	53,864
Pupil transportation	403,201	-	68,825
Central	412,756	-	3,534
Operation of non-instructional services:			
Other non-instructional services	2,995,891	43,117	1,462,181
Extracurricular activities	1,273,099	402,095	123,491
Interest and fiscal charges	5,087,441	-	-
Total governmental activities	<u>84,912,058</u>	<u>4,693,863</u>	<u>14,780,194</u>
<b>Business-type activities:</b>			
Food service	1,233,576	215,482	1,877,348
Recreation	165,993	223,517	-
Total business-type activities	<u>1,399,569</u>	<u>438,999</u>	<u>1,877,348</u>
Totals	<u>\$ 86,311,627</u>	<u>\$ 5,132,862</u>	<u>\$ 16,657,542</u>

**General revenues:**  
Property taxes levied for:  
    General purposes  
    Debt service  
    Capital outlay  
    Classroom facilities maintenance  
Payments in lieu of taxes  
Grants and entitlements not restricted  
    to specific programs  
Investment earnings  
Miscellaneous  
Total general revenues

Change in net position

**Net position at beginning of year**

**Net position at end of year**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**Net (Expense) Revenue  
and Changes in Net Position**

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (24,489,812)	\$ -	\$ (24,489,812)
(9,537,544)	-	(9,537,544)
(265,178)	-	(265,178)
2,734	-	2,734
(1,533,922)	-	(1,533,922)
(3,889,340)	-	(3,889,340)
(3,211,038)	-	(3,211,038)
(366,011)	-	(366,011)
(3,892,954)	-	(3,892,954)
(1,933,380)	-	(1,933,380)
(665,361)	-	(665,361)
(7,587,050)	-	(7,587,050)
(334,376)	-	(334,376)
(409,222)	-	(409,222)
(1,490,593)	-	(1,490,593)
(747,513)	-	(747,513)
(5,087,441)	-	(5,087,441)
<u>(65,438,001)</u>	<u>-</u>	<u>(65,438,001)</u>
-	859,254	859,254
-	57,524	57,524
-	916,778	916,778
<u>(65,438,001)</u>	<u>916,778</u>	<u>(64,521,223)</u>
51,495,942	-	51,495,942
9,566,669	-	9,566,669
1,328,909	-	1,328,909
200,593	-	200,593
1,039,367	-	1,039,367
22,029,945	-	22,029,945
41,312	2,336	43,648
391,720	905	392,625
<u>86,094,457</u>	<u>3,241</u>	<u>86,097,698</u>
20,656,456	920,019	21,576,475
<u>22,932,053</u>	<u>(1,504,410)</u>	<u>21,427,643</u>
<u>\$ 43,588,509</u>	<u>\$ (584,391)</u>	<u>\$ 43,004,118</u>

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents	\$ 38,094,068	\$ 13,329,268	\$ 6,159,389	\$ 57,582,725
Receivables:				
Property taxes	52,476,898	10,918,379	1,487,989	64,883,266
Payment in lieu of taxes	1,039,367	-	-	1,039,367
Accounts	26,696	-	-	26,696
Accrued interest	51,268	-	135	51,403
Intergovernmental	29,106	-	4,701,630	4,730,736
Leases	377,499	-	-	377,499
Due from other funds	3,851,346	-	-	3,851,346
Total assets	<u>\$ 95,946,248</u>	<u>\$ 24,247,647</u>	<u>\$ 12,349,143</u>	<u>\$ 132,543,038</u>
<b>Liabilities:</b>				
Accounts payable	\$ 500,588	\$ -	\$ 204,696	\$ 705,284
Contracts payable	-	-	339,492	339,492
Accrued wages and benefits payable	6,895,877	-	721,100	7,616,977
Compensated absences payable	219,505	-	-	219,505
Intergovernmental payable	142,192	-	32,920	175,112
Pension and postemployment benefits payable	1,327,365	-	80,363	1,407,728
Due to other funds	-	-	3,851,346	3,851,346
Total liabilities	<u>9,085,527</u>	<u>-</u>	<u>5,229,917</u>	<u>14,315,444</u>
<b>Deferred inflows of resources:</b>				
Property taxes levied for the next fiscal year	45,687,331	8,794,051	1,424,665	55,906,047
Payment in lieu of taxes levied for the next fiscal year	1,039,367	-	-	1,039,367
Delinquent property tax revenue not available	3,216,547	1,006,397	30,000	4,252,944
Intergovernmental revenue not available	-	-	301,947	301,947
Accrued interest not available	12,212	-	42	12,254
Leases	383,772	-	-	383,772
Total deferred inflows of resources	<u>50,339,229</u>	<u>9,800,448</u>	<u>1,756,654</u>	<u>61,896,331</u>
<b>Fund balances:</b>				
Nonspendable:				
Unclaimed monies	33,712	-	-	33,712
Restricted:				
Debt service	-	14,447,199	-	14,447,199
Capital projects	-	-	1,008,811	1,008,811
Classroom facilities maintenance	-	-	3,074,273	3,074,273
Non-public schools	-	-	174,547	174,547
State funded programs	-	-	550,187	550,187
Federally funded programs	-	-	46,338	46,338
Extracurricular	-	-	484,627	484,627
Other purposes	-	-	301,609	301,609
Assigned:				
Student instruction	657,216	-	-	657,216
Student and staff support	1,814,987	-	-	1,814,987
Extracurricular programs	1,049	-	-	1,049
Facilities acquisition and construction	14,522	-	-	14,522
Operation of non-instructional activities	128,558	-	-	128,558
Other purposes	38,847	-	-	38,847
Unassigned (deficit)	<u>33,832,601</u>	<u>-</u>	<u>(277,820)</u>	<u>33,554,781</u>
Total fund balances	<u>36,521,492</u>	<u>14,447,199</u>	<u>5,362,572</u>	<u>56,331,263</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 95,946,248</u>	<u>\$ 24,247,647</u>	<u>\$ 12,349,143</u>	<u>\$ 132,543,038</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LAKEWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2022

<b>Total governmental fund balances</b>		\$	56,331,263
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			202,723,167
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.			
Property taxes receivable	\$	4,252,944	
Accrued interest receivable		12,254	
Intergovernmental receivable		301,947	
Total		4,567,145	4,567,145
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.			400,389
Unamortized premiums on bonds issued are not recognized in the funds.			(12,826,479)
Unamortized amounts on refundings are not recognized in the funds.			4,578,309
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(683,397)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.			
Deferred outflows - pension		20,411,449	
Deferred inflows - pension		(41,489,702)	
Net pension liability		(50,174,418)	
Deferred outflows - OPEB		2,007,567	
Deferred inflows - OPEB		(11,299,766)	
Net OPEB asset		6,622,956	
Net OPEB liability		(5,305,800)	
Total		(79,227,714)	(79,227,714)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		(119,274,145)	
Compensated absences		(6,982,263)	
Notes payable - finance purchase		(5,524,138)	
Leases payable		(493,628)	
Total		(132,274,174)	(132,274,174)
<b>Net position of governmental activities</b>		<b>\$</b>	<b>43,588,509</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LAKEWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
Property taxes	\$ 51,197,879	\$ 9,473,411	\$ 1,526,721	\$ 62,198,011
Intergovernmental	23,649,671	702,031	12,153,881	36,505,583
Investment earnings	30,204	-	1,162	31,366
Tuition and fees	3,525,983	-	215,405	3,741,388
Extracurricular	257,350	-	360,327	617,677
Rental income	271,506	-	27,990	299,496
Charges for services	35,302	-	-	35,302
Contributions and donations	3,930	-	8,050	11,980
Payment in lieu of taxes	1,039,367	-	-	1,039,367
Miscellaneous	408,677	-	133,493	542,170
Total revenues	<u>80,419,869</u>	<u>10,175,442</u>	<u>14,427,029</u>	<u>105,022,340</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	26,195,002	-	7,418,070	33,613,072
Special	12,946,548	-	2,854,270	15,800,818
Vocational	2,947,693	-	147,200	3,094,893
Adult/continuing	120,439	-	-	120,439
Other	1,583,682	-	-	1,583,682
Support services:				
Pupil	4,478,241	-	1,255,486	5,733,727
Instructional staff	3,041,269	-	28,155	3,069,424
Board of education	369,775	-	-	369,775
Administration	4,254,747	1,000	35,305	4,291,052
Fiscal	2,026,220	-	-	2,026,220
Business	704,611	-	-	704,611
Operations and maintenance	8,182,808	-	76,340	8,259,148
Pupil transportation	351,353	-	7,402	358,755
Central	449,505	-	3,534	453,039
Operation of non-instructional services				
Other non-instructional services	1,347,958	-	1,317,759	2,665,717
Extracurricular activities	968,490	-	455,024	1,423,514
Facilities acquisition and construction	7,178	-	824,080	831,258
Capital outlay	521,179	-	-	521,179
Debt service:				
Principal retirement	437,901	6,201,083	-	6,638,984
Interest and fiscal charges	219,738	5,151,263	-	5,371,001
Accretion on capital appreciation bonds	-	223,917	-	223,917
Total expenditures	<u>71,154,337</u>	<u>11,577,263</u>	<u>14,422,625</u>	<u>97,154,225</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,265,532</u>	<u>(1,401,821)</u>	<u>4,404</u>	<u>7,868,115</u>
<b>Other financing sources:</b>				
Lease transaction	521,179	-	-	521,179
Total other financing sources	<u>521,179</u>	<u>-</u>	<u>-</u>	<u>521,179</u>
Net change in fund balances	9,786,711	(1,401,821)	4,404	8,389,294
<b>Fund balances at beginning of year</b>	<u>26,734,781</u>	<u>15,849,020</u>	<u>5,358,168</u>	<u>47,941,969</u>
<b>Fund balances at end of year</b>	<u>\$ 36,521,492</u>	<u>\$ 14,447,199</u>	<u>\$ 5,362,572</u>	<u>\$ 56,331,263</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

<b>Net change in fund balances - total governmental funds</b>	\$	8,389,294
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.		
Capital asset additions	\$ 1,083,850	
Current year depreciation/amortization	(5,103,560)	
Total		(4,019,710)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	394,102	
Earnings on investments	11,111	
Other local revenue	(42,590)	
Intergovernmental	141,161	
Total		503,784
Repayment of bond, note and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
Bonds	6,201,083	
Accreted interest on capital appreciation bonds	223,917	
Notes payable - finance purchase	410,350	
Leases	27,551	
Total		6,862,901
Issuance of leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		
		(521,179)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Change in accrued interest payable	19,740	
Accreted interest on capital appreciation bonds	(596,478)	
Amortization of bond premiums	1,326,108	
Amortization of deferred charges	(465,810)	
Total		283,560
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension		7,130,920
OPEB		196,569
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension		1,197,272
OPEB		659,363
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		17,426
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		(43,744)
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b>20,656,456</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
Property taxes	\$ 80,496,982	\$ 81,549,200	\$ 50,986,761	\$ (30,562,439)
Intergovernmental	38,807,598	37,749,155	23,611,924	(14,137,231)
Investment earnings	489,539	489,912	120,417	(369,495)
Tuition and fees	5,520,485	5,524,703	3,525,982	(1,998,721)
Extracurricular	74,390	74,447	58,807	(15,640)
Rental income	795,838	796,446	256,532	(539,914)
Charges for services	8,524	8,531	343	(8,188)
Payment in lieu of taxes	1,039,367	1,039,367	1,039,367	-
Miscellaneous	220,232	221,194	386,596	165,402
Total revenues	<u>127,452,955</u>	<u>127,452,955</u>	<u>79,986,729</u>	<u>(47,466,226)</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	30,888,990	31,196,122	27,481,758	3,714,364
Special	13,350,704	12,636,006	13,666,560	(1,030,554)
Vocational	2,922,583	2,928,075	3,046,048	(117,973)
Adult/continuing	126,022	141,622	123,004	18,618
Other	1,810,190	820,951	1,668,361	(847,410)
Support services:				
Pupil	4,190,659	4,278,908	4,607,145	(328,237)
Instructional staff	2,764,393	2,856,313	3,254,058	(397,745)
Board of education	610,557	742,793	462,772	280,021
Administration	4,132,806	4,212,948	4,288,915	(75,967)
Fiscal	2,003,279	2,031,860	2,041,106	(9,246)
Business	802,578	859,247	827,365	31,882
Operations and maintenance	9,846,038	10,847,477	9,655,707	1,191,770
Pupil transportation	138,235	149,374	371,773	(222,399)
Central	492,159	500,457	457,126	43,331
Operation of non-instructional services				
Other non-instructional services	1,618,000	1,856,172	1,435,123	421,049
Extracurricular activities	1,072,007	1,036,015	962,538	73,477
Facilities acquisition and construction	508,752	183,612	21,700	161,912
Total expenditures	<u>77,277,952</u>	<u>77,277,952</u>	<u>74,371,059</u>	<u>2,906,893</u>
Net change in fund balance	50,175,003	50,175,003	5,615,670	(44,559,333)
<b>Fund balance at beginning of year</b>	31,386,296	31,386,296	31,386,296	-
<b>Prior year encumbrances appropriated</b>	1,833,471	1,833,471	1,833,471	-
<b>Fund balance at end of year</b>	<u>\$ 83,394,770</u>	<u>\$ 83,394,770</u>	<u>\$ 38,835,437</u>	<u>\$ (44,559,333)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LAKEWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2022

	<b>Total Business-Type Activities - Nonmajor Enterprise Funds</b>	<b>Governmental Activities - Internal Service Fund</b>
<b>Assets:</b>		
Current assets:		
Equity in pooled cash and cash equivalents	\$ 903,745	\$ 370,973
Receivables:		
Accrued interest	713	-
Prepayments	-	29,416
Materials and supplies inventory	9,831	-
Inventory held for resale	7,606	-
Total current assets	921,895	400,389
Noncurrent assets:		
Depreciable capital assets, net	337,546	-
Total noncurrent assets	337,546	-
Total assets	1,259,441	400,389
<b>Deferred outflows of resources:</b>		
Pension	142,396	-
OPEB	92,812	-
Total deferred outflows of resources	235,208	-
<b>Liabilities:</b>		
Current liabilities:		
Accounts payable	9,728	-
Accrued wages and benefits	103,221	-
Compensated absences	2,008	-
Pension and postemployment benefits payable	49,380	-
Intergovernmental payable	1,427	-
Total current liabilities	165,764	-
Long-term liabilities:		
Compensated absences payable	41,009	-
Net pension liability	712,454	-
Net OPEB liability	377,584	-
Total long-term liabilities	1,131,047	-
Total liabilities	1,296,811	-
<b>Deferred inflows of resources:</b>		
Pension	447,654	-
OPEB	334,575	-
Total deferred inflows of resources	782,229	-
<b>Net position:</b>		
Investment in capital assets	337,546	-
Unrestricted	(921,937)	400,389
Total net position	\$ (584,391)	\$ 400,389

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LAKEWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET POSITION  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<b>Total Business-Type Activities - Nonmajor Enterprise Funds</b>	<b>Governmental Activities - Internal Service Fund</b>
<b>Operating revenues:</b>		
Sales/charges for services	\$ 438,999	\$ -
Other	905	53,412
Total operating revenues	<u>439,904</u>	<u>53,412</u>
<b>Operating expenses:</b>		
Personal services	644,763	-
Purchased services	26,698	12,500
Materials and supplies	657,905	-
Claims	-	84,656
Depreciation	70,203	-
Total operating expenses	<u>1,399,569</u>	<u>97,156</u>
Operating loss	<u>(959,665)</u>	<u>(43,744)</u>
<b>Nonoperating revenues:</b>		
Grants and subsidies	1,765,243	-
Interest revenue	2,336	-
Federal donated commodities	112,105	-
Total nonoperating revenues	<u>1,879,684</u>	<u>-</u>
Change in net position	920,019	(43,744)
<b>Net position at beginning of year</b>	<u>(1,504,410)</u>	<u>444,133</u>
<b>Net position at end of year</b>	<u>\$ (584,391)</u>	<u>\$ 400,389</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**LAKEWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

	<b>Total Business-Type Activities - Nonmajor Enterprise Funds</b>	<b>Governmental Activities - Internal Service Fund</b>
<b>Cash flows from operating activities:</b>		
Cash received from sales/charges for services	\$ 438,999	\$ -
Cash received from other operations	905	53,412
Cash payments for personal services	(941,248)	-
Cash payments for contractual services	(36,142)	(12,500)
Cash payments for materials and supplies	(570,239)	-
Cash payments for claims	-	(58,830)
	(1,107,725)	(17,918)
<b>Net cash used in operating activities</b>		
<b>Cash flows from noncapital financing activities:</b>		
Cash received from grants and subsidies	1,765,243	-
	1,765,243	-
<b>Net cash provided by noncapital financing activities</b>		
<b>Cash flows from investing activities:</b>		
Interest received	1,643	-
	1,643	-
<b>Net cash provided by investing activities</b>		
<b>Net change in cash and cash equivalents</b>	659,161	(17,918)
<b>Cash and cash equivalents at beginning of year</b>	244,584	388,891
<b>Cash and cash equivalents at end of year</b>	\$ 903,745	\$ 370,973
<b>Reconciliation of loss to net cash used in operating activities:</b>		
Operating loss	\$ (959,665)	\$ (43,744)
Adjustments:		
Depreciation	70,203	-
Federal donated commodities	112,105	-
Changes in assets and liabilities:		
Materials and supplies inventory	(837)	-
Inventory held for resale	9,080	-
Prepayments	-	25,826
Deferred outflows - pension	38,289	-
Deferred outflows - OPEB	15,206	-
Accounts payable	(28,857)	-
Accrued wages and benefits	(13,241)	-
Intergovernmental payable	(49)	-
Compensated absences payable	(79,491)	-
Pension and postemployment benefits payable	11,036	-
Net pension liability	(602,642)	-
Net OPEB liability	(69,743)	-
Deferred inflows - Pension	373,126	-
Deferred inflows - OPEB	17,755	-
	(1,107,725)	(17,918)
<b>Net cash used in operating activities</b>	\$ (1,107,725)	\$ (17,918)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

The Lakewood City School District (the “District”) is located in Cuyahoga County and includes all of the City of Lakewood, Ohio. The District was established in 1854 through the consolidation of existing land areas and school districts. The District serves an area of approximately 5.05 square miles.

The District is organized under Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms. The District provides educational services as authorized by Ohio statute and/or federal guidelines.

The District currently operates 10 instructional buildings, 1 administrative building and 1 garage. The District employs 433 non-certified and 457 certified full-time and part-time employees to provide services to approximately 4,085 students in grades K through 12 and various community groups.

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

The basic financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District’s significant accounting policies are described below.

**A. Reporting Entity**

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

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

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

The following other organizations are described due to their relationship to the District.

*JOINTLY GOVERNED ORGANIZATIONS*

Connect - The District is a member of the connect, formerly known as the North Coast Council, which was formed when the Lakeshore Northeast Ohio Computer Association and the Lake Erie Educational Computer Association merged during fiscal year 2012. Connect was organized for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among 34 member districts. Each of the governments of these schools supports the Connect based on a per pupil charge. The District contributed \$226,947 to Connect during fiscal year 2022. Connect is governed by a nine member Board of Directors consisting of superintendents from member school districts. Financial information can be obtained by contacting the Treasurer at the Cuyahoga County Educational Service Center, who serves as fiscal agent, at 5700 West Canal Road, Valley View, Ohio 44125.

Ohio Schools Council - The Ohio Schools Council Association (the "Council") is a jointly governed organization comprised of 157 member districts. The mission of the Council is to identify, plan and provide services to member districts that can be more effectively achieved by cooperative endeavors of member districts than by an individual district operating on its own. Each district supports the Council by paying an annual participation fee. The Council's Board consists of nine superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2022, the District paid \$186,979 to the Council for membership and other services as well as for the natural gas purchasing program. Financial information can be obtained by contacting the Executive Director of the Ohio Schools Council at 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

The District participates in the natural gas purchase program. This program allows the District to purchase natural gas at reduced rates. Energy USA served as the natural gas supplier and program manager from October 1, 2008 to September 30, 2010. Compass Energy has been selected as the new supplier and program manager for the period beginning after October 1, 2010. There are currently 146 participants in the program including the Lakewood City School District. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

*RELATED ORGANIZATION*

The Lakewood Public Library - The Lakewood Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Lakewood City School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies. Although the District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Lakewood Public Library at 15425 Detroit Avenue, Lakewood, Ohio 44107.



**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

*INSURANCE PURCHASING POOLS*

Schools of Ohio Risk Sharing Authority

The District participates in the Schools of Ohio Risk Sharing Authority Board (SORSA), an insurance purchasing pool. SORSA's business affairs are conducted by a nine-member Board of directors consisting of a President, Vice President, Secretary, Treasurer and five delegates. SORSA was created to provide joint self-insurance coverage and to assist members to prevent and reduce losses and injuries to the District's property and person. It is intended to provide liability and property insurance at reduced premiums for the participants. SORSA is organized as a nonprofit corporation under provisions of Ohio Revised Code 2744.

Suburban Health Consortium

The Suburban Health Consortium (the "Consortium") is a shared health risk pool created on October 1, 2001, formed by the Boards of Education of several school districts in northeast Ohio, for the purposes of maximizing benefits and/or reducing costs of group health, life, dental and/or other insurance coverages for their employees and the eligible dependents and designated beneficiaries of such employees. The Consortium was formed and operates as a legally separate entity under Ohio Revised Code Section 9.833. The Board of Directors shall be the governing body of the Consortium. The Board of Education of each Consortium Member shall appoint its Superintendent or such Superintendent's designee to be its representative of the Board of Directors. The officers of the Board of Directors shall consist of a Chairman, Vice-Chairman and Recording Secretary, who shall be elected at the annual meeting of Board of Directors and serve until the next annual meeting. All of the authority of the Consortium shall be exercised by or under the direction of the Board of Directors. The Board of Directors shall also set all premiums and other amounts to be paid by the Consortium Members, and the Board of Directors shall also have the authority to waive premiums and other payments. All members of the Board of Directors shall serve without compensation.

The Fiscal Agent (Orange City School District) shall be the Board of Education responsible for administering the financial transactions of the Consortium. The Fiscal Agent shall carry out the responsibilities of the Consortium Fund, enter into contracts on behalf of the Consortium as authorized by the Directors and carry out such other responsibilities as approved by the Directors and agreed to by the Fiscal Agent. Each District Member enrolled in a benefit program may require contributions from its employees toward the cost of any benefit program being offered by such District Member and such contributions shall be included in the payments from such District Member to the Fiscal Agent for such benefit program. Contributions are to be submitted by each District Member, to the Fiscal Agent, required under the terms of the Consortium Agreement and any benefit program in which such District Member is enrolled to the Fiscal Agent on a monthly basis, or as otherwise required in accordance with any benefit program in which such District Member is enrolled. All general administrative costs incurred by the Consortium that are not covered by the premium payments shall be shared equally by the Consortium Members as approved by the Directors, and shall be paid by each Consortium Member upon receipt of notice from the Fiscal Agent that such payment is due. It is the express intention of the Consortium Members that the Consortium Agreement and the Consortium shall continue for an indefinite term, but may be terminated as provided in the Consortium Agreement.

Any Consortium Member wishing to withdraw from participation in the Consortium or any benefit program shall notify the Fiscal Agent at least 180 days prior to the effective date of withdrawal. Upon withdrawal of a Consortium Member, the Consortium shall pay the run out of all claims for such Consortium Member provided such Consortium Member has paid to the Consortium, prior to the effective date of withdrawal a withdrawal fee in the amount equal to two months' premiums at the Consortium Member's current rate. Payment of the withdrawal fee does not extend insurance coverage for two months. Upon automatic withdrawal, for non-payment of premiums required by the Consortium Agreement, the Consortium shall pay the run out of all claims for such Consortium Member provided that the Consortium has received from such Consortium Member all outstanding and unpaid premiums and other amounts and the withdrawal fee equal to two months' premiums at the Consortium Member's current rates. Any Consortium Member which withdraws from the Consortium pursuant to the Consortium Agreement shall have no claim to the Consortium's assets. Financial information for the Consortium can be obtained from the Treasurer of the Orange City School District (the Fiscal Agent) 32000 Chagrin Blvd., Pepper Pike, Ohio 44124.

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

**B. Fund Accounting**

The District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

*GOVERNMENTAL FUNDS*

Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as fund balance.

The following are the District's major governmental funds:

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

Debt service fund - The debt service fund is used to account for the accumulation of resources restricted for the payment of general obligation bond and note principal, interest and related costs.

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

*PROPRIETARY FUNDS*

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following are the District's proprietary funds:

Enterprise funds - The enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises-where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District has two enterprise funds to account for food service operations and recreation services. These enterprise funds are considered nonmajor enterprise funds.

Internal service funds - The internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis. The District's internal service fund accounts for workers' compensation activities.

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net position and changes in net position. 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. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District did not have any fiduciary funds.

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

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets, current deferred outflows of resources, current liabilities, current deferred inflows of resources and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, all deferred outflows of resources, all liabilities and all deferred inflows of resources associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenue of the District's internal service fund is charges for services and sales. The principal operating revenues of the District's enterprise funds are sales for food services and charges for services for recreation. Operating expenses for internal service funds include the cost of sales and services and administrative expenses. Operating expenses for the enterprise funds are personnel costs and purchased services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Basis of Accounting**

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the District, see Notes 11 and 12 for deferred outflows of resources related the District's net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the District, deferred inflows of resources include property taxes, payments in lieu of taxes and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. The deferred inflow of resources for leases is related to the lease receivable and is being amortized to lease revenue in a systematic and rational manner over the term of the lease. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the District unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the District, see Notes 11 and 12 for deferred inflows of resources related to the District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

**E. Budgets**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

The specific timetable for fiscal year 2022 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Cuyahoga County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer.

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the original and final amended certificates issued for fiscal year 2022.

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures for all funds, which is the legal level of budgetary control.
5. All funds, other than custodial funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the legal level of budgetary control must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds, consistent with the general obligation bond indenture and other statutory provisions.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original, appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2022. The amounts reported in the budgetary statement reflect the amounts set forth in the original and final appropriations for fiscal year 2022.
9. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the fund level.

**F. Cash and Investments**

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

During fiscal year 2022, investments were limited to investments in Commercial paper, U.S. Treasury bills, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal Home Loan Bank (FHLB) securities, U.S. Treasury notes, negotiable certificates of deposit, U.S. Government money market accounts and the the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

During fiscal year 2022, the District invested in STAR Ohio. 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 District measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

Under existing Ohio statute, interest earnings are allotted to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2022 amounted to \$30,204 and includes \$7,765 assigned from other District funds.

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

**G. Prepayments**

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepayments in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

**H. Inventory**

On fund and government-wide financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their local fair value on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the consumption method.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

**I. Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

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

All reported capital assets except land and construction in progress are depreciated/amortized. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation/amortization is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Land improvements	20 years	N/A
Buildings/improvements	50 - 75 years	N/A
Furniture/equipment	5 - 20 years	5 - 20 years
Vehicles	8 years	N/A
Infrastructure	10 years	N/A
Intangible leased assets	5 years	N/A

**LAKWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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

**J. Interfund Balances**

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund loans receivables/payables”. Receivables and payables resulting from negative cash balances are classified as “due to/due from other funds”. These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**K. Compensated Absences**

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

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance benefits). A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with at least 10 years of service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16. The District has also recorded a liability for up to 10 days of accumulated sick leave (paid upon termination) for those employees with at least 5 years of service in the District, to the extent that those employees do not otherwise meet criteria defined above.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2022 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

In the governmental fund financial statements, compensated absences are reported to the extent that a known liability for an employee’s retirement/resignation has been incurred by fiscal year end. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees are paid. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

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

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.



**LAKWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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

**M. Fund Balance**

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

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

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

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

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

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

**LAKWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

**N. Net Position**

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

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

**O. Parochial Schools**

Within the District boundaries, Lakewood Catholic Academy and St. Edward High School are operated through the Cleveland Catholic Diocese. Lakewood Lutheran School is also in the District. Current State legislation provides funding to these nonpublic schools. These monies are received and disbursed on behalf of the nonpublic schools by the Treasurer of the District, as directed by the nonpublic schools. The activities of these State monies are reflected by the District in a nonmajor governmental fund for financial reporting purposes.

**P. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the District, these revenues are sales for food service and charges for services for recreation and self-insurance programs. Operating expenses are necessary costs that are incurred to provide the good or service that is the primary activity of the fund.

**Q. Estimates**

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

**R. Bond Issuance Costs/Unamortized Bond Premium and Discount/Unamortized Accounting Gain or Loss**

On government-wide financial statements, bond issuance costs are expensed in the year they occur.

Bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds.

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

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 9.

**LAKWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

**S. Interfund Activity**

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental funds are eliminated for reporting on the government-wide statement of activities.

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

**T. Pensions/Other Postemployment Benefits (OPEB)**

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

**U. Fair Value**

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

**V. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The District had neither occurrence.

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2022, the District has implemented GASB Statement No. 87, "Leases", GASB Implementation Guide 2019-3, "Leases", GASB Statement No. 89, "Accounting for Interest Cost Incurred before the End of a Construction Period", GASB Implementation Guide 2020-1, "Implementation Guide Update - 2020", GASB Statement No. 92, "Omnibus 2020", GASB Statement No. 93, "Replacement of Interbank Offered Rates", GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32" and certain paragraphs of GASB Statement No. 99, "Omnibus 2022".

**LAKWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

GASB Statement No. 87 and GASB Implementation Guide 2019-3 enhance the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

These changes were incorporated in the District's fiscal year 2022 financial statements. The District recognized \$431,249 in governmental activities in leases receivable at July 1, 2021, due to the implementation of GASB 87; however, this entire amount was offset by deferred inflows of resources for leases.

GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 89 requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. GASB Statement No. 89 also reiterates that financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The implementation of GASB Statement No. 89 did not have an effect on the financial statements of the District.

GASB Implementation Guide 2020-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2020-1 did not have an effect on the financial statements of the District.

GASB Statement No. 92 enhances comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The implementation of GASB Statement No. 92 did not have an effect on the financial statements of the District.

GASB Statement No. 93 establishes accounting and financial reporting requirements related to the replacement of Interbank Offered Rates (IBORs) in hedging derivative instruments and leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The implementation of GASB Statement No. 93 did not have an effect on the financial statements of the District.

GASB Statement No. 97 is to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The implementation of GASB Statement No. 97 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.

**LAKWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

**B. Deficit Fund Balances**

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

<u>Nonmajor funds</u>	<u>Deficit</u>
ESSER	\$ 85,961
Title VI-B	42,493
Title III	20,463
Title I	94,799
Preschool for the Handicapped	1,432
Title II-A	32,672

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

State statute classifies monies held by the District into three categories.

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;

**LAKWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State investment pool, State Treasury Asset Reserve of Ohio (STAR Ohio); and,
8. 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.

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

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.

**A. Cash on Hand**

At fiscal year-end, the District had \$375 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents".

**B. Deposits with Financial Institutions**

At June 30, 2022, the carrying amount of all District deposits was \$6,705,865 and the bank balance of all District deposits was \$6,971,468. Of the bank balance, \$250,000 was covered by the FDIC and \$6,721,468 was covered by the Ohio Pooled Collateral System.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State.

**LAKWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

**C. Investments**

As of June 30, 2022, the District had the following investments and maturities:

Measurement/ <u>Investment type</u>	Measurement <u>Value</u>	Investment Maturities				
		6 months or <u>less</u>	7 to 12 <u>months</u>	13 to 18 <u>months</u>	19 to 24 <u>months</u>	Greater than <u>24 months</u>
<i>Fair Value:</i>						
Commercial Paper	\$ 11,786,399	\$ 11,786,399	\$ -	\$ -	\$ -	\$ -
US Treasury Bill	2,509,650	1,771,448	738,202	-	-	-
FHLMC	1,001,430	-	-	-	1,001,430	-
FHLB	1,715,555	-	-	-	981,830	733,725
US Treasury Note	10,582,277	3,721,108	1,477,762	3,386,017	490,565	1,506,825
Negotiable CDs	2,446,375	-	-	249,249	736,935	1,460,191
US Government Money Market	417,456	417,456	-	-	-	-
<i>Amortized Cost:</i>						
STAR Ohio	<u>21,692,061</u>	<u>21,692,061</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 52,151,203</u>	<u>\$ 39,388,472</u>	<u>\$ 2,215,964</u>	<u>\$ 3,635,266</u>	<u>\$ 3,210,760</u>	<u>\$ 3,700,741</u>

The weighted average of maturity for investments is 0.52 years.

The District's investments in U.S. Treasury bills and U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in commercial paper, federal agency securities (FHLMC, FHLB), U.S. Treasury notes and negotiable certificates of deposit are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

*Interest Rate Risk:* As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

*Credit Risk:* The District's investments in commercial paper and U.S. Treasury bills were rated A-1 by Standard & Poor's. The District's investments in federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio and the governmental money market an AAAM money market rating. STAR Ohio must maintain the highest letter or numerical rating provided by at least one nationally recognized standard rating service. The District's investment policy does not specifically address credit risk beyond the adherence to all relevant sections of the Ohio Revised Code.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the District's name. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

**LAKWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2022:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
Fair Value:		
Commerical Paper	\$ 11,786,399	22.60
US Treasury Bill	2,509,650	4.81
FHLMC	1,001,430	1.92
FHLB	1,715,555	3.29
US Treasury Note	10,582,277	20.29
Negotiable CDs	2,446,375	4.69
US Government Money Market	417,456	0.80
Amortized Cost:		
STAR Ohio	<u>21,692,061</u>	<u>41.60</u>
Total	<u>\$ 52,151,203</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2022:

<u>Cash and investments per note</u>	
Cash on hand	\$ 375
Carrying amount of deposits	6,705,865
Investments	<u>52,151,203</u>
Total	<u>\$ 58,857,443</u>
 <u>Cash and investments per financial statements</u>	
Governmental activities	\$ 57,953,698
Business-type activities	<u>903,745</u>
Total	<u>\$ 58,857,443</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

Due to/from other funds consisted of the following at June 30, 2022, as reported on the fund statement:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Nonmajor governmental funds	<u>\$ 3,851,346</u>

The primary purpose of the amount due to the general fund from the nonmajor governmental fund was to eliminate negative cash balances. The amount will be repaid once cash is received.

Amounts due to/from between governmental funds are eliminated on the government-wide statements.



**LAKWOOD CITY SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2022 represent the collection of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021, on the assessed values as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2022 represent the collection of calendar year 2021 taxes. Public utility real and personal property taxes received in calendar year 2022 became a lien on December 31, 2020, were levied after April 1, 2021, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Cuyahoga County. The County Fiscal Officer periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available as an advance at June 30, 2022 was \$3,573,020 in the general fund, \$1,117,931 in the debt service fund, \$22,216 in the permanent improvement fund (a nonmajor governmental fund) and \$11,108 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available as an advance at June 30, 2021 was \$3,361,899 in the general fund, \$1,051,875 in the debt service fund, \$20,903 in the permanent improvement fund (a nonmajor governmental fund) and \$10,452 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

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

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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

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

	2021 Second Half Collections		2022 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 1,070,249,450	98.04	\$ 1,340,566,500	98.32
Public utility personal	<u>21,443,650</u>	<u>1.96</u>	<u>22,842,070</u>	<u>1.68</u>
Total	<u>\$ 1,091,693,100</u>	<u>100.00</u>	<u>\$ 1,363,408,570</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
Operations	\$112.63		\$112.63	
Debt service	8.10		8.10	
Permanent improvement	1.00		1.00	
Classroom facilities maintenance	0.50		0.50	

**NOTE 7 - RECEIVABLES**

**A. Other Receivables**

Receivables at June 30, 2022 consisted of property taxes, payment in lieu of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

A summary of the principal items of receivables reported on the statement of net position follows:

**Governmental activities:**

Property taxes - current and delinquent	\$ 64,883,266
Payment in lieu of taxes	1,039,367
Accounts	26,696
Accrued interest	51,403
Intergovernmental	4,730,736

**Business-type activities:**

Accrued interest	<u>713</u>
Total receivables	<u>\$ 70,732,181</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**B. Leases Receivable**

The District is reporting leases receivable of \$377,499 in the general fund. For fiscal year 2022, the District recognized lease revenue of \$47,477, which is reported in rental income, and interest revenue of \$13,469.

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 7 - RECEIVABLES - (Continued)**

The District has entered into a lease agreement for building space rental with the University of Akron as follows:

<u>Company</u>	<u>Lease Commencement Date</u>	<u>Years</u>	<u>Lease End Date</u>	<u>Payment Method</u>
University of Akron	2020	10	2030	Yearly

Lease payments will be paid into the general fund. The following is a schedule of future lease payments under the lease agreements:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 41,651	\$ 13,349	\$ 55,000
2024	43,124	11,876	55,000
2025	44,649	10,351	55,000
2026	46,228	8,772	55,000
2027	47,863	7,137	55,000
2028 - 2032	<u>153,984</u>	<u>11,013</u>	<u>164,997</u>
Total	<u>\$ 377,499</u>	<u>\$ 62,498</u>	<u>\$ 439,997</u>

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**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 8 - CAPITAL ASSETS**

**C. Governmental Activities**

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

	Balance June 30 2021	Additions	Deductions	Balance June 30, 2022
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 9,643,808	\$ -	\$ -	\$ 9,643,808
Construction in progress	-	339,492	-	339,492
Total capital assets, not being depreciated/amortized	<u>9,643,808</u>	<u>339,492</u>	<u>-</u>	<u>9,983,300</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	4,897,659	-	-	4,897,659
Buildings and improvements	258,177,854	200,200	-	258,378,054
Furniture and equipment	3,455,755	22,979	-	3,478,734
Vehicles	951,549	-	-	951,549
Infrastructure	17,870	-	-	17,870
Intangible right to use assets:				
Equipment	-	521,179	-	521,179
Total capital assets, being depreciated/amortized	<u>267,500,687</u>	<u>744,358</u>	<u>-</u>	<u>268,245,045</u>
<i>Less: accumulated depreciation/amortization:</i>				
Land improvements	(3,858,408)	(94,070)	-	(3,952,478)
Buildings and improvements	(62,910,350)	(4,824,754)	-	(67,735,104)
Furniture and equipment	(2,917,841)	(101,866)	-	(3,019,707)
Vehicles	(712,048)	(52,129)	-	(764,177)
Infrastructure	(2,971)	(1,787)	-	(4,758)
Intangible right to use assets:				
Equipment	-	(28,954)	-	(28,954)
Total accumulated depreciation/amortization	<u>(70,401,618)</u>	<u>(5,103,560)</u>	<u>-</u>	<u>(75,505,178)</u>
Governmental activities capital assets, net	<u>\$ 206,742,877</u>	<u>\$ (4,019,710)</u>	<u>\$ -</u>	<u>\$ 202,723,167</u>

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

Instruction:	
Regular	\$ 3,121,288
Special	325,923
Vocational	369,985
Support services:	
Pupil	25,840
Instructional staff	511,889
Administration	188,211
Business	734
Operations and maintenance	32,005
Pupil transportation	44,427
Operation of non-instructional services	477,339
Extracurricular	<u>5,919</u>
Total depreciation/amortization expense	<u>\$ 5,103,560</u>

**LAKWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 8 - CAPITAL ASSETS - (Continued)**

**B. Business-Type Activities**

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

	Balance <u>June 30, 2021</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2022</u>
<i>Capital assets being depreciated:</i>				
Furniture/equipment	\$ 1,393,786	\$ -	\$ -	\$ 1,393,786
Total capital assets being depreciated	<u>1,393,786</u>	<u>-</u>	<u>-</u>	<u>1,393,786</u>
<i>Less: accumulated depreciation</i>				
Furniture/equipment	<u>(986,037)</u>	<u>(70,203)</u>	<u>-</u>	<u>(1,056,240)</u>
Total accumulated depreciation	<u>(986,037)</u>	<u>(70,203)</u>	<u>-</u>	<u>(1,056,240)</u>
Net capital assets	<u>\$ 407,749</u>	<u>\$ (70,203)</u>	<u>\$ -</u>	<u>\$ 337,546</u>

**NOTE 9 - LONG-TERM OBLIGATIONS**

A. General obligation bonds are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Payments of principal and interest relating to these liabilities are recorded as expenditures in the debt service fund. The source of payment is derived from a current 13.00 (average) mill bonded debt tax levy.

**B. Series 2017A Refunding Bonds**

During fiscal year 2018, the District issued \$37,040,000 in general obligation bonds to refund \$41,365,000 of the Series 2007 General Obligation School Improvement Bonds. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded bonds outstanding at June 30, 2022 was \$30,930,000.

The issue is comprised of current interest bonds, par value \$37,040,000. The interest rates on the current interest bonds range from 1.50% - 5.00%.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity stated in the issue is December 1, 2031.

The reacquisition price exceeded the net carrying amount of the old debt by \$235,885. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt, which has a final maturity date of December 1, 2031. This advance refunding was undertaken to reduce the combined total debt service payments by \$7,068,298 and resulted in an economic gain of \$6,042,077.

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

The following is a summary of the future debt service requirements to maturity for the series 2017A refunding bonds:

Fiscal Year Ending June 30,	<u>2017A Refunding Bonds</u>		
	<u>Current Interest Bonds</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 2,630,000	\$ 1,104,350	\$ 3,734,350
2024	2,740,000	983,250	3,723,250
2025	2,875,000	842,875	3,717,875
2026	2,785,000	701,375	3,486,375
2027	2,925,000	558,625	3,483,625
2028 - 2032	<u>13,670,000</u>	<u>1,058,150</u>	<u>14,728,150</u>
Total	<u>\$ 27,625,000</u>	<u>\$ 5,248,625</u>	<u>\$ 32,873,625</u>

**C. Series 2017B Refunding Bonds**

During fiscal year 2018, the District issued \$43,821,803 in general obligation bonds to refund \$43,825,000 of the Series 2014A General Obligation School Improvement Bonds. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded bonds outstanding at June 30, 2022 was \$43,825,000.

The issue is comprised of both current interest bonds, par value \$42,880,000 and capital appreciation bonds, par value \$941,803. The interest rates on the current interest bonds range from 3.00% - 4.00%. The remaining capital appreciation bonds mature December 1, 2022-2026 (approximate equivalent interest rate 30.00%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the remaining capital appreciation bond maturing December 1, 2022-2026 is \$4,390,000. Total accreted interest of \$1,591,949 has been included on the statement of net position.

Interest payments on the current interest bonds are due on May 1 and November 1 of each year. The final maturity stated in the issue is December 1, 2043.

The reacquisition price exceeded the net carrying amount of the old debt by \$2,979,622. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt, which has a final maturity date of December 1, 2043. This advance refunding was undertaken to reduce the combined total debt service payments by \$6,100,112 and resulted in an economic gain of \$4,219,792.

**LAKWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

The following is a summary of the future debt service requirements to maturity for the series 2017B refunding bonds:

Fiscal Year Ending June 30,	2017B Refunding Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ -	\$ 1,614,850	\$ 1,614,850	\$ 87,774	\$ 252,226	\$ 340,000
2024	-	1,614,850	1,614,850	230,348	949,652	1,180,000
2025	-	1,614,850	1,614,850	176,382	1,018,618	1,195,000
2026	-	1,614,850	1,614,850	148,999	1,186,001	1,335,000
2027	1,005,000	1,594,750	2,599,750	28,693	311,307	340,000
2028 - 2032	8,390,000	7,088,250	15,478,250	-	-	-
2033 - 2037	11,670,000	5,075,050	16,745,050	-	-	-
2038 - 2042	14,370,000	2,498,200	16,868,200	-	-	-
2043 - 2044	6,510,000	229,775	6,739,775	-	-	-
Total	<u>\$ 41,945,000</u>	<u>\$ 22,945,425</u>	<u>\$ 64,890,425</u>	<u>\$ 672,196</u>	<u>\$ 3,717,804</u>	<u>\$ 4,390,000</u>

**D. Series 2014C School Facilities Improvement Refunding Bonds**

On December 9, 2014, the District issued \$37,355,000 in general obligation bonds to partially refund a total of \$39,050,000 from other issuances. The Series 2014C Refunding Bonds refunded \$7,550,000 of Series 2006 Construction Bonds and \$31,500,000 of the Series 2007 School Facilities Improvement Bonds. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The bonds mature on December 1, 2034 and bear an annual interest rate of 4.00% - 5.00%. The source of payment is derived from a current bonded debt tax levy. Principal and interest payments are due on December 1 and June 1 each year. The balance of the refunded bonds at June 30, 2022 was \$39,050,000.

The reacquisition price exceeded the net carrying amount of the old debt by \$2,417,308. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt, which has a final maturity date of December 1, 2034. This advance refunding was undertaken to reduce the combined total debt service payments by \$2,289,741 and resulted in an economic gain of \$1,601,037.

The following is a summary of the future debt service requirements to maturity for the series 2014C school facilities improvement refunding bonds:

Fiscal Year Ending June 30,	Current Interest Bonds		
	Principal	Interest	Total
2023	\$ -	\$ 1,791,950	\$ 1,791,950
2024	-	1,791,950	1,791,950
2025	-	1,791,950	1,791,950
2026	2,915,000	1,719,075	4,634,075
2027	3,065,000	1,569,575	4,634,575
2028 - 2032	19,030,000	5,348,325	24,378,325
2033 - 2035	12,345,000	791,000	13,136,000
Total	<u>\$ 37,355,000</u>	<u>\$ 14,803,825</u>	<u>\$ 52,158,825</u>

**LAKWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

**E. Series 2014A School Facilities Improvement Bonds**

On May 14, 2014, the District issued \$49,950,000 in general obligation bonds to pay off the Series 2013 bond anticipation notes and to provide \$21,335,000 in additional funding for the District's Ohio School Facilities Commission (OSFC) project. The issue is comprised of current interest bonds, par value \$49,950,000. During fiscal year 2018, \$43,825,000 was refunded by the Series 2017B bonds. The interest rates on the current interest bonds range from 1.50% - 5.00% and the remaining bonds have a final maturity date of November 1, 2022. Principal and interest payments are due on May 1 and November 1 each year.

The following is a summary of the future debt service requirements to maturity for the series 2014A school facilities improvement bonds:

Fiscal Year Ending June 30,	Current Interest Bonds		
	Principal	Interest	Total
2023	\$ 790,000	\$ 19,750	\$ 809,750
Total	<u>\$ 790,000</u>	<u>\$ 19,750</u>	<u>\$ 809,750</u>

**F. Series 2014B School Facilities Improvement Refunding Bonds**

On May 14, 2014, the District issued \$15,010,000 in general obligation bonds to partially refund a total of \$15,725,000 from other issuances. The Series 2014B Refunding Bonds refunded \$770,000 of Series 2001 Refunding General Obligation Bonds, \$4,560,000 of Series 2006 Construction Bonds and \$10,395,000 of the Series 2007 School Facilities Improvement Bonds. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The bonds mature on December 1, 2024 and bear an annual interest rate of 1.50% - 5.00%. The source of payment is derived from a current bonded debt tax levy. Principal and interest payments are due on May 1 and November 1 each year. The balance of the refunded bonds at June 30, 2022 was \$7,865,000.

The reacquisition price exceeded the net carrying amount of the old debt by \$1,776,646. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt, which has a final maturity date of December 1, 2024. This advance refunding was undertaken to reduce the combined total debt service payments by \$1,114,378 and resulted in an economic gain of \$614,675.

The following is a summary of the future debt service requirements to maturity for the series 2014B school facilities improvement refunding bonds:

Fiscal Year Ending June 30,	Current Interest Bonds		
	Principal	Interest	Total
2023	\$ 2,330,000	\$ 309,250	\$ 2,639,250
2024	2,450,000	189,750	2,639,750
2025	<u>2,570,000</u>	<u>64,250</u>	<u>2,634,250</u>
Total	<u>\$ 7,350,000</u>	<u>\$ 563,250</u>	<u>\$ 7,913,250</u>



**LAKWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

**G. Series 2013 Library Improvement Refunding Bonds**

On July 31, 2012, the District issued \$7,770,000 in general obligation bonds on behalf of the Lakewood Public Library to partially refund \$8,515,000 of the Series 2003 Library Improvement Bonds. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The bonds were placed in the name of the Lakewood City School District. In accordance with Ohio Revised Code Section 3375.43 - 45, local libraries are not allowed to issue debt or levy taxes in their name, therefore, after School Board approval, the levy was placed in the name of Lakewood City School District. The District, acting as taxing authority for the Library, collects levied taxes and makes required debt service payments. The library improvement bonds are a general obligation of the District for which the full faith and credit of the District is pledged for repayment. The bonds mature on December 1, 2023 and bear an annual interest rate of 2.00% - 3.00%. The source of payment is derived from a current bonded debt tax levy. At June 30, 2022, the balance of the bonds of \$1,945,000, bond premiums of \$73,125 and deferred charges on the refunding of \$60,668 have not been included in the calculation of net investment in capital assets because the capital assets purchased from this issuance are not included in the District's capital assets. At June 30, 2022, the balance of the refunded bonds was \$2,235,000.

The reacquisition price exceeded the net carrying amount of the old debt by \$485,320. This amount is being netted against the new debt and amortized over the remaining life of the refunding debt, which has a final maturity date of December 1, 2023.

The following is a summary of the future debt service requirements to maturity for the series 2013 library improvement refunding bonds:

Fiscal Year Ending June 30,	Current Interest Bonds		
	Principal	Interest	Total
2023	\$ 925,000	\$ 58,350	\$ 983,350
2024	1,020,000	30,600	1,050,600
Total	\$ 1,945,000	\$ 88,950	\$ 2,033,950

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

H. The following is a summary of the bond activity for fiscal year 2022:

	Balance June 30, 2021	Additions	Deletions	Balance June 30, 2022	Amounts due in One Year
<b>General Obligation Bonds:</b>					
Series 2017A					
Refunding Bonds					
1.50-5.00%, 12/1/31 maturing	\$ 30,155,000	\$ -	\$ (2,530,000)	\$ 27,625,000	\$ 2,630,000
Series 2017B Refunding Bonds					
4.00-5.00%, 12/01/43 maturity	41,945,000	-	-	41,945,000	-
Series 2017B Refunding Bonds					
capital appreciation bonds	788,279	-	(116,083)	672,196	87,774
Series 2017B Refunding Bonds					
capital appreciation bonds accreted interest					
30.00% (stated interest rate)					
12/1/20-12/1/26 maturity	1,219,388	596,478	(223,917)	1,591,949	207,876
Series 2014C					
Refunding Bonds					
4.00-5.00%, 12/1/34 maturing	37,355,000	-	-	37,355,000	-
Series 2014A School Facilities					
Improvement Bonds					
1.50-5.00%, 11/1/43 maturing	1,455,000	-	(665,000)	790,000	790,000
Series 2014B School Facilities					
Improvement Refunding Bonds					
1.50-5.00%, 11/1/24 maturing	9,340,000	-	(1,990,000)	7,350,000	2,330,000
Series 2013 Library Improvement					
2.00-3.00%, 12/01/23 maturity	2,845,000	-	(900,000)	1,945,000	925,000
Total General Obligation Bonds	<u>\$ 125,102,667</u>	<u>\$ 596,478</u>	<u>\$ (6,425,000)</u>	<u>\$ 119,274,145</u>	<u>\$ 6,970,650</u>

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

	Balance June 30, 2021	Additions	Reductions	Balance June 30, 2022	Amount Due in One Year
<b>Governmental activities:</b>					
Compensated absences payable	\$ 7,385,311	\$ 202,079	\$ (385,622)	\$ 7,201,768	\$ 580,061
Net pension liability	94,532,222	-	(44,357,804)	50,174,418	-
Net OPEB liability	6,577,283	-	(1,271,483)	5,305,800	-
General obligation bonds					
payable	125,102,667	596,478	(6,425,000)	119,274,145	6,970,650
Leases payable	-	521,179	(27,551)	493,628	168,700
Notes payable -					
Finance purchase	5,934,488	-	(410,350)	5,524,138	420,023
Total governmental activities					
long-term liabilities	<u>\$ 239,531,971</u>	<u>\$ 1,319,736</u>	<u>\$ (52,877,810)</u>	<u>187,973,897</u>	<u>\$ 8,139,434</u>
Add: Unamortized premium				<u>12,826,479</u>	
Total on statement of net position				<u>\$ 200,800,376</u>	

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

	Balance			Balance	Amount
	<u>June 30, 2021</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2022</u>	<u>Due in One Year</u>
<b>Business-type activities:</b>					
Compensated absences	\$ 122,508	\$ -	\$ (79,491)	\$ 43,017	\$ 2,008
Net pension liability	1,315,096	-	(602,642)	712,454	-
Net OPEB liability	<u>447,327</u>	<u>-</u>	<u>(69,743)</u>	<u>377,584</u>	<u>-</u>
Total business-type activities					
long-term liabilities	<u>\$ 1,884,931</u>	<u>\$ -</u>	<u>\$ (751,876)</u>	<u>\$ 1,133,055</u>	<u>\$ 2,008</u>

Compensated Absences: Governmental activities' compensated absences will be paid from the fund from which the employee is paid which, for the District, is primarily the general fund.

Business-type activities compensated absences will be paid from the food service fund and the recreation fund (nonmajor business-type funds).

Net Pension Liability: See Note 11 for detail on net pension liability. The District pays obligations related to employee compensation from the fund benefitting from their service.

Net OPEB Liability/Asset: See Note 12 for detail on net OPEB liability/asset. The District pays obligations related to employee compensation from the fund benefitting from their service.

**J. Notes Payable - Finance Purchase**

In prior fiscal years, the District entered into notes payable-finance purchase agreements for the acquisition of a bus, phone system, energy upgrades and improvements to Taft Elementary. These arrangements transfers benefits and risks of ownership to the District at the conclusion of the finance purchase term. These notes payable-finance purchases are considered direct borrowings. Direct borrowings have terms negotiated directly between the District and the lender and are not offered for public sale. Notes payable - finance purchase payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Governmental activities capital assets consisting of buildings and improvements, vehicles and equipment have been capitalized in the amount of \$7,134,298. This amount represents the present value of the future minimum payments at the time of acquisition. Accumulated depreciation as of June 30, 2022 was \$892,125, leaving a current book value of \$6,242,174.

A corresponding liability is recorded in the government-wide financial statements. Principal and interest payments in the 2022 fiscal year totaled \$410,350 and \$216,755, respectively. These amounts are reported as debt service payments of the general fund.

**LAKWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

The following is a schedule of the future minimum payments required under the notes payable - finance purchase and the present value of the future minimum payments as of June 30, 2022:

Fiscal Year Ending <u>June 30,</u>	<u>Amount</u>
2023	\$ 624,354
2024	621,603
2025	618,854
2026	610,058
2027	520,948
2028 - 2032	2,138,247
2033 - 2037	2,087,558
2038	<u>137,490</u>
Total minimum lease payment	7,359,112
Less: amount representing interest	<u>(1,834,974)</u>
Present value of minimum lease payments	<u><u>\$ 5,524,138</u></u>

**K. Leases Payable**

The District has entered into a lease agreement for the right to use equipment. Due to the implementation of GASB Statement No. 87, the District will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid from the general fund.

The District has entered into a lease agreement for copier equipment at varying years and terms as follows:

<u>Lease</u>	<u>Lease Commencement Date</u>	<u>Years</u>	<u>Lease End Date</u>	<u>Payment Method</u>
Copier equipment	2022	3	2025	Monthly

The following is a schedule of future lease payments under the lease agreements:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 168,700	\$ 14,504	\$ 183,204
2024	174,665	8,539	183,204
2025	<u>150,263</u>	<u>2,407</u>	<u>152,670</u>
Total	<u><u>\$ 493,628</u></u>	<u><u>\$ 25,450</u></u>	<u><u>\$ 519,078</u></u>

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)**

**L. Legal Debt Margin**

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District’s legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District’s legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2022 are a voted debt margin of \$19,471,774 including available funds of \$14,447,199 and an unvoted debt margin of \$1,363,409.

The Ohio Revised Code further provides that when a Board of Education declares a resolution that the student population is not adequately served by existing facilities, and that insufficient capacity exists within the 9% limit to finance additional facilities, the State Department of Education may declare that district a “special needs” district. This permits the incurrence of additional debt based upon projected 5-year growth of the school district’s assessed valuation. The Lakewood City School District was determined to be a “special needs” district by the State Superintendent.

**NOTE 10 - RISK MANAGEMENT**

**A. Property and Liability**

The District is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2022, the District contracted with the Schools of Ohio Risk Sharing Authority (“SORSA”) for property, crime, and general liability insurance coverage. SORSA was formed in conjunction with the Ohio Revised Code 2744 which allows public entities to join together for coverage purposes. The limitations of coverages are as follows:

Building and Contents - repl cost (\$1,000 deductible) – pool limit	\$350,000,000
Earth Movement Limit (\$50,000 deductible)	2,000,000
Flood Limit (\$50,000 deductible)	2,000,000
Equipment Breakdown (\$1,000 deductible)	300,000,000
Crime Coverage (\$1,000 deductible)	1,000,000
General Liability (no deductible) - per occurrence	15,000,000
General Liability (no deductible) - annual aggregate	17,000,000
Premises Medical Payments - per claim	10,000
Premises Medical Payments – annual aggregate	25,000
Fire Legal Liability - per occurrence	500,000
Stop Gap Employers Liability	15,000,000
Educator Legal Liability (\$1,000 deductible)	15,000,000
Automobile Liability and Physical Damage (no deductible)	10,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 10 - RISK MANAGEMENT - (Continued)**

**B. Worker's Compensation**

During fiscal year 2022, the District has participated in the Ohio Bureau of Workers' Compensation (Bureau) Retrospective Rating Plan. The alternative rating program requires the District to pay only administrative charges to the Bureau, and in turn the District assumes the responsibility of paying all claims incurred during the policy period for up to ten years. After the tenth year, the Bureau will assume any existing claim for its duration. The District will be charged an actuarial amount for the claims transferred to the Bureau. The District's stop-loss coverage through the plan is limited to \$200,000 per claim stop-loss coverage with an annual aggregate. The Plan is administered by KKSG & Associates.

The District's Workers' Compensation program is accounted for in the internal service fund which pays for all claims, claim reserves and administrative costs of the program. The internal service fund generates revenues by charging each fund a percentage rate determined by the Bureau for the payroll during the reporting period. Changes in claims activity for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2022	\$ -	\$ 84,656	\$ (84,656)	\$ -
2021	250	173,794	(174,044)	-

**C. Group Health and Dental Insurance**

For the fiscal year 2022, the District was a participant in the Suburban Health Consortium (the "Consortium") to provide employee health, dental, vision and prescription drug benefits. The Consortium is administered by Medical Mutual. Payments are made to the Consortium for the monthly attachment point, monthly stop-loss premiums, and administrative charges. The fiscal agent of the Consortium is the Orange City School District. The Treasurer of the fiscal agent pays monthly for the actual amount of claims processed, the stop-loss premium, and the administrative charges. The entire risk of loss transfers to the Consortium upon payment of the premiums.

The District's portion of the monthly insurance premiums is as follows:

	<u>Board Share of Premium</u>			
	<u>Full-Time Family</u>	<u>Part-Time Family</u>	<u>Full-Time Single</u>	<u>Part-Time Single</u>
Health:				
Suburban Health Consortium	\$ 1,321.74	\$ 660.87	\$ 622.00	\$ 311.00
Option 1 plan	1,227.90	613.95	577.84	288.92
Minimum value plan	676.74	338.37	318.47	159.24
Prescription drug	318.72	159.36	149.99	75.00
Option 1 plan	302.96	151.48	142.56	71.28
Minimum value plan	159.02	79.51	74.84	37.42
Dental	81.36	40.68	28.08	14.04
Vision	10.53	5.27	2.46	1.23

Postemployment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 12. As such, no funding provisions are required by the District.

**LAKESIDE CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

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

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

The net pension liability/asset and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

Pensions and OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

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

The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

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

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

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

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2021, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2022.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the District is required to contribute 14.00% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2022, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was \$1,688,948 for fiscal year 2022. Of this amount, \$206,869 is reported as pension and postemployment benefits payable.

***Plan Description - State Teachers Retirement System (STRS)***

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

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



**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0% 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. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five year of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

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

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

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members 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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2022 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was \$5,554,180 for fiscal year 2022. Of this amount, \$986,816 is reported as pension and postemployment benefits payable.

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

The net pension liability was measured as of June 30, 2021, 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 projected contributions of all participating entities.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.312231900%	0.310771490%	
Proportion of the net pension liability current measurement date	<u>0.290642100%</u>	<u>0.314119653%</u>	
Change in proportionate share	<u>-0.021589800%</u>	<u>0.003348163%</u>	
Proportionate share of the net pension liability	\$ 10,723,851	\$ 40,163,021	\$ 50,886,872
Pension expense	\$ (627,342)	\$ (648,949)	\$ (1,276,291)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 1,035	\$ 1,240,844	\$ 1,241,879
Changes of assumptions	225,812	11,141,943	11,367,755
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	120,863	580,220	701,083
Contributions subsequent to the measurement date	<u>1,688,948</u>	<u>5,554,180</u>	<u>7,243,128</u>
Total deferred outflows of resources	<u>\$ 2,036,658</u>	<u>\$ 18,517,187</u>	<u>\$ 20,553,845</u>

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 278,113	\$ 251,741	\$ 529,854
Net difference between projected and actual earnings on pension plan investments	5,523,096	34,612,838	40,135,934
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>855,098</u>	<u>416,470</u>	<u>1,271,568</u>
Total deferred inflows of resources	<u>\$ 6,656,307</u>	<u>\$ 35,281,049</u>	<u>\$ 41,937,356</u>

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

\$7,243,128 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2023	\$ (1,791,955)	\$ (5,777,422)	\$ (7,569,377)
2024	(1,508,196)	(4,766,552)	(6,274,748)
2025	(1,313,192)	(5,027,482)	(6,340,674)
2026	(1,695,254)	(6,746,586)	(8,441,840)
Total	\$ (6,308,597)	\$ (22,318,042)	\$ (28,626,639)

***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.

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	3.00%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.50% to 18.20%
COLA or ad hoc COLA:	
Current measurement date	2.00%
Prior measurement date	2.50%
Investment rate of return:	
Current measurement date	7.00% net of system expenses
Prior measurement date	7.50% net of system expenses
Discount rate:	
Current measurement date	7.00%
Prior measurement date	7.50%
Actuarial cost method	Entry age normal (level percent of payroll)

In 2021, Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

In the prior measurement date, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

**LAKWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

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

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

**Discount Rate** - The total pension liability was calculated using the discount rate of 7.00%. 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 earnings were calculated using the long-term assumed investment rate of return (7.00%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 17,841,854	\$ 10,723,851	\$ 4,720,928

**LAKWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

***Actuarial Assumptions - STRS***

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

	June 30, 2021	June 30, 2020
Inflation	2.50%	2.50%
Projected salary increases	12.50% at age 20 to 2.50% at age 65	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.00%, net of investment expenses, including inflation	7.45%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.45%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2021, actuarial valuation, post-retirement mortality rates are based on the RP-2014 Annuitant Mortality Tables with 50% of rates through age 69, 70% of rates between ages 70 and 79, 90% of rates between ages 80 and 84, and 100% of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Tables with 90% of rates for males and 100% of rates for females, projected forward generationally using mortality improvement scale MP-2016.

Actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

\*10-Year 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' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)**

**Discount Rate** - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 75,210,307	\$ 40,163,021	\$ 10,548,140

**Changes Between Measurement Date and Reporting Date** - STRS approved a one-time 3.00% cost-of-living adjustment to eligible benefit recipients effective July 1, 2022. It is unknown what the effect this change will have on the net pension liability.

**NOTE 12 - DEFINED BENEFIT OPEB PLANS**

**Net OPEB Liability/Asset**

See Note 11 for a description of the net OPEB liability (asset).

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

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

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

**LAKWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2022, 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 2022, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the District's surcharge obligation was \$210,558.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$210,558 for fiscal year 2022. Of this amount, \$210,558 is reported as pension and postemployment benefits payable.

***Plan Description - State Teachers Retirement System (STRS)***

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

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

***OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB***

The net OPEB liability/asset was measured as of June 30, 2021, 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.

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.323219100%	0.310771190%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.300297900%</u>	<u>0.314119653%</u>	
Change in proportionate share	<u>-0.022921200%</u>	<u>0.003348463%</u>	
Proportionate share of the net OPEB liability	\$ 5,683,384	\$ -	\$ 5,683,384
Proportionate share of the net OPEB asset	\$ -	\$ (6,622,956)	\$ (6,622,956)
OPEB expense	\$ (160,014)	\$ (522,142)	\$ (682,156)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 60,582	\$ 235,828	\$ 296,410
Changes of assumptions	891,587	423,045	1,314,632
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	275,073	3,706	278,779
Contributions subsequent to the measurement date	<u>210,558</u>	<u>-</u>	<u>210,558</u>
Total deferred outflows of resources	<u>\$ 1,437,800</u>	<u>\$ 662,579</u>	<u>\$ 2,100,379</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 2,830,583	\$ 1,213,449	\$ 4,044,032
Net difference between projected and actual earnings on OPEB plan investments	123,476	1,835,766	1,959,242
Changes of assumptions	778,292	3,951,085	4,729,377
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>766,992</u>	<u>134,698</u>	<u>901,690</u>
Total deferred inflows of resources	<u>\$ 4,499,343</u>	<u>\$ 7,134,998</u>	<u>\$ 11,634,341</u>

\$210,558 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2023.

**LAKWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	\$ (734,916)	\$ (1,868,557)	\$ (2,603,473)
2024	(735,780)	(1,822,617)	(2,558,397)
2025	(697,153)	(1,755,016)	(2,452,169)
2026	(582,673)	(772,476)	(1,355,149)
2027	(348,427)	(260,056)	(608,483)
Thereafter	(173,152)	6,303	(166,849)
Total	\$ (3,272,101)	\$ (6,472,419)	\$ (9,744,520)

***Actuarial Assumptions - SERS***

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

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

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

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**LAKWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	3.00%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.50% to 18.20%
Investment rate of return:	
Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.50% net of investment expense, including inflation
Municipal bond index rate:	
Current measurement date	1.92%
Prior measurement date	2.45%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	2.27%
Prior measurement date	2.63%
Medical trend assumption:	
Current measurement date	
Medicare	5.125 to 4.400%
Pre-Medicare	6.750 to 4.400%
Prior measurement date	
Medicare	5.25 to 4.75%
Pre-Medicare	7.00 to 4.75%

In 2021, Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

In the prior measurement date, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

**LAKWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (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 2015 through 2020 and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a 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%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

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

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

**Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 7,042,400	\$ 5,683,384	\$ 4,597,705

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 4,735,740	\$ 5,683,384	\$ 7,429,995

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2021, actuarial valuation, compared with June 30, 2020, are presented below:

	<u>June 30, 2021</u>		<u>June 30, 2020</u>	
Inflation	2.50%		2.50%	
Projected salary increases	12.50% at age 20 to 2.50% at age 65		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.45%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.00%		7.45%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	5.00%	4.00%	5.00%	4.00%
Medicare	-16.18%	4.00%	-6.69%	4.00%
Prescription Drug				
Pre-Medicare	6.50%	4.00%	6.50%	4.00%
Medicare	29.98%	4.00%	11.87%	4.00%

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

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

Actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

**LAKWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)**

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

**Benefit Term Changes Since the Prior Measurement Date** - The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

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

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

\*10-Year 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' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**Discount Rate** - The discount rate used to measure the total OPEB asset was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed 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 as of June 30, 2021. Therefore, the long-term expected rate of return on health care fund investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2021.

**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, 2021, calculated using the current period discount rate assumption of 7.00%, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 5,588,751	\$ 6,622,956	\$ 7,486,879
	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 7,451,873	\$ 6,622,956	\$ 5,597,923

**LAKWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**NOTE 13 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis); and,
- (f) Investments are reported at fair value (GAAP basis) rather than cost (budget basis).

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

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ 5,615,670
Net adjustment for revenue accruals	173,619
Net adjustment for expenditure accruals	960,866
Net adjustment for other financing sources/uses	521,179
Funds budgeted elsewhere	21,783
Adjustment for encumbrances	2,493,594
GAAP basis	<u>\$ 9,786,711</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the special rotary fund, rotary fund, the unclaimed monies fund and the public school support fund.

**LAKWOOD CITY SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 14 - SET-ASIDES**

The District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2021	\$ -
Current year set-aside requirement	763,259
Current year offsets	<u>(1,543,019)</u>
Total	<u>\$ (779,760)</u>
Balance carried forward to fiscal year 2023	<u>\$ -</u>
Set-aside balance June 30, 2022	<u>\$ -</u>

During fiscal years 2004, 2007, 2008 and 2014, the District issued a total of \$193,449,969 in capital related school improvement bonds. These proceeds may be used to reduce capital acquisition below zero for future years. The amount presented for Prior Year Offset from Bond Proceeds is limited to an amount needed to reduce the reserve for capital improvement to \$0. The District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$191,221,835 at June 30, 2022.

**NOTE 15 - CONTINGENCIES**

**A. Grants**

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

**B. Litigation**

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

**C. Foundation Funding**

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, ODE has finalized the impact of enrollment adjustments to the June 30, 2022 Foundation funding for the District.



**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

**NOTE 16 - COMMITMENTS**

**A. Other Commitments**

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 1,973,362
Other governmental	<u>581,306</u>
Total	<u>\$ 2,554,668</u>

**B. Contractual Commitments**

The District had an outstanding contract with Fieldturf USA, Inc. for \$443,818 for the Garfield Stadium field.

**NOTE 17 - TAX ABATEMENT AGREEMENTS ENTERED INTO BY OTHER GOVERNMENTS**

The City of Lakewood has negotiated a property tax abatement agreement under Sections 3735.65 through 3735.70 of the Ohio Revised Code, establishing the boundaries of a Community Reinvestment Area.

As required by Section 3735.66 of the Ohio Revised Code, a survey of housing has been prepared for the area proposed to be included in the Community Reinvestment Area authorized by Resolution 8645-13 passed by Lakewood City Council on May 6, 2013. The survey shows the facts and conditions relating to existing housing in the Community Reinvestment Area, including among other things, evidence of deterioration and lack of new construction in substantial portions of the Area.

The abatement provides for 100 percent exemption of residential property taxes not to exceed 10 years and must meet all condition and requirements of the Multifamily High Density Zone district. Under the agreements, the property taxes assessed to the District have been abated. During fiscal year 2022, the District’s property taxes were reduced by \$487,082.

**NOTE 18 - COVID-19**

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio’s state of emergency ended in June, 2021 while the national state of emergency continues. During fiscal year 2022, the District received COVID-19 funding. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. The impact on the District’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated. The District’s investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined.

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REQUIRED SUPPLEMENTARY INFORMATION

**LAKEWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net pension liability	0.29064210%	0.31223190%	0.30565050%	0.30503560%
District's proportionate share of the net pension liability	\$ 10,723,851	\$ 20,651,675	\$ 18,287,606	\$ 17,469,953
District's covered payroll	\$ 10,102,186	\$ 10,697,921	\$ 10,670,437	\$ 10,233,926
District's proportionate share of the net pension liability as a percentage of its covered payroll	106.15%	193.04%	171.39%	170.71%
Plan fiduciary net position as a percentage of the total pension liability	82.86%	68.55%	70.85%	71.36%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
0.31351290%	0.31951020%	0.31972030%	0.32944440%	0.32944400%
\$ 18,731,703	\$ 23,385,199	\$ 18,243,549	\$ 16,672,973	\$ 19,590,977
\$ 10,230,300	\$ 9,957,671	\$ 9,625,250	\$ 9,572,994	\$ 10,111,958
183.10%	234.85%	189.54%	174.17%	193.74%
69.50%	62.98%	69.16%	71.70%	65.52%

**LAKEWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net pension liability	0.314119653%	0.31077149%	0.30903381%	0.31216118%
District's proportionate share of the net pension liability	\$ 40,163,021	\$ 75,195,643	\$ 68,340,970	\$ 68,637,235
District's covered payroll	\$ 39,332,593	\$ 37,666,950	\$ 36,444,736	\$ 35,635,836
District's proportionate share of the net pension liability as a percentage of its covered payroll	102.11%	199.63%	187.52%	192.61%
Plan fiduciary net position as a percentage of the total pension liability	87.78%	75.48%	77.40%	77.31%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
0.31464507%	0.31977784%	0.31544600%	0.31753546%	0.31753546%
\$ 74,744,611	\$ 107,039,282	\$ 87,176,897	\$ 77,235,613	\$ 92,002,557
\$ 34,820,800	\$ 33,874,743	\$ 32,910,314	\$ 32,443,354	\$ 35,161,431
214.66%	315.99%	264.89%	238.06%	261.66%
75.30%	66.80%	72.10%	74.70%	69.30%

**LAKEWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 1,688,948	\$ 1,414,306	\$ 1,497,709	\$ 1,440,509
Contributions in relation to the contractually required contribution	<u>(1,688,948)</u>	<u>(1,414,306)</u>	<u>(1,497,709)</u>	<u>(1,440,509)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 12,063,914	\$ 10,102,186	\$ 10,697,921	\$ 10,670,437
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 1,381,580	\$ 1,432,242	\$ 1,394,074	\$ 1,268,608	\$ 1,326,817	\$ 1,399,495
<u>(1,381,580)</u>	<u>(1,432,242)</u>	<u>(1,394,074)</u>	<u>(1,268,608)</u>	<u>(1,326,817)</u>	<u>(1,399,495)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 10,233,926	\$ 10,230,300	\$ 9,957,671	\$ 9,625,250	\$ 9,572,994	\$ 10,111,958
13.50%	14.00%	14.00%	13.18%	13.86%	13.84%

**LAKEWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 5,554,180	\$ 5,506,563	\$ 5,273,373	\$ 5,102,263
Contributions in relation to the contractually required contribution	<u>(5,554,180)</u>	<u>(5,506,563)</u>	<u>(5,273,373)</u>	<u>(5,102,263)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 39,672,714	\$ 39,332,593	\$ 37,666,950	\$ 36,444,736
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 4,989,017	\$ 4,874,912	\$ 4,742,464	\$ 4,607,444	\$ 4,217,636	\$ 4,570,986
<u>(4,989,017)</u>	<u>(4,874,912)</u>	<u>(4,742,464)</u>	<u>(4,607,444)</u>	<u>(4,217,636)</u>	<u>(4,570,986)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 35,635,836	\$ 34,820,800	\$ 33,874,743	\$ 32,910,314	\$ 32,443,354	\$ 35,161,431
14.00%	14.00%	14.00%	14.00%	13.00%	13.00%

**LAKEWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net OPEB liability	0.30029790%	0.32321910%	0.31297650%	0.30934790%
District's proportionate share of the net OPEB liability	\$ 5,683,384	\$ 7,024,610	\$ 7,870,701	\$ 8,582,147
District's covered payroll	\$ 10,102,186	\$ 10,697,921	\$ 10,670,437	\$ 10,233,926
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	56.26%	65.66%	73.76%	83.86%
Plan fiduciary net position as a percentage of the total OPEB liability	24.08%	18.17%	15.57%	13.57%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>
0.31787320%	0.32413436%
\$ 8,530,882	\$ 9,239,028
\$ 10,230,300	\$ 9,957,671
83.39%	92.78%
12.46%	11.49%

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SIX FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
District's proportion of the net OPEB liability/asset	0.314119653%	0.31077119%	0.30903381%	0.31216118%
District's proportionate share of the net OPEB liability/(asset)	\$ (6,622,956)	\$ (5,461,801)	\$ (5,118,341)	\$ (5,016,111)
District's covered payroll	\$ 39,332,593	\$ 37,666,950	\$ 36,444,736	\$ 35,635,836
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	16.84%	14.50%	14.04%	14.08%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	174.73%	182.10%	174.70%	176.00%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>
0.31464507%	0.31977784%
\$ 12,276,290	\$ 17,101,802
\$ 34,820,800	\$ 33,874,743
35.26%	50.49%
47.10%	37.30%

**LAKEWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS  
SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 210,558	\$ 195,722	\$ 203,937	\$ 243,186
Contributions in relation to the contractually required contribution	<u>(210,558)</u>	<u>(195,722)</u>	<u>(203,937)</u>	<u>(243,186)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 12,063,914	\$ 10,102,186	\$ 10,697,921	\$ 10,670,437
Contributions as a percentage of covered payroll	1.75%	1.94%	1.91%	2.28%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION



<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 217,801	\$ 172,000	\$ 165,497	\$ 240,395	\$ 177,380	\$ 164,767
<u>(217,801)</u>	<u>(172,000)</u>	<u>(165,497)</u>	<u>(240,395)</u>	<u>(177,380)</u>	<u>(164,767)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 10,233,926	\$ 10,230,300	\$ 9,957,671	\$ 9,625,250	\$ 9,572,994	\$ 10,111,958
2.13%	1.68%	1.66%	2.50%	1.85%	1.63%

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS  
STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

	LAST TEN FISCAL YEARS			
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 39,672,714	\$ 39,332,593	\$ 37,666,950	\$ 36,444,736
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ -	\$ -	\$ -	\$ -	\$ 346,022	\$ 351,614
-	-	-	-	(346,022)	(351,614)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 35,635,836	\$ 34,820,800	\$ 33,874,743	\$ 32,910,314	\$ 32,443,354	\$ 35,161,431
0.00%	0.00%	0.00%	0.00%	1.00%	1.00%

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

PENSION

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*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.

*Changes in assumptions :*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016.
- For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table.

*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.

(Continued)

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

PENSION (CONTINUED)

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*Changes in assumptions :*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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*SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts reported for fiscal years 2014-2022.

*Changes in assumptions :*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.
- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table.

(Continued)

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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*STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO*

*Changes in benefit terms :*

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

*Changes in assumptions :*

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.
- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.

**LAKEWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

<b>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</b>	Assistance Listing Number	Expenditures	Non-Cash Expenditures
<b><u>U.S. Department of Agriculture</u></b>			
<i>Passed through Ohio Department of Education</i>			
Child Nutrition Cluster:			
School Breakfast Program	10.553	\$ 110,177	\$ 0
National School Lunch Program	10.555	1,078,771	112,105
COVID-19 National School Lunch Program	10.555	151,195	0
Total Child Nutrition Cluster		<u>1,340,143</u>	<u>112,105</u>
COVID-19 - Pandemic EBT Administrative Costs	10.649	3,063	0
<b>Total U.S. Department of Agriculture</b>		<u>1,343,206</u>	<u>112,105</u>
<b><u>U.S. Department of Education</u></b>			
<i>Passed through Ohio Department of Education</i>			
Title I - Grants to Local Educational Agencies - 2022	84.010	1,413,139	0
Title I - Grants to Local Educational Agencies - 2021	84.010	184,052	0
Title I - Grants to Local Educational Agencies - Expanding Opportunities for Each Child	84.010	45,000	0
Title I - Grants to Local Educational Agencies - Non-Competitive, Supplemental School Improvements	84.010	35,211	0
<i>Total ALN #84.010</i>		<u>1,677,402</u>	<u>0</u>
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	1,625,861	0
COVID-19 - Special Education - Grants to States	84.027X	192,742	0
Special Education - Preschool Grants	84.173	15,459	0
COVID-19 - Special Education - Preschool Grants	84.173X	20,964	0
Total Special Education Cluster		<u>1,855,026</u>	<u>0</u>
Career and Technical Education - Basic Grants to States - 2022	84.048	157,554	0
Career and Technical Education - Basic Grants to States - 2021	84.048	15,086	0
<i>Total ALN #84.048</i>		<u>172,640</u>	<u>0</u>
English Language Acquisition State Grants	84.365	41,603	0
Improving Teacher Quality State Grants - 2022	84.367	187,661	0
Improving Teacher Quality State Grants - 2021	84.367	15,358	0
<i>Total ALN #84.367</i>		<u>203,019</u>	<u>0</u>
Student Support and Academic Enrichment - 2022	84.424	36,978	0
Student Support and Academic Enrichment - 2021	84.424	45,691	0
<i>Total ALN #84.424</i>		<u>82,669</u>	<u>0</u>
Education Stabilization Fund - ESSER I	84.425D	6,298	0
Education Stabilization Fund - ESSER II	84.425D	1,944,794	0
Education Stabilization Fund - ESSER ARP	84.425U	4,423,201	0
<i>Total ALN #84.425</i>		<u>6,374,293</u>	<u>0</u>
<b>Total U.S. Department of Education</b>		<u>10,406,652</u>	<u>0</u>
<b><u>U.S. Department of the Treasury</u></b>			
<i>Passed through Ohio Department of Education</i>			
Coronavirus Relief Fund	21.019	10,155	0
<b>Total U.S. Department of the Treasury</b>		<u>10,155</u>	<u>0</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<u>\$ 11,760,013</u>	<u>\$ 112,105</u>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**LAKWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2022**

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**NOTE 1: BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Lakewood City School District under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented 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 Lakewood City School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Lakewood City School District.

**NOTE 2: 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 the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

**NOTE 3: INDIRECT COST RATE**

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

**NOTE 4: CHILD NUTRITION CLUSTER**

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

**NOTE 5: FOOD DONATION PROGRAM**

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.



**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Lakewood City School District  
Cuyahoga County  
13701 Lake Avenue  
Lakewood, Ohio 44107

To the Members of the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lakewood City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 22, 2022, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. We also noted the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District.

**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) to determine the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

### **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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Zupka & Associates  
Certified Public Accountants

December 22, 2022

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE**

Lakewood City School District  
Cuyahoga County  
13701 Lake Avenue  
Lakewood, Ohio 44107

To the Members of the Board of Education:

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

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

We have audited the Lakewood City School District, Cuyahoga County, Ohio's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

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

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

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

***Responsibilities of Management for Compliance***

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

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

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

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

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

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

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

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

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

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

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



Zupka & Associates  
Certified Public Accountants

December 22, 2022

**LAKEWOOD CITY SCHOOL DISTRICT  
 CUYAHOGA COUNTY, OHIO  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 UNIFORM GUIDANCE  
 JUNE 30, 2022**

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**1. SUMMARY OF AUDITOR'S RESULTS**

2022(i)	Type of Financial Statement Opinion	Unmodified
2022(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2022(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2022(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2022(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2022(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2022(v)	Type of Major Programs' Compliance Opinions	Unmodified
2022(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2022(vii)	Major Programs (list):  Child Nutrition Cluster -ALN #10.553 and ALN #10.555 Education Stabilization Fund - ESSER I and ESSER II - ALN #84.425D, and ESSER ARP - ALN #84.425U	
2022(viii)	Dollar Threshold: A/B Program	Type A: \$750,000 Type B: All Others
2022(ix)	Low Risk Auditee?	Yes

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

**LAKEWOOD CITY SCHOOL DISTRICT  
CUYAHOGA COUNTY, OHIO  
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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The audit report for the fiscal year ending June 30, 2021 contained no audit findings. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

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# OHIO AUDITOR OF STATE KEITH FABER



**LAKWOOD CITY SCHOOL DISTRICT**

**CUYAHOGA COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 3/16/2023**

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

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