



OHIO AUDITOR OF STATE
KEITH FABER



**PERRY LOCAL SCHOOL DISTRICT
ALLEN COUNTY
JUNE 30, 2023**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position – Cash Basis	11
Statement of Activities – Cash Basis	12
Fund Financial Statements:	
Statement of Assets and Fund Balances Cash Basis - Governmental Funds	13
Statement of Receipts, Disbursements and Changes in Fund Balances – Cash Basis – Governmental Funds	14
Statement of Receipts, Disbursements and Changes in Fund Balance Budget and Actual - Budget Basis – General Fund	15
Notes to the Basic Financial Statements.....	16
Schedule of Expenditures of Federal Awards	51
Notes to the Schedule of Expenditures of Federal Awards.....	52
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	55
Independent Auditor's Report on Compliance With Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	57
Schedule of Findings.....	61
Prepared by Management:	
Summary Schedule of Prior Audit Findings	65
Corrective Action Plan	67

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Perry Local School District
Allen County
2770 East Breese Road
Lima, Ohio 45806

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter - Accounting Basis

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the School 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 School 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 School District's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

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

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

Other Information

We applied no procedures to management's discussion and analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 11, 2024, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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 School 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 School District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

April 11, 2024

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Perry Local School District
Allen County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)

The discussion and analysis of the Perry Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- In total, net position increased \$1,118,767 from fiscal year 2022.
- Outstanding debt increased from \$8,510,968 to \$8,842,005 due to principal payments made by the School District combined with a new financed purchase agreement for a stadium project.

Using this Annual Report

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. For fiscal year 2023, the general fund and bond retirement fund are the School District's most significant funds.

Basis of Accounting

The School District has elected to present its financial statements on the cash basis of accounting. This cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions.

Essentially, the only assets reported on this strictly cash receipt and disbursement basis presentation in a statement of net position will be cash and cash equivalents. The statement of activities reports cash receipts and disbursements, or in other words, the sources and uses of cash and cash equivalents. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

Perry Local School District
Allen County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)
(Continued)

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2023?" The statement of net position and the statement of activities answer this question.

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

In the statement of net position and the statement of activities, governmental activities include the School District's programs and services, including instruction, support services, extracurricular activities and food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds include the general fund and bond retirement fund.

Governmental Funds - All of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

Perry Local School District
Allen County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)
(Continued)

The School District as a Whole

Table 1 provides a summary of the School District's net position for fiscal year 2023 compared to 2022.

(Table 1)
Net Position – Cash Basis

	Governmental Activities		
	2023	2022	Change
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 5,235,052	\$ 4,098,344	\$ 1,136,708
Cash and Cash Equivalents in Segregated Accounts	50,828	68,769	(17,941)
<i>Total Assets</i>	<u>\$ 5,285,880</u>	<u>\$ 4,167,113</u>	<u>\$ 1,118,767</u>
Net Position			
Restricted for:			
Capital Outlay	627,051	112,985	514,066
Debt Service	723,775	745,541	(21,766)
Other Purposes	1,161,090	920,091	240,999
Unrestricted	<u>2,773,964</u>	<u>2,388,496</u>	<u>385,468</u>
<i>Total Net Position</i>	<u>\$ 5,285,880</u>	<u>\$ 4,167,113</u>	<u>\$ 1,118,767</u>

Cash and cash equivalents increased from fiscal year 2022 mainly due to the receipt of proceeds from a financed purchase agreement for a stadium project and an increase in state foundation funding that were not offset by disbursements. Respective increases are seen in net position restricted for capital outlay and for other purposes.

A portion of the School District's net position represents resources subject to external restrictions on how they may be used. The remaining balance of the government-wide unrestricted net position may be used to meet the School District's ongoing obligations.

Perry Local School District
Allen County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)
(Continued)

Table 2 shows the changes in net position for fiscal year 2023 as compared to fiscal year 2022.

(Table 2)
Changes in Net Position – Cash Basis

	Governmental Activities		
	2023	2022	Change
Receipts			
Program Receipts			
Charges for Services and Sales	\$ 599,518	\$ 433,541	\$ 165,977
Operating Grants, Contributions and Interest	2,218,346	1,577,699	640,647
Capital Grants, Contributions and Interest	-	523	(523)
<i>Total Program Receipts</i>	<u>2,817,864</u>	<u>2,011,763</u>	<u>806,101</u>
General Receipts			
Property Taxes	4,634,082	4,711,794	(77,712)
Grants and Entitlements not Restricted to Specific Programs	4,691,809	4,356,187	335,622
Payments in Lieu of Taxes	60,330	60,132	198
Proceeds of Financed Purchase	819,000	-	819,000
Investment Earnings	132,108	4,252	127,856
Miscellaneous	70,031	197,860	(127,829)
<i>Total General Receipts</i>	<u>10,407,360</u>	<u>9,330,225</u>	<u>1,077,135</u>
<i>Total Receipts</i>	<u>13,225,224</u>	<u>11,341,988</u>	<u>1,883,236</u>
Program Disbursements			
Instruction:			
Regular	4,076,167	3,842,717	233,450
Special	1,403,749	1,349,960	53,789
Vocational	86,817	4,394	82,423
Student Intervention Services	16,985	16,491	494
Other	181,653	197,072	(15,419)
Support Services:			
Pupils	646,550	684,457	(37,907)
Instructional Staff	393,333	266,153	127,180
Board of Education	103,599	30,212	73,387
Administration	785,798	813,214	(27,416)
Fiscal	340,897	331,462	9,435
Operation and Maintenance of Plant	875,463	919,708	(44,245)
Pupil Transportation	534,366	354,991	179,375
Central	29,177	52,569	(23,392)
Operation of Non-Instructional Services:			
Food Service Operations	481,555	498,312	(16,757)
Community Services	5,481	1,837	3,644
Extracurricular Activities	379,402	364,013	15,389
Capital Outlay	1,007,500	246,522	760,978
Debt Service:			
Principal Retirement	487,963	353,818	134,145
Interest and Fiscal Charges	270,002	372,984	(102,982)
<i>Total Program Disbursements</i>	<u>12,106,457</u>	<u>10,700,886</u>	<u>1,405,571</u>
<i>Change in Net Position</i>	<u>1,118,767</u>	<u>641,102</u>	<u>477,665</u>
<i>Net Position Beginning of Year</i>	<u>4,167,113</u>	<u>3,526,011</u>	<u>641,102</u>
<i>Net Position End of Year</i>	<u>\$ 5,285,880</u>	<u>\$ 4,167,113</u>	<u>\$ 1,118,767</u>

Perry Local School District
Allen County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)
(Continued)

The increase in grants, contributions and interest was due to the School District receiving funding through the Governor's Emergency Education Relief program for the construction of a school-based health clinic. Construction of the health clinic, in addition to work on the stadium project previously mentioned, were the primary reasons for the increase in capital outlay.

The School District's Funds

The School District's governmental funds are accounted for using the cash basis of accounting.

Fund	Fund Balance 6/30/2023	Fund Balance 6/30/2022	Increase (Decrease)
General	\$ 2,995,371	\$ 2,498,533	\$ 496,838
Bond Retirement	723,775	745,541	(21,766)

The general fund's fund balance increased primarily from the increased state foundation funding previously discussed.

The bond retirement fund's fund balance decreased primarily due to the timing of tax collections versus principal and interest payments paid on debt.

General Fund Budgeting Highlights

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

Original Budget Compared to Final Budget During the year there was no need for any significant amendments to the original estimated receipts or other financing sources and uses. The original budgeted appropriation for capital outlay was decreased significantly primarily due to the stadium project not progressing as expected.

Final Budget Compared to Actual Results There were no significant variances between the final budgeted and actual receipts and disbursements, or other financing sources and uses.

Debt Administration

During the fiscal year the school district entered into an \$819,000 financed purchase agreement to fund a major stadium project. For further information regarding the project and other debt, refer to Note 10 of the basic financial statements.

Perry Local School District
Allen County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2023
(Unaudited)
(Continued)

Current Issues

Perry Local School District relies heavily on the support of the local community and its taxpayers. In November of 2021 the taxpayers supported the renewal of a five-year Permanent Improvement levy at 1.5 mils of current tax valuations. In November of 2020 the taxpayers supported the renewal of a five-year renewal levy at 4.9 mils of current tax valuations.

In 2021-2022 the Ohio Department of Education enacted the Fair School Funding Plan which is a complete change in how Ohio Schools are funded. A students funding is now based on a per pupil funded amount and no longer compensates based on a resident or open enrolled student.

During the 2017-2018 school year, the School District applied for and was awarded the Community Eligibility Provision through the Ohio Department of Education. This program allows the school to offer no-cost lunches and breakfasts to all of our students for up to four consecutive years. The students continued to receive free breakfasts and lunches for the 2021-2022 school year. The 2021-2022 was also the COVID- 19 pandemic and all school districts in the state of Ohio had free breakfast and free lunch. In the 2022-2023 the school district moved away from the CEP program and returned to charging income based for meals.

At the March 15, 2023 regular meeting the board accepted the resignation and return to teaching staff position of Lisa Henline, Elementary Principal, at the end of the school year. At the May 17, 2023 regular board meeting the hiring of Stephanie Tear as the Elementary Principal, effective August 1, 2023, was approved.

Three-year contracts with both unions (PEA & OAPSE) expired as of June 30, 2022. At the August 24, 2022 regular board meeting, there were motions to approve ratification of collective bargaining agreements with Perry Education Association and with the O.A.P.S.E. Chapter 595. Raises for these employees for the three years are as follows: 2022-2023 – 2.25 percent, 2023-2024 – 2.25 percent, and 2024-2025 – 2.50 percent.

Perry Local School District management continues to monitor School District finances. The coming years should prove to be both exciting and challenging to the School District. The change in the state funding formula which directly impacts the school's revenues began in the 2021-2022 fiscal year. School District management is committed to monitoring these changing conditions and making pro-active decisions regarding School District finances when needed.

The future impact of financial operations remains a concern to the Board of Education with temporary COVID-19 funding relief ending soon, as well as the unstable United States economy.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Mandy France, Treasurer/CFO of Perry Local School District, 2770 E. Breese Road, Lima, OH 45806, (419) 221-2770, or treasurer@mycommodore.org.

Perry Local School District
Allen County, Ohio
Statement of Net Position - Cash Basis
June 30, 2023

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 5,235,052
Cash and Cash Equivalents in Segregated Accounts	50,828
<i>Total Assets</i>	\$ 5,285,880
Net Position	
Restricted for:	
Capital Outlay	\$ 627,051
Debt Service	723,775
Other Purposes	1,161,090
Unrestricted	2,773,964
<i>Total Net Position</i>	\$ 5,285,880

See accompanying notes to the basic financial statements

Perry Local School District
Allen County, Ohio
Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2023

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$ 4,076,167	\$ 294,614	\$ 208,877	\$ (3,572,676)
Special	1,403,749	75,673	404,219	(923,857)
Vocational	86,817	-	-	(86,817)
Student Intervention Services	16,985	-	-	(16,985)
Other	181,653	-	18,086	(163,567)
Support Services:				
Pupils	646,550	-	4,676	(641,874)
Instructional Staff	393,333	-	142,637	(250,696)
Board of Education	103,599	-	-	(103,599)
Administration	785,798	-	65,762	(720,036)
Fiscal	340,897	-	-	(340,897)
Operation and Maintenance of Plant	875,463	5,589	20,842	(849,032)
Pupil Transportation	534,366	-	203,763	(330,603)
Central	29,177	-	24,550	(4,627)
Operation of Non-Instructional Services:				
Food Service Operations	481,555	92,267	474,235	84,947
Community Services	5,481	-	8,270	2,789
Extracurricular Activities	379,402	131,375	34,962	(213,065)
Capital Outlay	1,007,500	-	607,467	(400,033)
Debt Service:				
Principal Retirement	487,963	-	-	(487,963)
Interest and Fiscal Charges	270,002	-	-	(270,002)
<i>Total Governmental Activities</i>	<u>\$ 12,106,457</u>	<u>\$ 599,518</u>	<u>\$ 2,218,346</u>	<u>(9,288,593)</u>
General Receipts				
Property Taxes Levied for:				
General Purposes				3,894,808
Debt Service				535,308
Capital Outlay				135,961
Classroom Facilities Maintenance				68,005
Grants and Entitlements not Restricted to Specific Programs				4,691,809
Payments in Lieu of Taxes				60,330
Proceeds of Financed Purchase				819,000
Investment Earnings				132,108
Miscellaneous				70,031
<i>Total General Receipts</i>				<u>10,407,360</u>
Change in Net Position				1,118,767
<i>Net Position Beginning of Year</i>				<u>4,167,113</u>
<i>Net Position End of Year</i>				<u>\$ 5,285,880</u>

See accompanying notes to the basic financial statements

Perry Local School District
Allen County, Ohio
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
June 30, 2023

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 2,944,543	\$ 723,775	\$ 1,566,734	\$ 5,235,052
Cash and Cash Equivalents in Segregated Accounts	50,828	-	-	50,828
<i>Total Assets</i>	<u>\$ 2,995,371</u>	<u>\$ 723,775</u>	<u>\$ 1,566,734</u>	<u>\$ 5,285,880</u>
Fund Balances				
Nonspendable	\$ 454	\$ -	\$ -	\$ 454
Restricted	50,828	723,775	1,736,859	2,511,462
Assigned	347,300	-	-	347,300
Unassigned	2,596,789	-	(170,125)	2,426,664
<i>Total Fund Balances</i>	<u>\$ 2,995,371</u>	<u>\$ 723,775</u>	<u>\$ 1,566,734</u>	<u>\$ 5,285,880</u>

See accompanying notes to the basic financial statements

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

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$ 3,894,808	\$ 535,308	\$ 203,966	\$ 4,634,082
Intergovernmental	4,609,530	68,661	2,174,708	6,852,899
Interest	106,639	19,072	17,509	143,220
Tuition and Fees	370,212	-	-	370,212
Rent	75	-	-	75
Extracurricular Activities	20,536	-	110,839	131,375
Gifts and Donations	7,223	-	38,921	46,144
Charges for Services	-	-	97,856	97,856
Payments in Lieu of Taxes	60,330	-	-	60,330
Miscellaneous	64,327	-	5,704	70,031
<i>Total Receipts</i>	<u>9,133,680</u>	<u>623,041</u>	<u>2,649,503</u>	<u>12,406,224</u>
Disbursements				
Current:				
Instruction:				
Regular	3,827,216	-	248,951	4,076,167
Special	949,740	-	454,009	1,403,749
Vocational	86,817	-	-	86,817
Student Intervention Services	16,985	-	-	16,985
Other	159,133	-	22,520	181,653
Support Services:				
Pupils	640,413	-	6,137	646,550
Instructional Staff	238,744	-	154,589	393,333
Board of Education	103,599	-	-	103,599
Administration	715,102	-	70,696	785,798
Fiscal	326,591	10,332	3,974	340,897
Operation and Maintenance of Plant	862,510	-	12,953	875,463
Pupil Transportation	321,639	-	212,727	534,366
Central	18,009	-	11,168	29,177
Extracurricular Activities	233,178	-	146,224	379,402
Operation of Non-Instructional Services:				
Food Service Operations	471	-	481,084	481,555
Community Services	-	-	5,481	5,481
Capital Outlay	86,433	-	921,067	1,007,500
Debt Service:				
Principal Retirement	-	455,000	32,963	487,963
Interest and Fiscal Charges	-	231,035	38,967	270,002
<i>Total Disbursements</i>	<u>8,586,580</u>	<u>696,367</u>	<u>2,823,510</u>	<u>12,106,457</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>547,100</u>	<u>(73,326)</u>	<u>(174,007)</u>	<u>299,767</u>
Other Financing Sources (Uses)				
Proceeds of Financed Purchase	-	-	819,000	819,000
Advances In	1,298	-	-	1,298
Advances Out	-	-	(1,298)	(1,298)
Transfers In	-	51,560	571	52,131
Transfers Out	(51,560)	-	(571)	(52,131)
<i>Total Other Financing Sources (Uses)</i>	<u>(50,262)</u>	<u>51,560</u>	<u>817,702</u>	<u>819,000</u>
<i>Net Change in Fund Balances</i>	496,838	(21,766)	643,695	1,118,767
<i>Fund Balances Beginning of Year</i>	<u>2,498,533</u>	<u>745,541</u>	<u>923,039</u>	<u>4,167,113</u>
<i>Fund Balances End of Year</i>	<u>\$ 2,995,371</u>	<u>\$ 723,775</u>	<u>\$ 1,566,734</u>	<u>\$ 5,285,880</u>

See accompanying notes to the basic financial statements

Perry Local School District
Allen County, Ohio
Statement of Receipts, Disbursements and Changes in Fund Balance
Budget and Actual - Budget Basis
General Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 3,948,565	\$ 3,792,080	\$ 3,894,808	\$ 102,728
Intergovernmental	4,280,665	4,502,665	4,609,530	106,865
Interest	2,155	140,591	106,011	(34,580)
Tuition and Fees	292,540	346,602	354,456	7,854
Rent	813	811	75	(736)
Gifts and Donations	1,515	1,468	1,500	32
Payments in Lieu of Taxes	60,734	58,457	60,330	1,873
Miscellaneous	180	18,221	18,808	587
<i>Total Receipts</i>	<u>8,587,167</u>	<u>8,860,895</u>	<u>9,045,518</u>	<u>184,623</u>
Disbursements				
Current:				
Instruction:				
Regular	3,825,720	3,824,951	3,864,844	(39,893)
Special	1,150,070	954,991	1,037,498	(82,507)
Vocational	-	60,001	86,817	(26,816)
Student Intervention Services	-	-	16,985	(16,985)
Other	83,335	208,634	159,133	49,501
Support Services:				
Pupils	594,796	656,972	640,413	16,559
Instructional Staff	222,401	252,601	238,744	13,857
Board of Education	27,147	104,461	111,344	(6,883)
Administration	731,220	733,268	701,887	31,381
Fiscal	334,122	336,417	337,469	(1,052)
Operation and Maintenance of Plant	877,475	900,277	885,294	14,983
Pupil Transportation	410,704	428,479	325,739	102,740
Central	115,136	130,446	19,273	111,173
Extracurricular Activities	235,080	236,782	233,178	3,604
Operation of Non-Instructional Services:				
Food Service Operations	-	-	471	(471)
Capital Outlay	565,501	110,500	86,433	24,067
<i>Total Disbursements</i>	<u>9,172,707</u>	<u>8,938,780</u>	<u>8,745,522</u>	<u>193,258</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(585,540)</u>	<u>(77,885)</u>	<u>299,996</u>	<u>377,881</u>
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	200,041	41,797	43,144	1,347
Advances In	-	1,257	1,298	41
Refund of Prior Year Receipts	-	(10,858)	-	10,858
Transfers In	-	12,104	12,494	390
Transfers Out	(67,323)	(67,323)	(64,054)	3,269
<i>Total Other Financing Sources (Uses)</i>	<u>132,718</u>	<u>(23,023)</u>	<u>(7,118)</u>	<u>15,905</u>
<i>Net Change in Fund Balance</i>	<u>(452,822)</u>	<u>(100,908)</u>	<u>292,878</u>	<u>393,786</u>
<i>Fund Balance Beginning of Year</i>	<u>2,273,065</u>	<u>2,273,065</u>	<u>2,273,065</u>	<u>-</u>
Prior Year Encumbrances Appropriated	173,437	173,437	173,437	-
<i>Fund Balance End of Year</i>	<u>\$ 1,993,680</u>	<u>\$ 2,345,594</u>	<u>\$ 2,739,380</u>	<u>\$ 393,786</u>

See accompanying notes to the basic financial statements

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Perry Local School District (the School District) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally elected Board form of government consisting of five members elected at-large for staggered four-year terms. The School District provides educational services as authorized by state and federal guidelines.

The School District is located in Allen County and includes all of Perry Township. The School District is staffed by classified employees and certificated full-time teaching personnel who provide services to students and other community members. The School District currently operates two buildings.

A. Reporting Entity

The reporting entity is composed of the primary government, component units, and other organizations that are included to insure the financial statements are not misleading.

B. Primary Government

The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Perry Local School District, this includes general operations, food service, and student related activities.

C. Component Units

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes.

The School District does not have any component units.

D. Jointly Governed Organizations

1. Northwest Ohio Area Computer Services Cooperative

The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC) which is a computer consortium. NOACSC is an association of educational entities within the boundaries of Allen, Auglaize, Hardin, Hancock, Mercer, Paulding, Putnam, Seneca, Van Wert, Wood, and Wyandot counties and Cities of Wapakoneta and St. Marys. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member Districts.

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county. Financial information can be obtained from the Executive Director, at 4277 East Road, Elida, Ohio 45807.

2. Apollo Career Center

The Apollo Career Center is a distinct political subdivision of the State of Ohio which provides vocational education to students, operates under the direction of a Board consisting of one representative from the educators of each of the participating Districts' elected boards. The Board possesses its own budgeting and taxing authority. To obtain financial information, write to Apollo Career Center, Maria Rellinger, who serves as Treasurer, at 3325 Shawnee Road, Lima, Ohio 45806.

3. Spencerville, Perry, and Bath Local Professional Development Committee

The Spencerville, Perry, and Bath Local Professional Development Committee is a consortium operated under the direction of a Board consisting of one representative from the educators of each , along with two administrators from the members chosen by the superintendents. The Committee was formed to review coursework and other professional development activities completed by educators within the Districts and used for the renewal of certificates and licenses. As of June 30, 2023, there was no financial information available for this Committee.

E. Group Insurance Purchasing Pools

1. Council of Allen County Schools Health Benefits Consortium

The School District participates in the Council of Allen County Schools Health Benefits Consortium (the Trust), public entity shared risk pool consisting of the districts within Allen County. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides sick, accident and other benefits to the employees of the participating districts. Each participating District's superintendent is appointed to a Board of Trustees which advises the Trustee, Gallagher Benefit Services, Inc. (3rd Party Administrator) concerning aspects of the administration of the Trust. Each District decides which plans offered the Board of Trustees will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Board of Trustees and payment of the monthly premiums. Financial information can be obtained from Mr. Craig Kupferberg, who serves as Chairman, at 1920 Slabtown Rd., Lima, Ohio 45804.

2. Ohio School Plan

The School District participates in the Ohio School Plan (the Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its member which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services.

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

The Plan's business and affairs are conducted by an 11-member board consisting of individual representatives from various OSP members. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Hyre Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Hyre Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

3. Sheakley Uniservice, Inc. Workers' Compensation Group Rating Program

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. Each year, participants pay an enrollment fee to the Plan to cover the costs of administering the program.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Although required by Ohio Administrative Code Section 117-2-03 (B) to prepare its annual financial report in accordance with generally accepted accounting principles, the School District chooses to prepare its financial statements on the basis of accounting other than generally accepted accounting principles.

As discussed further in Note 2C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). This comprehensive basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

Following are the more significant of the School District's accounting policies.

A. Basis of Presentation

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

1. Government-Wide Financial Statements

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

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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

2. Fund Financial Statements

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

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that records cash and other financial resources, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. The funds of the School District are divided into two categories, governmental and fiduciary.

1. Governmental Funds

Governmental funds are those through which all governmental functions of the School District are financed. Governmental fund reporting focuses on the sources uses and balances or current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. The School District's major funds are as follows:

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

Bond Retirement Fund - The Bond Retirement Fund is used to account for property tax revenues to pay principal and interest of the School District's bonds.

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

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

2. Fiduciary Funds

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

C. Basis of Accounting

The School District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

D. Budgetary Process

All funds, except custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate.

The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund level for all funds.

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

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

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

E. Cash and Investments

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

Money held in the HRA account is presented as “Cash and Cash Equivalents in Segregated Accounts.”

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

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

During fiscal year 2023, the School District invested in Federal government agency securities, U.S Treasury Bills, a U.S. Treasury Money Market, and STAR Ohio. Investments, except STAR Ohio and U.S. Treasury Money Market, are reported at cost, which approximates market value.

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

For the fiscal year 2023, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2023 were \$106,639, which includes \$9,027 assigned from other funds.

F. Inventory and Prepaid Items

The School District reports disbursements for inventory and prepaid items when paid.

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

G. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid.

H. Interfund Receivables/Payables

The School District reports advances-in and advances-out for interfund loans.

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

K. Leases

The School District is the lessee in a lease related to a building under a noncancelable lease. Lease payables are not reflected under the School District's cash basis of accounting. Lease disbursements are recognized when they are paid.

L. Subscription-Based Information Technology Arrangements (SBITA)

For fiscal year 2023, GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA) was effective. This GASB pronouncement had no effect on beginning net position/fund balance.

The School District is party to various SBITAs; however, liabilities are not reflected under the School District's cash basis of accounting. SBITA disbursements are recognized when they are paid.

M. Long-Term Obligations

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. The School District has chosen to record another financing source and a capital outlay disbursement at inception of a lease, SBITA or financed purchase transaction.

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

N. Equity Classifications

1. Government-Wide Statements

Equity is classified as net position and is displayed in separate components:

- a. Restricted net position** – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation adopted by the school district. Net position restricted for other purposes include resources restricted for food service operations, music and athletic programs, and restricted and state grants restricted to disbursements for specified purposes. At June 30, 2023, the School District had no funds restricted by enabling legislation.
- b. Unrestricted net position** – All other net position that does not meet the definition of “restricted.” The School District’s policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net positions are available.

2. Fund Financial Statements

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

- a. Non-spendable** - The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.
- b. Restricted** - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or is imposed by law through constitutional provisions.
- c. Committed** - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the 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.

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

- d. Assigned** - Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education. The Board of Education has by resolution authorized the treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated receipts and appropriations in the subsequent year's appropriated budget.
- e. Unassigned** - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

O. Interfund Transactions

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

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

P. Intergovernmental Receipts

Unrestricted intergovernmental receipts received on the basis of entitlement are recorded as receipts when the entitlement is received. Federal and State reimbursement type grants for the acquisition or construction of capital assets are recorded as receipts when the grant money is received.

Q. Pensions and OPEB

For purposes of measuring the net pension and net other postemployment benefits (OPEB) liability (asset), information about the fiduciary net position of the retirement plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the retirement systems.

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

For this purpose, pension and health care benefit payments (including refunds of member contributions) are recognized when due and payable in accordance with the terms of the plan. The retirement systems report investments at fair value.

3. COMPLIANCE

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

4. BUDGETARY BASIS OF ACCOUNTING

The statement of receipts, disbursements and changes in fund balance - budget and actual budget 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 cash basis are that:

- a. 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 a disbursement rather than assigned fund balance (cash basis); and,
- b. Some funds are included in the general fund (cash basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance		General Fund
Cash basis	\$	496,838
Funds budgeted elsewhere **		(5,421)
Adjustment for encumbrances		(198,539)
Budget basis	\$	292,878

** As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a cash basis. This includes the public school support fund, uniform school supplies fund and unclaimed monies fund.

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

5. DEPOSITS AND INVESTMENTS

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

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

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

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

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

Interim monies held by the School District can be deposited or invested in the following securities:

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

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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 division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days and two hundred seventy days, respectively, from the purchase date in an amount not to exceed 40 percent of the interim moneys available for investment at any one time (if training requirements have been met).

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 School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand - At June 30, 2022 the School District had \$100 in undeposited cash on hand, which is included as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits - At year-end, the School District's bank balance of \$317,062 was not exposed to custodial credit risk.

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

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

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

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Investments

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

	S&P Global Rating	Measurement Amount	Maturities in Years < 1 year	% of Total Investments
Cost:				
Federal Home Loan Bank	AA	\$ 357,754	\$ 357,754	7.97%
US Treasury Bill	N/A	1,465,267	1,465,267	32.66%
Net Asset Value (NAV):				
STAR Ohio	AAAm	2,657,308	2,657,308	59.24%
Money Market	N/A	5,919	5,919	0.13%
<i>Total Investments</i>		<u>\$4,486,248</u>	<u>\$ 4,486,248</u>	<u>100.00%</u>

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School 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 School District's name. The School 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.

Interest Rate Risk - Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The investment policy restricts the Treasurer from investing in anything other than as identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the School District. The Treasurer is also restricted from purchasing investments that cannot be held until the maturity date.

Credit Risk - Ohio law requires government and agency mutual funds and STAR Ohio to maintain the highest rating provided by at least one nationally recognized standard rating service. STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2023, is 39 days and carries a rating of AAAm by S&P Global Ratings.

Concentration of Credit Risk - The School District has adopted a policy that its portfolio shall remain sufficiently liquid to meet current obligations of the School District. Minimum levels may be established in order to meet current obligations; however, the School District has not limited the amount that may be invested in a particular security.

6. PROPERTY TAXES

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

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2023 represents collections of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed value listed as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

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

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

	2022 Second- Half Collections		2023 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 124,324,980	83.0%	\$ 126,031,810	82.8%
Public Utility/Personal Property	25,509,540	17.0%	26,096,880	17.2%
Total	\$ 149,834,520	100.0%	\$ 152,128,690	100.0%
Tax rate per \$1,000 of assessed valuation	\$ 44.43		\$ 44.59	

7. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2023, the School District contracted with the Ohio School Plan for general liability, educational legal liability, and fleet insurance, and with Indiana Insurance Company for property insurance.

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

The School District participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

The School District participates in the Sheakley Uniservice, Inc. Group Rating Program (the Program), an insurance purchasing pool. The Program is intended to reduce premiums for the participants. The worker's compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the program.

Each participant pays its workers' compensation premium to the State based on the rate for the Program rather than its individual rate. Participation in the Plan is limited to educational entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

The School District participates in the Council of Allen County Schools Health Benefits Consortium (the Trust), a public entity shared risk pool consisting of the districts within Allen County. The School District pays monthly premiums to the Trust for employee medical and dental benefits. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

8. 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 is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the cash basis framework.

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

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

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

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities (assets) within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature.

Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The remainder of this note includes the required pension disclosures. See Note 9 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a statewide, cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, 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 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, may be included in this plan.

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. 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. The COLA is indexed to the percentage increase in the CPIW, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for calendar years 2018, 2019, and 2020. SERS approved a 2.5 percent COLA for calendar year 2022.

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers.

The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.0 percent. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2023.

The School District's contractually required contribution to SERS was \$170,496 for fiscal year 2023.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (614) 227-4090, or by visiting the STRS Web site at www.strsoh.org.

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

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

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

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

The Combined plan offers features of both the DB Plan and the DC Plan. In the Combined plan, 12 percent of the 14 percent member rate is deposited into the member’s DC account and the remaining 2 percent is applied to the DB Plan. Member contributions to the DC Plan are allocated among investment choices by the member, and contributions to the DB Plan from the employer and the member are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined plan payment is payable to a member on or after age 60 with five years of service.

The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50 and after termination of employment.

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory employer rate is 14 percent and the statutory member rate is 14 percent of covered payroll. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The 2023 contribution rates were equal to the statutory maximum rates.

The School District’s contractually required contribution to STRS was \$583,326 for fiscal year 2023.

Pension Liabilities

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 independent actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the employer’s share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.0283970%	0.03021200%	
Prior Measurement Date	0.0324650%	0.02864300%	
Change in Proportionate Share	-0.0040680%	0.00156900%	
Proportionate Share of the Net Pension Liability	\$ 1,535,914	\$ 6,716,229	\$ 8,252,143

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Actuarial Assumptions - SERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2132.

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 and June 30, 2021, are presented below:

Actuarial Cost Method	Entry Age Normal (Level Percentage of Payroll, Closed)
Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent, net of investment expense, including inflation
COLA or Ad Hoc COLA	2.00 percent, on and after April 1, 2018, COLA's for future retirees will be delayed for three years following commencement

For 2022 and 2021, Mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward two years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward five years and adjusted 103.3 percent for males and set forward three years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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

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

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

Discount Rate Total pension liability was calculated using the discount rate of 7.00 percent. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 23-year amortization period of the unfunded actuarial accrued liability. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments was negative 1.93 percent.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's Proportionate Share of the Net Pension Liability	\$ 2,260,817	\$ 1,535,914	\$ 925,224

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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:

Inflation	2.50 percent
Salary Increases	Varies by service from 2.50 percent to 8.50 percent
Payroll Increases	3.00 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Cost-of-Living Adjustments (COLA)	0.00 percent

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

Inflation	2.50 percent
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent
Cost-of-Living Adjustments	0.00 percent

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

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

The actuarial assumptions used in the June 30, 2022 valuation, were based on the results of the latest available actuarial experience study, which is for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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

*Target allocation percentage is effective as of July 1, 2022. Target weights 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 percent and is net of investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate. The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumes that employer and member contributions will be made at statutory contribution rates of 14 percent each. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2022. Therefore, the long-term expected rate of return on investments of 7.00 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2022.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table represents the School District's proportionate share of the net pension liability as of June 30, 2022, calculated using the current period discount rate assumption of 7.00 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption:

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 10,145,681	\$ 6,716,229	\$ 3,815,857

Assumption and Benefit Changes Since the Prior Measurement Date The discount rate was adjusted to 7.00 percent for the June 30, 2022 valuation.

Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

9. DEFINED BENEFIT OPEB PLANS

See Note 8 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

The net OPEB liability(asset) is not reported on the face of the financial statements as a liability (asset) because of the use of the cash basis framework.

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2023, SERS did not allocate any employer contributions to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District's surcharge obligation was \$16,500.

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Medicare Part B partial premium reimbursements will be continued indefinitely. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (614) 227-4090.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2023, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liability (Asset)

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

	SERS	STRS
Proportion of the Net OPEB Liability (Asset):		
Current Measurement Date	0.029100%	0.030212%
Prior Measurement Date	0.033530%	0.028643%
Change in Proportionate Share	-0.004430%	0.001569%
Proportionate Share of the Net		
OPEB Liability (Asset)	\$ 408,570	\$ (782,289)

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.

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

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

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

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

Inflation	2.40 percent
Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Prior Measurement Date	1.92 percent
Measurement Date	3.69 percent
Single Equivalent Interest Rate	
Prior Measurement Date	2.27 percent, net of plan investment expense, including price inflation
Measurement Date	4.08 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Medicare	7.00 percent - 4.40 percent

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

Inflation	2.40 percent
Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Municipal Bond Index Rate	
Measurement Date	1.92 percent
Prior Measurement Date	2.45 percent
Single Equivalent Interest Rate	
Measurement Date	2.27 percent, net of plan investment expense, including price inflation
Prior Measurement Date	2.63 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Pre-Medicare	6.750 percent - 4.40 percent
Medicare	5.125 percent - 4.40 percent

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

For 2022 and 2021, mortality rates were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward two years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward five years and adjusted 103.3 percent for males and set forward three years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

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

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2022, was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 2022 was 2.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries.

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69 percent at June 30, 2022 and 1.92 percent at June 30, 2021.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.08 percent) and higher (5.08 percent) than the current discount rate (4.08 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.40 percent) and higher (8.00 percent decreasing to 5.40 percent) than the current rate (7.00 percent decreasing to 4.40 percent).

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 507,446	\$ 408,570	\$ 328,745
		Current Trend Rate	
	1% Decrease	1% Increase	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 315,079	\$ 408,570	\$ 530,678

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:

Salary Increases	Varies by service from 2.50 percent to 8.50 percent	
Payroll Increases	3.00 percent	
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.00 percent	
Health Care Cost Trend Rates		
Medical	<u>Initial</u>	<u>Ultimate</u>
Pre-Medicare	7.50 percent	3.94 percent
Medicare	-68.78 percent	3.94 percent
Prescription Drug		
Pre-Medicare	9.00 percent	3.94 percent
Medicare	-5.47 percent	3.94 percent

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

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Inflation	2.50 percent	
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	
Payroll Increases	3.00 percent	
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	
Discount Rate of Return	7.00 percent	
Health Care Cost Trend Rates		
Medical	<u>Initial</u>	<u>Ultimate</u>
Pre-Medicare	5.00 percent	4.00 percent
Medicare	-16.18 percent	4.00 percent
Prescription Drug		
Pre-Medicare	6.50 percent	4.00 percent
Medicare	29.98 percent	4.00 percent

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

In 2021, for healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

The actuarial assumptions used in the June 30, 2022 valuation were adopted by the board from the results of an actuarial experience study for July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Long-Term Expected Rate of Return**</u>
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	<u>100.00 %</u>	

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

*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.

**Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and is net of investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the 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 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2022.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (723,206)	\$ (782,289)	\$ (832,899)
		<u>Current Trend Rate</u>	
	<u>1% Decrease</u>	<u>1% Increase</u>	
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (811,424)	\$ (782,289)	\$ (745,513)

Assumption Changes Since the Prior Measurement Date The discount rate remained unchanged at 7.00 percent 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 of July 1, 2015 through June 30, 2021 and were changed from age based to service based.

Healthcare trends were updated to reflect emerging claims and recoveries experience.

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

10. LONG-TERM OBLIGATIONS

The changes in the School District’s long-term obligations during fiscal year 2023 were as follows:

	Balance 6/30/2022	Additions	Deductions	Balance 6/30/2023	Due Within One Year
General Obligation Bonds					
2015 School Energy Conservation Bonds					
Term Bonds	\$ 360,000	\$ -	\$ 40,000	\$ 320,000	\$ 40,000
2020 School Improvement Current Refunding Bonds					
Term Bonds	5,535,000	-	-	5,535,000	-
Serial Bonds	2,410,000	-	415,000	1,995,000	430,000
Total General Obligation Bonds	<u>8,305,000</u>	<u>-</u>	<u>455,000</u>	<u>7,850,000</u>	<u>470,000</u>
Direct Borrowings and Direct Placements					
Water Line Assessment	4,830	-	4,830	-	-
Sewer Line Assessment	201,138	-	28,133	173,005	29,104
Financed Purchase	-	819,000	-	819,000	72,040
Total Direct Borrowings and Direct Placements	<u>205,968</u>	<u>819,000</u>	<u>32,963</u>	<u>992,005</u>	<u>101,144</u>
Total Long-Term Obligations	<u>\$8,510,968</u>	<u>\$ 819,000</u>	<u>\$ 487,963</u>	<u>\$8,842,005</u>	<u>\$ 571,144</u>

2015 School Energy Conservation Bonds: On June 17, 2015, the School District issued \$625,000 in general obligation bonds for the purpose of financing the School Energy Conservation project. The project includes the installation of a building automation system, replacement of the boiler, lighting retrofits and lighting on the football field. The bond issue consists of term bonds with an interest rate of 3.40 percent.

2020 School Improvement Refunding General Obligation Bonds: On September 15, 2020, the School District issued \$8,230,000 in general obligation bonds. The bond issue consists of serial bonds and term bonds issued with a varying interest rate of 1.0 to 3.0 percent. The bonds refunded \$1,405,000 of outstanding 2010 School Improvement Refunding General Obligation Bonds, and \$7,195,000 of outstanding 2014 School Improvement Bonds. The bonds were issued for a thirty year period with final maturities at December 1, 2050.

At the date of refunding, \$8,773,185 (including premium and after underwriting fees and other issuance costs) was deposited in an irrevocable trust to provide for all future payments on the refunded bonds. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$3,302,296 over the next eleven years and resulted in an economic gain of \$2,435,790.

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2023 are as follows:

Fiscal Year Ending	2020 Issue		2015 Issue		Total Amount
	Term Principal	Serial Principal	Term Principal	Interest	
2024	\$ -	\$ 430,000	\$ 40,000	\$ 221,300	\$ 691,300
2025	-	440,000	45,000	211,105	696,105
2026	-	435,000	45,000	196,450	676,450
2027	-	165,000	45,000	185,920	395,920
2028	-	170,000	45,000	179,365	394,365
2029-2033	575,000	355,000	100,000	790,225	1,820,225
2034-2038	1,125,000	-	-	590,425	1,715,425
2039-2043	1,320,000	-	-	397,000	1,717,000
2044-2048	1,515,000	-	-	190,925	1,705,925
2049-2051	1,000,000	-	-	30,300	1,030,300
Totals	<u>\$ 5,535,000</u>	<u>\$ 1,995,000</u>	<u>\$ 320,000</u>	<u>\$ 2,993,015</u>	<u>\$10,843,015</u>

Special Assessment Debt – Water Line - During October 1995, the School District entered into contract with the Allen Water District to construct a water main to supply city water services to the School District’s facilities. Installation was completed in September 1996. The cost to the School District was \$225,000. The unpaid balance under the contract was certified to Allen County Auditor for collection as a special assessment in fiscal year 1998. The contract with the Water District also allows the School District to receive from the Allen Water District, 95 percent of any tap fees collected for a period of ten years or a maximum of \$170,000. The special assessment was paid in full in fiscal year 2023.

Special Assessment Debt – Sewer System - During November 2008, the School District entered into a contract with the Board of County Commissioners, Allen County, Ohio to construct, operate, and maintain sanitary sewer facilities. Installation was completed in May of 2009. The cost to the School District was \$484,480. The unpaid balance was certified to the Allen County Auditor for collection as a special assessment beginning in fiscal year 2010. Allen County finalized the debt agreement with OWDA for this project in fiscal year 2010.

Principal and interest requirements to retire the special assessment outstanding at June 30, 2023, are as follows:

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

Fiscal Year			
<u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 29,104	\$ 5,670	\$ 34,774
2025	30,108	4,666	34,774
2026	31,146	3,628	34,774
2027	32,221	2,553	34,774
2028	33,332	1,442	34,774
2029	17,094	292	17,386
Totals	<u>\$ 173,005</u>	<u>\$ 18,251</u>	<u>\$ 191,256</u>

Financed Purchase - In February 2023 the School District entered into a purchase agreement to provide financing for a stadium project to be substantially completed by August 31, 2024, in the amount of \$819,000 at an interest rate of 4.86 percent. The maturity date is December 1, 2032.

Principal and interest requirements to retire the financed purchase outstanding at June 30, 2023, are as follows:

Fiscal Year			
<u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 72,040	\$ 38,053	\$ 110,093
2025	68,134	34,647	102,781
2026	71,445	31,255	102,700
2027	74,917	27,698	102,615
2028	78,558	23,969	102,527
2029-2033	453,906	57,241	511,147
Totals	<u>\$ 819,000</u>	<u>\$ 212,863</u>	<u>\$ 1,031,863</u>

11. STATUTORY RESERVES

The School District is required by state law to set aside certain general fund receipt amounts, as defined, into a reserve. During the fiscal year ended June 30, 2023, the reserve activity was as follows:

	Capital Acquisition
Set-aside restricted balance as of June 30, 2022	\$ -
Current year set-aside requirement	154,327
Current year qualifying offsets	(210,362)
Total	<u>\$ (56,035)</u>
Balance carried forward to fiscal year 2024	<u>\$ -</u>
Set-aside restricted balance as of June 30, 2023	<u>\$ -</u>

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

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

12. FUND BALANCE

Fund balance is classified as non-spendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

	<u>General</u>	<u>Bond Retirement</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable for:				
Unclaimed Monies	\$ 454	\$ -	\$ -	\$ 454
Total Nonspendable	<u>454</u>	<u>-</u>	<u>-</u>	<u>454</u>
Restricted for:				
Debt Service	-	723,775	-	723,775
Capital Outlay	-	-	627,051	627,051
Classroom Facilities Maintenance	-	-	435,944	435,944
Food Service Operations	-	-	358,321	358,321
Extracurricular Activities	-	-	91,806	91,806
Other Purposes	-	-	223,737	223,737
Health Reimbursement Account	50,828	-	-	50,828
Total Restricted	<u>50,828</u>	<u>723,775</u>	<u>1,736,859</u>	<u>2,511,462</u>
Assigned for:				
Instruction	147,038	-	-	147,038
Support Services	58,447	-	-	58,447
Subsequent Year Appropriations	124,253	-	-	124,253
Other Purposes	17,562	-	-	17,562
Total Assigned	<u>347,300</u>	<u>-</u>	<u>-</u>	<u>347,300</u>
Unassigned	<u>2,596,789</u>	<u>-</u>	<u>(170,125)</u>	<u>2,426,664</u>
Total Fund Balance	<u>\$2,995,371</u>	<u>\$723,775</u>	<u>\$1,566,734</u>	<u>\$5,285,880</u>

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

At June 30, 2023, the following funds had deficit balances:

<i>Non-Major Governmental Funds</i>	Deficit
Other Local Grants	\$ 32,726
ESSER	52,653
GEER	28,282
IDEA, Part B	21,732
Title I Non-Competitive Supplemental	3,823
Title I-A	21,033
Title IV-A	9,475
Title II-A	401
Total	\$ 170,125

13. CONTINGENCIES AND COMMITMENTS

A. Grants

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

B. Litigation

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

C. Encumbrance Commitments

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

Fund	Amount
General	\$ 205,620
Nonmajor Governmental	436,917
	\$ 642,537

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2023

D. School District Funding

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As a result of the fiscal year end 2023 reviews, the School District owes \$739 to ODE. This amount has not been included in the financial statements.

14. INTERFUND

A. Transfers

During fiscal year 2023, the General Fund transferred \$51,560 to the Bond Retirement Fund for debt payments, and \$571 to other governmental funds to provide additional resources for current operations. Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

	<u>Transfers In</u>	<u>Transfers Out</u>
Fund:		
General	\$ -	\$ 51,560
Bond Retirement	51,560	-
Other Governmental Funds	571	571
	\$ 52,131	\$ 52,131

B. Interfund Balances

During the fiscal year, the district managed activities fund returned a prior year advance to the general fund in the amount of \$1,298.

	<u>Advances In</u>	<u>Advances Out</u>
Fund:		
General	\$ 1,298	\$ -
Other Governmental Funds	-	1,298
	\$ 1,298	\$ 1,298

15. TAX ABATEMENTS

The City of Lima has entered into property tax abatement agreements with property owners under the Ohio Community Reinvestment Area (CRA) program within taxing districts of the School District. The CRA program is a directive incentive tax exemption program benefiting property owners who renovate or construct new buildings. Under this program, other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. Within the taxing districts of the School District, the City of Lima has entered into such an agreement. Under the CRA program, the School District's property taxes were reduced by \$135,752. The School District is not receiving any amounts from these other governments in association with the foregone property tax revenue.

PERRY LOCAL SCHOOL DISTRICT
ALLEN COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed through Ohio Department of Education and Workforce</i>		
Child Nutrition Cluster:		
National School Lunch Program		
Non-Cash Assistance (Food Distribution)	10.555	\$29,414
Cash Assistance	10.555	270,069
COVID-19 National School Lunch Program	10.555	22,113
Total National School Lunch Program		<u>321,596</u>
School Breakfast Program		
Non-Cash Assistance (Food Distribution)	10.553	3,535
Cash Assistance	10.553	188,955
Total School Breakfast Program		<u>192,490</u>
COVID-19 Special Milk Program for Children	10.556	<u>4,995</u>
Total Child Nutrition Cluster		<u>519,081</u>
COVID-19 Pandemic EBT Administrative Costs	10.649	<u>628</u>
Total U.S. Department of Agriculture		<u>519,709</u>
U.S. DEPARTMENT OF EDUCATION		
<i>Passed through Ohio Department of Education and Workforce</i>		
Title I Grants to Local Educational Agencies	84.010	231,512
Special Education Cluster (IDEA):		
Special Education_Grants to States	84.027	220,735
COVID-19 Special Education_Grants to States	84.027X	34,349
Special Education_Preschool Grants	84.173	2,912
Total Special Education Cluster (IDEA)		<u>257,996</u>
Rural Education	84.358	18,540
Supporting Effective Instruction State Grants	84.367	25,770
Student Support and Academic Enrichment Program	84.424	26,082
COVID-19 Education Stabilization Fund		
COVID-19 Governor's Emergency Education Relief (GEER I and II) Fund	84.425C	374,154
COVID-19 Elementary and Secondary School Emergency Relief (ESSER II) Fund	84.425D	170,868
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	335,857
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief - Homeless Children and Youth	84.425W	851
Total COVID-19 Education Stabilization Fund		<u>881,730</u>
Total U.S Department of Education		<u>1,441,630</u>
U.S. DEPARTMENT OF TREASURY		
<i>Passed through Ohio Facilities Construction Commission</i>		
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	<u>59,904</u>
Total U.S. Department of Treasury		<u>59,904</u>
Total Expenditures of Federal Awards		<u><u>\$2,021,243</u></u>

The accompanying notes are an integral part of this schedule.

**PERRY LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

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

NOTE A - BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F – MATCHING REQUIREMENTS

Certain Federal programs require the School District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The School District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

PERRY LOCAL SCHOOL DISTRICT
ALLEN COUNTY

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

NOTE G - TRANSFERS BETWEEN PROGRAM YEARS

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

<u>Program Title</u>	<u>AL Number</u>	<u>Amt. Transferred</u>
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	920,356
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief - Homeless Children and Youth	84.425W	15,649

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OHIO AUDITOR OF STATE KEITH FABER



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

Perry Local School District
Allen County
2770 East Breese Road
Lima, Ohio 45806

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Perry Local School District, Allen County, (the School District) as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated April 11, 2024, wherein we noted the School District uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School 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 School District's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

School District's Response to Findings

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

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 School 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 School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

April 11, 2024

OHIO AUDITOR OF STATE KEITH FABER



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

Perry Local School District
Allen County
2770 East Breese Road
Lima, Ohio 45806

To the Board of Education:

Report on Compliance for the Major Federal Program

Qualified Opinion

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

Qualified Opinion on COVID-19 – Education Stabilization Fund (AL #84.425)

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* section of our report, Perry Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the COVID-19 – Education Stabilization Fund major federal program for the fiscal year ended June 30, 2023.

Basis for Qualified Opinion

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

We are required to be independent of the 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 qualified opinion on compliance for the major federal program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

Matter Giving Rise to Qualified Opinion on COVID-19 – Education Stabilization Fund

As described in finding 2023-002 in the accompanying schedule of findings, the School District did not comply with requirements regarding equipment and real property management applicable to its AL #84.425 COVID-19 Education Stabilization major federal program.

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

Responsibilities of Management for Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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 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 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.

Other Matters

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of finding as item 2023-002, to be a material weakness.

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

April 11, 2024

**PERRY LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2023-001

Noncompliance Citation

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

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

**FINDING NUMBER 2023-001
(Continued)**

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

Pursuant to Ohio Rev. Code § 117.38 the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report. Failure to report on a GAAP basis compromises the School District's ability to evaluate and monitor the overall financial condition of the School District. To help provide the users with more meaningful financial statements, the School District should prepare its financial statements according to generally accepted accounting principles.

OFFICIALS' RESPONSE:

The School District will continue to file OCBOA for the cost savings.

3. FINDINGS FOR FEDERAL AWARDS

FINDING NUMBER 2023-002

Noncompliance Citation / Material Weakness

Finding Number:	2023-002
Assistance Listing Number and Title:	AL #84.425 COVID-19 Education Stabilization Fund
Federal Award Identification Number / Year:	COVID-19 Education Stabilization Fund – ESSER II, ARP-ESSER, ARP-HYC
Federal Agency:	U.S. Department of Education
Compliance Requirement:	Equipment and Real Property Management
Pass-Through Entity:	Ohio Department of Education and Workforce
Repeat Finding from Prior Audit?	No

2 CFR 3474.1 gives regulatory effect to the Department of Education for **2 CFR §200.313(d)** which requires procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, at a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
- (4) Adequate maintenance procedures must be developed to keep the property in good condition.
- (5) If the non-Federal entity is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

**FINDING NUMBER 2023-002
(Continued)**

The United States Department of Education (USDE) clarified in the 2023 Office of Management and Budget (OMB) Compliance Supplement, "Any purchases with Education Stabilization Fund money in this category [minor remodeling] are subject to applicable inventory control, log maintenance, and disposition requirements consistent with Part 3, Section F, "Equipment/Real Property Management" of the Compliance Supplement."

Due to the lack of an internal control(s) over inventory management for equipment and real property purchased from Federal grants, a school building renovation project for the School Based Health Center, in the amount of \$374,154 paid from the COVID-19 Education Stabilization Fund - AL #84.425C Governor's Emergency Education Relief (GEER) funding was not added to the capital asset records of the School District.

Noncompliance with the requirements of Federal grants may result in the loss of current or future federal funding and possible questioned costs in future audits.

The School District should establish an internal control(s) over equipment and real property paid for from Federal grants to ensure that such assets with an acquisition cost which equals or exceeds the lesser of the School District's capitalization threshold or \$5,000, are added and maintained in the capital asset records until disposition.

OFFICIALS' RESPONSE:

The School District will add the renovations to the health center to the inventory records.

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PERRY LOCAL School District

Kelly L. Schooler, Ed.D.
Superintendent

Mandy G. France
Treasurer/CFO

Stephanie Tear
Elementary Principal

Jesse Kill
High School Principal

2770 East Breese Road
Lima, Ohio 45806
Phone: 419.221.2770

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2 CFR 200.511(b)

JUNE 30, 2023

Finding Number	Finding Summary	Status	Additional Information
2022-001	Ohio Rev. Code § 117.38 and Ohio Admin. § Code 117-2-03(B) – for reporting on a basis other than generally accepted accounting principles. This was first reported for the fiscal year ended June 30, 2003.	Not Corrected. Repeated in this report as Finding 2023-001.	The Board feels they are saving the taxpayers money by not paying for a GAAP conversion which is required to follow generally accepted accounting principles. We are not planning on filing GAAP.
2022-002	Ohio Rev. Code §§ 3313.843 and 3313.845 and 2 CFR § 200.320 – Which requires approval from ODE to authorize a noncompetitive proposal for their ESC services.	Corrected	

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PERRY LOCAL School District

Kelly L. Schooler, Ed.D.
Superintendent

Mandy G. France
Treasurer/CFO

Stephanie Tear
Elementary Principal

Jesse Kill
High School Principal

2770 East Breese Road
Lima, Ohio 45806
Phone: 419.221.2770

CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) JUNE 30, 2023

Finding Number:	2023-001
Planned Corrective Action:	The School District will continue to file OCBOA for the cost savings.
Anticipated Completion Date:	N/A
Responsible Contact Person:	Mandy G France, Treasurer/CFO
Finding Number:	2023-002
Planned Corrective Action:	The School District will add the renovations to the health center to the inventory records.
Anticipated Completion Date:	06/30/2024
Responsible Contact Person:	Mandy G France, Treasurer/CFO

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OHIO AUDITOR OF STATE KEITH FABER



PERRY LOCAL SCHOOL DISTRICT

ALLEN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 5/21/2024

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

This report is a matter of public record and is available online at
www.ohioauditor.gov