OHIO AUDITOR OF STATE
KEITH FABER

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

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OHIO AUDITOR OF STATE
KEITH FABER

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

INDEPENDENT AUDITOR'S REPORT

Sheffield-Sheffield Lake City School District
Lorain County
1824 Harris Road
Sheffield, Ohio 44054

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

Basis for Opinions

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

Emphasis of Matter

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

Responsibilities of Management for the Financial Statements

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

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

Required Supplementary Information

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

Supplementary information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 6, 2023, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

March 6, 2023

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The management's discussion and analysis of the Sheffield-Sheffield Lake 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 of governmental activities increased $2,773,697 from $(9,213,476) to $(6,439,779) which represents a 30.10% increase from the prior year net position.

- General revenues accounted for $22,017,888 in revenue or 81.30% of all revenues. Program specific revenues in the form of charges for services and operating grants, and contributions accounted for $5,065,391 or 18.70% of all revenues. The District had total revenues of $27,083,279.

- The District had $24,309,582 in expenses related to governmental activities; only $5,065,391 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of $22,017,888 were adequate to provide for these programs.

- The District's major governmental funds are the general fund and the bond retirement fund.

- The general fund had $21,372,606 in revenues and $21,373,857 in expenditures and other financing uses. During fiscal year 2022, the general fund's fund balance decreased from a total of $7,124,732 to $7,123,481.

- The bond retirement fund had $1,842,675 in revenues and $1,667,013 in expenditures. During fiscal year 2022, the bond retirement fund's fund balance increased from $1,084,408 to $1,260,070.

Using the 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 the bond retirement fund are by far the most significant funds, and the only governmental funds reported as major funds.

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 2022?" The statement of net position and the statement of activities answer this question. These statements include all assets, liabilities, deferred inflows and outflows 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.

On the statement of net position and in the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental fund begins on page 13. 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 the bond retirement 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 than can readily be converted to cash. The governmental fund financial 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 on the statement of net position and in the statement of activities) and governmental funds is reconciled in the basic financial statements.

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.

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 of the retirement system and a ten year schedule of the District's contributions to the retirement systems to fund pension and OPEB obligations.

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for fiscal years 2022 and 2021.

Net Position

	Governmental Activities 2022	Governmental Activities 2021
Assets		
Current and other assets	$ 26,605,554	$ 25,661,648
Net OPEB asset	1,661,362	1,371,292
Capital assets, net	34,225,059	34,148,224
Total assets	62,491,975	61,181,164
Deferred outflows of resources		
Unamortized deferred charges on debt refunding	1,317,796	1,407,236
Pensions	5,633,961	4,642,736
OPEB	768,278	810,005
Total deferred outflows of resources	7,720,035	6,859,977
Liabilities		
Current liabilities	2,479,889	2,473,972
Long-term liabilities:		
Due within one year	1,063,260	828,288
Due in more than one year:		
Net pension liability	13,233,474	24,208,195
Net OPEB liability	1,665,135	1,821,700
Other amounts	30,097,307	31,008,567
Long-term liabilities	46,059,176	57,866,750
Total liabilities	48,539,065	60,340,722
Deferred inflows of resources		
Property taxes and PILOTs levied for the next fiscal year	14,523,820	13,564,163
Pensions	10,486,841	471,489
OPEB	3,102,063	2,878,243
Total deferred inflows of resources	28,112,724	16,913,895
Net position		
Net investment in capital assets	6,080,893	5,369,661
Restricted	1,629,562	1,564,927
Unrestricted (deficit)	(14,150,234)	(16,148,064)
Total net position (deficit)	$ (6,439,779)	$ (9,213,476)

The net pension liability is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27." The net other postemployment benefits (OPEB) liability/asset is reported pursuant to GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions." For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability, and the net OPEB liability/asset 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*. 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.

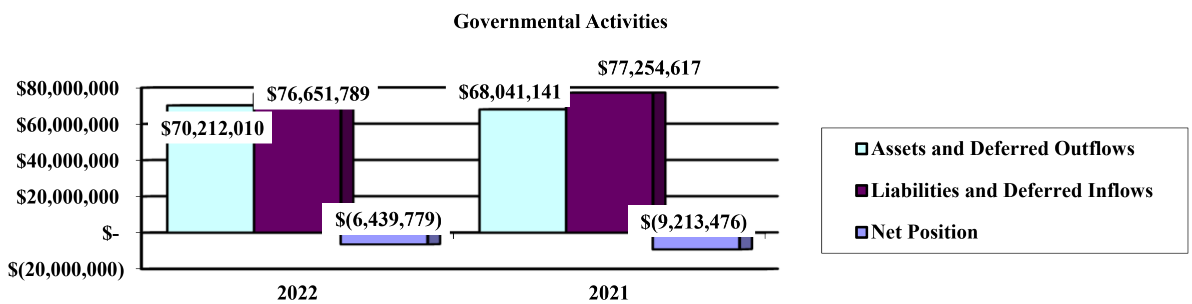
Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes 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.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2022, the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $6,439,779. The net investment in capital assets at June 30, 2022 was $6,080,893. A portion of the District's net position, $1,629,562, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of $14,150,234.

At year-end, capital assets represented 54.77% of total assets. Capital assets include land, buildings and improvements, furniture and equipment, intangible right to use assets and vehicles. Capital assets are used to provide services to the students and are not available for future spending.

The chart below shows the District's governmental activities assets and deferred outflows, liabilities and deferred inflows and net position at June 30, 2022 and 2021.



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

Change in Net Position

	Governmental Activities 2022	Governmental Activities 2021
Revenues		
Program revenues:		
Charges for services and sales	$ 773,009	$ 1,289,352
Operating grants and contributions	4,292,382	3,200,913
General revenues:		
Property taxes	15,538,470	13,701,294
Payments in lieu of taxes	450,713	348,860
Grants and entitlements	6,206,642	5,564,298
Investment earnings / change in FMV	(399,518)	10,289
Other	221,581	212,014
Total revenues	27,083,279	24,327,020
Expenses		
Program expenses:		
Instruction:		
Regular	9,218,299	10,221,717
Special	3,263,409	3,558,419
Vocational	45,083	14,173
Other	96,347	76,701
Support services:		
Pupil	1,553,008	1,550,586
Instructional staff	634,731	656,739
Board of education	45,631	47,504
Administration	2,173,151	2,156,476
Fiscal	695,101	633,325
Business	206,281	231,379
Operations and maintenance	2,274,404	2,041,333
Pupil transportation	941,857	880,423
Central	475,252	663,937
Operation of non-instructional services:		
Food service operations	701,710	346,230
Other non-instructional services	15,780	60,387
Extracurricular activities	862,904	841,041
Interest and fiscal charges	1,106,634	1,077,318
Total expenses	24,309,582	25,057,688
Change in net position	2,773,697	(730,668)
Net position (deficit) at beginning of year	(9,213,476)	(8,482,808)
Net position (deficit) at end of year	$ (6,439,779)	$ (9,213,476)

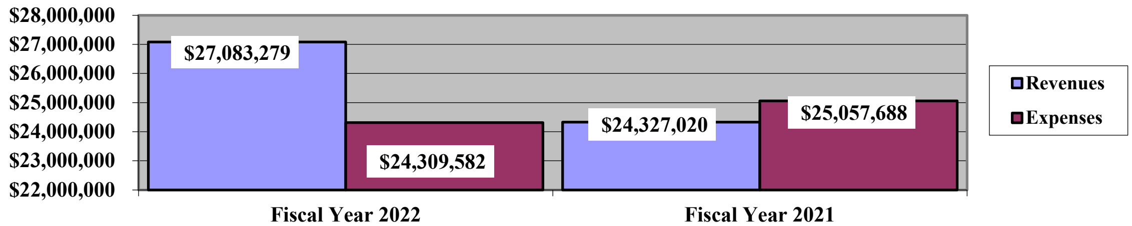
Governmental Activities

Net position of the District's governmental activities increased $2,773,697. Total governmental expenses of $24,309,582 were offset by program revenues of $5,065,391 and general revenues of $22,017,888. Program revenues supported 20.84% of the total governmental expenses.

The primary source of revenue for governmental activities is derived from property taxes. Property taxes make up 57.37% of total revenues of the District for fiscal year 2022. The unusual nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. As a result of legislation enacted in 1976, the overall revenue generated by a voted tax levy does not increase as a result of inflation. As an example, a homeowner with a home value at $100,000 (assessed value of $35,000) and taxes at 1.0 mill would pay $35.00 annually in taxes. If, three years later, the home value was to be reappraised and increased to $200,000 (assessed value of $70,000) the effective tax rate would become .5 mills and the owner would still pay $35.00. Property tax revenue decreased 13.41% during the fiscal year 2022 as a result of fluctuations in the amount of property tax revenues received during the fiscal year.

The graph below presents the District's governmental activities revenue 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 table that follows shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

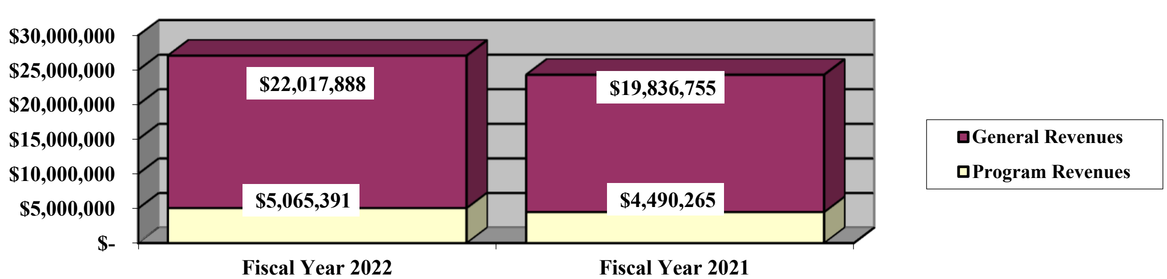
Governmental Activities

	Total Cost of Services 2022	Net Cost of Services 2022	Total Cost of Services 2021	Net Cost of Services 2021
Program expenses				
Instruction:				
Regular	$ 9,218,299	$ 7,454,365	$ 10,221,717	$ 8,400,171
Special	3,263,409	2,046,252	3,558,419	2,148,635
Vocational	45,083	41,911	14,173	(10,741)
Other	96,347	96,347	76,701	76,701
Support services:				
Pupil	1,553,008	1,304,605	1,550,586	1,126,369
Instructional staff	634,731	537,861	656,739	516,419
Board of education	45,631	45,631	47,504	47,504
Administration	2,173,151	2,173,151	2,156,476	2,156,476
Fiscal	695,101	695,101	633,325	633,325
Business	206,281	206,281	231,379	231,379
Operations and maintenance	2,274,404	2,274,122	2,041,333	2,041,333
Pupil transportation	941,857	902,173	880,423	754,069
Central	475,252	466,252	663,937	654,937
Operations of non-instructional services:				
Food service operations	701,710	(330,832)	346,230	(20,058)
Other non-instructional services	15,780	(374,322)	60,387	19,507
Extracurricular activities	862,904	598,659	841,041	714,079
Interest and fiscal charges	1,106,634	1,106,634	1,077,318	1,077,318
Total expenses	$ 24,309,582	$ 19,244,191	$ 25,057,688	$ 20,567,423

The dependence upon tax and other general revenues for governmental activities is crucial; 76.36% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 79.16%. The District's taxpayers and unrestricted grants, as a whole, are by far the primary support for District's students.

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

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of $8,970,530, compared to last year's total of $8,553,719. The table below indicates the fund balance and the total change in fund balance as of June 30, 2022 and 2021.

	Fund Balance June 30, 2022	Fund Balance June 30, 2021	Increase (Decrease)
General	$ 7,123,481	$ 7,124,732	$ (1,251)
Bond Retirement	1,260,070	1,084,408	175,662
Nonmajor governmental funds	586,979	344,579	242,400
Total	$ 8,970,530	$ 8,553,719	$ 416,811

General Fund

The District's general fund reported a fund balance of $7,123,481 at June 30, 2022, which represents a decrease of $1,251 from the prior year total. The table below assists in illustrating the financial activities and fund balance of the general fund.

	2022 Amount	2021 Amount	Percentage Change
Revenues			
Taxes	$ 13,951,361	$ 11,747,569	18.76 %
Payments in lieu of taxes	450,713	348,860	29.20 %
Tuition and fees	500,563	1,143,209	(56.21) %
Earnings on investments / change in FMV	(414,189)	14,515	(2,953.52) %
Intergovernmental	6,628,047	6,116,179	8.37 %
Other revenues	256,111	209,956	21.98 %
Total	$ 21,372,606	$ 19,580,288	9.15 %
Expenditures			
Instruction	$ 11,618,007	$ 11,810,088	(1.63) %
Support services	8,907,587	7,620,068	16.90 %
Operation of non-instructional services	4,109	17,602	(76.66) %
Extracurricular activities	671,382	622,063	7.93 %
Capital outlay	-	286,572	(100.00) %
Debt service	162,880	97,370	67.28 %
Total	$ 21,363,965	$ 20,453,763	4.45 %

The District experienced an increase in its largest revenue source, property taxes revenue, which led to an overall increase in revenues. Property taxes increased $2,203,792 or 18.76% due to the triannual reappraisal of property values. Intergovernmental receipts increased and tuition and fees receipts decreased due to changes in the state foundation funding model. Fluctuations in investments, market values and the interest rates on those investments causes fluctuations in earnings on investment revenue.

The District has a site-based style of budgeting designed to control expenditures, as evidenced by a slight 4.45% increase in overall expenditures in fiscal year 2022. Capital outlay expenditures decreased as a result of a debt agreement that was entered into during the prior fiscal year and no similar agreements were entered into during the current fiscal year.

Bond Retirement Fund

The bond retirement fund was established to account for property tax revenues levied to make principal and interest payments on the general obligation bonds. The District received $1,842,675 in property taxes and homestead and rollbacks in fiscal year 2022.

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.

For the general fund, original budget and final budgeted revenues and other financing sources were $20,973,361. Actual revenues and other financing sources were $21,842,039, which is $868,678 or 4.14% higher than the final budget.

General fund original and final appropriations (appropriated expenditures plus other financing uses) were $20,895,427 and $21,545,427, respectively. The actual budget basis expenditures and other financing uses for fiscal year 2022 totaled $21,539,558, which is $5,869 or 0.03% lower than the final budget appropriations. Fluctuations among the budget base expenditures categories are due to the District's site-based budgeting designed to tightly control expenditures but provide flexibility for managers to redirect funds as conditions develop during the year.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2022, the District had $34,225,059 (net of accumulated depreciation) invested in land, buildings and improvements, furniture and equipment, intangible right to use assets and vehicles. This entire amount is reported in governmental activities. The table that follows shows fiscal year 2022 balances compared to 2021.

Capital Assets at June 30 (Net of Depreciation)

	Governmental Activities	
	2022	2021
Land	$ 540,878	$ 540,878
Building and improvements	32,216,666	32,376,315
Furniture and equipment	539,934	207,541
Intangible right to use assets	200,601	257,915
Vehicles	726,980	765,575
Total	$ 34,225,059	$ 34,148,224

The increase in capital assets is a result of capital asset depreciation of $587,797 exceeding additions of $664,632. See Note 8 in the notes to the basic financial statements for additional detail on the District's capital assets.

Debt Administration

At June 30, 2022, the District had $27,813,677 in general obligation bonds, leases payable and note payable-finance purchase agreements outstanding. Of this total, $993,291 is due within one year and $26,820,386 is due in greater than one year. The following table summarizes the debt outstanding.

Outstanding Debt, at Fiscal Year End

	Governmental Activities	
	2022	2021
School improvement general obligation and refunding bonds:		
Current interest and capital appreciation bonds	$ 27,160,366	$ 27,605,887
Accretion on capital appreciation bonds	275,627	327,739
Total general obligation bonds	27,435,993	27,933,626
Leases payable	237,050	286,572
Note payable - finance purchase	140,634	230,040
Total outstanding debt obligations	$ 27,813,677	$ 28,450,238

At June 30, 2022, the District's overall legal debt margin was $10,405,196 and the unvoted debt margin was $403,394. See Note 9 in the notes to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

The Board of Education and the Administration closely monitor the District's revenues and expenditures in accordance with its financial forecast and the District's Strategic Plan.

The District relies heavily upon real estate taxes and state funding as sources of revenue. The District's financial future took a turn for the better with the passage of a 5.99 mill five-year Emergency Operating Levy in November 2005. This and an older Emergency Levy were both renewed in May of 2014. The Community showed their further support in May of 2015 by passing a 6.53 mill five-year Emergency Operating Levy.

In May of 2019, the District was successful in passing a 19.88 mill substitute levy for a continuing period. The substitute levy combined all three emergency levies into one, while also allowing for revenue growth based on new construction within the District. With the passage of the substitute levy, the District's fiscal stability improved, maintaining positive ending cash balances through the five-year forecast period. In addition, the triennial appraisal update generated growth for the District, with an increase in total assessed valuation from $361,438,940 to $403,394,360. With this recent valuation update, the District reached the 20-mill floor. This means the District will gain revenue from future valuation increases on a larger proportion of its millage than in the past. Past valuation increases only applied to the District's 3.8 inside mills but now valuation increases will apply to 20 mills of its residential and agricultural values. These favorable changes make it unlikely that a new levy will be needed within the next five years.

As a result of the COVID-19 pandemic, the District was allocated $92,000 and $258,000 in fiscal year 2021 in federal COVID relief funds. Another $1,237,000 in federal ESSER II and $2,781,000 in American Rescue Plan (ESSER III) has been allocated for use between fiscal year 2021 and fiscal year 2024.

The financial statements represent our continued efforts to keep the District informed of the use of their tax dollars and the cost of the District to maintain the excellence in education provided to our students and expected of our community.

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 Michael Barnhart, Treasurer, Sheffield-Sheffield Lake City School District, 1824 Harris Road, Sheffield, Ohio 44054, or email mbarnhart@sheffieldschools.org.

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2022

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents	$ 9,436,301
Receivables:	
Property taxes	16,445,380
Payment in lieu of taxes	420,000
Accounts	4,628
Accrued interest	39,475
Intergovernmental	181,051
Prepayments	58,422
Materials and supplies inventory	18,741
Inventory held for resale	1,556
Net OPEB asset	1,661,362
Capital assets:	
Nondepreciable capital assets	540,878
Depreciable capital assets, net	33,684,181
Capital assets, net	34,225,059
Total assets	62,491,975
Deferred outflows of resources:	
Unamortized deferred charges on debt refunding	1,317,796
Pension	5,633,961
OPEB	768,278
Total deferred outflows of resources	7,720,035
Liabilities:	
Accounts payable	26,643
Accrued wages and benefits payable	1,938,820
Due to other governments	446,240
Accrued interest payable	68,186
Long-term liabilities:	
Due within one year	1,063,260
Due in more than one year:	
Net pension liability	13,233,474
Net OPEB liability	1,665,135
Other amounts due in more than one year	30,097,307
Total liabilities	48,539,065
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	14,132,216
Payment in lieu of taxes levied for the next fiscal year	391,604
Pension	10,486,841
OPEB	3,102,063
Total deferred inflows of resources	28,112,724
Net position:	
Net investment in capital assets	6,080,893
Restricted for:	
Capital projects	129,871
Debt service	983,959
State funded programs	694
Federally funded programs	61,040
Food service operations	296,457
Extracurricular	96,369
Other purposes	61,172
Unrestricted (deficit)	(14,150,234)
Total net position (deficit)	$ (6,439,779)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO

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

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Governmental Activities**
Governmental activities:				
Instruction:				
Regular	$ 9,218,299	$ 436,736	$ 1,327,198	$ (7,454,365)
Special	3,263,409	59,864	1,157,293	(2,046,252)
Vocational	45,083	-	3,172	(41,911)
Other	96,347	-	-	(96,347)
Support services:				
Pupil	1,553,008	34,530	213,873	(1,304,605)
Instructional staff	634,731	280	96,590	(537,861)
Board of education	45,631	-	-	(45,631)
Administration	2,173,151	-	-	(2,173,151)
Fiscal	695,101	-	-	(695,101)
Business	206,281	-	-	(206,281)
Operations and maintenance	2,274,404	-	282	(2,274,122)
Pupil transportation	941,857	3,963	35,721	(902,173)
Central	475,252	-	9,000	(466,252)
Operation of non-instructional services:				
Food service operations	701,710	31,273	1,001,269	330,832
Other non-instructional services	15,780	-	390,102	374,322
Extracurricular activities	862,904	206,363	57,882	(598,659)
Interest and fiscal charges	1,106,634	-	-	(1,106,634)
Totals	$ 24,309,582	$ 773,009	$ 4,292,382	(19,244,191)

General revenues:	
Property taxes levied for:	
General purposes	13,566,351
Debt service	1,621,489
Capital outlay	350,630
Payments in lieu of taxes	450,713
Grants and entitlements not restricted to specific programs	6,206,642
Investment earnings	85,306
Decrease in FMV of investments	(484,824)
Miscellaneous	221,581
Total general revenues	22,017,888
Change in net position	2,773,697
Net position (deficit) at beginning of year	(9,213,476)
Net position (deficit) at end of year	$ (6,439,779)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2022

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash				
and cash equivalents	$ 7,753,423	$ 1,077,716	$ 605,162	$ 9,436,301
Receivables:				
Property taxes	14,331,365	1,732,982	381,033	16,445,380
Payment in lieu of taxes	420,000	-	-	420,000
Accounts	4,628	-	-	4,628
Accrued interest	39,475	-	-	39,475
Intergovernmental	19,348	-	161,703	181,051
Prepayments	58,422	-	-	58,422
Materials and supplies inventory	18,031	-	710	18,741
Inventory held for resale	-	-	1,556	1,556
Total assets	$ 22,644,692	$ 2,810,698	$ 1,150,164	$ 26,605,554
Liabilities:				
Accounts payable	$ 25,968	$ -	$ 675	$ 26,643
Accrued wages and benefits payable	1,750,815	-	188,005	1,938,820
Compensated absences payable	53,152	-	-	53,152
Due to other governments	412,823	-	33,417	446,240
Total liabilities	2,242,758	-	222,097	2,464,855
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	12,323,094	1,482,926	326,196	14,132,216
Payment in lieu of taxes levied for the next fiscal year	391,604	-	-	391,604
Delinquent property tax revenue not available	542,426	67,702	14,847	624,975
Intergovernmental revenue not available	-	-	45	45
Accrued interest not available	21,329	-	-	21,329
Total deferred inflows of resources	13,278,453	1,550,628	341,088	15,170,169
Fund balances:				
Nonspendable:				
Materials and supplies inventory	18,031	-	710	18,741
Prepaids	58,422	-	-	58,422
Unclaimed monies	15,593	-	-	15,593
Restricted:				
Debt service	-	1,260,070	-	1,260,070
Capital improvements	-	-	115,024	115,024
Food service operations	-	-	300,811	300,811
State funded programs	-	-	694	694
Federally funded programs	-	-	60,995	60,995
Extracurricular	-	-	96,369	96,369
Scholarships	-	-	3,555	3,555
Other purposes	-	-	42,024	42,024
Committed:				
Other purposes	11,000	-	-	11,000
Assigned:				
Student instruction	23,087	-	-	23,087
Student and staff support	235,934	-	-	235,934
Extracurricular activities	408	-	-	408
Subsequent year's appropriations	593,503	-	-	593,503
School supplies	99,906	-	-	99,906
Unassigned (deficit)	6,067,597	-	(33,203)	6,034,394
Total fund balances	7,123,481	1,260,070	586,979	8,970,530
Total liabilities, deferred inflows and fund balances	$ 22,644,692	$ 2,810,698	$ 1,150,164	$ 26,605,554

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO

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

Total governmental fund balances		$ 8,970,530
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		34,225,059
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	$ 624,975	
Accrued interest receivable	21,329	
Intergovernmental receivable	45	
Total		646,349
Unamortized amounts on refundings are not recognized in the funds.		1,317,796
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(68,186)
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	5,633,961	
Deferred inflows - pension	(10,486,841)	
Net pension liability	(13,233,474)	
Deferred outflows - OPEB	768,278	
Deferred inflows - OPEB	(3,102,063)	
Net OPEB asset	1,661,362	
Net OPEB liability	(1,665,135)	
Total		(20,423,912)
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.		
General obligation bonds	(27,160,366)	
Accretion of interest - capital appreciation bonds	(275,627)	
Unamortized bond premiums	(1,923,912)	
Notes payable	(140,634)	
Lease payable	(237,050)	
Compensated absences	(1,369,826)	
Total		(31,107,415)
Net position of governmental activities		$ (6,439,779)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO

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

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	$ 13,951,361	$ 1,668,477	$ 359,578	$ 15,979,416
Intergovernmental	6,628,047	174,198	3,657,841	10,460,086
Investment earnings	70,635	-	533	71,168
Tuition and fees	500,563	-	18,110	518,673
Extracurricular	34,530	-	187,138	221,668
Rental income	-	-	1,395	1,395
Charges for services	-	-	31,273	31,273
Contributions and donations	12,702	-	58,408	71,110
Payment in lieu of taxes	450,713	-	-	450,713
Miscellaneous	208,879	-	7,527	216,406
Decrease in FMV of investments	(484,824)	-	-	(484,824)
Total revenues	21,372,606	1,842,675	4,321,803	27,537,084
Expenditures:				
Current:				
Instruction:				
Regular	8,673,471	-	1,404,262	10,077,733
Special	2,794,108	-	715,320	3,509,428
Vocational	44,250	-	1,657	45,907
Other	106,178	-	-	106,178
Support services:				
Pupil	1,615,631	-	32,783	1,648,414
Instructional staff	522,690	-	214,335	737,025
Board of education	45,592	-	-	45,592
Administration	2,349,497	-	-	2,349,497
Fiscal	679,824	35,863	7,726	723,413
Business	162,235	-	-	162,235
Operations and maintenance	2,099,703	-	523,868	2,623,571
Pupil transportation	966,163	-	648	966,811
Central	466,252	-	9,000	475,252
Operation of non-instructional services:				
Food service operations	-	-	729,711	729,711
Other non-instructional services	4,109	-	11,671	15,780
Extracurricular activities	671,382	-	260,024	931,406
Facilities acquisition and construction	-	-	178,290	178,290
Debt service:				
Principal retirement	138,928	445,521	-	584,449
Interest and fiscal charges	23,952	866,150	-	890,102
Accretion on capital appreciation bonds	-	319,479	-	319,479
Total expenditures	21,363,965	1,667,013	4,089,295	27,120,273
Excess of revenues over (under) expenditures	8,641	175,662	232,508	416,811
Other financing sources:				
Transfers in	-	-	9,892	9,892
Transfers (out)	(9,892)	-	-	(9,892)
Total other financing sources	(9,892)	-	9,892	-
Net change in fund balances	(1,251)	175,662	242,400	416,811
Fund balances at beginning of year	7,124,732	1,084,408	344,579	8,553,719
Fund balances at end of year	$ 7,123,481	$ 1,260,070	$ 586,979	$ 8,970,530

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO

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

Net change in fund balances - total governmental funds		$ 416,811
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	$ 664,632	
Current year depreciation	(587,797)	
Total		76,835
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(440,946)	
Earnings on investments	14,671	
Intergovernmental	(42,968)	
Total		(469,243)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
General obligation bonds	395,000	
Capital appreciation bonds	50,521	
Accreted interest on capital appreciation bonds	319,479	
Lease-purchase agreements	89,406	
Lease liability	49,522	
Total		903,928
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:		
Decrease in accrued interest payable	887	
Accretion of interest on capital appreciation bonds	(267,367)	
Amortization of bond premiums	139,388	
Amortization of deferred charges on refunding	(89,440)	
Total		(216,532)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,852,613	
OPEB	54,312	
Total		1,906,925
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	97,981	
OPEB	126,776	
Total		224,757
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.		(69,784)
Change in net position of governmental activities		$ 2,773,697

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN 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

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues:				
From local sources:				
Property taxes	$ 12,753,361	$ 12,753,361	$ 14,034,818	$ 1,281,457
Intergovernmental	6,715,000	6,715,000	6,631,053	(83,947)
Investment earnings	125,000	125,000	74,939	(50,061)
Tuition and fees	759,254	759,254	437,108	(322,146)
Contributions and donations	-	-	5,450	5,450
Payment in lieu of taxes	340,000	340,000	431,711	91,711
Miscellaneous	140,746	140,746	205,238	64,492
Total revenues	20,833,361	20,833,361	21,820,317	986,956
Expenditures:				
Current:				
Instruction:				
Regular	8,604,081	8,969,532	8,724,463	245,069
Special	2,878,753	2,870,253	2,800,240	70,013
Vocational	46,323	78,723	45,853	32,870
Other	98,385	98,385	100,797	(2,412)
Support services:				
Pupil	1,278,166	1,279,566	1,593,754	(314,188)
Instructional staff	556,387	551,837	532,402	19,435
Board of education	45,641	46,241	53,042	(6,801)
Administration	2,169,049	2,172,345	2,328,725	(156,380)
Fiscal	622,946	698,373	688,189	10,184
Business	226,290	226,290	235,390	(9,100)
Operations and maintenance	2,044,829	2,184,129	2,139,759	44,370
Pupil transportation	1,071,455	1,097,058	1,089,162	7,896
Central	599,963	619,536	507,045	112,491
Operation of non-instructional services				
Other non-instructional services	4,700	4,700	4,109	591
Extracurricular activities	648,459	648,459	686,736	(38,277)
Total expenditures	20,895,427	21,545,427	21,529,666	15,761
Excess (deficiency) of revenues over (under) expenditures	(62,066)	(712,066)	290,651	1,002,717
Other financing sources (uses):				
Refund of prior year's expenditures	140,000	140,000	17,793	(122,207)
Transfers (out)	-	-	(9,892)	(9,892)
Sale of capital assets	-	-	3,929	3,929
Total other financing sources (uses)	140,000	140,000	11,830	(128,170)
Net change in fund balance	77,934	(572,066)	302,481	874,547
Fund balance at beginning of year	7,228,303	7,228,303	7,228,303	-
Prior year encumbrances appropriated	195,427	195,427	195,427	-
Fund balance at end of year	$ 7,501,664	$ 6,851,664	$ 7,726,211	$ 874,547

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Sheffield-Sheffield Lake City School District (the "District") was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a city school district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education consisting of five members and is responsible for providing public education to residents of the District. The District employs 107 non-certified and 144 certified (including administrative) full-time and part-time employees to provide services to approximately 1,614 students in pre-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 only those of the District (the primary government).

The following organizations are described due to their relationship to the District:

JOINTLY GOVERNED ORGANIZATIONS

Lake Erie Regional Council (LERC)
The Lake Erie Regional Council (LERC) is a jointly governed organization comprised of fourteen school districts. The jointly governed organization was formed for the purpose of promoting cooperative agreements and activities among its members in dealing with problems of mutual concern such as media center, gas consumption, driver education, food service and insurance. Each member provides operating resources to the LERC on a per-pupil or actual usage charge. The LERC Assembly consists of a Superintendent or designated representative from each participating school district and the fiscal agent. The LERC is governed by a Board of Directors chosen from the general membership. The degree of control exercised by any participating school district is limited to its representation on the Board of Directors. During fiscal year 2022, the District paid $3,027,813 to the LERC. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County, who serves as the fiscal agent, at 1885 Lake Avenue, Elyria, Ohio, 44035.

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

Metropolitan Educational Technology Association (META) Solutions
The District is a participant in META Solutions which is a computer consortium that resulted from the mergers between Tri-Rivers Educational Computer Association (TRECA), Metropolitan Educational Council (MEC), Metropolitan Dayton Educational Cooperative Association (MDECA), and Southeastern Ohio Valley Voluntary Education Cooperative (SEOVEC). META Solutions develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. META Solutions provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from eleven of the member districts. During fiscal year 2022, the District paid META Solutions $55,528 for services. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

Lorain County Joint Vocational School District (JVS)
The Lorain County Joint Vocational School District (JVS) is a distinct subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each participating school district's elected Board, which possesses its own budgeting and taxing authority. Accordingly, the JVS is not part of the District and its operations are not included as part of the reporting entity. Financial information can be obtained by contacting the Treasurer at the Lorain County Joint Vocational School District, 15181 State Route 58, Oberlin, Ohio, 44074.

Ohio Schools' Council Association
The Ohio Schools' Council Association (Council) is a jointly governed organization among 241 school districts and education institutions. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any district is limited to its representation on the Board. In fiscal year 2022, the District paid $35,648 to the Council. Financial information can be obtained by contacting William Zelei, Executive Director of the Ohio Schools Council at 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

The District participates in the Council's natural gas purchase program. This program allows school districts to purchase natural gas at reduced rates. Constellation New Energy (formerly Compass) has been selected as the supplier and program manager for the period program. There are currently 165 participants in the program including Sheffield-Sheffield Lake City School District. 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.

B. Fund Accounting

The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The District has no proprietary or fiduciary (custodial) funds.

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

GOVERNMENTAL FUNDS

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

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

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

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District has no trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District's currently has no custodial 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. Interfund services provided and used are not eliminated in the process of consolidation.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of 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 not classified as program revenues are presented as general revenues of the District.

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows and all liabilities and deferred inflows associated with the operation of the District are included on the statement of net position.

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

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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

The fiduciary funds are reported using the economic resources measurement focus. All assets and liabilities associated with the operation of fiduciary funds are included on the statement of net fiduciary position. Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

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. 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, payments in lieu of 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 5). 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.

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

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 to the District's net pension liability and 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.

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, unavailable revenue, pensions and OPEB. 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. 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. 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 statement of revenues, expenditures and changes in fund balances as an expenditure 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. Budgetary Process

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources established a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board of Education. The legal level of budgetary control has been established at the fund level for all funds. The District has elected to present budgetary statement comparisons at the fund and function level of expenditures.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amount reported as the original budgeted amount in the budgetary statement reflects the amount in the certificate when the permanent appropriations were adopted. The amount reported as the final budgeted amount in the budgetary statement reflects the amount in the final amended certificate that was in effect at the time the final appropriations were passed by the Board of Education.

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

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

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

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 basic financial statements.

During fiscal year 2022, investments were limited to negotiable certificates of deposit (CDs), Federal Home Loan Bank (FHLB) Securities, Federal National Mortgage Association (FNMA) Securities, Federal Farm Credit Bank (FFCB) Securities and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices.

STAR 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.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2022 amounted to $70,635, which includes $10,798 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

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

G. Inventory

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

Inventory consists of supplies, donated food and purchased food.

H. Capital Assets

General capital 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.

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

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

Description	Estimated Lives
Buildings and improvements	50 years
Furniture and equipment	5 - 20 years
Vehicles	8 years
Intangible leased assets	5 years

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.

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable/payable." These amounts are eliminated in the governmental activities column on the statement of net position. The District had no interfund loans outstanding at June 30, 2022.

J. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave 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.

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

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) payments. 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 severance on employees expected to become eligible to retire in the future, certified employees at any age with 10 years of service and classified employees at any age with 20 years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave 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. For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

K. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items 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.

L. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, net pension liability, and net OPEB liability 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 lease-purchase agreements are recognized as a liability on 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. Issuance Costs, Bond Premium/Discount and Accounting Gain/Loss on Debt Refunding

On the governmental fund financial statements, issuance costs, bond premiums, bond discounts, and gain or loss from debt refunding are recognized in the current period.

On the government-wide financial statements, issuance costs are recognized in the current period and are not amortized. Bond premiums and discounts are amortized over the term of the bonds using the straight-line method. Unamortized bond premiums are presented as an addition to the face amount of the bonds reported on the statement of net position. Unamortized bond discounts are presented as a reduction to the face amount of the bonds reported on the statement of net position. The reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 9.A.

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

For an advance refunding 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 deferred outflows of resources or deferred inflows of resources.

N. 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.

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

O. 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 amount restricted for other purposes represents amounts restricted for other grants.

The government-wide statement of net position reports $1,629,562 of restricted net position, of which none is restricted by enabling legislation.

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

P. 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.

Q. Interfund Activity

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

R. 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 did not have any extraordinary or special items during fiscal year 2022.

S. Interfund Activity

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

Interfund activity between governmental funds is eliminated in the statement of activities.

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

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 to 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.

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*".

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 $286,572 in governmental activities in leases payable at July 1, 2021, due to the implementation of GASB 87; however, this entire amount was offset by the intangible asset, right to use lease - equipment.

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.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

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.

B. Deficit Fund Balances

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

Nonmajor funds	Deficit
IDEA, Part B	$ 30,698
Improving Teacher Quality	2,505

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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 and interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation 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 market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds and other obligations of the State of Ohio, 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 Treasurer's investment pool, the 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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits with Financial Institutions

At June 30, 2022, the carrying amount of all District deposits was $711,205 and the bank balance of all District deposits was $1,183,510. Of the bank balance, $250,000 was covered by the FDIC, $778,191 was covered by the Ohio Pooled Collateral System and $155,319 was exposed to custodial credit risk because this amount was uninsured and uncollateralized.

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. For fiscal year 2022, the District's financial institution was approved for collateral rate of 50 percent through OPCS. Although all statutory requirements for the deposit of money has been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

B. Investments

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

		Investment Maturities				
Measurement/ Investment Type	Measurement Value	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Fair Value:						
FNMA	$ 587,919	$ -	$ -	$ -	$ -	$ 587,919
FHLB	4,612,497	-	-	-	-	4,612,497
FFCB	972,982	-	-	-	-	972,982
Negotiable CDs	2,355,672	622,720	-	486,611	-	1,246,341
Amortized Cost:						
STAR Ohio	196,026	196,026	-	-	-	-
Total	$ 8,725,096	$ 818,746	$ -	$ 486,611	$ -	$ 7,419,739

The weighted average maturity of investments is 0.82 years.

The District's investments in federal agency securities (FNMA, FFCB, FHLB), and negotiable CDs are valued using quoted market prices that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significate inputs are observable, either direct or indirectly (Level 2 inputs).

Interest Rate Risk: Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. 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.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: The District's investments in federal securities (FNMA, FFCB, FHLB) were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The District's investments in STAR Ohio carries a rating of AAAm by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District's investments in negotiable CDs accounts were not rated. The negotiable CDs are covered by FDIC. The District has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

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 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.

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:

Investment type	Measurement Value	% of Total
Fair value:		
FHLB	$ 4,612,497	52.86%
FNMA	587,919	6.74%
FFCB	972,982	11.15%
Negotiable CDs	2,355,672	27.00%
Amortized cost:		
STAR Ohio	196,026	2.25%
Total	$ 8,725,096	100.00%

C. 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 cash equivalents as reported on the statement of net position as of June 30, 2022:

Cash and investments per note	
Carrying amount of deposits	$ 711,205
Investments	8,725,096
Total	$ 9,436,301
Cash and cash equivalents per statement of net position	
Governmental activities	$ 9,436,301
Total	$ 9,436,301

NOTE 5 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the District's fiscal year runs from July through June. First half tax 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.

NOTE 5 - PROPERTY TAXES - (Continued)

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 market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax 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 2021 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 Lorain County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2022, are available to finance fiscal year 2022 operations. The amount available as an advance at June 30, 2022 was $1,465,845 in the general fund, $182,354 in the bond retirement fund and $39,990 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available as an advance at June 30, 2021 was $1,549,302 in the general fund, $191,019 in the bond retirement fund and $39,637 in the permanent improvement 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 inflows.

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.

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

	2021 Second Half Collections		2022 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 350,668,840	97.02	$ 391,880,600	97.15
Public utility personal	10,770,100	2.98	11,513,760	2.85
Total	$ 361,438,940	100.00	$ 403,394,360	100.00
Tax rate per $1,000 of assessed valuation	$ 66.97		$ 65.03	

NOTE 6 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended June 30, 2022, consisted of the following, as reported on the fund financial statement:

	Amount
Transfers from the general fund to:	
Nonmajor governmental fund	$ 9,892

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2022 consisted of taxes, payments in lieu of taxes, accounts, 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	$ 16,445,380
Payment in lieu of taxes	420,000
Accounts	4,628
Accrued interest	39,475
Intergovernmental:	
Medicaid	16,969
State foundation - FTE adjustments JV01	2,379
USDA - National School Lunch Program	13,217
ESSER	41,580
IDEA-B	16,592
Title I disadvantaged children	82,821
IDEA preschool - handicapped	45
Miscellaneous federal grants	7,448
Total intergovernmental receivables	$ 181,051

NOTE 8 - CAPITAL ASSETS

Due to the implementation of GASB Statement No. 87 (see Note 3.A for detail), the District has reported capital assets for the right to use leased equipment which are reflected in the schedule below. Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Restated Balance June 30, 2021	Additions	Deductions	Balance June 30, 2022
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Land	$ 540,878	$ -	$ -	$ 540,878
Total capital assets, not being depreciated/amortized	540,878	-	-	540,878
Capital assets, being depreciated:				
Buildings and improvements	37,615,483	254,706	-	37,870,189
Furniture and equipment	891,895	409,926	-	1,301,821
Intangible right to use: leased equipment	286,572	-	-	286,572
Vehicles	1,830,547	-	-	1,830,547
Total capital assets, being depreciated/amortized	40,624,497	664,632	-	41,289,129
Less: accumulated depreciation/amotization:				
Buildings and improvements	(5,239,168)	(414,355)	-	(5,653,523)
Furniture and equipment	(684,354)	(77,533)	-	(761,887)
Intangible right to use: leased equipment	(28,657)	(57,314)	-	(85,971)
Vehicles	(1,064,972)	(38,595)	-	(1,103,567)
Total accumulated depreciation/amortization	(7,017,151)	(587,797)	-	(7,604,948)
Governmental activities capital assets, net	$ 34,148,224	$ 76,835	$ -	$ 34,225,059

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

Instruction:	
Regular	$ 207,396
Special	63,392
Vocational	64
Other	1,347
Support services:	
Pupil	23,573
Instructional staff	27,305
Board of education	1,530
Administration	38,245
Fiscal	6,936
Business	59,959
Operations and maintenance	93,493
Pupil transportation	46,285
Food service operations	3,085
Extracurricular	15,187
Total depreciation/amortization expense	$ 587,797

NOTE 9 - LONG-TERM OBLIGATIONS

A. During fiscal year 2022, the following changes occurred in the governmental activities long-term obligations.

	Balance July 1, 2021	Additions	Reductions	Balance June 30, 2022	Amounts Due Within One Year
Governmental activities:					
General obligation bonds:					
School improvement, 2011					
Current interest bonds	$ 975,000	$ -	$ (330,000)	$ 645,000	$ 645,000
School improvement refunding, 2016					
Current interest bonds	8,440,000	-	-	8,440,000	-
Capital appreciation bonds	980	-	(537)	443	214
School improvement refunding, 2017					
Current interest bonds	8,630,000	-	(65,000)	8,565,000	65,000
Capital appreciation bonds	9,923	-	-	9,923	-
School improvement refunding, 2019					
Current interest bonds	9,500,000	-	-	9,500,000	80,000
Capital appreciation bonds	49,984	-	(49,984)	-	-
Total general obligation bonds	27,605,887	-	(445,521)	27,160,366	790,214
Accretion on capital appreciation bonds	327,739	267,367	(319,479)	275,627	55,309
Unamortized premium on bonds	2,063,300	-	(139,388)	1,923,912	-
Note Payable - Finance Purchase from direct borrowings	230,040	-	(89,406)	140,634	92,864
Lease Payable	286,572	-	(49,522)	237,050	54,904
Compensated absences	1,323,317	146,853	(47,192)	1,422,978	69,969
Net pension liability	24,208,195	-	(10,974,721)	13,233,474	-
Net OPEB liability	1,821,700	-	(156,565)	1,665,135	-
Total governmental activities	$ 57,866,750	$ 414,220	$ (12,221,794)	$ 46,059,176	$ 1,063,260

Compensated Absences - Compensated absences will be paid from the fund from which the employee is paid, which for the District, is primarily the general fund.

Net Pension Liability - The District's net pension liability is described in Note 11. The District pays obligations related to employee compensation from the fund benefitting from their service.

Net OPEB Liability/Asset - The District's net OPEB liability/asset is described in Note 12. The District pays obligations related to employee compensation from the fund benefitting from their service.

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

B. General Obligation Bonds Payable

The original issue date, interest rate, original issuance amount and date of maturity for each of the District's general obligation bonds payable follow:

General Obligation Bonds	Original Issue	Interest Rate	Original Issue Amount	Date of Maturity
*School improvement**				
Serial	2011	2.00-5.00%	$ 11,670,000	12/1/2031
Term	2011	5.00%	1,920,000	12/1/2037
Term	2011	4.50%	8,690,000	12/1/2041
School improvement refunding				
Serial	2016	5.00%	4,755,000	12/1/2034
Term	2016	2.00-4.00%	3,735,000	12/1/2036
Capital appreciation bonds	2016	116.12%	34,998	12/1/2025
School improvement refunding				
Serial	2017	2.00-4.00%	6,970,000	12/1/2031
Term	2017	3.375%	1,915,000	12/1/2037
Capital appreciation bonds	2017	67.90%	9,923	12/1/2024
School improvement refunding				
Serial	2019	2.00-4.00%	4,685,000	12/1/2041
Term	2019	2.550%	4,875,000	12/1/2039

* A portion of the School Improvement, Series 2011 bond issue was refunded by the Series 2016 and Series 2017 bond refundings and Series 2019 refundings.

School Improvement Bonds, Series 2011 - The school improvement bonds, series 2011 were issued for new construction and improvements of the District's facilities and included serial, term and capital appreciation bonds. The school improvement refunding bonds, series 2016, the school improvement refunding bonds, series 2017 and the school improvement refunding bonds, series 2019 were issued to advance refund $8,525,000, $8,895,000 and $9,615,000, respectively, of the school improvement bonds, series 2011.

These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the bond retirement fund. On the government-wide financial statements, principal payments reduce the liability reported on the statement of net position. The present value reported on the statement of net position at June 30, 2022 was $645,000.

School Improvement Bonds, Series 2016 - The school improvement refunding bonds, series 2016 were issued to advance refund a portion of the school improvement bonds, series 2011 ($8,525,000) and include serial, term and capital appreciation bonds.

These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the bond retirement fund (a nonmajor governmental fund). On the government-wide financial statements, principal payments reduce the liability reported on the statement of net position. The present value reported on the statement of net position at June 30, 2022, including $114,552 of accreted interest on capital appreciation bonds, was $8,554,995.

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The reacquisition price exceeded the net carrying amount of the old debt by $1,192,807. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. 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. The refunded bonds, which have an outstanding balance of $8,440,000 at June 30, 2022, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

School Improvement Bonds, Series 2017 - The District issued $8,894,923 in school improvement refunding bonds on July 20, 2017, to advance refund a portion of the school improvement bonds, series 2011 ($8,895,000) and include serial, term and capital appreciation bonds.

These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the bond retirement fund. On the government-wide financial statements, principal payments reduce the liability reported on the statement of net position. The present value reported on the statement of net position at June 30, 2022, including $161,075 of accreted interest on capital appreciation bonds, was $8,735,998.

The net present value savings of the refunding was $519,063. The reacquisition price exceeded the net carrying amount of the old debt by $486,969. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. 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. The refunded bonds, which have an outstanding balance of $8,565,000 at June 30, 2022, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

School Improvement Bonds, Series 2019 - The District issued $9,609,984 in school improvement refunding bonds on October 24, 2019, to advance refund a portion of the school improvement bonds, series 2011 ($9,615,000) and include serial, term and capital appreciation bonds.

These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the bond retirement fund (a nonmajor governmental fund). On the government-wide financial statements, principal payments reduce the liability reported on the statement of net position. The present value reported on the statement of net position at June 30, 2022 was $9,500,000.

The net present value savings of the refunding was $2,415,281. The reacquisition price exceeded the net carrying amount of the old debt by $129,215. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. 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. The refunded bonds, which have an outstanding balance of $9,500,000 at June 30, 2022, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Principal and interest requirements to retire the District's long-term general obligation bonds are as follows:

	General Obligation Bonds		
Fiscal Year	Principal	Interest	Total
2023	$ 790,214	$ 928,007	$ 1,718,221
2024	710,086	907,708	1,617,794
2025	134,957	1,622,237	1,757,194
2026	365,109	1,447,901	1,813,010
2027	1,035,000	781,243	1,816,243
2028 - 2032	6,285,000	3,276,826	9,561,826
2033 - 2037	8,380,000	2,050,031	10,430,031
2038 - 2042	9,460,000	677,957	10,137,957
Total	$ 27,160,366	$ 11,691,910	$ 38,852,276

Leases Payable - The District has entered into lease agreements for the use of 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 lease agreements for copier equipment at varying years and terms as follows:

Description	Lease Commencement Date	Years	Lease End Date	Payment Method
Copier Equipment	2021	5	2026	Monthly

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

Fiscal Year	Principal	Interest	Total
2023	$ 54,904	$ 10,606	$ 65,510
2024	57,712	7,797	65,509
2025	60,665	4,844	65,509
2026	63,769	1,740	65,509
Total	$ 237,050	$ 24,987	$ 262,037

Note Payable - Finance Purchase - In a prior fiscal year, the District entered into a note payable-finance purchase agreement for the acquisition of buses. This arrangement transfers benefits and risks of ownership to the District at the conclusion of the finance purchase term. This note payable-finance purchase is considered a direct borrowing. 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.

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Governmental activities capital assets consisting of vehicles have been capitalized in the amount of $439,264. This amount represents the present value of the future minimum payments at the time of acquisition.

A corresponding liability is recorded in the government-wide financial statements. Principal and interest payments in the 2022 fiscal year totaled $89,406 and $7,964, respectively.

Fiscal Year	Principal	Interest	Total
2023	$ 92,864	$ 4,506	$ 97,370
2024	47,770	915	48,685
Total	$ 140,634	$ 5,421	$ 146,055

C. 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 $10,405,196 (including available funds of $1,260,070) and an unvoted debt margin of $403,394.

NOTE 10 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2022, the District contracted with the Schools of Ohio Risk Sharing Authority (SORSA) for property and liability insurance. Professional liability is covered with a $15,000,000 per occurrence and a $17,000,000 aggregate limit. Settled claims have not exceeded this commercial insurance coverage in any of the past three fiscal years. There has not been a significant reduction in coverage from the prior year. Travelers Casualty & Surety Company of America maintains performance bonds of $20,000 for the Superintendent and the Board President. A surety bond in the amount of $100,000 also covers the Treasurer. The remaining employees who handle money are covered within the SORSA policy at $1,000,000 for any one occurrence of employee theft including faithful performance of duty.

B. Workers' Compensation

The District pays the State Workers' Compensation System a premium based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative costs.

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 due to other governments on both the accrual and modified accrual basis of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description - The District's 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 under Employers/Audit Resources.

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 $397,585 for fiscal year 2022. Of this amount, $30,833 is reported as due to other governments.

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.

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.

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 $1,455,028 for fiscal year 2022. Of this amount, $246,712 is reported as due to other governments.

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:

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.080567100%	0.078025180%	
Proportion of the net pension liability current measurement date	0.085606200%	0.078796595%	
Change in proportionate share	0.005039100%	0.000771415%	
Proportionate share of the net pension liability	$ 3,158,621	$ 10,074,853	$ 13,233,474
Pension expense	$ (143,732)	$ 45,751	$ (97,981)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 304	$ 311,263	$ 311,567
Changes of assumptions	66,511	2,794,947	2,861,458
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	191,682	416,641	608,323
Contributions subsequent to the measurement date	397,585	1,455,028	1,852,613
Total deferred outflows of resources	$ 656,082	$ 4,977,879	$ 5,633,961

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 81,916	$ 63,148	$ 145,064
Net difference between projected and actual earnings on pension plan investments	1,626,783	8,682,592	10,309,375
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	32,402	-	32,402
Total deferred inflows of resources	$ 1,741,101	$ 8,745,740	$ 10,486,841

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

$1,852,613 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	$ (312,397)	$ (1,185,464)	$ (1,497,861)
2024	(284,096)	(1,091,873)	(1,375,969)
2025	(386,788)	(1,249,320)	(1,636,108)
2026	(499,323)	(1,696,232)	(2,195,555)
Total	$ (1,482,604)	$ (5,222,889)	$ (6,705,493)

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.

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.

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	100.00 %	

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	$ 5,255,169	$ 3,158,621	$ 1,390,510

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	100.00 %	

*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.

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	$ 18,866,429	$ 10,074,853	$ 2,645,990

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 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.

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 $54,312.

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 $54,312 for fiscal year 2022. Of this amount, $54,312 is reported as due to other governments.

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 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.

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	SERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.083820800%	0.078025180%	
Proportion of the net OPEB liability/asset current measurement date	0.087982200%	0.078796595%	
Change in proportionate share	0.004161400%	0.000771415%	
Proportionate share of the net OPEB liability	$ 1,665,135	$ -	$ 1,665,135
Proportionate share of the net OPEB asset	$ -	$ (1,661,362)	$ (1,661,362)
OPEB expense	$ (13,878)	$ (112,898)	$ (126,776)

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

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 17,748	$ 59,159	$ 76,907
Changes of assumptions	261,218	106,120	367,338
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	201,501	68,220	269,721
Contributions subsequent to the measurement date	54,312	-	54,312
Total deferred outflows of resources	$ 534,779	$ 233,499	$ 768,278

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 829,312	$ 304,394	$ 1,133,706
Net difference between projected and actual earnings on OPEB plan investments	36,178	460,502	496,680
Changes of assumptions	228,026	991,124	1,219,150
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	216,319	36,208	252,527
Total deferred inflows of resources	$ 1,309,835	$ 1,792,228	$ 3,102,063

$54,312 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.

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	$ (185,473)	$ (450,644)	$ (636,117)
2024	(185,725)	(439,119)	(624,844)
2025	(209,859)	(413,889)	(623,748)
2026	(172,211)	(191,499)	(363,710)
2027	(67,117)	(65,142)	(132,259)
Thereafter	(8,983)	1,564	(7,419)
Total	$ (829,368)	$ (1,558,729)	$ (2,388,097)

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.

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.

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	100.00 %	

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%).

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 2,063,304	$ 1,665,135	$ 1,347,050

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 1,282,018	$ 1,665,135	$ 2,176,863

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:

	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	
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.

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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.

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	100.00 %	

*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.

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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	$ 1,401,932	$ 1,661,362	$ 1,878,076

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	$ 1,869,295	$ 1,661,362	$ 1,404,233

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (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) Investments are reported at fair value (GAAP basis) as opposed to cost (budget basis); and,

(f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

	General Fund
Budget basis	$ 302,481
Net adjustment for revenue accruals	(561,439)
Net adjustment for expenditure accruals	26,745
Net adjustment for other sources/uses	(21,722)
Funds budgeted elsewhere	(27,644)
Adjustment for encumbrances	280,328
GAAP basis	$ (1,251)

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 unclaimed monies fund, uniform school supplies fund, public school support fund, and the underground storage tank fund.

NOTE 14 - CONTINGENCIES

A. Grants

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

B. Litigation

The District is involved in no material litigation as either plaintiff or defendant.

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, additional ODE adjustments for fiscal year 2022 have been finalized. The FTE adjustments made by ODE subsequent to year-end were not material to the financial statements.

NOTE 15 - 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.

	Capital Improvements
Set-aside balance June 30, 2021	$ -
Current year set-aside requirement	285,845
Current year offsets	(396,433)
Total	$ (110,588)
Balance carried forward to fiscal year 2023	$ -
Set-aside balance June 30, 2022	$ -

NOTE 16 - OTHER COMMITMENTS

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

Fund	Year-End Encumbrances
General	$ 239,306
Nonmajor governmental	66,223
Total	$ 305,529

NOTE 17 - TAX ABATEMENT

Ohio Enterprise Zone Agreement

On February 12, 2014, the Village of Sheffield entered into an Ohio Enterprise Zone Agreement with Oldcastle APG South, Inc., which granted them a ten-year real estate tax abatement. The tax abatement will reduce their real estate taxes by 75% for years one through five and 60% for years six through ten. The agreement also stipulates that Oldcastle APG South, Inc. is obligated to make payments in lieu of taxes to the District in the amount of $9,058 for each year through year five and $5,746 for each year six through ten. For fiscal year 2022, the District's property tax revenue was reduced by approximately $7,053.

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.

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REQUIRED SUPPLEMENTARY INFORMATION

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN 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

	2022	**2021**	**2020**	**2019**
District's proportion of the net pension liability	0.085606200%	0.080567100%	0.083050200%	0.095604200%
District's proportionate share of the net pension liability	$ 3,158,621	$ 5,328,878	$ 4,969,039	$ 5,475,430
District's covered payroll	$ 2,963,950	$ 2,860,714	$ 2,938,356	$ 2,793,133
District's proportionate share of the net pension liability as a percentage of its covered payroll	106.57%	186.28%	169.11%	196.03%
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

2018		2017		2016		2015		2014	
	0.084120800%		0.088503000%		0.092471000%		0.092684000%		0.092684000%
$	5,026,032	$	6,477,610	$	5,276,491	$	4,690,684	$	5,511,620
$	2,759,357	$	3,031,371	$	2,852,527	$	2,550,830	$	2,820,173
	182.15%		213.69%		184.98%		183.89%		195.44%
	69.50%		62.98%		69.16%		71.70%		65.52%

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN 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

	2022	2021	2020	2019
District's proportion of the net pension liability	0.078796595%	0.078025180%	0.077164410%	0.075675250%
District's proportionate share of the net pension liability	$ 10,074,853	$ 18,879,317	$ 17,064,446	$ 16,639,288
District's covered payroll	$ 9,835,386	$ 9,394,621	$ 9,288,871	$ 8,956,229
District's proportionate share of the net pension liability as a percentage of its covered payroll	102.43%	200.96%	183.71%	185.78%
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

2018	2017	2016	2015	2014
0.072245480%	0.074615100%	0.079399290%	0.081552480%	0.081552480%
$ 17,162,069	$ 24,975,923	$ 21,943,641	$ 19,836,385	$ 23,628,973
$ 8,288,893	$ 8,131,493	$ 7,834,793	$ 8,362,858	$ 8,964,961
207.05%	307.15%	280.08%	237.20%	263.57%
75.30%	66.80%	72.10%	74.70%	69.30%

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2022	2021	2020	2019
Contractually required contribution	$ 397,585	$ 414,953	$ 400,500	$ 396,678
Contributions in relation to the contractually required contribution	(397,585)	(414,953)	(400,500)	(396,678)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 2,839,893	$ 2,963,950	$ 2,860,714	$ 2,938,356
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	13.50%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018		2017		2016		2015		2014		2013	
$	377,073	$	386,310	$	424,392	$	375,963	$	353,545	$	390,312
	(377,073)		(386,310)		(424,392)		(375,963)		(353,545)		(390,312)
$	-	$	-	$	-	$	-	$	-	$	-
$	2,793,133	$	2,759,357	$	3,031,371	$	2,852,527	$	2,550,830	$	2,820,173
	13.50%		14.00%		14.00%		13.18%		13.86%		13.84%

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2022	2021	2020	2019
Contractually required contribution	$ 1,455,028	$ 1,376,954	$ 1,315,247	$ 1,300,442
Contributions in relation to the contractually required contribution	(1,455,028)	(1,376,954)	(1,315,247)	(1,300,442)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 10,393,057	$ 9,835,386	$ 9,394,621	$ 9,288,871
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018	2017	2016	2015	2014	2013
$ 1,253,872	$ 1,160,445	$ 1,138,409	$ 1,096,871	$ 1,087,171	$ 1,165,445
(1,253,872)	(1,160,445)	(1,138,409)	(1,096,871)	(1,087,171)	(1,165,445)
$ -	$ -	$ -	$ -	$ -	$ -
$ 8,956,229	$ 8,288,893	$ 8,131,493	$ 7,834,793	$ 8,362,854	$ 8,964,962
14.00%	14.00%	14.00%	14.00%	13.00%	13.00%

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN 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

	2022	2021	2020	2019
District's proportion of the net OPEB liability	0.087982200%	0.083820800%	0.085284100%	0.096280100%
District's proportionate share of the net OPEB liability	$ 1,665,135	$ 1,821,700	$ 2,144,716	$ 2,671,070
District's covered payroll	$ 2,963,950	$ 2,860,714	$ 2,938,356	$ 2,793,133
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	56.18%	63.68%	72.99%	95.63%
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

2018	2017
0.085471500%	0.089595730%
$ 2,293,830	$ 2,553,810
$ 2,759,357	$ 3,031,371
83.13%	84.25%
12.46%	11.49%

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN 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

	2022	2021	2020	2019
District's proportion of the net OPEB liability/asset	0.078796595%	0.078025180%	0.077164410%	0.075675250%
District's proportionate share of the net OPEB liability/(asset)	$ (1,661,362)	$ (1,371,292)	$ (1,278,028)	$ (1,216,024)
District's covered payroll	$ 9,835,386	$ 9,394,621	$ 9,288,871	$ 8,956,229
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	16.89%	14.60%	(13.76%)	(13.58%)
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

2018		2017	
0.072245480%		0.074615100%	
$	2,818,752	$	3,990,435
$	8,288,893	$	8,131,493
	34.01%		49.07%
	47.10%		37.30%

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2022	2021	2020	2019
Contractually required contribution	$ 54,312	$ 55,187	$ 54,872	$ 67,562
Contributions in relation to the contractually required contribution	(54,312)	(55,187)	(54,872)	(67,562)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 2,839,893	$ 2,963,950	$ 2,860,714	$ 2,938,356
Contributions as a percentage of covered payroll	1.91%	1.86%	1.92%	2.30%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018		2017		2016		2015		2014		2013	
$	62,626	$	47,085	$	44,939	$	22,021	$	22,727	$	25,092
	(62,626)		(47,085)		(44,939)		(22,021)		(22,727)		(25,092)
$	-	$	-	$	-	$	-	$	-	$	-
$	2,793,133	$	2,759,357	$	3,031,371	$	2,852,527	$	2,550,830	$	2,820,173
	2.24%		1.71%		1.48%		0.77%		0.89%		0.89%

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2022	2021	2020	2019
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 10,393,057	$ 9,835,386	$ 9,394,621	$ 9,288,871
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2018		2017		2016		2015		2014		2013	
$	-	$	-	$	-	$	-	$	83,629	$	89,650
	-		-		-		-		(83,629)		(89,650)
$	-	$	-	$	-	$	-	$	-	$	-
$	8,956,229	$	8,288,893	$	8,131,493	$	7,834,793	$	8,362,854	$	8,964,962
	0.00%		0.00%		0.00%		0.00%		1.00%		1.00%

PENSION

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)

PENSION (CONTINUED)

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)

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)

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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.

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

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

FEDERAL GRANTOR *Pass Through Grantor* Program / Cluster Title	Federal AL Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
Passed Through Ohio Department of Education		
Child Nutrition Cluster:		
School Breakfast Program	10.553	$126,033
National School Lunch Program	10.555	507,783
COVID-19 National School Lunch Program	10.555	41,040
National School Lunch Program - Non-Cash	10.555	54,759
Total Child Nutrition Cluster		729,615
Total U.S. Department of Agriculture		**729,615**
U.S. DEPARTMENT OF EDUCATION		
Passed Through Ohio Department of Education		
Title I Grants to Local Education Agencies - 2021	84.010A	52,390
Title I Grants to Local Education Agencies - 2022	84.010A	265,865
Title I Expanding Opportunities for Each Child - 2022	84.010A	12,631
Total Title I		330,886
Special Education Cluster (IDEA):		
Special Education - Grants to States (IDEA, Part B) - 2021	84.027A	41,869
Special Education - Grants to States (IDEA, Part B) - 2022	84.027A	372,352
Total Special Education - Grants to States (IDEA, Part B)		414,221
COVID-19 Special Education - ARP Grants to States (IDEA, Part B) - 2022	84.027X	17,438
Total COVID-19 Special Education - ARP Grants to States (IDEA, Part B)		17,438
Special Education - Preschool Grants (IDEA Preschool) - 2022	84.173A	5,063
Total Special Education - Preschool Grants (IDEA Preschool)		5,063
COVID-19 Special Education - ARP Preschool Grants (IDEA Preschool) - 2022	84.173X	5,910
Total COVID-19 Special Education - ARP Preschool Grants (IDEA Preschool)		5,910
Total Special Education Cluster (IDEA)		442,632
Title II, Part A, Supporting Effective Instruction State Grants - 2021	84.367A	104
Title II, Part A, Supporting Effective Instruction State Grants - 2022	84.367A	58,153
Total Title II, Part A, Supporting Effective Instruction State Grants		58,257
Student Support and Academic Enrichment Program - 2022	84.424A	11,505
Total Student Support and Academic Enrichment Program		11,505
COVID-19 Education Stabilization Fund:		
COVID-19 - Elementary and Secondary Schools Emergency Relief Fund II (ESSER II) - 2022	84.425D	971,305
COVID-19 - American Recovery Plan - Elementary and Secondary Schools Emergency Relief Fund (ARP ESSER) - 2022	84.425U	772,132
COVID-19 - American Recovery Plan - Homeless - 2022	84.425U	600
Total COVID-19 Education Stabilization Fund		1,744,037
Total U.S. Department of Education		**2,587,317**
Total Expenditures of Federal Awards		**$3,316,932**

The accompanying notes are an integral part of this schedule.

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

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

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

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

Program Title	AL Number	Amount Transferred
COVID-19 – American Recovery Plan ESSER Fund (ARP ESSER)	84.425U	$1,890,336
Tile I Grants to Local Education Agencies	84.010A	84,678
COVID-19 Special Education – ARP Grants to States (IDEA, Part B)	84.027X	52,707
Student Support and Academic Enrichment Program	84.424A	15,813
COVID-19 – American Recovery Plan - Homeless	84.425U	6,242
Special Education – Preschool Grants (IDEA Preschool)	84.173A	3,515
Title II, Part A – Supporting Effective Instruction State Grants	84.367A	1,448

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OHIO AUDITOR OF STATE
KEITH FABER

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

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

Sheffield-Sheffield Lake City School District
Lorain County
1824 Harris Road
Sheffield, Ohio 44054

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sheffield-Sheffield Lake City School District, Lorain County, (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 March 6, 2023, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes 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 were not 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Keith Faber
Auditor of State
Columbus, Ohio

March 6, 2023

OHIO AUDITOR OF STATE
KEITH FABER

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

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

Sheffield-Sheffield Lake City School District
Lorain County
1824 Harris Road
Sheffield, Ohio 44054

To the Board of Education:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

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

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

March 6, 2023

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SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

OHIO AUDITOR OF STATE
KEITH FABER

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT

LORAIN 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 3/21/2023

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