LAKEWOOD CITY
SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

SINGLE AUDIT REPORT

FOR THE FISCAL YEAR
ENDED JUNE 30, 2023

Zupka & Associates
Certified Public Accountants

OHIO AUDITOR OF STATE
KEITH FABER

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

We have reviewed the *Independent Auditor's Report* of the Lakewood City School District, Cuyahoga County, prepared by Zupka & Associates, for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

February 16, 2024

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LAKEWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
SINGLE AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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INDEPENDENT AUDITOR'S REPORT

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

To the Members of the Board of Education:

Report on the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lakewood City School District as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Zupka & Associates

Zupka & Associates
Certified Public Accountants

December 30, 2023

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The management's discussion and analysis of Lakewood City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023. 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 2023 are as follows:

- In total, net position increased $10,192,577. Net position of governmental activities increased $9,824,859, which represents a 22.54% increase from June 30, 2022's net position. Net position of business-type activities increased $367,718 from June 30, 2022's net position.

- Governmental activities general revenues accounted for $89,252,924, in revenue or 81.71% of all governmental activities revenues. Governmental activities program specific revenues in the form of charges for services and sales, operating and capital grants and contributions accounted for $19,976,823 or 18.29% of total governmental activities revenues of $109,229,747.

- The District had $99,404,888 in expenses related to governmental activities; only $19,976,823 of these expenses were offset by program specific charges for services, operating and capital grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted and restricted grants and entitlements) of $89,252,924 were adequate to provide for these programs.

- The District had $1,678,631 in expenses related to business-type activities; a total of $2,011,737 were offset by program specific charges for services, grants and contributions. General revenues were $34,612. Total revenues were adequate to provide for these programs by $367,718 resulting in an increase in net position from ($584,391) to ($216,673).

- The District's major governmental funds are the general fund and debt service fund. The general fund had $83,387,630 in revenues and other financing sources and $77,284,827 in expenditures. The general fund's fund balance increased $6,285,268 from $36,521,492 to $42,806,760.

- Another of the District's major governmental funds is the debt service fund. The debt service fund had $11,199,169 in revenues and $11,917,250 in expenditures. The debt service fund's fund balance decreased $718,081 from $14,447,199 to $13,729,118.

Using these Basic Financial Statements

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

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2023?" The statement of net position and the statement of activities answer this question. These statements include *all assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Proprietary Funds

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

Notes to the Basic Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability/asset. The required supplementary information can be found on pages 86-106 of this report.

The District as a Whole

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

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The table below provides a summary of the District's net position at June 30, 2023 and June 30, 2022.

Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current assets	$ 134,212,329	$ 129,469,580	$ 1,203,376	$ 921,895	$ 135,415,705	$ 130,391,475
Net OPEB asset	7,891,711	6,622,956	-	-	7,891,711	6,622,956
Capital assets, net	198,509,233	202,723,167	277,005	337,546	198,786,238	203,060,713
Total assets	340,613,273	338,815,703	1,480,381	1,259,441	342,093,654	340,075,144
Deferred outflows of resources						
Unamortized deferred charges	4,112,499	4,578,309	-	-	4,112,499	4,578,309
Pension	20,166,031	20,411,449	225,776	142,396	20,391,807	20,553,845
OPEB	1,960,610	2,007,567	116,584	92,812	2,077,194	2,100,379
Total deferred outflows of resources	26,239,140	26,997,325	342,360	235,208	26,581,500	27,232,533
Liabilities						
Current liabilities	11,473,849	10,927,990	106,114	163,756	11,579,963	11,091,746
Long-term liabilies:						
Due within one year	8,775,972	8,139,434	6,219	2,008	8,782,191	8,141,442
Net pension liability	83,178,811	50,174,418	1,104,075	712,454	84,282,886	50,886,872
Net OPEB liability	4,109,212	5,305,800	294,100	377,584	4,403,312	5,683,384
Other amounts	128,982,187	137,180,724	61,569	41,009	129,043,756	137,221,733
Total liabilities	236,520,031	211,728,366	1,572,077	1,296,811	238,092,108	213,025,177
Deferred inflows of resources						
Property taxes and PILOTs	55,781,353	56,945,414	-	-	55,781,353	56,945,414
Leases	336,295	383,772	-	-	336,295	383,772
Pension	9,095,443	41,489,702	75,287	447,654	9,170,730	41,937,356
OPEB	11,705,923	11,299,766	392,050	334,575	12,097,973	11,634,341
Total deferred inflows of resources	76,919,014	110,118,654	467,337	782,229	77,386,351	110,900,883
Net Position						
Net investment in capital assets	75,315,426	72,393,000	277,005	337,546	75,592,431	72,730,546
Restricted	21,014,635	18,551,123	-	-	21,014,635	18,551,123
Unrestricted (deficit)	(42,916,693)	(47,355,614)	(493,678)	(921,937)	(43,410,371)	(48,277,551)
Total net position	$ 53,413,368	$ 43,588,509	$ (216,673)	$ (584,391)	$ 53,196,695	$ 43,004,118

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

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

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

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

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

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

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

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

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

Analysis of Net Position

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2023, the District assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by $53,196,695. Of this amount, $53,413,368 is reported in governmental activities and ($216,673) is reported in business-type activities.

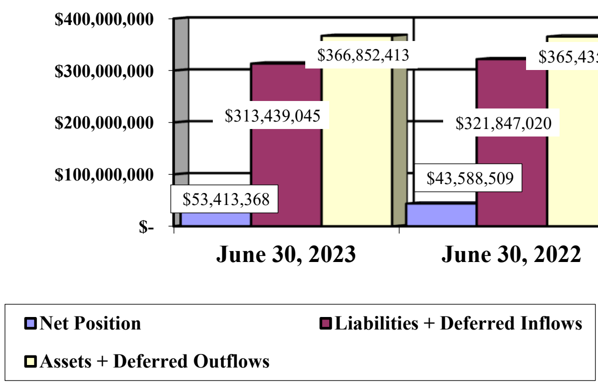
Assets of the District's governmental activities increased $1,797,570 or 0.53%. The District saw an increase in current assets due to increases in equity and pooled cash and cash equivalents and property taxes receivable. Capital assets of the District decreased $4,213,934 due to current year depreciation/amortization expense. Deferred outflows of resources decreased due to various amounts related to the District net pension liability and net OPEB liability/asset.

The net pension liability increased approximately $33.0 million and deferred inflows of resources related to pension decreased approximately $32.3 million. These changes were the result of changes at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS). Primarily, net investment income on investments at both pension systems were negative for the fiscal year 2022 measurement date that are used for the fiscal year 2023 reporting. This caused a large decrease in their respective fiduciary net positions which was a drastic change from the previous fiscal year's large positive investment returns.

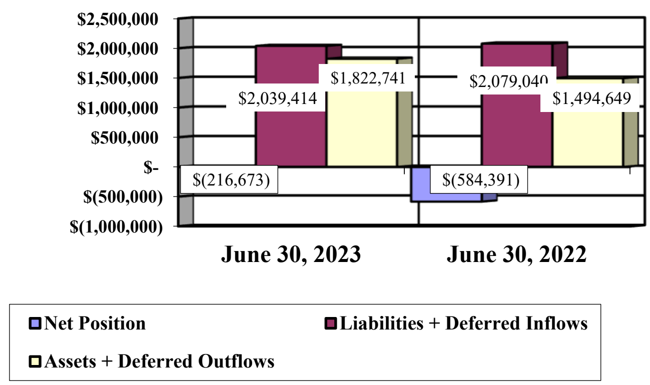
A portion of the District's net position, $21,014,635, represents resources that are subject to external restriction on how they may be used. Of the restricted net position, $3,169,924 is restricted for classroom facilities maintenance and $12,576,978 that is restricted for debt service. The remaining balance of the governmental activities unrestricted net position is ($42,916,693).

The graphs below show the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2023 and June 30, 2022.

Governmental – Net Position



Business-Type – Net Position



The table below shows the changes in net position for fiscal years 2023 and 2022.

Change in Net Position

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services and sales	$ 5,023,251	$ 4,693,863	$ 1,009,905	$ 438,999	$ 6,033,156	$ 5,132,862
Operating grants and contributions	13,953,572	14,780,194	1,001,832	1,877,348	14,955,404	16,657,542
Capital grants and contributions	1,000,000	-	-	-	1,000,000	-
General revenues:						
Property taxes	62,855,089	62,592,113	-	-	62,855,089	62,592,113
Payment in lieu of taxes	1,250,323	1,039,367	-	-	1,250,323	1,039,367
Unrestricted grants and entitlements	22,369,632	22,029,945	-	-	22,369,632	22,029,945
Investment earnings	1,925,276	41,312	33,026	2,336	1,958,302	43,648
Miscellaneous	418,727	391,720	1,586	905	420,313	392,625
Total revenues	108,795,870	105,568,514	2,046,349	2,319,588	110,842,219	107,888,102
Instruction:						
Regular	40,440,079	32,756,730	-	-	40,440,079	32,756,730
Special	15,925,354	14,219,883	-	-	15,925,354	14,219,883
Vocational	3,610,302	3,056,478	-	-	3,610,302	3,056,478
Adult/continuing	147,309	106,492	-	-	147,309	106,492
Other	1,359,054	1,533,922	-	-	1,359,054	1,533,922
Support services:						
Pupil	5,679,401	4,993,535	-	-	5,679,401	4,993,535
Instructional staff	3,840,768	3,239,193	-	-	3,840,768	3,239,193
Board of education	356,748	366,011	-	-	356,748	366,011
Administration	4,531,685	3,928,275	-	-	4,531,685	3,928,275
Fiscal	2,161,443	1,933,380	-	-	2,161,443	1,933,380
Business	767,010	665,361	-	-	767,010	665,361
Operations and maintenance	9,630,794	7,940,410	-	-	9,630,794	7,940,410
Pupil transportation	473,552	403,201	-	-	473,552	403,201
Central	427,781	412,756	-	-	427,781	412,756
Operation of non-instructional services	3,445,730	2,995,891	-	-	3,445,730	2,995,891
Extracurricular activities	1,620,038	1,273,099	-	-	1,620,038	1,273,099
Interest and fiscal charges	4,987,840	5,087,441	-	-	4,987,840	5,087,441
Food service	-	-	1,465,062	1,233,576	1,465,062	1,233,576
Recreation	-	-	213,569	165,993	213,569	165,993
Total expenses	99,404,888	84,912,058	1,678,631	1,399,569	101,083,519	86,311,627
Changes in net position	9,824,859	20,656,456	367,718	920,019	10,192,577	21,576,475
Net position at beginning of year	43,588,509	22,932,053	(584,391)	(1,504,410)	43,004,118	21,427,643
Net position at end of year	$ 53,413,368	$ 43,588,509	$ (216,673)	$ (584,391)	$ 53,196,695	$ 43,004,118

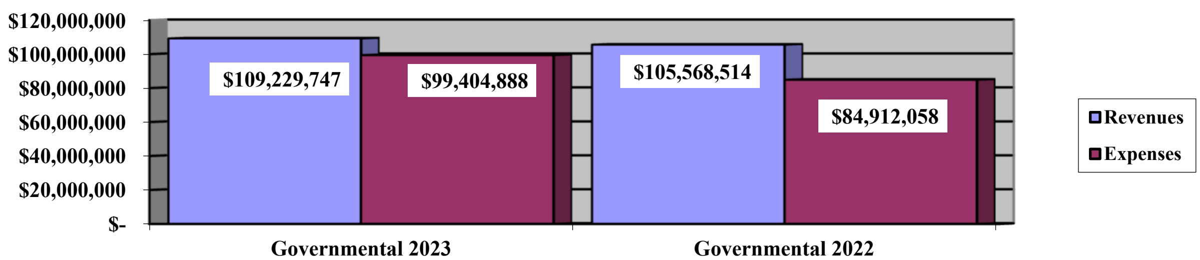
Governmental Activities

Net position of the District's governmental activities increased $9,824,859. Total governmental expenses of $99,404,888 were offset by program revenues of $19,976,823 and general revenues of $89,252,924. Program revenues supported 20.10% of the total governmental expenses. Governmental revenues of the District increased $3,227,356 which was due to an increase in investment earnings and capital grants and contributions. Earnings on investments increased due to an increase in interest rates earned on investments. Capital grants and contributions increased due to a grant received from the Ohio Facilities Construction Commission (OFCC) for security upgrades to buildings.

Overall, expenses of the governmental activities increased approximately $14.5 million. This increase is primarily the result of an increase in pension expense. Pension expense increased approximately $9.2 million. This increase was the result of an increase in expenses incurred at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS) due to a decrease in net investment income on investments compared to previous years.

The graph below presents the District's governmental activities revenues and expenses for fiscal years 2023 and 2022.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for 2023 and 2022. That is, it identifies the cost of these services supported by tax revenue and unrestricted and restricted grants and entitlements.

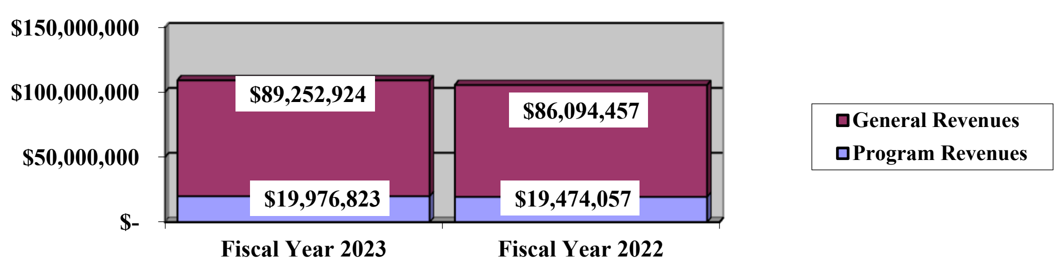
Governmental Activities

	Total Cost of Services 2023	Net Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2022
Program expenses:				
Instruction:				
Regular	$ 40,440,079	$ 32,634,324	$ 32,756,730	$ 24,489,812
Special	15,925,354	12,108,724	14,219,883	9,537,544
Vocational	3,610,302	1,090,030	3,056,478	265,178
Adult/continuing	147,309	29,508	106,492	(2,734)
Other	1,359,054	1,332,704	1,533,922	1,533,922
Support services:				
Pupil	5,679,401	4,618,466	4,993,535	3,889,340
Instructional staff	3,840,768	3,822,257	3,239,193	3,211,038
Board of education	356,748	356,748	366,011	366,011
Administration	4,531,685	4,481,489	3,928,275	3,892,954
Fiscal	2,161,443	2,161,443	1,933,380	1,933,380
Business	767,010	767,010	665,361	665,361
Operations and maintenance	9,630,794	7,510,729	7,940,410	7,587,050
Pupil transportation	473,552	228,374	403,201	334,376
Central	427,781	427,781	412,756	409,222
Operation of non-instructional services	3,445,730	1,982,790	2,995,891	1,490,593
Extracurricular activities	1,620,038	887,848	1,273,099	747,513
Interest and fiscal charges	4,987,840	4,987,840	5,087,441	5,087,441
Total expenses	$ 99,404,888	$ 79,428,065	$ 84,912,058	$ 65,438,001

The dependence upon tax revenues and unrestricted grants and entitlements during fiscal year 2023 for governmental activities is apparent, as 76.76% of 2023 instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support was 79.90% in 2023. The District's taxpayers and unrestricted and restricted grants and entitlements from the State of Ohio, as a whole, are by far the primary support for the District's students.

The graph below presents the District's governmental activities revenues for fiscal years 2023 and 2022.

Governmental Activities - General and Program Revenues



Business-Type Activities

Business-type activities include recreation and the food service operation. These programs had revenues of $2,046,349 and expenses of $1,678,631 for fiscal year 2023. The food service operations had program revenues of $1,637,086 and expenses of $1,465,062. The recreation fund has $213,569 in expenses and revenues of $409,263. This resulted in an increase to net position for the fiscal year of $367,718. These funds are intended to be self-supporting through user fees and charges. Management assesses their performance to ensure that they are run efficiently. The major reason for the deficits in these funds is due to the recording of the net pension liability/net OPEB liability/asset and the related deferred outflows/inflows under GASB Statement No. 68 and 75.

The District's Funds

The District's governmental funds reported a combined fund balance of $62,869,161 which is higher than last year's total of $56,331,263. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2023 and 2022.

	Fund Balance June 30, 2023	Fund Balance June 30, 2022	Change
General	$ 42,806,760	$ 36,521,492	$ 6,285,268
Debt Service	13,729,118	14,447,199	(718,081)
Other Governmental	6,333,283	5,362,572	970,711
Total	$ 62,869,161	$ 56,331,263	$ 6,537,898

General Fund

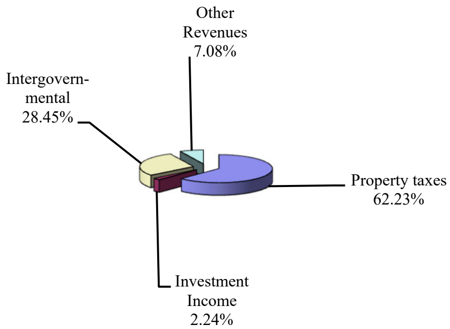
The District's general fund balance increased $6,285,268. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2023 Amount	2022 Amount	Change	Percentage Change
Revenues				
Property taxes	$ 51,890,562	$ 52,237,246	$ (346,684)	(0.66) %
Intergovernmental	23,723,717	23,649,671	74,046	0.31 %
Earnings on investments	1,867,295	30,204	1,837,091	6,082.28 %
Other revenues	5,906,056	4,502,748	1,403,308	31.17 %
Total	$ 83,387,630	$ 80,419,869	$ 2,967,761	3.69 %

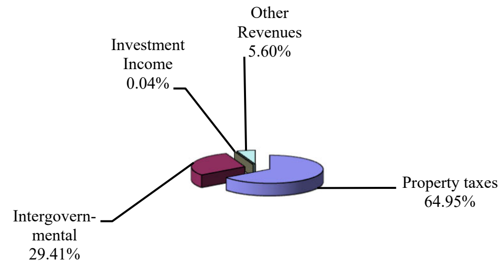
Overall revenues of the general fund increased $2,967,761 or 3.69%. Tax revenue decreased $346,684 or 0.66% from the prior year. This decrease can be attributed to an increase in the amount of tax advance that was available to the District from the County Fiscal Officer at June 30, 2023 versus June 30, 2022. This variance resulted in more tax revenue being reported in fiscal year 2023. The amount of tax advances available from the County Fiscal Officer can vary depending upon when tax bills are mailed. Earnings on investments increased $1,837,091 due to an increase in interest rates earned on investments. Other revenues increased due to an increase in tuition and miscellaneous revenues.

The graphs below detail general fund revenues from fiscal year 2023 and 2022.

Revenues – Fiscal year 2023



Revenues – Fiscal year 2022



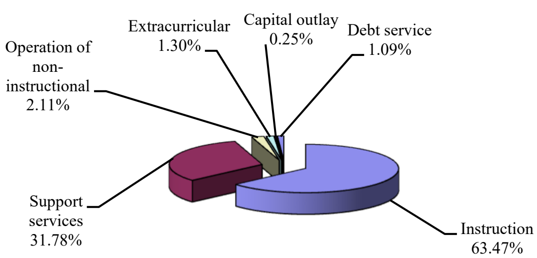
The table that follows assists in illustrating the expenditures of the general fund.

	2023 Amount	2022 Amount	Change	Percentage Change
Expenditures				
Instruction	$ 49,064,942	$ 43,793,364	$ 5,271,578	12.04 %
Support services	24,557,420	23,858,529	698,891	2.93 %
Operation of non-instructional services	1,627,735	1,347,958	279,777	20.76 %
Extracurricular activities	1,001,060	968,490	32,570	3.36 %
Capital outlay	192,487	528,357	(335,870)	(63.57) %
Debt service	841,183	657,639	183,544	27.91 %
Total	$ 77,284,827	$ 71,154,337	$ 6,130,490	8.62 %

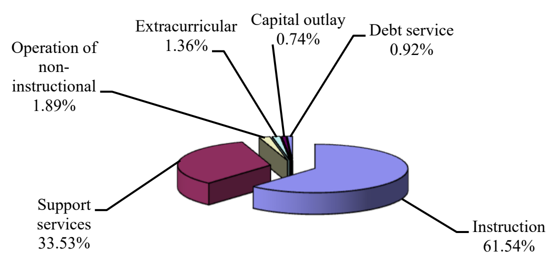
Expenditures of the general fund increased by $6,130,490 or 8.62%. This increase was the result of increased wages and benefits paid to employees as well as bring back expenditures into the general fund that were paid from the ESSER fund in the previous fiscal year.

The graphs below detail general fund expenditures for fiscal year 2023 and 2022.

Expenditures – Fiscal year 2023



Expenditures – Fiscal year 2022



Debt Service Fund

Another of the District's major governmental funds is the debt service fund. The debt service fund had $11,199,169 in revenues and $11,917,250 in expenditures. The debt service fund's fund balance decreased $718,081 from $14,447,199 to $13,729,118. The decrease in fund balance was the result of scheduled debt service payments exceeding property tax collections during the fiscal year.

General Fund Budgeting Highlights

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

During the course of fiscal year 2023, the District did not amended its general fund budget. The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. For the general fund, original and final budgeted revenues were $77,213,257. Actual revenues for fiscal year 2023 were $82,803,609. This represents a $5,590,352 increase from final budgeted revenues.

General fund original appropriations (expenditures) and final appropriations were $78,078,430. The actual budget basis expenditures for fiscal year 2023 totaled $78,854,730, which was $776,300 more than the final budget appropriations.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2023, the District had $198,786,238 invested in land, construction in progress, land improvements, buildings/improvements, furniture/equipment, vehicles, infrastructure and intangible right to use assets. Of this total, $198,509,233 was reported in governmental activities and $277,005 was reported in business-type activities.

The following table shows June 30, 2023 balances compared to June 30, 2022.

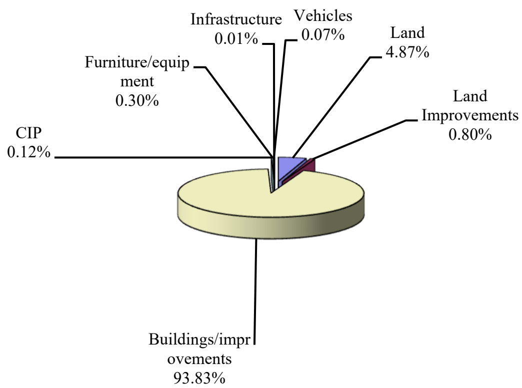
Capital Assets at June 30
(Net of Depreciation/Amortization)

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	$ 9,643,808	$ 9,643,808	$ -	$ -	$ 9,643,808	$ 9,643,808
Construction in progress	231,702	339,492	-	-	231,702	339,492
Land improvements	1,588,805	945,181	-	-	1,588,805	945,181
Buildings/improvements	185,826,496	190,642,950	-	-	185,826,496	190,642,950
Furniture/equipment	601,871	459,027	277,005	337,546	878,876	796,573
Vehicles	137,151	187,372	-	-	137,151	187,372
Infrastructure	11,325	13,112	-	-	11,325	13,112
Intangible right to use assets	468,075	492,225	-	-	468,075	492,225
Total	$ 198,509,233	$ 202,723,167	$ 277,005	$ 337,546	$ 198,786,238	$ 203,060,713

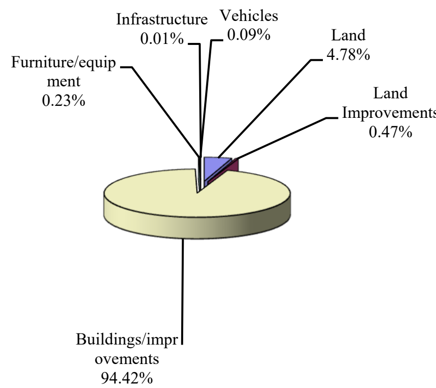
The overall decrease in governmental capital assets of $4,213,934 is the result of capital outlays of $1,078,460 and depreciation/amortization expense of $5,292,394.

The following graphs show the breakdown of governmental activities capital assets by category for 2023 and 2022.

Capital Assets - Governmental Activities
June 30, 2023



Capital Assets - Governmental Activities
June 30, 2022



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

Debt Administration

At June 30, 2023 the District had $118,515,926 in general obligation bonds, notes payable, leases payable and SBITAs payable outstanding. Of this total, $7,917,475 is due within one year and $110,598,451 is due in more than one year.

The following table summarizes the bonds and capital leases outstanding.

Outstanding Bond and Lease Debt, at Year End

	2023	2022
General obligation bonds	$ 112,938,043	$ 119,274,145
Leases payable	324,928	493,628
SBITAs payable	148,840	-
Notes payable	5,104,115	5,524,138
Total	$ 118,515,926	$ 125,291,911

The District maintains an Aa2 bond rating.

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

Current Financial Related Activities

The District has carefully managed its general fund budgets in order to optimize the dollars available for educating the students it serves, and to minimize the levy millage amounts needed periodically from the community's citizens. As the balance sheet on page 24 shows, the general fund's cash balance was $46,474,068 at June 30, 2023. Fiscal year-end general fund unrestricted cash balances were $38,094,068, $33,870,551, $31,866,920, $32,447,489, $32,319,547, $30,463,382, $28,745,741, $24,811,841 and $22,581,173 at June 30 in fiscal years 2022-2014, respectively. Sound fiscal management by the Board of Education and Administration has enabled the District to maintain a healthy cash balance, pass five consecutive operating levies in 1995, 1999, 2002, 2010, 2013 and 2021 at minimum millage amounts possible, and continue a quality, comprehensive educational program.

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

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

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

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

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

Contacting the District's Financial Management

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

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LAKEWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2023

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	$ 66,102,004	$ 1,164,553	$ 67,266,557
Receivables:			
Property taxes	63,564,721	-	63,564,721
Payment in lieu of taxes	1,250,323	-	1,250,323
Accounts	13,331	-	13,331
Accrued interest	152,449	2,617	155,066
Intergovernmental	2,693,539	-	2,693,539
Leases	335,848	-	335,848
Prepayments	100,114	-	100,114
Materials and supplies inventory	-	17,370	17,370
Inventory held for resale	-	18,836	18,836
Net OPEB asset	7,891,711	-	7,891,711
Capital assets:			
Nondepreciable capital assets	9,875,510	-	9,875,510
Depreciable capital assets, net	188,633,723	277,005	188,910,728
Capital assets, net	198,509,233	277,005	198,786,238
Total assets	340,613,273	1,480,381	342,093,654
Deferred outflows of resources:			
Unamortized deferred charges on debt refunding	4,112,499	-	4,112,499
Pension	20,166,031	225,776	20,391,807
OPEB	1,960,610	116,584	2,077,194
Total deferred outflows of resources	26,239,140	342,360	26,581,500
Liabilities:			
Accounts payable	1,690,552	4,911	1,695,463
Contracts payable	231,702	-	231,702
Accrued wages and benefits payable	7,500,845	71,173	7,572,018
Intergovernmental payable	119,385	882	120,267
Pension and postemployment benefits payable	1,282,450	29,148	1,311,598
Accrued interest payable	648,587	-	648,587
Unearned revenue	328	-	328
Long-term liabilities:			
Due within one year	8,775,972	6,219	8,782,191
Due in more than one year:			
Net pension liability	83,178,811	1,104,075	84,282,886
Net OPEB liability	4,109,212	294,100	4,403,312
Other amounts due in more than one year	128,982,187	61,569	129,043,756
Total liabilities	236,520,031	1,572,077	238,092,108
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	54,531,030	-	54,531,030
Payment in lieu of taxes levied for the next fiscal year	1,250,323	-	1,250,323
Leases	336,295	-	336,295
Pension	9,095,443	75,287	9,170,730
OPEB	11,705,923	392,050	12,097,973
Total deferred inflows of resources	76,919,014	467,337	77,386,351
Net position:			
Net investment in capital assets	75,315,426	277,005	75,592,431
Restricted for:			
Capital projects	1,457,820	-	1,457,820
OPEB	1,631,078	-	1,631,078
Classroom facilities maintenance	3,169,924	-	3,169,924
Debt service	12,576,978	-	12,576,978
State funded programs	274,447	-	274,447
Federally funded programs	1,020,804	-	1,020,804
Extracurricular programs	543,285	-	543,285
Other purposes	340,299	-	340,299
Unrestricted (deficit)	(42,916,693)	(493,678)	(43,410,371)
Total net position	$ 53,413,368	$ (216,673)	$ 53,196,695

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LAKEWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

		Program Revenues		
	Expenses	**Charges for Services and Sales**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Governmental activities:				
Instruction:				
Regular	$ 40,440,079	$ 1,413,838	$ 6,391,917	$ -
Special	15,925,354	359,937	3,456,693	-
Vocational	3,610,302	2,103,840	416,432	-
Adult/continuing	147,309	117,213	588	-
Other	1,359,054	-	26,350	-
Support services:				
Pupil	5,679,401	-	1,060,935	-
Instructional staff	3,840,768	-	18,511	-
Board of education	356,748	-	-	-
Administration	4,531,685	-	50,196	-
Fiscal	2,161,443	-	-	-
Business	767,010	-	-	-
Operations and maintenance	9,630,794	422,410	697,655	1,000,000
Pupil transportation	473,552	-	245,178	-
Central	427,781	-	-	-
Operation of non-instructional services:				
Other non-instructional services	3,445,730	40,766	1,422,174	-
Extracurricular activities	1,620,038	565,247	166,943	-
Interest and fiscal charges	4,987,840		-	-
Total governmental activities	99,404,888	5,023,251	13,953,572	1,000,000
Business-type activities:				
Food service	1,465,062	601,728	1,001,832	-
Recreation	213,569	408,177	-	-
Total business-type activities	1,678,631	1,009,905	1,001,832	-
Totals	$ 101,083,519	$ 6,033,156	$ 14,955,404	$ 1,000,000

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

Change in net position

Net position at beginning of year

Net position at end of year

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
$ (32,634,324)	$ -	$ (32,634,324)
(12,108,724)	-	(12,108,724)
(1,090,030)	-	(1,090,030)
(29,508)	-	(29,508)
(1,332,704)	-	(1,332,704)
(4,618,466)	-	(4,618,466)
(3,822,257)	-	(3,822,257)
(356,748)	-	(356,748)
(4,481,489)	-	(4,481,489)
(2,161,443)	-	(2,161,443)
(767,010)	-	(767,010)
(7,510,729)	-	(7,510,729)
(228,374)	-	(228,374)
(427,781)	-	(427,781)
(1,982,790)	-	(1,982,790)
(887,848)	-	(887,848)
(4,987,840)	-	(4,987,840)
(79,428,065)	-	(79,428,065)
-	138,498	138,498
-	194,608	194,608
-	333,106	333,106
(79,428,065)	333,106	(79,094,959)
51,443,377	-	51,443,377
10,324,806	-	10,324,806
1,086,906	-	1,086,906
433,877	-	433,877
1,250,323	-	1,250,323
22,369,632	-	22,369,632
1,925,276	33,026	1,958,302
418,727	1,586	420,313
89,252,924	34,612	89,287,536
9,824,859	367,718	10,192,577
43,588,509	(584,391)	43,004,118
$ 53,413,368	$ (216,673)	$ 53,196,695

LAKEWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash				
and cash equivalents	$ 46,474,068	$ 12,457,908	$ 7,076,315	$ 66,008,291
Receivables:				
Property taxes	52,009,689	10,068,285	1,486,747	63,564,721
Payment in lieu of taxes	1,250,323	-	-	1,250,323
Accounts	13,331	-	-	13,331
Accrued interest	151,257	-	1,192	152,449
Intergovernmental	12,000	-	2,681,539	2,693,539
Leases	335,848	-	-	335,848
Prepayments	17,096	-	-	17,096
Due from other funds	1,707,660	-	-	1,707,660
Total assets	$ 101,971,272	$ 22,526,193	$ 11,245,793	$ 135,743,258
Liabilities:				
Accounts payable	$ 825,653	$ -	$ 864,899	$ 1,690,552
Contracts payable	-	-	231,702	231,702
Accrued wages and benefits payable	7,230,589	-	270,256	7,500,845
Compensated absences payable	168,018	-	-	168,018
Intergovernmental payable	115,485	-	3,900	119,385
Pension and postemployment benefits payable	1,221,183	-	61,267	1,282,450
Due to other funds	-	-	1,707,660	1,707,660
Unearned revenue	-	-	328	328
Total liabilities	9,560,928	-	3,140,012	12,700,940
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	45,177,411	7,930,594	1,423,025	54,531,030
Payment in lieu of taxes levied for the next fiscal year	1,250,323	-	-	1,250,323
Delinquent property tax revenue not available	2,769,362	866,481	25,829	3,661,672
Intergovernmental revenue not available	-	-	323,048	323,048
Accrued interest not available	70,193	-	596	70,789
Leases	336,295	-	-	336,295
Total deferred inflows of resources	49,603,584	8,797,075	1,772,498	60,173,157
Fund balances:				
Nonspendable:				
Prepaids	17,096	-	-	17,096
Unclaimed monies	34,685	-	-	34,685
Restricted:				
Debt service	-	13,729,118	-	13,729,118
Capital projects	-	-	1,440,601	1,440,601
Classroom facilities maintenance	-	-	3,161,314	3,161,314
Non-public schools	-	-	199,263	199,263
State funded programs	-	-	74,805	74,805
Federally funded programs	-	-	1,020,804	1,020,804
Extracurricular	-	-	543,285	543,285
Other purposes	-	-	305,397	305,397
Assigned:				
Student instruction	726,164	-	-	726,164
Student and staff support	1,706,055	-	-	1,706,055
Operation of non-instructional activities	205,947	-	-	205,947
Other purposes	52,394	-	-	52,394
Unassigned (deficit)	40,064,419	-	(412,186)	39,652,233
Total fund balances	42,806,760	13,729,118	6,333,283	62,869,161
Total liabilities, deferred inflows and fund balances	$ 101,971,272	$ 22,526,193	$ 11,245,793	$ 135,743,258

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LAKEWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2023

Total governmental fund balances		$ 62,869,161
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.		198,509,233
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	$ 3,661,672	
Accrued interest receivable	70,789	
Intergovernmental receivable	323,048	
Total		4,055,509
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.		176,731
Unamortized premiums on bonds issued are not recognized in the funds.		(11,600,961)
Unamortized amounts on refundings are not recognized in the funds.		4,112,499
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(648,587)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows - pension	20,166,031	
Deferred inflows - pension	(9,095,443)	
Net pension liability	(83,178,811)	
Deferred outflows - OPEB	1,960,610	
Deferred inflows - OPEB	(11,705,923)	
Net OPEB asset	7,891,711	
Net OPEB liability	(4,109,212)	
Total		(78,071,037)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(112,938,043)	
Compensated absences	(7,473,254)	
Notes payable - finance purchase	(5,104,115)	
Leases payable	(324,928)	
SBITA payable	(148,840)	
Total		(125,989,180)
Net position of governmental activities		$ 53,413,368

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LAKEWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	General	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	$ 51,890,562	$ 10,464,722	$ 1,524,954	$ 63,880,238
Intergovernmental	23,723,717	734,447	12,547,448	37,005,612
Investment earnings	1,867,295	-	20,928	1,888,223
Tuition and fees	3,513,272	-	306,620	3,819,892
Extracurricular	238,499	-	541,966	780,465
Rental income	421,145	-	1,265	422,410
Charges for services	484	-	-	484
Contributions and donations	17,600	-	11,113	28,713
Payment in lieu of taxes	1,250,323	-	-	1,250,323
Miscellaneous	464,733	-	200,290	665,023
Total revenues	83,387,630	11,199,169	15,154,584	109,741,383
Expenditures:				
Current:				
Instruction:				
Regular	30,743,701	-	6,717,565	37,461,266
Special	13,685,846	-	2,168,295	15,854,141
Vocational	3,089,370	-	208,286	3,297,656
Adult/continuing	129,264	-	-	129,264
Other	1,416,761	-	26,350	1,443,111
Support services:				
Pupil	4,420,265	-	1,232,285	5,652,550
Instructional staff	3,209,759	-	18,511	3,228,270
Board of education	357,046	-	-	357,046
Administration	4,170,471	17,625	48,917	4,237,013
Fiscal	2,137,507	-	-	2,137,507
Business	757,105	-	-	757,105
Operations and maintenance	8,705,232	-	677,415	9,382,647
Pupil transportation	369,770	-	61,168	430,938
Central	430,265	-	-	430,265
Operation of non-instructional services				
Other non-instructional services	1,627,735	-	1,388,674	3,016,409
Extracurricular activities	1,001,060	-	613,681	1,614,741
Facilities acquisition and construction	10,022	-	1,022,726	1,032,748
Capital outlay	182,465	-	-	182,465
Debt service:				
Principal retirement	622,348	6,762,774	-	7,385,122
Interest and fiscal charges	218,835	4,884,625	-	5,103,460
Accretion on capital appreciation bonds	-	252,226	-	252,226
Total expenditures	77,284,827	11,917,250	14,183,873	103,385,950
Excess (deficiency) of revenues over (under) expenditures	6,102,803	(718,081)	970,711	6,355,433
Other financing sources:				
SBITA transaction	182,465	-	-	182,465
Total other financing sources	182,465	-	-	182,465
Net change in fund balances	6,285,268	(718,081)	970,711	6,537,898
Fund balances at beginning of year	36,521,492	14,447,199	5,362,572	56,331,263
Fund balances at end of year	$ 42,806,760	$ 13,729,118	$ 6,333,283	$ 62,869,161

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LAKEWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds		$ 6,537,898
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/amortization expense.		
Capital asset additions	$ 1,078,460	
Current year depreciation/amortization	(5,292,394)	
Total		(4,213,934)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	(591,272)	
Earnings on investments	58,535	
Intergovernmental	21,101	
Total		(511,636)
Repayment of bond, note, lease and SBITA principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
Bonds	6,762,774	
Accreted interest on capital appreciation bonds	252,226	
Notes payable - finance purchase	420,023	
Leases payable	168,700	
SBITAs payable	33,625	
Total		7,637,348
Issuance of SBITAs are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.		(182,465)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Change in accrued interest payable	34,810	
Accreted interest on capital appreciation bonds	(678,898)	
Amortization of bond premiums	1,225,518	
Amortization of deferred charges	(465,810)	
Total		115,620
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension		7,061,282
OPEB		203,756
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		(7,916,834)
OPEB		1,808,473
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.		(490,991)
An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		(223,658)
Change in net position of governmental activities		$ 9,824,859

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LAKEWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
From local sources:				
Property taxes	$ 48,709,214	$ 48,709,214	$ 51,400,666	$ 2,691,452
Intergovernmental	22,552,522	22,552,522	23,725,927	1,173,405
Investment earnings	289,361	289,361	2,008,095	1,718,734
Tuition and fees	4,398,204	4,398,204	3,513,272	(884,932)
Extracurricular	43,971	43,971	61,764	17,793
Rental income	470,411	470,411	425,324	(45,087)
Charges for services	5,039	5,039	484	(4,555)
Contributions and donations	-	-	1,200	1,200
Payment in lieu of taxes	500,000	500,000	1,250,323	750,323
Miscellaneous	244,535	244,535	416,554	172,019
Total revenues	77,213,257	77,213,257	82,803,609	5,590,352
Expenditures:				
Current:				
Instruction:				
Regular	33,385,837	31,570,131	30,211,591	1,358,540
Special	12,552,184	12,901,825	14,032,438	(1,130,613)
Vocational	2,948,688	2,911,298	3,122,310	(211,012)
Adult/continuing	129,440	130,349	136,172	(5,823)
Other	825,850	902,405	1,505,374	(602,969)
Support services:				
Pupil	4,288,415	4,229,507	4,704,355	(474,848)
Instructional staff	2,839,360	2,901,621	3,305,307	(403,686)
Board of education	627,114	754,364	506,148	248,216
Administration	4,244,882	4,178,004	4,472,400	(294,396)
Fiscal	2,122,334	2,098,628	2,170,999	(72,371)
Business	824,343	848,054	858,073	(10,019)
Operations and maintenance	9,743,589	10,880,079	10,064,704	815,375
Pupil transportation	141,984	149,468	394,596	(245,128)
Central	505,506	510,708	441,324	69,384
Operation of non-instructional services				
Other non-instructional services	1,661,878	1,869,471	1,887,078	(17,607)
Extracurricular activities	1,044,031	1,032,957	1,026,861	6,096
Facilities acquisition and construction	192,995	209,561	15,000	194,561
Total expenditures	78,078,430	78,078,430	78,854,730	(776,300)
Net change in fund balance	(865,173)	(865,173)	3,948,879	4,814,052
Fund balance at beginning of year	38,835,437	38,835,437	38,835,437	-
Prior year encumbrances appropriated	2,493,594	2,493,594	2,493,594	-
Fund balance at end of year	$ 40,463,858	$ 40,463,858	$ 45,277,910	$ 4,814,052

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LAKEWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	Total Business-Type Activities - Nonmajor Enterprise Funds	Governmental Activities - Internal Service Fund
Assets:		
Current assets:		
Equity in pooled cash		
and cash equivalents	$ 1,164,553	$ 93,713
Receivables:		
Accrued interest	2,617	-
Prepayments	-	83,018
Materials and supplies inventory	17,370	-
Inventory held for resale	18,836	-
Total current assets	1,203,376	176,731
Noncurrent assets:		
Depreciable capital assets, net	277,005	-
Total noncurrent assets	277,005	-
Total assets	1,480,381	176,731
Deferred outflows of resources:		
Pension	225,776	-
OPEB	116,584	-
Total deferred outflows of resources	342,360	-
Liabilities:		
Current liabilities:		
Accounts payable	4,911	-
Accrued wages and benefits	71,173	-
Compensated absences	6,219	-
Pension and postemployment benefits payable	29,148	-
Intergovernmental payable	882	-
Total current liabilities	112,333	-
Long-term liabilities:		
Compensated absences payable	61,569	-
Net pension liability	1,104,075	-
Net OPEB liability	294,100	-
Total long-term liabilities	1,459,744	-
Total liabilities	1,572,077	-
Deferred inflows of resources:		
Pension	75,287	-
OPEB	392,050	-
Total deferred inflows of resources	467,337	-
Net position:		
Investment in capital assets	277,005	-
Unrestricted (deficit)	(493,678)	176,731
Total net position	$ (216,673)	$ 176,731

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LAKEWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Total Business-Type Activities - Nonmajor Enterprise Funds	Governmental Activities - Internal Service Fund
Operating revenues:		
Sales/charges for services	$ 1,009,905	$ -
Other	1,586	35,956
Total operating revenues	1,011,491	35,956
Operating expenses:		
Personal services	839,969	-
Purchased services	52,612	12,500
Materials and supplies	717,604	-
Claims	-	247,114
Depreciation	60,541	-
Total operating expenses	1,678,631	259,614
Operating loss	(667,140)	(223,658)
Nonoperating revenues:		
Grants and subsidies	905,113	-
Interest revenue	33,026	-
Federal donated commodities	96,719	-
Total nonoperating revenues	1,034,858	-
Change in net position	367,718	(223,658)
Net position at beginning of year	(584,391)	400,389
Net position at end of year	$ (216,673)	$ 176,731

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LAKEWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Total Business-Type Activities - Nonmajor Enterprise Funds	Governmental Activities - Internal Service Fund
Cash flows from operating activities:		
Cash received from sales/charges for services	$ 1,010,991	$ -
Cash received from other operations	500	35,956
Cash payments for personal services	(984,626)	-
Cash payments for contractual services	(52,865)	(12,500)
Cash payments for materials and supplies	(641,522)	-
Cash payments for claims	-	(300,716)
Cash payments for other expenses	(7,905)	-
Net cash used in operating activities	(675,427)	(277,260)
Cash flows from noncapital financing activities:		
Cash received from grants and subsidies	905,113	-
Net cash provided by noncapital financing activities	905,113	-
Cash flows from investing activities:		
Interest received	31,122	-
Net cash provided by investing activities	31,122	-
Net change in cash and cash cash equivalents	260,808	(277,260)
Cash and cash equivalents at beginning of year	903,745	370,973
Cash and cash equivalents at end of year	$ 1,164,553	$ 93,713
Reconciliation of operating loss to net capital used in operating activities		
Operating loss	$ (667,140)	$ (223,658)
Adjustments:		
Depreciation	60,541	-
Federal donated commodities	96,719	-
Changes in assets and liabilities:		
Materials and supplies inventory	(7,539)	-
Inventory held for resale	(11,230)	-
Prepayments	-	(53,602)
Deferred outflows - pension	(83,380)	-
Deferred outflows - OPEB	(23,772)	-
Accounts payable	(4,817)	-
Accrued wages and benefits	13,195	-
Intergovernmental payable	(545)	-
Compensated absences payable	(20,472)	-
Pension and postemployment benefits payable	(20,232)	-
Net pension liability	391,621	-
Net OPEB liability	(83,484)	-
Deferred inflows - Pension	(372,367)	-
Deferred inflows - OPEB	57,475	-
Net cash used in operating activities	$ (675,427)	$ (277,260)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

Connect - The District is a member of the connect, formerly known as the North Coast Council, which was formed when the Lakeshore Northeast Ohio Computer Association and the Lake Erie Educational Computer Association merged during fiscal year 2012. Connect was organized for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among 34 member districts. Each of the governments of these schools supports the Connect based on a per pupil charge. The District contributed $186,160 to Connect during fiscal year 2023. Connect is governed by a nine member Board of Directors consisting of superintendents from member school districts. Financial information can be obtained by contacting the Treasurer at the Cuyahoga County Educational Service Center, who serves as fiscal agent, at 5700 West Canal Road, Valley View, Ohio 44125.

Ohio Schools Council - The Ohio Schools Council Association (the “Council”) is a jointly governed organization comprised of 157 member districts. The mission of the Council is to identify, plan and provide services to member districts that can be more effectively achieved by cooperative endeavors of member districts than by an individual district operating on its own. Each district supports the Council by paying an annual participation fee. The Council’s Board consists of nine superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2023, the District paid $197,480 to the Council for membership and other services as well as for the natural gas purchasing program. Financial information can be obtained by contacting the Executive Director of the Ohio Schools Council at 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

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

RELATED ORGANIZATION

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

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

INSURANCE PURCHASING POOLS

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

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

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

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

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

The following are the District's major governmental funds:

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

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

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

PROPRIETARY FUNDS

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

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

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

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

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District did not have any fiduciary funds.

C. Basis of Presentation and Measurement Focus

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

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

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

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

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

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

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

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

D. Basis of Accounting

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

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

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

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

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

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

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

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 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. 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. The deferred inflow of resources for leases is related to the lease receivable and is being amortized to lease revenue in a systematic and rational manner over the term of the lease.

See Notes 11 and 12 for deferred inflows of resources related to net pension liability and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position. In addition, deferred outflows of resources include a deferred gain on debt refunding. A deferred gain 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 debt or refunding debt.

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

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

E. Budgets

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

The specific timetable for fiscal year 2023 is as follows:

1. Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates.

2. By no later than January 20, the Board-adopted budget is filed with the Cuyahoga County Budget Commission for tax rate determination.

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

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer.

   The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the original and final amended certificates issued for fiscal year 2023.

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures for all funds, which is the legal level of budgetary control.

5. All funds, other than custodial funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.

6. Any revisions that alter the legal level of budgetary control must be approved by the Board of Education.

7. Formal budgetary integration is employed as a management control device during the year for all funds, consistent with the general obligation bond indenture and other statutory provisions.

8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which either reallocated or increased the original, appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2023. The amounts reported in the budgetary statement reflect the amounts set forth in the original and final appropriations for fiscal year 2023.

9. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Cash disbursements plus encumbrances may not legally exceed budgeted appropriations at the fund level.

F. Cash and Investments

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

During fiscal year 2023, investments were limited to investments in Commercial paper, Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Bank (FHLB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, U.S. Treasury notes, negotiable certificates of deposit, U.S. Government money market accounts and the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as nonnegotiable certificates of deposit, are reported at cost.

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

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

There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours notice in advance of all deposits and withdrawals exceeding $100 million is encouraged. 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 statute, interest earnings are allotted to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2023 amounted to $1,867,295 and includes $343,312 assigned from other District funds.

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

G. Prepayments

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

H. Inventory

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

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

I. Capital Assets

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

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

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

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

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

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

The District is reporting intangible right to use assets related to lease equipment and Subscription Based Information Technology Arrangements (SBITAs). The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term/subscription term or the useful life of the underlying asset.

J. Interfund Balances

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

K. Compensated Absences

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

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

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

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2023 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

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

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

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Fund Balance

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

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

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted 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.

N. Net Position

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

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

O. Parochial Schools

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

P. Operating Revenues and Expenses

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

Q. Estimates

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

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

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

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

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

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

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

S. Interfund Activity

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

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

T. Pensions/Other Postemployment Benefits (OPEB)

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

U. Fair Value

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

V. Extraordinary and Special Items

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

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

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

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

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

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2023 included the following individual fund deficits:

Nonmajor funds	Deficit
Student wellness and success	$ 89,138
ESSER	226,666
Title VI-B	60,745
Vocational education	15,743
Title II-A	19,894

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.

C. Noncompliance

The District had the following budgetary violations per ORC 5705.41 (B):

- General fund expenditures exceeded final appropriations by $776,300.
- Public school preschool fund expenditures exceeded final appropriations by $159,018.
- Title I School Improvement A fund expenditures exceeded final appropriations by $6,720.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

3. Written repurchase agreements in the securities listed above provided that the fair value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed thirty days;

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

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

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

7. The State investment pool, State Treasury Asset Reserve of Ohio (STAR Ohio); and,

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

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

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

A. Cash on Hand

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

B. Deposits with Financial Institutions

At June 30, 2023, the carrying amount of all District deposits was $6,437,455 and the bank balance of all District deposits was $6,936,328. Of the bank balance, $250,000 was covered by the FDIC and $6,686,328 was covered by the Ohio Pooled Collateral System.

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of June 30, 2023, the District had the following investments and maturities:

		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:						
FFCB	$ 2,093,857	$ -	$ -	$ -	$ -	$ 2,093,857
Commercial Paper	7,808,885	5,412,434	2,396,451	-	-	-
FHLMC	1,279,192	-	979,656	-	-	299,536
FHLB	5,394,838	432,733	2,946,320	720,556	495,383	799,846
US Treasury Note	5,640,582	3,397,135	786,218	-	735,999	721,230
Negotiable CDs	8,442,516	246,377	972,513	969,634	3,367,279	2,886,713
US Government Money Market	350,516	350,516	-	-	-	-
Amortized Cost:						
STAR Ohio	29,818,341	29,818,341	-	-	-	-
Total	$ 60,828,727	$ 39,657,536	$ 8,081,158	$ 1,690,190	$ 4,598,661	$ 6,801,182

The weighted average of maturity for investments is 0.63 years.

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

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

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2023:

Measurement/ Investment type	Measurement Value	% of Total
Fair Value:		
FFCB	$ 2,093,857	3.44%
Commerical Paper	$ 7,808,885	12.84%
FHLMC	1,279,192	2.10%
FHLB	5,394,838	8.87%
US Treasury Note	5,640,582	9.27%
Negotiable CDs	8,442,516	13.88%
US Government Money Market	350,516	0.58%
Amortized Cost:		
STAR Ohio	29,818,341	49.02%
Total	$ 60,828,727	100.00%

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net position as of June 30, 2023:

Cash and investments per note	
Cash on hand	$ 375
Carrying amount of deposits	6,437,455
Investments	60,828,727
Total	$ 67,266,557
Cash and investments per financial statements	
Governmental activities	$ 66,102,004
Business-type activities	1,164,553
Total	$ 67,266,557

NOTE 5 - INTERFUND TRANSACTIONS

Due to/from other funds consisted of the following at June 30, 2023, as reported on the fund statement:

Receivable fund	Payable fund	Amount
General fund	Nonmajor governmental funds	$ 1,707,660

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

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

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2023 represent the collection of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed values as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2023 represent the collection of calendar year 2022 taxes. Public utility real and personal property taxes received in calendar year 2023 became a lien on December 31, 2021, were levied after April 1, 2022, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Cuyahoga County. The County Fiscal Officer periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2023, are available to finance fiscal year 2023 operations. The amount available as an advance at June 30, 2023 was $4,062,916 in the general fund, $1,271,210 in the debt service fund, $22,216 in the permanent improvement fund (a nonmajor governmental fund) and $12,631 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available as an advance at June 30, 2022 was $3,573,020 in the general fund, $1,117,931 in the debt service fund, $20,903 in the permanent improvement fund (a nonmajor governmental fund) and $11,108 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount 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, 2023 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflow of resources.

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

The assessed values upon which the fiscal year 2023 taxes were collected are:

	2022 Second Half Collections		2023 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 1,340,566,500	98.32	$ 1,337,566,600	98.20
Public utility personal	22,842,070	1.68	24,528,900	1.80
Total	$ 1,363,408,570	100.00	$ 1,362,095,500	100.00
Tax rate per $1,000 of assessed valuation for:				
Operations	$112.63		$112.63	
Debt service	8.10		8.10	
Permanent improvement	1.00		1.00	
Classroom facilities maintenance	0.50		0.50	

NOTE 7 - RECEIVABLES

A. Other Receivables

Receivables at June 30, 2023 consisted of property taxes, payment in lieu of taxes, accounts (billings for user charged services and student fees), accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

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

Governmental activities:	
Property taxes - current and delinquent	$ 63,564,721
Payment in lieu of taxes	1,250,323
Accounts	13,331
Accrued interest	152,449
Intergovernmental	2,693,539
Business-type activities:	
Accrued interest	2,617
Total receivables	$ 67,676,980

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

B. Leases Receivable

The District is reporting leases receivable of $335,848 in the general fund. For fiscal year 2023, the District recognized lease revenue of $47,477, which is reported in rental income, and interest revenue of $12,000.

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

Company	Lease Commencement Date	Years	Lease End Date	Payment Method
University of Akron	2020	10	2030	Yearly

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

Fiscal Year	Principal	Interest	Total
2024	$ 43,124	$ 11,876	$ 55,000
2025	44,649	10,351	55,000
2026	46,228	8,772	55,000
2027	47,863	7,137	55,000
2028	49,555	5,445	55,000
2029 - 2033	104,429	5,571	110,000
Total	$ 335,848	$ 49,152	$ 385,000

NOTE 8 - CAPITAL ASSETS

A. Governmental Activities

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Balance June 30. 2022	Additions	Deductions	Balance June 30, 2023
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Land	$ 9,643,808	$ -	$ -	$ 9,643,808
Construction in progress	339,492	336,028	(443,818)	231,702
Total capital assets, not being depreciated/amortized	9,983,300	336,028	(443,818)	9,875,510
Capital assets, being depreciated/amortized:				
Land improvements	4,897,659	754,233	-	5,651,892
Buildings and improvements	258,378,054	-	-	258,378,054
Furniture and equipment	3,478,734	249,552	-	3,728,286
Vehicles	951,549	-	-	951,549
Infrastructure	17,870	-	-	17,870
Intangible right to use assets:				
Equipment	521,179			521,179
SBITAs	-	182,465	-	182,465
Total capital assets, being depreciated/amortized	268,245,045	1,186,250	-	269,431,295
Less: accumulated depreciation/amortization:				
Land improvements	(3,952,478)	(110,609)	-	(4,063,087)
Buildings and improvements	(67,735,104)	(4,816,454)	-	(72,551,558)
Furniture and equipment	(3,019,707)	(106,708)	-	(3,126,415)
Vehicles	(764,177)	(50,221)	-	(814,398)
Infrastructure	(4,758)	(1,787)	-	(6,545)
Intangible right to use assets:				
Equipment	(28,954)	(173,726)	-	(202,680)
SBITAs	-	(32,889)	-	(32,889)
Total accumulated depreciation/amortization	(75,505,178)	(5,292,394)	-	(80,797,572)
Governmental activities capital assets, net	$ 202,723,167	$ (3,770,116)	$ (443,818)	$ 198,509,233

NOTE 8 - CAPITAL ASSETS - (Continued)

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

Instruction:	
Regular	$ 3,140,058
Special	325,133
Vocational	368,318
Support services:	
Pupil	25,717
Instructional staff	509,544
Administration	332,359
Business	734
Operations and maintenance	44,574
Pupil transportation	42,519
Operation of non-instructional services	480,863
Extracurricular	22,575
Total depreciation/amortization expense	$ 5,292,394

B. Business-Type Activities

Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Balance June 30, 2022	Additions	Deductions	Balance June 30, 2023
Capital assets being depreciated:				
Furniture/equipment	$ 1,393,786	$ -	$ -	$ 1,393,786
Total capital assets being depreciated	1,393,786	-	-	1,393,786
Less: accumulated depreciation				
Furniture/equipment	(1,056,240)	(60,541)	-	(1,116,781)
Total accumulated depreciation	(1,056,240)	(60,541)	-	(1,116,781)
Net capital assets	$ 337,546	$ (60,541)	$ -	$ 277,005

NOTE 9 - LONG-TERM OBLIGATIONS

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

A. Series 2017A Refunding Bonds

During fiscal year 2018, the District issued $37,040,000 in general obligation bonds to refund $41,365,000 of the Series 2007 General Obligation School Improvement Bonds. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded bonds outstanding at June 30, 2023 was $28,030,000.

The issue is comprised of current interest bonds, par value $235,885. The interest rates on the current interest bonds range from 1.50% - 5.00%.

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

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

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

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

Fiscal Year Ending June 30,	2017A Refunding Bonds Current Interest Bonds Principal	Interest	Total
2024	$ 2,740,000	$ 983,250	$ 3,723,250
2025	2,875,000	842,875	3,717,875
2026	2,785,000	701,375	3,486,375
2027	2,925,000	558,625	3,483,625
2028	3,010,000	425,300	3,435,300
2029 - 2033	10,660,000	632,850	11,292,850
Total	$ 24,995,000	$ 4,144,275	$ 29,139,275

B. Series 2017B Refunding Bonds

During fiscal year 2018, the District issued $43,821,803 in general obligation bonds to refund $43,825,000 of the Series 2014A General Obligation School Improvement Bonds. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded bonds outstanding at June 30, 2023 was $43,825,000.

The issue is comprised of both current interest bonds, par value $42,880,000 and capital appreciation bonds, par value $941,803. The interest rates on the current interest bonds range from 3.00% - 4.00%. The remaining capital appreciation bonds mature December 1, 2022-2026 (approximate equivalent interest rate 30.00%) at a redemption price equal to 100% of the principal, plus accrued interest to the redemption date. The accreted value at maturity for the remaining capital appreciation bond maturing December 1, 2023-2026 is $4,050,000. Total accreted interest of $2,018,621 has been included on the statement of net position.

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

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

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

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

	2017B Refunding Bonds					
Fiscal Year Ending	Current Interest Bonds			Capital Appreciation Bonds		
June 30,	Principal	Interest	Total	Principal	Interest	Total
2024	$ -	$ 1,614,850	$ 1,614,850	$ 230,348	$ 949,652	$ 1,180,000
2025	-	1,614,850	1,614,850	176,382	1,018,612	1,194,994
2026	-	1,614,850	1,614,850	148,999	1,186,001	1,335,000
2027	1,005,000	1,594,750	2,599,750	28,693	311,307	340,000
2028	1,400,000	1,546,650	2,946,650	-	-	-
2029 - 2033	9,085,000	6,738,750	15,823,750	-	-	-
2034 - 2038	12,230,000	4,597,050	16,827,050	-	-	-
2039 - 2043	14,915,000	1,950,900	16,865,900	-	-	-
2044 - 2048	3,310,000	57,925	3,367,925	-	-	-
Total	$ 41,945,000	$ 21,330,575	$ 63,275,575	$ 584,422	$ 3,465,572	$ 4,049,994

C. Series 2014C School Facilities Improvement Refunding Bonds

On December 9, 2014, the District issued $37,355,000 in general obligation bonds to partially refund a total of $39,050,000 from other issuances. The Series 2014C Refunding Bonds refunded $7,550,000 of Series 2006 Construction Bonds and $31,500,000 of the Series 2007 School Facilities Improvement Bonds. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The bonds mature on December 1, 2034 and bear an annual interest rate of 4.00% - 5.00%. The source of payment is derived from a current bonded debt tax levy. Principal and interest payments are due on December 1 and June 1 each year. The balance of the refunded bonds at June 30, 2023 was $39,050,000.

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

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

Fiscal Year	Current Interest Bonds		
Ending June 30,	Principal	Interest	Total
2024	$ -	$ 1,791,950	$ 1,791,950
2025	-	1,791,950	1,791,950
2026	2,915,000	1,791,950	4,706,950
2027	3,065,000	1,569,575	4,634,575
2028	3,215,000	1,412,575	4,627,575
2029 - 2033	20,480,000	4,397,025	24,877,025
2034 - 2035	7,680,000	329,725	8,009,725
Total	$ 37,355,000	$ 13,084,750	$ 50,439,750

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

D. Series 2014A School Facilities Improvement Bonds

On May 14, 2014, the District issued $49,950,000 in general obligation bonds to pay off the Series 2013 bond anticipation notes and to provide $21,335,000 in additional funding for the District's Ohio School Facilities Commission (OSFC) project. The issue is comprised of current interest bonds, par value $49,950,000. During fiscal year 2018, $43,825,000 was refunded by the Series 2017B bonds. The interest rates on the current interest bonds range from 1.50% - 5.00% and the remaining bonds had a final maturity date of November 1, 2022. Principal and interest payments are due on May 1 and November 1 each year. At June 30, 2023, there were no further obligations outstanding.

E. Series 2014B School Facilities Improvement Refunding Bonds

On May 14, 2014, the District issued $15,010,000 in general obligation bonds to partially refund a total of $15,725,000 from other issuances. The Series 2014B Refunding Bonds refunded $770,000 of Series 2001 Refunding General Obligation Bonds, $4,560,000 of Series 2006 Construction Bonds and $10,395,000 of the Series 2007 School Facilities Improvement Bonds. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The bonds mature on December 1, 2024 and bear an annual interest rate of 1.50% - 5.00%. The source of payment is derived from a current bonded debt tax levy. Principal and interest payments are due on May 1 and November 1 each year. The balance of the refunded bonds at June 30, 2023 was $5,360,000.

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

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

Fiscal Year	Current Interest Bonds		
Ending June 30,	Principal	Interest	Total
2024	$ 2,450,000	$ 189,750	$ 2,639,750
2025	2,570,000	64,250	2,634,250
Total	$ 5,020,000	$ 254,000	$ 5,274,000

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

F. Series 2013 Library Improvement Refunding Bonds

On July 31, 2012, the District issued $7,770,000 in general obligation bonds on behalf of the Lakewood Public Library to partially refund $8,515,000 of the Series 2003 Library Improvement Bonds. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The bonds were placed in the name of the Lakewood City School District. In accordance with Ohio Revised Code Section 3375.43 - 45, local libraries are not allowed to issue debt or levy taxes in their name, therefore, after School Board approval, the levy was placed in the name of Lakewood City School District. The District, acting as taxing authority for the Library, collects levied taxes and makes required debt service payments. The library improvement bonds are a general obligation of the District for which the full faith and credit of the District is pledged for repayment. The bonds mature on December 1, 2023 and bear an annual interest rate of 2.00% - 3.00%. The source of payment is derived from a current bonded debt tax levy. At June 30, 2023, the balance of the bonds of $1,020,000, bond premiums of $21,508 and deferred charges on the refunding of $17,846 have not been included in the calculation of net investment in capital assets because the capital assets purchased from this issuance are not included in the District's capital assets. At June 30, 2023, the balance of the refunded bonds was $1,175,000.

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

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

Fiscal Year	Current Interest Bonds		
Ending June 30,	Principal	Interest	Total
2024	$ 1,020,000	$ 30,600	$ 1,050,600
Total	$ 1,020,000	$ 30,600	$ 1,050,600

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NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the bond activity for fiscal year 2023:

	Balance June 30, 2022	Additions	Deletions	Balance June 30, 2023	Amounts due in One Year
General Obligation Bonds:					
Series 2017A Refunding Bonds 1.50-5.00%, 12/1/31 maturing	$ 27,625,000	$ -	$ (2,630,000)	$ 24,995,000	$ 2,740,000
Series 2017B Refunding Bonds 4.00-5.00%, 12/01/43 maturity	41,945,000	-	-	41,945,000	-
Series 2017B Refunding Bonds capital appreciation bonds	672,196	-	(87,774)	584,422	230,348
Series 2017B Refunding Bonds capital appreciation bonds accreted interest 30.00% (stated interest rate) 12/1/20-12/1/26 maturity	1,591,949	678,898	(252,226)	2,018,621	808,776
Series 2014C Refunding Bonds 4.00-5.00%, 12/1/34 maturing	37,355,000	-	-	37,355,000	-
Series 2014A School Facilities Improvement Bonds 1.50-5.00%, 11/1/43 maturing	790,000	-	(790,000)	-	-
Series 2014B School Facilities Improvement Refunding Bonds 1.50-5.00%, 11/1/24 maturing	7,350,000	-	(2,330,000)	5,020,000	2,450,000
Series 2013 Library Improvement 2.00-3.00%, 12/01/23 maturity	1,945,000	-	(925,000)	1,020,000	1,020,000
Total General Obligation Bonds	$ 119,274,145	$ 678,898	$ (7,015,000)	$ 112,938,043	$ 7,249,124

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

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Amount Due in One Year
Governmental activities:					
Compensated absences payable	$ 7,201,768	$ 1,355,707	$ (916,203)	$ 7,641,272	$ 858,497
Net pension liability	50,174,418	33,004,393	-	83,178,811	-
Net OPEB liability	5,305,800	-	(1,196,588)	4,109,212	-
General obligation bonds payable	119,274,145	678,898	(7,015,000)	112,938,043	7,249,124
Leases payable	493,628	-	(168,700)	324,928	174,665
SBITAs payable	-	182,465	(33,625)	148,840	63,676
Notes payable - Finance purchase	5,524,138	-	(420,023)	5,104,115	430,010
Total governmental activities long-term liabilities	$ 187,973,897	$ 35,221,463	$ (9,750,139)	213,445,221	$ 8,775,972
Add: Unamortized premium				11,600,961	
Total on statement of net position				$ 225,046,182	

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

	Balance June 30, 2022	Additions	Reductions	Balance June 30, 2023	Amount Due in One Year
Business-type activities:					
Compensated absences	$ 43,017	$ 26,779	$ (2,008)	$ 67,788	$ 6,219
Net pension liability	712,454	391,621	-	1,104,075	-
Net OPEB liability	377,584	-	(83,484)	294,100	-
Total business-type activities long-term liabilities	$ 1,133,055	$ 418,400	$ (85,492)	$ 1,465,963	$ 6,219

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

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

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

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

Notes Payable - Finance Purchase

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

Governmental activities capital assets consisting of buildings and improvements, vehicles and equipment have been capitalized in the amount of $7,134,298. This amount represents the present value of the future minimum payments at the time of acquisition. Accumulated depreciation as of June 30, 2023 was $1,134,028, leaving a current book value of $6,000,721.

A corresponding liability is recorded in the government-wide financial statements. Principal and interest payments in the 2023 fiscal year totaled $420,023 and $204,331, respectively. These amounts are reported as debt service payments of the general fund.

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The following is a schedule of the future minimum payments required under the notes payable - finance purchase and the present value of the future minimum payments as of June 30, 2023:

Fiscal Year Ending June 30,	Amount
2024	$ 621,603
2025	618,854
2026	610,058
2027	520,948
2028	468,200
2029 - 2033	2,087,558
2034 - 2038	1,807,537
Total minimum lease payment	6,734,758
Less: amount representing interest	(1,630,643)
Present value of minimum lease payments	$ 5,104,115

Leases Payable

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

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

Lease	Lease Commencement Date	Years	Lease End Date	Payment Method
Copier equipment	2022	3	2025	Monthly

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

Fiscal Year	Principal	Interest	Total
2024	$ 174,665	$ 8,539	$ 183,204
2025	150,263	2,407	152,670
Total	$ 324,928	$ 10,946	$ 335,874

SBITAs Payable

The District has entered into agreements for the right to use software. Due to the implementation of GASB Statement No. 96, the District will report an intangible capital asset and corresponding liability for the future scheduled payments under the subscriptions. The payments will be paid from the general fund.

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

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

SBITAs	SBITA Commencement Date	Years	SBITA End Date	Payment Method
ZoomPro subscription	2021	3	2024	Annual
Vissle subscription	2022	3	2025	Annual
Apex Learning/Edmentum	2023	3	2026	Annual
Clever subscription	2023	3	2026	Annual

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

Fiscal Year	Principal	Interest	Total
2024	$ 63,676	$ 3,719	$ 67,395
2025	53,038	4,357	57,395
2026	32,126	1,644	33,770
Total	$ 148,840	$ 9,720	$ 158,560

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, 2023 are a voted debt margin of $25,398,299 including available funds of $13,729,118 and an unvoted debt margin of $1,362,096.

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

NOTE 10 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023, the District contracted with the Schools of Ohio Risk Sharing Authority ("SORSA") for property, crime, and general liability insurance coverage. SORSA was formed in conjunction with the Ohio Revised Code 2744 which allows public entities to join together for coverage purposes. The limitations of coverages are as follows:

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

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

B. Worker's Compensation

During fiscal year 2023, the District has participated in the Ohio Bureau of Workers' Compensation (Bureau) Retrospective Rating Plan. The alternative rating program requires the District to pay only administrative charges to the Bureau, and in turn the District assumes the responsibility of paying all claims incurred during the policy period for up to ten years. After the tenth year, the Bureau will assume any existing claim for its duration. The District will be charged an actuarial amount for the claims transferred to the Bureau. The District's stop-loss coverage through the plan is limited to $200,000 per claim stop-loss coverage with an annual aggregate. The Plan is administered by KKSG & Associates.

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

Fiscal Year	Beginning Balance	Current Year Claims	Claims Payments	Ending Balance
2023	$ -	$ 247,114	$ (247,114)	$ -
2022	-	84,656	(84,656)	-

NOTE 10 - RISK MANAGEMENT - (Continued)

C. Group Health and Dental Insurance

For the fiscal year 2023, the District was a participant in the Suburban Health Consortium (the "Consortium") to provide employee health, dental, vision and prescription drug benefits. The Consortium is administered by Medical Mutual. Payments are made to the Consortium for the monthly attachment point, monthly stop-loss premiums, and administrative charges. The fiscal agent of the Consortium is the Orange City School District. The Treasurer of the fiscal agent pays monthly for the actual amount of claims processed, the stop-loss premium, and the administrative charges. The entire risk of loss transfers to the Consortium upon payment of the premiums.

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

	Board Share of Premium			
	Full-Time Family	Part-Time Family	Full-Time Single	Part-Time Single
Health:				
Suburban Health Consortium	$ 1,593.63	$ 796.82	$ 749.95	$ 374.98
Option 1 plan	1,480.50	$ 740.25	696.71	$ 348.36
Minimum value plan	815.96	$ 407.98	383.98	$ 191.99
Prescription drug	384.29	$ 192.15	180.85	$ 90.43
Option 1 plan	365.28	$ 182.64	171.89	$ 85.95
Minimum value plan	191.73	$ 95.87	90.24	$ 45.12
Dental	81.36	40.68	28.08	14.04
Vision	10.53	5.27	2.46	1.23

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

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 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.

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

Plan Description - The District'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.

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.

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. 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 2022, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2023.

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, 2023, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was $1,557,112 for fiscal year 2023. Of this amount, $140,901 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

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.

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. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023 when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of 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. The member determines how to allocate the member and employer money among various investment choices offered by STRS Ohio. 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.

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2023 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2023, the full employer contribution was allocated to pension.

The District's contractually required contribution to STRS was $5,608,170 for fiscal year 2023. Of this amount, $923,254_ is reported as pension and postemployment benefits payable.

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

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

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.290642100%	0.314119653%	
Proportion of the net pension liability current measurement date	0.305621600%	0.304777820%	
Change in proportionate share	0.014979500%	-0.009341833%	
Proportionate share of the net pension liability	$ 16,530,393	$ 67,752,493	$ 84,282,886
Pension expense	$ 727,351	$ 7,229,356	$ 7,956,707

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2023, 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	$ 669,494	$ 867,322	$ 1,536,816
Net difference between projected and actual earnings on pension plan investments	-	2,357,636	2,357,636
Changes of assumptions	163,108	8,107,938	8,271,046
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	636,011	425,016	1,061,027
Contributions subsequent to the measurement date	1,557,112	5,608,170	7,165,282
Total deferred outflows of resources	$ 3,025,725	$ 17,366,082	$ 20,391,807

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 108,518	$ 259,174	$ 367,692
Net difference between projected and actual earnings on pension plan investments	576,838	-	576,838
Changes of assumptions	-	6,102,946	6,102,946
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	323,716	1,799,538	2,123,254
Total deferred inflows of resources	$ 1,009,072	$ 8,161,658	$ 9,170,730

$7,165,282 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, 2024.

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:			
2024	$ (83,741)	$ (2,403,785)	$ (2,487,526)
2025	370,916	(2,652,466)	(2,281,550)
2026	(55,694)	(4,321,646)	(4,377,340)
2027	228,060	12,974,151	13,202,211
Total	$ 459,541	$ 3,596,254	$ 4,055,795

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

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

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

In 2022, 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.

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

In the prior measurement date, 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.

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.

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 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
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	$ 24,331,950	$ 16,530,393	$ 9,957,688

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, 2022, actuarial valuation are presented below:

	June 30, 2022	June 30, 2021
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	12.50% at age 20 to 2.50% at age 65
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2022 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

For the prior measurement date, 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, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

STRS 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	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00 %	

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2022. 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, 2022. 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, 2022.

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, 2022, 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	$ 102,349,352	$ 67,752,493	$ 38,494,262

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2023, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was $25,000. 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 2023, the District's surcharge obligation was $218,339.

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 $218,339 for fiscal year 2023. Of this amount, $218,339 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org 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, 2023, 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, 2022, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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	0.300297900%	0.314119653%	
Proportion of the net OPEB liability/asset current measurement date	0.313623900%	0.304777820%	
Change in proportionate share	0.013326000%	-0.009341833%	
Proportionate share of the net OPEB liability	$ 4,403,312	$ -	$ 4,403,312
Proportionate share of the net OPEB asset	$ -	$ (7,891,711)	$ (7,891,711)
OPEB expense	$ (363,131)	$ (1,480,541)	$ (1,843,672)

At June 30, 2023, 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	$ 37,015	$ 114,404	$ 151,419
Net difference between projected and actual earnings on OPEB plan investments	22,885	137,373	160,258
Changes of assumptions	700,403	336,159	1,036,562
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	500,269	10,347	510,616
Contributions subsequent to the measurement date	218,339	-	218,339
Total deferred outflows of resources	$ 1,478,911	$ 598,283	$ 2,077,194

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 2,816,683	$ 1,185,192	$ 4,001,875
Changes of assumptions	1,807,592	5,595,996	7,403,588
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	614,782	77,728	692,510
Total deferred inflows of resources	$ 5,239,057	$ 6,858,916	$ 12,097,973

$218,339 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, 2024.

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:			
2024	$ (947,934)	$ (1,868,449)	$ (2,816,383)
2025	(908,998)	(1,801,694)	(2,710,692)
2026	(790,063)	(847,929)	(1,637,992)
2027	(544,263)	(350,662)	(894,925)
2028	(350,793)	(459,879)	(810,672)
Thereafter	(436,434)	(932,020)	(1,368,454)
Total	$ (3,978,485)	$ (6,260,633)	$ (10,239,118)

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, 2022 are presented below:

Wage inflation:	
Current measurement date	2.40%
Prior measurement date	2.40%
Future salary increases, including inflation:	
Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%
Investment rate of return:	
Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.00% net of investment expense, including inflation
Municipal bond index rate:	
Current measurement date	3.69%
Prior measurement date	1.92%
Single equivalent interest rate, net of plan investment expense, including price inflation:	
Current measurement date	4.08%
Prior measurement date	2.27%
Medical trend assumption:	
Current measurement date	7.00 to 4.40%
Prior measurement date	
Medicare	5.125 to 4.400%
Pre-Medicare	6.750 to 4.400%

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

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate of return on plan assets is reviewed as part of the actuarial 5-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return 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 are summarized as follows:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.45) %
US Equity	24.75	5.37
Non-US Equity Developed	13.50	6.22
Non-US Equity Emerging	6.75	8.22
Fixed Income/Global Bonds	19.00	1.20
Private Equity	11.00	10.05
Real Estate/Real Assets	16.00	4.87
Multi-Asset Strategy	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	100.00 %	

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2022, was 4.08%. The discount rate used to measure total OPEB liability prior to June 30, 2022, was 2.27%. 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, 2022 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69% at June 30, 2022 and 1.92% at June 30, 2021.

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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 (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate (7.00% decreasing to 4.40%).

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 5,468,980	$ 4,403,312	$ 3,543,029

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 3,395,744	$ 4,403,312	$ 5,719,360

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2022 actuarial valuation, compared with June 30, 2021 actuarial valuation, are presented below:

	June 30, 2022		June 30, 2021	
Inflation	2.50%		2.50%	
Projected salary increases	Varies by service from 2.50% to 8.50%		12.50% at age 20 to 2.50% at age 65	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.00%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Cost-of-living adjustments (COLA)	0.00%		0.00%	
Discount rate of return	7.00%		7.00%	
Blended discount rate of return	N/A		N/A	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	7.50%	3.94%	5.00%	4.00%
Medicare	-68.78%	3.94%	-16.18%	4.00%
Prescription Drug				
Pre-Medicare	9.00%	3.94%	6.50%	4.00%
Medicare	-5.47%	3.94%	29.98%	4.00%

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

For the June 30, 2022 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

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

Assumption Changes Since the Prior Measurement Date - The discount rate remained unchanged at 7.00% for the June 30, 2022 valuation.

Benefit Term Changes Since the Prior Measurement Date - Salary increase rates were updated based on the actuarial experience study for the period July 1, 2015 through June 30, 2021 and were changed from age based to service based.

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	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
Total	100.00 %	

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

Discount Rate - The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2022. 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 those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. 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, 2022.

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, 2022, 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	$ 7,307,871	$ 7,891,711	$ 8,402,264

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	$ 8,185,625	$ 7,891,711	$ 7,520,719

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING

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

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

(a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

(b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);

(d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);

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

(f) Investments are reported at fair value (GAAP basis) rather than cost (budget basis).

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	$ 3,948,879
Net adjustment for revenue accruals	342,656
Net adjustment for expenditure accruals	(648,003)
Net adjustment for other financing sources/uses	182,465
Funds budgeted elsewhere	(36,874)
Adjustment for encumbrances	2,496,145
GAAP basis	$ 6,285,268

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

NOTE 14 - SET-ASIDES

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

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

	Capital Improvements
Set-aside balance June 30, 2022	$ -
Current year set-aside requirement	906,205
Current year offsets	(1,520,385)
Total	$ (614,180)
Balance carried forward to fiscal year 2024	$ -
Set-aside balance June 30, 2023	$ -

During fiscal years 2004, 2007, 2008 and 2014, the District issued a total of $193,449,969 in capital related school improvement bonds. These proceeds may be used to reduce capital acquisition below zero for future years. The amount presented for Prior Year Offset from Bond Proceeds is limited to an amount needed to reduce the reserve for capital improvement to $0. The District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was $191,221,835 at June 30, 2023.

NOTE 15 - CONTINGENCIES

A. Grants

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

B. Litigation

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

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. All ODE adjustments for fiscal year 2023 have been finalized.

NOTE 16 - COMMITMENTS

A. Other Commitments

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

Fund	Year-End Encumbrances
General fund	$ 2,168,396
Other governmental	2,001,403
Total	$ 4,169,799

B. Contractual Commitments

The District had an outstanding contract with Fieldturf USA, Inc. for $746,488 for the baseball fields.

NOTE 17 - TAX ABATEMENT AGREEMENTS ENTERED INTO BY OTHER GOVERNMENTS

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

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

The abatement provides for 100 percent exemption of residential property taxes not to exceed 10 years and must meet all condition and requirements of the Multifamily High Density Zone district. Under the agreements, the property taxes assessed to the District have been abated. During fiscal year 2023, the District’s property taxes were reduced by $511,596.

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 ended in April 2023. During fiscal year 2023, the District received COVID-19 funding. The District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

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REQUIRED SUPPLEMENTARY INFORMATION

LAKEWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2023	2022	2021	2020
District's proportion of the net pension liability	0.30562160%	0.29064210%	0.31223190%	0.30565050%
District's proportionate share of the net pension liability	$ 16,530,393	$ 10,723,851	$ 20,651,675	$ 18,287,606
District's covered payroll	$ 12,063,914	$ 10,102,186	$ 10,697,921	$ 10,670,437
District's proportionate share of the net pension liability as a percentage of its covered payroll	137.02%	106.15%	193.04%	171.39%
Plan fiduciary net position as a percentage of the total pension liability	75.82%	82.86%	68.55%	70.85%

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

2019	2018	2017	2016	2015	2014
0.30503560%	0.31351290%	0.31951020%	0.31972030%	0.32944440%	0.32944400%
$ 17,469,953	$ 18,731,703	$ 23,385,199	$ 18,243,549	$ 16,672,973	$ 19,590,977
$ 10,233,926	$ 10,230,300	$ 9,957,671	$ 9,625,250	$ 9,572,994	$ 10,111,958
170.71%	183.10%	234.85%	189.54%	174.17%	193.74%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

LAKEWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2023	2022	2021	2020
District's proportion of the net pension liability	0.304777820%	0.314119653%	0.31077149%	0.30903381%
District's proportionate share of the net pension liability	$ 67,752,493	$ 40,163,021	$ 75,195,643	$ 68,340,970
District's covered payroll	$ 39,672,714	$ 39,332,593	$ 37,666,950	$ 36,444,736
District's proportionate share of the net pension liability as a percentage of its covered payroll	170.78%	102.11%	199.63%	187.52%
Plan fiduciary net position as a percentage of the total pension liability	78.88%	87.78%	75.48%	77.40%

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

2019	2018	2017	2016	2015	2014
0.31216118%	0.31464507%	0.31977784%	0.31544600%	0.31753546%	0.31753546%
$ 68,637,235	$ 74,744,611	$ 107,039,282	$ 87,176,897	$ 77,235,613	$ 92,002,557
$ 35,635,836	$ 34,820,800	$ 33,874,743	$ 32,910,314	$ 32,443,354	$ 35,161,431
192.61%	214.66%	315.99%	264.89%	238.06%	261.66%
77.31%	75.30%	66.80%	72.10%	74.70%	69.30%

LAKEWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2023	2022	2021	2020
Contractually required contribution	$ 1,557,112	$ 1,688,948	$ 1,414,306	$ 1,497,709
Contributions in relation to the contractually required contribution	(1,557,112)	(1,688,948)	(1,414,306)	(1,497,709)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 11,122,229	$ 12,063,914	$ 10,102,186	$ 10,697,921
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

	2019		2018		2017		2016		2015		2014
$	1,440,509	$	1,381,580	$	1,432,242	$	1,394,074	$	1,268,608	$	1,326,817
	(1,440,509)		(1,381,580)		(1,432,242)		(1,394,074)		(1,268,608)		(1,326,817)
$	-	$	-	$	-	$	-	$	-	$	-
$	10,670,437	$	10,233,926	$	10,230,300	$	9,957,671	$	9,625,250	$	9,572,994
	13.50%		13.50%		14.00%		14.00%		13.18%		13.86%

LAKEWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2023	2022	2021	2020
Contractually required contribution	$ 5,608,170	$ 5,554,180	$ 5,506,563	$ 5,273,373
Contributions in relation to the contractually required contribution	(5,608,170)	(5,554,180)	(5,506,563)	(5,273,373)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 40,058,357	$ 39,672,714	$ 39,332,593	$ 37,666,950
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017	2016	2015	2014
$ 5,102,263	$ 4,989,017	$ 4,874,912	$ 4,742,464	$ 4,607,444	$ 4,217,636
(5,102,263)	(4,989,017)	(4,874,912)	(4,742,464)	(4,607,444)	(4,217,636)
$ -	$ -	$ -	$ -	$ -	$ -
$ 36,444,736	$ 35,635,836	$ 34,820,800	$ 33,874,743	$ 32,910,314	$ 32,443,354
14.00%	14.00%	14.00%	14.00%	14.00%	13.00%

LAKEWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN FISCAL YEARS

	2023	**2022**	**2021**	**2020**
District's proportion of the net OPEB liability	0.31362390%	0.30029790%	0.32321910%	0.31297650%
District's proportionate share of the net OPEB liability	$ 4,403,312	$ 5,683,384	$ 7,024,610	$ 7,870,701
District's covered payroll	$ 12,063,914	$ 10,102,186	$ 10,697,921	$ 10,670,437
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	36.50%	56.26%	65.66%	73.76%
Plan fiduciary net position as a percentage of the total OPEB liability	30.34%	24.08%	18.17%	15.57%

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

2019	2018	2017
0.30934790%	0.31787320%	0.32413436%
$ 8,582,147	$ 8,530,882	$ 9,239,028
$ 10,233,926	$ 10,230,300	$ 9,957,671
83.86%	83.39%	92.78%
13.57%	12.46%	11.49%

LAKEWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN FISCAL YEARS

	2023	2022	2021	2020
District's proportion of the net OPEB liability/asset	0.304777820%	0.314119653%	0.31077119%	0.30903381%
District's proportionate share of the net OPEB liability/(asset)	$ (7,891,711)	$ (6,622,956)	$ (5,461,801)	$ (5,118,341)
District's covered payroll	$ 39,672,714	$ 39,332,593	$ 37,666,950	$ 36,444,736
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	19.89%	16.84%	14.50%	14.04%
Plan fiduciary net position as a percentage of the total OPEB liability/asset	230.73%	174.73%	182.10%	174.70%

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

2019	2018	2017
0.31216118%	0.31464507%	0.31977784%
$ (5,016,111)	$ 12,276,290	$ 17,101,802
$ 35,635,836	$ 34,820,800	$ 33,874,743
14.08%	35.26%	50.49%
176.00%	47.10%	37.30%

LAKEWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2023	2022	2021	2020
Contractually required contribution	$ 218,339	$ 210,558	$ 195,722	$ 203,937
Contributions in relation to the contractually required contribution	(218,339)	(210,558)	(195,722)	(203,937)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 11,122,229	$ 12,063,914	$ 10,102,186	$ 10,697,921
Contributions as a percentage of covered payroll	1.96%	1.75%	1.94%	1.91%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017	2016	2015	2014
$ 243,186	$ 217,801	$ 172,000	$ 165,497	$ 240,395	$ 177,380
(243,186)	(217,801)	(172,000)	(165,497)	(240,395)	(177,380)
$ -	$ -	$ -	$ -	$ -	$ -
$ 10,670,437	$ 10,233,926	$ 10,230,300	$ 9,957,671	$ 9,625,250	$ 9,572,994
2.28%	2.13%	1.68%	1.66%	2.50%	1.85%

LAKEWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2023	2022	2021	2020
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 40,058,357	$ 39,672,714	$ 39,332,593	$ 37,666,950
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017	2016	2015	2014
$ -	$ -	$ -	$ -	$ -	$ 346,022
-	-	-	-	-	(346,022)
$ -	$ -	$ -	$ -	$ -	$ -
$ 36,444,736	$ 35,635,836	$ 34,820,800	$ 33,874,743	$ 32,910,314	$ 32,443,354
0.00%	0.00%	0.00%	0.00%	0.00%	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 year 2014.
- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 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%.
- For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit receipients commencing benefits on or after April 1, 2018
- 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%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 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 Weighted Below Median Healthy Retiree mortality table.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.

(Continued)

PENSION (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

- There were no changes in benefit terms from the amounts reported for fiscal year 2014.
- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 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.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023.

Changes in assumptions :

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- 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 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%.
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%

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 year 2017.
- There were no changes in benefit terms from the amounts reported for fiscal year 2018.
- There were no changes in benefit terms from the amounts reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts reported for fiscal year 2021.
- There were no changes in benefit terms from the amounts reported for fiscal year 2022.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.

(Continued)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO (CONTINUED)

Changes in assumptions :

- For fiscal year 2017, 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.
- 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%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.
- For fiscal year 2022, the following changes of assumptions affected the total OPEB 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 Weighted Below Median Healthy Retiree mortality table.
- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate when from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.

(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.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.

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.

(Continued)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO (CONTINUED)

Changes in assumptions (continued) :

- 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.
- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projecte salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.

LAKEWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Federal Grantor/ *Pass-Through Grantor/* Program or Cluster Title	Assistance Listing Number	Expenditures	Non-Cash Expenditures
U.S. Department of Agriculture			
Passed through Ohio Department of Education			
Child Nutrition Cluster:			
School Breakfast Program	10.553	$ 133,474	$ 0
National School Lunch Program	10.555	1,054,642	96,719
COVID-19 National School Lunch Program	10.555	108,982	0
Total Child Nutrition Cluster		1,297,098	96,719
COVID-19 - Pandemic EBT Administrative Costs	10.649	3,135	0
Total U.S. Department of Agriculture		1,300,233	96,719
U.S. Department of Education			
Passed through Ohio Department of Education			
Title I - Grants to Local Educational Agencies - 2023	84.010	1,240,858	0
Title I - Grants to Local Educational Agencies - 2022	84.010	203,733	0
Title I - Grants to Local Educational Agencies - Non-Competitive, Supplemental School Improvements	84.010	46,720	0
Total ALN #84.010		1,491,311	0
Special Education Cluster (IDEA):			
Special Education - Grants to States	84.027	1,273,421	0
COVID-19 - Special Education - Grants to States	84.027X	41,222	0
Special Education - Preschool Grants	84.173	72,832	0
Total Special Education Cluster		1,387,475	0
Career and Technical Education - Basic Grants to States - 2023	84.048	185,944	0
Career and Technical Education - Basic Grants to States - 2022	84.048	30,843	0
Total ALN #84.048		216,787	0
English Language Acquisition State Grants	84.365	36,379	0
Improving Teacher Quality State Grants - 2023	84.367	175,578	0
Improving Teacher Quality State Grants - 2022	84.367	48,173	0
Total ALN #84.367		223,751	0
Student Support and Academic Enrichment - 2023	84.424	99,648	0
Student Support and Academic Enrichment - 2022	84.424	43,327	0
Total ALN #84.424		142,975	0
Education Stabilization Fund -			
ESSER	84.425D	875,133	0
ESSER ARP	84.425U	5,326,829	0
ESSER ARP Homeless	84.425W	32,759	0
Total ALN #84.425		6,234,721	0
Total U.S. Department of Education		9,733,399	0
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 11,033,632	$ 96,719

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

NOTE 1: **BASIS OF PRESENTATION**

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

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

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3: **INDIRECT COST RATE**

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

NOTE 4: **CHILD NUTRITION CLUSTER**

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

NOTE 5: **FOOD DONATION PROGRAM**

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

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

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

To the Members of the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lakewood City School District, Cuyahoga County, Ohio, (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 30, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of This Report

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

Zupka & Associates

Zupka & Associates
Certified Public Accountants

December 30, 2023

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

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

To the Members of the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Lakewood City School District, Cuyahoga County, Ohio's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Lakewood City School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Lakewood City School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the Lakewood City School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Lakewood City School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Zupka & Associates

Zupka & Associates
Certified Public Accountants

December 30, 2023

LAKEWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
UNIFORM GUIDANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

1. SUMMARY OF AUDITOR'S RESULTS

2023(i)	Type of Financial Statement Opinion	Unmodified
2023(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2023(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2023(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2023(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2023(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2023(v)	Type of Major Programs' Compliance Opinions	Unmodified
2023(vi)	Are there any reportable findings under 2 CFR 200.516(a)?	No
2023(vii)	Major Programs (list): Title I - Grants to Local Educational Agencies - ALN #84.010 Special Education Cluster (IDEA) - ALN #84.027 and ALN #84.173 Education Stabilization Fund - ESSER - ALN #84.425D ESSER ARP - ALN #84.425U ESSER ARP Homeless - ALN #84.425W	
2023(viii)	Dollar Threshold: A/B Program	Type A: $750,000 Type B: All Others
2023(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

LAKEWOOD CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The audit report for the fiscal year ending June 30, 2022 contained no audit findings. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

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OHIO AUDITOR OF STATE
KEITH FABER

LAKEWOOD CITY SCHOOL DISTRICT

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 2/29/2024

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