



OHIO AUDITOR OF STATE
KEITH FABER



**LORAIN CITY SCHOOL DISTRICT
LORAIN COUNTY**

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**LORAIN CITY SCHOOL DISTRICT
LORAIN COUNTY**

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INDEPENDENT AUDITOR'S REPORT

Lorain City School District
Lorain County
2601 Pole Avenue
Lorain, Ohio 44052

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lorain City School District, Lorain County, Ohio (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lorain City School District, Lorain County, Ohio as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and Elementary and Secondary School Emergency Relief Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 2 to the financial statements, during 2024, the District revised its financial statement presentation from cash-basis to the basis required by accounting principles generally accepted in the United States of America. In addition, for fiscal year 2024 the District's Elementary and Secondary School Emergency Relief fund qualified as a major fund, while the District's Food Service and Ohio Facilities Construction Commission funds no longer qualified as major funds. The implementation of the change in basis of accounting and major funds resulted in restatements to the June 30, 2023 fund balance and net position. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2025, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

November 13, 2025

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Lorain City School District
Lorain County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

The discussion and analysis of the Lorain City 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, 2024. 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 and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2024 are as follows:

- Net position increased \$5.9 million from 2023.
- Capital assets decreased \$1.3 million during fiscal year 2024.
- Outstanding debt decreased from \$9.6 million to \$6.5 million in 2024 through principal payments made during the year.
- For fiscal year 2024, the School District implemented a change in basis of accounting from reporting cash basis to generally accepted accounting principles (GAAP).

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 Lorain City 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, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Lorain City School District, the general, elementary and secondary school emergency relief (ESSER) and debt service funds are the most significant funds.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While the basic financial statements contain 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 2024?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Lorain City School District
Lorain County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

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 non-instructional services, i.e., 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 a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general, ESSER, and debt service funds.

Governmental Funds Most 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 an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Fund The School District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its workers' compensation benefits. Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements.

Reporting the School District's Fiduciary Responsibilities

The School District is the fiduciary for athletic tournaments. This activity is presented as a custodial fund. The School District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

Lorain City School District
Lorain County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Because of the discussion below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows of resources and the net pension/OPEB liability and subtracting deferred outflows of resources related to pension and net OPEB asset to the reported net position.

Table 1 provides a summary of the School District's net position for 2024 compared to 2023:

Table 1
Net Position

	Governmental Activities		
	Restated		Change
	2024	2023	
Assets			
Current & Other Assets	\$ 79,247,022	\$ 81,489,439	\$ (2,242,417)
Net Pension/OPEB Asset	7,176,209	9,006,736	(1,830,527)
Capital Assets	<u>161,456,041</u>	<u>162,776,739</u>	<u>(1,320,698)</u>
<i>Total Assets</i>	<u>247,879,272</u>	<u>253,272,914</u>	<u>(5,393,642)</u>
Deferred Outflows of Resources			
Deferred Charges	71,268	119,077	(47,809)
Pension & OPEB	<u>30,694,641</u>	<u>28,814,027</u>	<u>1,880,614</u>
<i>Total Deferred Outflows of Resources</i>	<u>30,765,909</u>	<u>28,933,104</u>	<u>1,832,805</u>
Liabilities			
Current & Other Liabilities	16,615,977	22,795,631	(6,179,654)
Long-Term Liabilities:			
Due Within One Year	4,593,228	4,913,950	(320,722)
Due In More Than One Year:			
Pension & OPEB	115,501,819	110,186,942	5,314,877
Other Amounts	<u>9,540,775</u>	<u>12,655,672</u>	<u>(3,114,897)</u>
<i>Total Liabilities</i>	<u>146,251,799</u>	<u>150,552,195</u>	<u>(4,300,396)</u>
Deferred Inflows of Resources			
Property Taxes	20,637,236	20,301,689	335,547
Pension & OPEB	<u>19,536,335</u>	<u>25,066,077</u>	<u>(5,529,742)</u>
<i>Total Deferred Inflows of Resources</i>	<u>40,173,571</u>	<u>45,367,766</u>	<u>(5,194,195)</u>
Net Position			
Net Investment in Capital Assets	154,048,808	153,269,439	779,369
Restricted	24,682,077	21,920,347	2,761,730
Unrestricted	<u>(86,511,074)</u>	<u>(88,903,729)</u>	<u>2,392,655</u>
<i>Total Net Position</i>	<u>\$ 92,219,811</u>	<u>\$ 86,286,057</u>	<u>\$ 5,933,754</u>

Lorain City School District
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(Unaudited)

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2024, and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In a prior period, the School District also adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

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

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

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

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. For STRS, the plan's fiduciary net OPEB position was sufficient to cover the plan's total OPEB liability resulting in a net OPEB asset for fiscal year 2024 that is allocated to each school based on its proportionate share. The retirement system is responsible for the administration of the pension and OPEB plans.

Lorain City School District
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(Unaudited)

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

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

Capital assets include, land, land improvements, buildings, equipment, and construction in progress. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position is a deficit balance.

Cash showed an increase over prior year, due in part, to grant money received in the ESSER fund (subsequently a portion was paid the general fund to reimburse prior year expenditures), which was offset by a decrease in intergovernmental receivable as the ESSER program is coming to an end, resulting in a decrease in current and other assets. Prior year had large payables for technology and roofing projects included in current and other liabilities accounting for the decrease in current year. Scheduled principal payments on debt account for the decrease in other long term liabilities.

Fluctuations in pension/OPEB liability/asset for the School District are due to changes in the actuarial liabilities/assets and related accruals that are passed through to the School District's financial statements. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and NPL/NOL/NOA and are described in more detail in their respective notes.

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Lorain City School District
Lorain County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

Below is a summary of the changes in net position for 2024. There will be a comparison to prior year when there are two years of GAAP revenues and expenses to compare. The prior year was reported on the cash basis of accounting.

Table 2
Changes in Net Position

	Governmental Activities
	2024
Revenues	
<i>Program Revenues</i>	
Charges for Services	\$ 1,391,857
Operating Grants	<u>41,438,125</u>
<i>Total Program Revenues</i>	<u>42,829,982</u>
General Revenues	
Property Taxes	22,757,716
Grants & Entitlements	74,420,326
Miscellaneous	<u>2,175,483</u>
<i>Total General Revenues</i>	<u>99,353,525</u>
<i>Total Revenues</i>	<u>142,183,507</u>
Program Expenses	
Instruction:	
Regular	48,986,570
Special	21,705,551
Vocational	1,910,690
Other	796,513
Support Services:	
Pupils	8,759,387
Instructional Staff	3,948,949
Board of Education	922,755
Administration	10,975,823
Fiscal	1,879,606
Business	2,387,676
Operation and Maintenance of Plant	14,812,037
Pupil Transportation	5,277,117
Central	1,556,362
Operation of Non-Instructional Services:	
Food Service Operations	6,299,876
Community Services	1,223,017
Extracurricular Activities	1,712,034
Interest Expense	<u>264,218</u>
<i>Total Expenses</i>	<u>133,418,181</u>
<i>Special Item (See Note 2)</i>	<u>(2,831,572)</u>
<i>Change in Net Position</i>	<u>5,933,754</u>
<i>Net Position Beginning of Year</i>	<u>86,286,057</u>
<i>Net Position End of Year</i>	<u>\$ 92,219,811</u>

Lorain City School District
Lorain County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

The dependence upon general revenues for governmental activities is apparent. The community, as a whole, is by far the primary support for the School District students.

Governmental Funds

The School District's major funds are accounted for using the modified accrual basis of accounting. Changes in fund balances are as follows:

	Fund Balance 6/30/2024	Fund Balance 6/30/2023	Increase (Decrease)
General Fund	\$ 21,618,713	\$ 13,283,824	\$ 8,334,889
Elementary and Secondary School			
Emergency Relief Fund	(195,765)	(7,814,195)	7,618,430
Debt Service Fund	2,803,034	2,688,633	114,401

The general fund's net change in fund balance was an increase over prior year. Increased foundation revenue coupled with a reimbursement from the ESSER fund for prior year expenditures contributed to this increase.

The ESSER fund showed an increase from prior year mainly due to the timing of grant monies received during the fiscal year to cover expenditures.

The increase in the debt service fund balance is primarily caused by transfers in to cover principal and interest payments.

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.

During the course of fiscal year 2024, the School District amended its general fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

Original Budget Compared to Final Budget For the general fund, original budgeted revenues and original expenditure appropriations were lower than final budget. Capital outlay expenditures made up the largest changes in expenditures compared to final budget in addition to original appropriations for advances out being underestimated compared to final appropriations.

Final Budget Compared to Actual Results Final budget basis revenues were lower than actual, due to intergovernmental revenue. Final expenditure appropriations were higher than actual expenditures with no individually significant expenditure accounting for the difference.

Lorain City School District
Lorain County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)

Capital Assets

The School District entered into contracts to renovate the George Daniel field stadium, improve sound systems and convert buses to provide services to the community, which are included in construction in progress.

In total, capital assets showed a decrease in fiscal year 2024 due to depreciation exceeding acquisitions.

See Note 8 for more information about the capital assets of the School District.

Debt

Outstanding general obligation bonds decreased from fiscal year 2024 due to principal payments made during the year. See Note 13 for additional details.

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 the Treasurer/CFO of Lorain City Schools; 2601 Pole Avenue; Lorain, Ohio 44052.

Lorain City School District

Lorain County, Ohio

Statement of Net Position

June 30, 2024

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 46,343,486
Intergovernmental Receivable	8,760,307
Taxes Receivable	24,038,572
Prepaid Items	104,657
Net OPEB Asset	7,176,209
Non-Depreciable Capital Assets	13,638,461
Depreciable Capital Assets, net	<u>147,817,580</u>
<i>Total Assets</i>	<u>247,879,272</u>
Deferred Outflows of Resources	
Deferred Charges on Refunding	71,268
Pension	25,976,946
OPEB	<u>4,717,695</u>
<i>Total Deferred Outflows of Resources</i>	<u>30,765,909</u>
Liabilities	
Accounts Payable	2,139,531
Accrued Wages and Benefits	9,863,865
Contracts Payable	1,075,361
Retainage Payable	77,450
Payroll Withholdings Payable	44,031
Intergovernmental Payable	3,366,358
Matured Compensated Absences Payable	49,381
Long-Term Liabilities:	
Due Within One Year	4,593,228
Due In More Than One Year:	
Net Pension Liability	107,261,428
Net OPEB Liability	8,240,391
Other Amounts Due in More Than One Year	<u>9,540,775</u>
<i>Total Liabilities</i>	<u>146,251,799</u>
Deferred Inflows of Resources	
Property Taxes Levied for the Next Year	20,637,236
Pension	6,551,392
OPEB	<u>12,984,943</u>
<i>Total Deferred Inflows of Resources</i>	<u>40,173,571</u>
Net Position	
Net Investment in Capital Assets	154,048,808
Restricted for:	
Capital Outlay	3,135,349
Debt Service	2,869,467
State Programs	113,027
Federal Programs	4,601,053
Classroom Facilities Maintenance	2,209,338
Food Service	3,703,823
Student Activities	113,288
Scholarships	283,892
OPEB	7,176,209
Other Purposes	476,631
Unrestricted	<u>(86,511,074)</u>
<i>Total Net Position</i>	<u>\$ 92,219,811</u>

See accompanying notes to the basic financial statements.

Lorain City School District
Lorain County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2024

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$ 48,986,570	\$ 375,139	\$ 24,305,870	\$ (24,305,561)
Special	21,705,551	433,493	2,318,198	(18,953,860)
Vocational	1,910,690	14,365	271,829	(1,624,496)
Other	796,513	-	-	(796,513)
Support Services:				
Pupils	8,759,387	27,059	1,734,943	(6,997,385)
Instructional Staff	3,948,949	65,384	1,953,223	(1,930,342)
Board of Education	922,755	-	-	(922,755)
Administration	10,975,823	58,594	1,178,447	(9,738,782)
Fiscal	1,879,606	-	2,108,367	228,761
Business	2,387,676	-	326,977	(2,060,699)
Operation and Maintenance of Plant	14,812,037	41,974	2,097,797	(12,672,266)
Pupil Transportation	5,277,117	-	-	(5,277,117)
Central	1,556,362	-	-	(1,556,362)
Operation of Non-Instructional Services:				
Food Service Operations	6,299,876	186,373	5,118,286	(995,217)
Community Services	1,223,017	-	24,188	(1,198,829)
Extracurricular Activities	1,712,034	189,476	-	(1,522,558)
Interest Expense	264,218	-	-	(264,218)
<i>Total</i>	<u>\$ 133,418,181</u>	<u>\$ 1,391,857</u>	<u>\$ 41,438,125</u>	<u>(90,588,199)</u>
General Revenues				
Property Taxes Levied for:				
General Purposes				19,950,583
Debt Service				2,574,389
Classroom Facilities Maintenance				232,744
Grants and Entitlements not Restricted to Specific Programs				74,420,326
Investment Earnings				1,880,763
Miscellaneous				294,720
<i>Total General Revenues</i>				<u>99,353,525</u>
Special Item (See Note 2)				(2,831,572)
<i>Total General Revenues and Special Item</i>				<u>96,521,953</u>
<i>Change in Net Position</i>				5,933,754
<i>Net Position Beginning of Year, as previously reported</i>				31,236,320
<i>Adjustment from Cash to GAAP reporting</i>				<u>55,049,737</u>
<i>Net Position Beginning of Year, as restated (See Note 2)</i>				<u>86,286,057</u>
<i>Net Position End of Year</i>				<u>\$ 92,219,811</u>

See accompanying notes to the basic financial statements.

Lorain City School District

Lorain County, Ohio

Balance Sheet

Governmental Funds

June 30, 2024

	General	Elementary and Secondary School Emergency Relief	Debt Service	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 32,081,166	\$ 194,999	\$ 2,525,095	\$ 9,220,765	\$ 44,022,025
Interfund Receivable	584,101	-	-	-	584,101
Intergovernmental Receivable	719,620	4,749,636	-	3,291,051	8,760,307
Taxes Receivable	22,443,532	-	1,461,717	133,323	24,038,572
<i>Total Assets</i>	<u>\$ 55,828,419</u>	<u>\$ 4,944,635</u>	<u>\$ 3,986,812</u>	<u>\$ 12,645,139</u>	<u>\$ 77,405,005</u>
Liabilities					
Accounts Payable	\$ 1,417,267	\$ 338,727	\$ -	\$ 383,537	\$ 2,139,531
Accrued Wages and Benefits	8,496,119	432,275	-	935,471	9,863,865
Contracts Payable	559,364	-	-	515,997	1,075,361
Retainage Payable	-	-	-	77,450	77,450
Payroll Withholdings Payable	44,031	-	-	-	44,031
Intergovernmental Payable	3,120,987	63,963	-	168,062	3,353,012
Interfund Payable	-	-	-	584,101	584,101
Matured Compensated Absences Payable	49,381	-	-	-	49,381
<i>Total Liabilities</i>	<u>13,687,149</u>	<u>834,965</u>	<u>-</u>	<u>2,664,618</u>	<u>17,186,732</u>
Deferred Inflows of Resources					
Property Taxes Levied for the Next Fiscal Year	19,417,549	-	1,117,345	102,342	20,637,236
Delinquent Property Taxes	1,020,020	-	66,433	6,059	1,092,512
Unavailable Revenue	84,988	4,305,435	-	985,432	5,375,855
<i>Total Deferred Inflows of Resources</i>	<u>20,522,557</u>	<u>4,305,435</u>	<u>1,183,778</u>	<u>1,093,833</u>	<u>27,105,603</u>
Fund Balances					
Nonspendable	48,425	-	-	-	48,425
Restricted	-	-	2,803,034	9,407,165	12,210,199
Assigned	19,344,451	-	-	-	19,344,451
Unassigned	2,225,837	(195,765)	-	(520,477)	1,509,595
<i>Total Fund Balance</i>	<u>21,618,713</u>	<u>(195,765)</u>	<u>2,803,034</u>	<u>8,886,688</u>	<u>33,112,670</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 55,828,419</u>	<u>\$ 4,944,635</u>	<u>\$ 3,986,812</u>	<u>\$ 12,645,139</u>	<u>\$ 77,405,005</u>

See accompanying notes to the basic financial statements.

Lorain City School District
Lorain County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2024

Total Governmental Fund Balances	\$ 33,112,670
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	161,456,041
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Intergovernmental	\$ 5,375,855
Delinquent Property Taxes	<u>1,092,512</u>
	6,468,367
An internal service fund is used by management to charge the costs of insurance to individual funds.	
The assets, liabilities, of the internal service fund are included in governmental activities in the statement of net position.	2,412,772
Unamortized loss on refunding represents deferred outflows, which do not use current financial resources and, therefore, are not reported in the funds.	71,268
The net pension liability and net OPEB liability/asset are not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.	
Net OPEB Asset	7,176,209
Deferred Outflows - Pension	25,976,946
Deferred Outflows - OPEB	4,717,695
Net Pension Liability	(107,261,428)
Net OPEB Liability	(8,240,391)
Deferred Inflows - Pension	(6,551,392)
Deferred Inflows - OPEB	<u>(12,984,943)</u>
	(97,167,304)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	(6,209,000)
Unamortized Bond Premium	(111,695)
Capital Appreciation Bonds	(4,995)
Accretion of Interest - Capital Appreciation Bonds	(188,704)
Compensated Absences	<u>(7,619,609)</u>
	(14,134,003)
<i>Net Position of Governmental Activities</i>	<u>\$ 92,219,811</u>

Lorain City School District
Lorain County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2024

	General	Elementary and Secondary School Emergency Relief	Debt Service	Ohio Facilities Construction Commission	Food Service	Other Governmental Funds	Total Governmental Funds
Revenues							
Property and Other Local Taxes	\$ 19,900,282	\$ -	\$ 2,637,931	\$ -	\$ -	\$ 238,226	\$ 22,776,439
Intergovernmental	73,646,584	32,713,480	397,919	-	-	17,246,065	124,004,048
Investment Income	1,603,712	-	-	-	-	414,584	2,018,296
Tuition and Fees	820,423	-	-	-	-	-	820,423
Extracurricular Activities	57,652	-	-	-	-	189,476	247,128
Charges for Services	214	-	-	-	-	339,823	340,037
Rent	2,187	-	-	-	-	-	2,187
Contributions and Donations	5,448	-	-	-	-	425,642	431,090
Miscellaneous	18,661,047	-	-	-	-	60,920	18,721,967
<i>Total Revenues</i>	<i>114,697,549</i>	<i>32,713,480</i>	<i>3,035,850</i>	<i>-</i>	<i>-</i>	<i>18,914,736</i>	<i>169,361,615</i>
Expenditures							
Instruction:							
Regular	39,253,197	18,932,454	-	-	-	4,883,867	63,069,518
Special	19,609,911	-	-	-	-	1,920,739	21,530,650
Vocational	1,354,094	-	-	-	-	267,138	1,621,232
Other	633,517	94,324	-	-	-	79,981	807,822
Support Services:							
Pupils	6,798,855	1,070,339	-	-	-	990,377	8,859,571
Instructional Staff	1,900,538	127,645	-	-	-	1,838,126	3,866,309
Board of Education	922,789	-	-	-	-	-	922,789
Administration	10,739,821	1,078,915	-	-	-	75,279	11,894,015
Fiscal	1,784,406	1,343,052	66,872	-	-	302,374	3,496,704
Business	2,076,538	322,357	-	-	-	-	2,398,895
Operation and Maintenance of Plant	11,437,500	1,929,195	-	-	-	84,736	13,451,431
Pupil Transportation	5,041,097	-	-	-	-	-	5,041,097
Central	1,617,626	-	-	-	-	1,465	1,619,091
Operation of Non-Instructional/Shared Services:							
Food Service Operations	-	-	-	-	-	5,966,221	5,966,221
Community Services	10,637	194,174	-	-	-	1,068,195	1,273,006
Extracurricular Activities	492,708	2,595	-	-	-	1,138,862	1,634,165
Capital Outlay	1,748,304	-	-	-	-	1,732,607	3,480,911
Debt Service							
Principal Retirement	-	-	3,095,000	-	-	-	3,095,000
Interest and Fiscal Charges	-	-	233,392	-	-	-	233,392
<i>Total Expenditures</i>	<i>105,421,538</i>	<i>25,095,050</i>	<i>3,395,264</i>	<i>-</i>	<i>-</i>	<i>20,349,967</i>	<i>154,261,819</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>9,276,011</i>	<i>7,618,430</i>	<i>(359,414)</i>	<i>-</i>	<i>-</i>	<i>(1,435,231)</i>	<i>15,099,796</i>
Other Financing Sources (Uses)							
Transfers In	-	-	473,815	-	-	3,010,130	3,483,945
Transfers Out	(941,122)	-	-	-	-	(2,542,823)	(3,483,945)
<i>Total Other Financing Sources (Uses)</i>	<i>(941,122)</i>	<i>-</i>	<i>473,815</i>	<i>-</i>	<i>-</i>	<i>467,307</i>	<i>-</i>
Special Item							
Special Item (See Note 2)	-	-	-	-	-	(2,831,572)	(2,831,572)
<i>Net Change in Fund Balances</i>	<i>8,334,889</i>	<i>7,618,430</i>	<i>114,401</i>	<i>-</i>	<i>-</i>	<i>(3,799,496)</i>	<i>12,268,224</i>
<i>Fund Balances Beginning of Year, as previously presented</i>	<i>9,902,954</i>	<i>-</i>	<i>2,238,677</i>	<i>5,222,537</i>	<i>4,398,347</i>	<i>7,264,951</i>	<i>29,027,466</i>
Change within financial reporting entity (major to nonmajor fund)	-			(5,222,537)	(4,398,347)	9,620,884	-
Change within financial reporting entity (nonmajor to major fund)	-	(9,290,980)	-	-	-	9,290,980	-
Adjustment from cash to GAAP reporting	3,380,870	1,476,785	449,956	-	-	(13,490,631)	(8,183,020)
Fund Balances, as adjusted or restated (See Note 2)	13,283,824	(7,814,195)	2,688,633	-	-	12,686,184	20,844,446
<i>Fund Balances End of Year</i>	<i>\$ 21,618,713</i>	<i>\$ (195,765)</i>	<i>\$ 2,803,034</i>	<i>\$ -</i>	<i>\$ -</i>	<i>\$ 8,886,688</i>	<i>\$ 33,112,670</i>

See accompanying notes to the basic financial statements.

Lorain City School District
Lorain County, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2024*

Net Change in Fund Balances - Total Governmental Funds \$ 12,268,224

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital Asset Additions	\$ 3,142,373	
Current Year Depreciation	<u>(4,463,071)</u>	(1,320,698)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Intergovernmental	(8,732,138)	
Property Taxes	<u>(18,723)</u>	(8,750,861)

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

General Obligation Bonds	3,095,000	
Accreted Interest	<u>(64,361)</u>	3,030,639

In the statement of activities, interest is accrued on outstanding bonds, and bond premium and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.

Amortization of Premium on Bonds	81,344	
Amortization of Refunding Loss	<u>(47,809)</u>	33,535

Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.

Pension	10,017,354	
OPEB	<u>269,999</u>	10,287,353

Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.

Pension	(10,841,806)	
OPEB	<u>819,405</u>	(10,022,401)

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

84,327

Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated Absences	<u>323,636</u>	
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Change in Net Position of Governmental Activities

\$ 5,933,754

Lorain City School District
Lorain County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues and Other Financing Sources	\$ 92,428,726	\$ 106,534,199	\$ 131,198,617	\$ 24,664,418
Expenditures and Other Financing Uses	<u>102,030,295</u>	<u>115,488,700</u>	<u>111,558,319</u>	<u>3,930,381</u>
Net Change in Fund Balance	(9,601,569)	(8,954,501)	19,640,298	28,594,799
<i>Fund Balance Beginning of Year</i>	5,837,293	5,837,293	5,837,293	-
Prior Year Encumbrances Appropriated	<u>3,777,244</u>	<u>3,777,244</u>	<u>3,777,244</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 12,968</u>	<u>\$ 660,036</u>	<u>\$ 29,254,835</u>	<u>\$ 28,594,799</u>

Lorain City School District
Lorain County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget (Non-GAAP Basis) and Actual
Elementary and Secondary School Emergency Relief Fund
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues and Other Financing Sources	\$ 28,746,063	\$ 40,873,027	\$ 40,174,956	\$ (698,071)
Expenditures and Other Financing Uses	<u>24,996,521</u>	<u>41,176,732</u>	<u>42,549,037</u>	<u>(1,372,305)</u>
Net Change in Fund Balance	3,749,542	(303,705)	(2,374,081)	(2,070,376)
<i>Fund Balance Beginning of Year</i>	(2,275,652)	(2,275,652)	(2,275,652)	-
Prior Year Encumbrances Appropriated	<u>4,844,177</u>	<u>4,844,177</u>	<u>4,844,177</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 6,318,067</u></u>	<u><u>\$ 2,264,820</u></u>	<u><u>\$ 194,444</u></u>	<u><u>\$ (2,070,376)</u></u>

Lorain City School District
Lorain County, Ohio
Statement of Fund Net Position
Proprietary Fund
June 30, 2024

**Governmental
Activities**

**Internal Service
Fund**

Assets

Current Assets:

Equity in Pooled Cash and Cash Equivalents	\$ 2,321,461
Prepaid Items	<u>104,657</u>
<i>Total Current Assets</i>	<u>2,426,118</u>

Current Liabilities:

Intergovernmental Payable	<u>13,346</u>
<i>Total Current Liabilities</i>	<u>13,346</u>

Net Position

Unrestricted

<i>Total Net Position</i>	<u>2,412,772</u>
	<u>\$ 2,412,772</u>

Lorain City School District
Lorain County, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Fiscal Year Ended June 30, 2024

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
Operating Revenues	
Charges for Services	\$ 317,941
Other	<u>35,984</u>
<i>Total Operating Revenues</i>	<u>353,925</u>
Operating Expenses	
Fringe Benefits	248,882
Purchased Services	<u>20,716</u>
<i>Total Operating Expenses</i>	<u>269,598</u>
<i>Operating Income (Loss)</i>	84,327
<i>Net Position Beginning of Year, as previously reported</i>	2,208,854
<i>Adjustment from Cash to GAAP reporting</i>	<u>119,591</u>
<i>Net Position Beginning of Year, as restated (See Note 2)</i>	<u>2,328,445</u>
<i>Net Position End of Year</i>	<u>\$ 2,412,772</u>

See accompanying notes to the basic financial statements.

Lorain City School District
Lorain County, Ohio
Statement of Cash Flows
Proprietary Fund
For the Fiscal Year Ended June 30, 2024

	<u>Governmental Activities</u>
	<u>Internal Service Fund</u>
Cash Flows from Operating Activities	
Cash Received from Other Operating Receipts	\$ 353,925
Cash Payments to Suppliers for Goods and Services	(241,318)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>112,607</u>
<i>Net Increase (Decrease) in Cash and Investments</i>	112,607
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>2,208,854</u>
<i>Cash and Cash Equivalents End of Year</i>	<u>\$ 2,321,461</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Operating Income (Loss)	\$ 84,327
(Increase) Decrease in Assets and Deferred Outflows:	
Prepaid Items	14,934
Increase (Decrease) in Liabilities and Deferred Inflows:	
Intergovernmental Payable	<u>13,346</u>
<i>Net Cash Provided by (Used For) Operating Activities</i>	<u>\$ 112,607</u>

See accompanying notes to the basic financial statements.

Lorain City School District
Lorain County, Ohio
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2024

	Custodial
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 4,893
<i>Total Assets</i>	<hr/> 4,893
Net Position	
Restricted for Individuals, Organizations, and Other Governments	4,893
<i>Total Net Position</i>	<hr/> \$ 4,893

See accompanying notes to the basic financial statements.

Lorain City School District
Lorain County, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2024

Custodial

Additions

Extracurricular Amounts Collected for Other Governments	\$ 4,893
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<i>Change in Net Position</i>	4,893
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<i>Net Position Beginning of Year</i>	<hr/> -
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<i>Net Position End of Year</i>	<hr/> \$ 4,893 <hr/>
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Lorain City School District
Lorain County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT

The Lorain City School District (the School District) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a city school district as defined by Section 3311.02 of the Ohio Revised Code. The School District operates under an elected Board of Education consisting of five members and is responsible for providing public education to residents of the School District.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. 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 Lorain City School District, this includes general operations, food service, and student related activities of the School District.

Within the School District boundaries, there are various nonpublic schools. Current State legislation provides funding to these nonpublic schools. These monies are received and disbursed by the School District on behalf of the nonpublic schools by the Treasurer of the School District, as directed by the nonpublic schools. These transactions are reported as governmental activity of the School District.

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 provided 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 has no component units.

The following entities, which perform activities within the School District's boundaries for the benefit of its residents, are excluded from the accompanying financial statements because the School District is not financially accountable for the entities nor are they fiscally dependent on the School District.

Jointly Governed Organizations

META Solutions - The District is a participant in META (Metropolitan Educational Technology Association) Solutions. META Solutions is an association of public school districts throughout Ohio. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of META Solutions consists of the superintendent from 11 member districts. During fiscal year 2024, the District paid META Solutions for various services. Financial information can be obtained from the Metropolitan Educational Technology Association, 100 Executive Drive, Marion, Ohio 43302.

Lorain City School District
Lorain County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Ohio Schools Council - By agreement between the Lake Erie Regional Council of Governments and the Ohio Schools Council (OSC), effective July 1, 2010, the two co-ops joined together as one under the name of the Ohio Schools Council's Cooperative Purchasing Program.

The OSC is a jointly governed organization among 157 school districts in 28 counties. The jointly governed organization was formed for the purpose of promoting cooperative agreements and activities among its members in dealing with problems of mutual concern such as media center, gas consumption, food service and insurance. Each member provides operating resources to OSC on a per pupil or actual usage charge except for insurance.

OSC is governed by a board of directors chosen from the general membership. Financial information can be obtained by contacting the Executive Director at 6133 Rockside Road, Suite 10, Independence, Ohio 44131. For the fiscal year, the School District paid a nominal amount for membership and services.

Public Entity Risk Pool

The Lake Erie Regional Council of Governments (LERC) - LERC is a shared risk pool which is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Council. All Council revenues are generated from charges for services. The Council, comprised of 10 Lorain County school districts, has a Health Benefits Program, a media center, a natural gas purchasing consortium, and a life insurance purchasing pool. Each member provided operating resources to LERC on a per-pupil or actual usage charge, except for health insurance.

Related Organization

Lorain Public Library - The library is a distinct political subdivision of the State of Ohio governed by a board of trustees. Although the Board of Education appoints new members to the board of trustees, the appointment is based upon the recommendation of the board of trustees. The board of trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the School District for operational subsidies. The School District does serve as the taxing authority for the library which is not considered part of the School District and its operations are not included within the accompanying financial statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

Lorain City School District
Lorain County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Basis of Presentation

The School District's basic financial statements consist of government-wide 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.

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. The activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses.

The statement of net position presents the financial condition of the governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses, which include certain indirect expenses charged to individual federal programs, and program revenues for each program or function of the School District's governmental activities of the School District. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the 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 financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

Fund Accounting

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

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

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General Fund The general fund accounts 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.

Elementary and Secondary School Emergency Relief Fund – This fund accounts for Federal funds for expenditures directly related to the coronavirus (COVID-19) pandemic as well as “other activities that are necessary to maintain the operation of continuity of services.”

Debt Service Fund The debt service fund is used to account for the accumulation of property tax revenues for, and the payment of, principal and interest obligations relative to the School District’s general obligation 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 upon the use of the resources.

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The following is the School District's proprietary fund type:

Internal Service Funds Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for workers' compensation benefits.

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's fiduciary fund accounts for OHSAA activity.

Measurement Focus

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

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

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

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 6). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding, pension and

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OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 11 and 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2024, but which were levied to finance fiscal year 2025 operations. These amounts have been recorded as a deferred inflow on both the government-wide Statement of Net Position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue may include delinquent property taxes, grants and entitlements and other miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide Statement of Net Position. (See Notes 11 and 12).

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the fund financial statements as intergovernmental revenue and an expenditure of food service operations. In addition, this amount is reported on the statement of activities as an expense with a like amount reported within the “operating grants, contributions and interest” program revenue account.

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

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”.

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.

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)

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per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

There were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, 24 hours advance notice for deposits and withdrawals of \$100 million or more is appreciated. STAR Ohio reserves the right to limit the transaction to \$250 million per day.

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 2024 was \$1,603,712, which included \$577,015 assigned from other School District funds.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost or fair market value and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Governmental Activities
	Estimated Lives
Land Improvements	20 Years
Buildings and Improvements	20 - 50 Years
Furniture and Equipment	5 - 20 Years
Vehicles	4 - 10 Years

Interfund Balances

On fund financial statements, long-term interfund loans are classified as "advances to/from other funds." On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental column of the statement of net position.

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Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid assets in both government-wide and fund financial statements. These amounts are reflected as an expenditure/expense in the year in which the services are consumed.

Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB No. 16, *Accounting for Compensated Absences*. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rate at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

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

In governmental funds, the liability for unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated unpaid leave is paid.

Pensions and Other Postemployment Benefits (OPEB)

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

Accrued Liabilities and Long-term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability/asset should be recognized in the governmental funds to the

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extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

Premiums

On the government-wide financial statements, premiums are deferred and amortized over the term of the debt issuance using the straight line method. Premiums are presented as an increase of the face amount of the debt issuance payable. On fund financial statements, premiums are received in the year the debt issuances are issued. Under Ohio law, premiums on the original issuance of debt are to be deposited to the debt retirement fund to be used for debt retirement and are precluded from being applied to the project fund. Ohio law does allow premiums on refunding debt to be used as part of the payment to the bond escrow agent.

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At June 30, 2024, there was no net position restricted by enabling legislation.

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

Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the School District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

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.

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Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution, as both are equally binding) of the Board of Education. Those 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 (ordinance or resolution, as both are equally binding) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by the Board of Education, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the 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. These amounts are assigned by the School District's Board of Education. In the general fund, assigned amounts represent intended uses established by policies of the Board of Education or a School District official delegated by that authority by resolution or by State Statute. State statute authorizes the Treasurer to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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

Interfund Activity

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

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the management and that are either unusual in nature or infrequent in occurrence. The School District returned unused Ohio Facilities Construction Commission monies which have been recorded as a special item.

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Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are primarily collections for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as nonoperating.

Estimates

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

Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than custodial funds, are legally required to be budgeted and appropriated. The legal level of control has been established by the Board of Education at the fund level for all funds. Budgetary modifications may only be made by resolution of the Board of Education.

Tax Budget Prior to January 15, the Superintendent and Treasurer submit to the Board a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing or increased tax rates. By no later than January 20, the Board-adopted budget is filed with the Lorain County Budget Commission for rate determination.

Estimated Resources The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the School District by March 1. As part of the certification, the School District receives the official certificate of estimated resources which states the projected revenue of each fund type. Prior to June 30, the School District must revise its budget ensuring that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2024.

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Appropriations A temporary appropriations measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the legal level of control and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified. The total of expenditures and encumbrances may not exceed appropriations at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations provided the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The amounts reported as the original budgeted amounts in the budgetary statements reflect the appropriation in the first complete appropriated budget, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than custodial funds, consistent with statutory provisions.

Encumbrances As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On fund financial statements, encumbrances outstanding at year end are reported as restricted, committed or assigned fund balance for subsequent-year expenditures for governmental funds. An assignment for encumbrances is not reported on government-wide financial statements.

Lapsing of Appropriations At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated.

Implementation of New Accounting Principles

For the fiscal year ended June 30, 2024, the School District has implemented certain provisions of GASB Statement No. 99, *Omnibus 2022* and GASB Statement No. 100, *Accounting Changes and Error Corrections*.

GASB Statement No. 99 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of certain provisions of GASB Statement No. 99 that relate to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 did not have an effect on the financial statements of the School District.

GASB Statement No. 100 enhances accounting and financial reporting requirements for accounting changes and error corrections to provide a more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessment accountability. The implementation of GASB Statement No. 100 was incorporated into the financial statements of the School District.

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During the fiscal year, the School District revised its financial statement presentation from cash-basis to the basis required by generally accepted accounting principles. In addition, the School District's ESSER fund qualified as a major fund, while the food service and OFCC funds no longer qualified. The implementation of the change in basis of accounting and major funds had the following effect on fund balance and net position:

Fund Balance	General Fund	Food Service Fund	OFCC Fund	Debt Service Fund	ESSER Fund	All Other Governmental Funds	Total
Fund Balances, June 30, 2023	\$ 9,902,954	\$ 4,398,347	\$ 5,222,537	\$ 2,238,677	\$ -	\$ 7,264,951	\$ 29,027,466
Change from Major to Nonmajor Fund	-	(4,398,347)	(5,222,537)	-	-	9,620,884	-
Change from Nonmajor to Major Fund	-	-	-	-	(9,290,980)	9,290,980	-
Change in Basis, GAAP Adjustments	<u>3,380,870</u>	<u>-</u>	<u>-</u>	<u>449,956</u>	<u>1,476,785</u>	<u>(13,490,631)</u>	<u>(8,183,020)</u>
Adjusted Fund Balances, July 1, 2023	<u><u>\$ 13,283,824</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 2,688,633</u></u>	<u><u>\$ (7,814,195)</u></u>	<u><u>\$ 12,686,184</u></u>	<u><u>\$ 20,844,446</u></u>
	Net Position			Governmental Activities		Internal Service	
Net Position, June 30, 2023				\$ 31,236,320	\$ 2,208,854		
Change in Basis, GAAP Adjustments				<u>55,049,737</u>	<u>119,591</u>		
Adjusted Net Position, July 1, 2023				<u><u>\$ 86,286,057</u></u>	<u><u>\$ 2,328,445</u></u>		

NOTE 3 – FUND BALANCE

Fund balance can be classified as nonspendable, 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.

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

	Elementary and Secondary School Emergency Relief					Other Governmental Funds	Total
	General	Bond	Retirement				
Nonspendable for:							
Unclaimed Monies	\$ 48,425	\$ -	\$ -	\$ -	\$ -	\$ 48,425	
Total Nonspendable	48,425	-	-	-	-	48,425	
Restricted for:							
Capital Outlay	- -	- -	- -	- -	2,541,902	2,541,902	
Debt Service	- -	- -	2,803,034	- -	- -	2,803,034	
Classroom Facilities Maintenance	- -	- -	- -	- -	2,203,279	2,203,279	
Food Service	- -	- -	- -	- -	3,713,809	3,713,809	
Local Grants	- -	- -	- -	- -	311,933	311,933	
Athletics	- -	- -	- -	- -	26,390	26,390	
Student Activities	- -	- -	- -	- -	86,898	86,898	
Scholarships	- -	- -	- -	- -	283,892	283,892	
Non-Public Schools	- -	- -	- -	- -	164,698	164,698	
State Funded Programs	- -	- -	- -	- -	71,963	71,963	
Federally Funded Programs	- -	- -	- -	- -	2,401	2,401	
Total Restricted	- -	- -	2,803,034	- -	9,407,165	12,210,199	
Assigned for:							
Instruction	353,897	- -	- -	- -	- -	353,897	
Support Services	1,835,044	- -	- -	- -	- -	1,835,044	
Community Services	1,285	- -	- -	- -	- -	1,285	
Extracurricular	100	- -	- -	- -	- -	100	
Capital Outlay	56,631	- -	- -	- -	- -	56,631	
Subsequent Year Appropriations	17,097,361	- -	- -	- -	- -	17,097,361	
Other Purposes	133	- -	- -	- -	- -	133	
Total Assigned	19,344,451	- -	- -	- -	- -	19,344,451	
 Unassigned	 2,225,837	 (195,765)	 - -	 (520,477)	 1,509,595		
Total Fund Balance	\$ 21,618,713	\$ (195,765)	\$ 2,803,034	\$ 8,886,688	\$ 33,112,670		

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Unassigned fund balance included the following individual fund deficits:

	<u>Deficit</u>
Elementary and Secondary School Emergency Relief	\$ 195,765
<i>Other Governmental Funds</i>	
Public Preschool	53,743
Student Wellness	28,020
Title VI-B	100,546
Perkins	42,679
School Improvement	36,174
Title III	3,678
Title I	187,284
Title IV-A	61,803
Title II-A	6,550
Total Other Governmental Funds	<u>520,477</u>
Total	<u><u>\$ 716,242</u></u>

The deficits in the major and nonmajor governmental funds resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and will provide transfers when cash is required, not when accruals occur.

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balance/net position on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual, is presented for the general and elementary and secondary school emergency relief funds on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues and other sources are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses and other uses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as an assignment or commitment of fund balance (GAAP).
4. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets (budget).

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The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund and elementary and secondary school emergency relief fund.

	General Fund	Elementary and Secondary School Emergency Relief Fund
GAAP Basis	\$ 8,334,889	\$ 7,618,430
Net Adjustment for Revenue Accruals	16,259,899	7,461,476
Net Adjustment for Expenditure Accruals	(1,770,625)	(17,453,987)
Funds Budgeted Elsewhere **	489,285	-
Adjustment for Encumbrances	<u>(3,673,150)</u>	<u>-</u>
 Budget Basis	 <u>\$ 19,640,298</u>	 <u>\$ (2,374,081)</u>

NOTE 5 – DEPOSITS AND INVESTMENTS

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the 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 the Board of Education 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.

Protection of 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, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, 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 that 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 that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptance and commercial paper notes in an amount not to exceed 40 percent of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days and two hundred seventy days, respectively; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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. 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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$1,071,600 of the School District's bank balance of \$1,321,600 was exposed to custodial credit risk because it was uninsured and collateralized. The School District's financial institution was approved for a reduced collateral rate of 60 percent through the Ohio Pooled Collateral System.

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.

As of June 30, 2024, the School District had the following investments:

S&P Global Ratings	Investment Type	Measurement Value	Investment Maturities		Percent of Total
			12 Months or Less		
	Net Asset Value (NAV):				
AAAm	STAR Ohio	\$45,184,595	\$45,184,595		100.00%

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 School District's investment policy addresses interest rate risk by requiring that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Credit Risk The School District has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2024, is 47 days.

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.

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Concentration of Credit Risk The School District places no limit on the amount it may invest in any one issuer.

NOTE 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.

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 2024 represents collections of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed value listed as of January 1, 2023, 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 year 2024 represents collections of calendar year 2023 taxes. Public utility real and tangible personal property taxes received in calendar year 2024 became a lien December 31, 2022, were levied after April 1, 2023 and are collected in 2024 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 Lorain 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, 2024, are available to finance fiscal year 2025 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2024, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

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The assessed values upon which the fiscal year 2024 taxes were collected are:

	2023 First Half Collections		2024 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 543,438,360	76.55%	\$ 544,064,410	76.34%
Public Utility Personal Property	166,504,700	23.45%	168,628,730	23.66%
	<u>\$ 709,943,060</u>	<u>100.00%</u>	<u>\$ 712,693,140</u>	<u>100.00%</u>
Tax rate per \$1,000 assessed valuation	\$ 65.26		\$ 65.12	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2024, consisted of taxes, interfund and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

NOTE 8 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

	Restated Balance 6/30/2023	Additions	Reductions	Balance 6/30/2024
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 10,983,315	\$ 17,554	\$ -	\$ 11,000,869
Construction in Progress	178,286	2,610,927	(151,621)	2,637,592
Total Capital Assets, not being depreciated	<u>11,161,601</u>	<u>2,628,481</u>	<u>(151,621)</u>	<u>13,638,461</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	1,375,399	-	-	1,375,399
Buildings and Improvements	192,309,809	182,446	-	192,492,255
Furniture and Equipment	4,707,460	196,721	-	4,904,181
Vehicles	3,027,743	286,346	-	3,314,089
Total Capital Assets, being depreciated	<u>201,420,411</u>	<u>665,513</u>	<u>-</u>	<u>202,085,924</u>
Less Accumulated Depreciation:				
Land Improvements	(342,714)	(59,144)	-	(401,858)
Buildings and Improvements	(45,881,749)	(3,861,606)	-	(49,743,355)
Furniture and Equipment	(2,946,054)	(266,327)	-	(3,212,381)
Vehicles	(634,756)	(275,994)	-	(910,750)
Total Accumulated Depreciation	<u>(49,805,273)</u>	<u>(4,463,071)</u>	<u>-</u>	<u>(54,268,344)</u>
Total Capital Assets being depreciated, net	<u>151,615,138</u>	<u>(3,797,558)</u>	<u>-</u>	<u>147,817,580</u>
Governmental Activities Capital Assets, Net				
	<u>\$ 162,776,739</u>	<u>\$ (1,169,077)</u>	<u>\$ (151,621)</u>	<u>\$ 161,456,041</u>

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Depreciation expense was charged to governmental functions as follows:

<i>Governmental Activities:</i>	
Instruction:	
Regular	\$ 1,868,630
Special	129,299
Vocational	283,767
Support Services:	
Instructional Staff	184,177
Administration	229,446
Operation and Maintenance of Plant	1,121,122
Pupil Transportation	222,420
Central	6,244
Operation of Non-Instructional Services:	
Community Services	8,779
Food Service	334,461
Extracurricular Activities	<u>74,726</u>
Total Governmental Activities	<u><u>\$ 4,463,071</u></u>

NOTE 9 – RISK MANAGEMENT

Property and Liability

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 the fiscal year, the School District maintained comprehensive insurance coverage for general liability, automobile, excess liability and blanket building and contents.

Settled claims have not exceeded this commercial coverage in any of the past three years and there has not been a significant reduction in coverage from the prior year.

Workers' Compensation

Lorain City Schools participates in a group retrospective rating plan for workers' compensation, as established under Section 4123-17-73 of the Ohio Administrative Code. The Ohio SchoolComp Group Retrospective Rating Plan was established through the Ohio School Boards Association (OSBA) and the Ohio Association of School Business Officials (OASBO).

The Executive Directors of the OSBA and OASBO, or their designees, serve as coordinators of the group retrospective rating program. Each year, the participating school districts pay an enrollment fee to the program to cover the costs of the administering the program.

For calendar year 2020, Lorain City Schools participated in the Ohio SchoolComp Worker's Compensation Group Retrospective Rating Plan, a voluntary performance-based incentive program offered jointly by OSBA and OASBO. The intent of the program is to reward participants that are able to keep their claims costs low. Districts continue to pay their individual premium directly to the Ohio BWC. Districts will then have future premium adjustments (refunds or assessments) at the end of each of the three evaluation periods. For the 2019 program, the evaluation periods will be 12/31/20, 12/31/21 and 12/31/22. Refunds or assessments will be calculated by the Ohio BWC, based on the pro-rata share of the districts individual

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premium compared to the overall program premium. Participation in the Group Retrospective Rating Plan is limited to school districts that can meet the programs selection criteria. The firm of CompManagement, LLC. provides administrative, cost control and actuarial services to the program. As of September 1, 2023, Minutemen HR Management Services took over as the School District's MCO and TPA.

Health Insurance

Effective January 1, 2018, the Lorain City School District Board of Education and unions that represent its employees have joined the Lake Erie Regional Council (LERC). LERC provides health care, dental, vision and prescription benefits for full-time employees, their spouses and dependents, and for other persons who, according to Board of Education policy, are eligible for them. LERC purchases "stop-loss" coverage from Medical Mutual of Ohio. Additionally, LERC purchases or pays for benefit coverage for dental care, vision care and prescription drug expenses through other companies. Dental care was provided under Delta Dental. Vision care is provided through MMO/Eye Med and prescription drugs are provided through CVS Caremark.

NOTE 10 - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn vacation based upon length of service and hours worked. Teachers do not earn vacation time. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month or comparable hours. Sick leave may be accumulated to a maximum of 120 through unlimited days depending, on the individual contracts.

Upon retirement, employees receive payment for one-fourth of the total accumulated sick leave, up to a maximum accumulation which ranges from 30 through 75 days, depending on the individual contract.

In February 2010, the School District approved an early retirement incentive plan for employees in the State Employee Retirement System (SERS) and employees in the State Teachers Retirement System (STRS). For this incentive plan, the Lorain Education Association was excluded. Applicable employees in SERS receive 60 percent of their salary. Applicable employees in STRS receive \$80,000 over a four year period.

In June 2010, the School District approved a retirement incentive for the Lorain Education Association whereby the School District purchased up to two years of service credit for applicable employees.

Per the Memorandum of Understanding between the Board of Education of the Lorain City School District and the LEA, effective July 1, 2012, the payment of severance/incentive pay for retiring LEA members were mandatorily paid into an annuity contract or custodial account that is designed to meet the tax qualifications of IRC section 403b. Such payment was in lieu of the payment being made directly to the retired teacher, as long as the teacher reaches age 55 anytime during his/her retirement year. Otherwise payment was made directly to the teacher in one lump sum, or two equal installments – one in the year of retirement and the other in the second year of retirement in January. This MOU originally expired at the same time that the collective bargaining agreement expired. Effective 8/1/2019, the language from the MOU was written into the contract. A \$50,000 retirement incentive was also included in the contract.

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NOTE 11 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

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.

The 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.

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

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

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

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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	Eligible to Retire after
	August 1, 2017 *	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 CPI-W, 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 the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 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, 2024, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$2,914,473 for fiscal year 2024. Of this amount, \$145,817 is reported as an intergovernmental payable.

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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 system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS 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. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, a one-time ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits will be phased in until August 1, 2023, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit regardless of age.

The DC Plan allows members to place all their member contributions and 11.09 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 2.91 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined plan offers features of both the DB Plan and the DC Plan. In the Combined plan, 12 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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The 2024 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For 2024, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$7,102,881 for fiscal year 2024. Of this amount, \$1,252,456 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2023, 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 and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.5031419%	0.36898295%	
Prior Measurement Date	<u>0.4804649%</u>	<u>0.34783999%</u>	
Change in Proportionate Share	<u>0.0226770%</u>	<u>0.02114296%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 27,801,180	\$ 79,460,248	\$ 107,261,428
Pension Expense	\$ 3,288,921	\$ 7,552,885	\$ 10,841,806

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the

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differences between projected and actual investment earnings are similarly recognized over a closed five-year period.

At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and			
Actual Experience	\$ 1,194,957	\$ 2,896,952	\$ 4,091,909
Changes of Assumptions	196,932	6,543,982	6,740,914
Changes in Proportion and Differences between			
School District Contributions and Proportionate			
Share of Contributions	1,189,684	3,937,085	5,126,769
School District Contributions Subsequent to the			
Measurement Date	2,914,473	7,102,881	10,017,354
Total Deferred Outflows of Resources	<u>\$ 5,496,046</u>	<u>\$ 20,480,900</u>	<u>\$ 25,976,946</u>
Deferred Inflows of Resources			
Differences between Expected and			
Actual Experience	\$ -	\$ 176,327	\$ 176,327
Net Difference between Projected and			
Actual Earnings on Pension Plan Investments	390,767	238,142	628,909
Changes of Assumptions	-	4,925,737	4,925,737
Changes in Proportion and Differences between			
School District Contributions and Proportionate			
Share of Contributions	-	820,419	820,419
Total Deferred Inflows of Resources	<u>\$ 390,767</u>	<u>\$ 6,160,625</u>	<u>\$ 6,551,392</u>

\$10,017,354 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2025	\$ 855,057	\$ 122,516	\$ 977,573
2026	(717,014)	(1,982,092)	(2,699,106)
2027	2,032,052	8,697,841	10,729,893
2028	<u>20,711</u>	<u>379,129</u>	<u>399,840</u>
Total	<u>\$ 2,190,806</u>	<u>\$ 7,217,394</u>	<u>\$ 9,408,200</u>

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

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assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations. Future benefits for all current plan members were projected through 2137.

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, 2023, and 2022 are presented below:

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 System expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement

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 return expectation for the Pension Plan 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. As of June 30, 2023:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	<u>5.00</u>	<u>5.64</u>
Total	<u>100.00 %</u>	

Discount Rate The total pension liability for 2023 was calculated using the discount rate of 7.00 percent. The discount rate did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate of fiscal year 2023 was 14.00 percent. 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 pension plan 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, for fiscal year 2023 was 6.90 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.

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 41,033,123	\$ 27,801,180	\$ 16,655,791

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023, and 2022, actuarial valuation, are presented below:

Inflation	2.50 percent
Salary Increases	From 2.5 percent to 8.5 percent, based on service
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.00 percent, effective July 1, 2017

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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.

Actuarial assumptions used in the June 30, 2023, 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:

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	<u>100.00 %</u>	

*Final target weights reflected at 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, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. 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, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2023.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the 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 rate:

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	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 122,192,275	\$ 79,460,248	\$ 43,320,647

Assumption and Benefit Changes Since the Prior Measurement Date Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015, through June 30, 2021.

NOTE 12 - DEFINED BENEFIT OPEB PLANS

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

Plan Description - School Employees Retirement System (SERS)

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. The following types of credit purchased after January 29, 1981, do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, the System shall manage the Health Care Fund on a pay-as-you-go basis.

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.

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Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, no allocation was made 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 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.00 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.50 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the School District's surcharge obligation was \$269,999, which is reported as an intergovernmental payable. The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was equal to its surcharge obligation for fiscal year 2024.

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. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

OPEB Liability (Asset), OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The net OPEB liability (asset) was measured as of June 30, 2023, 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 and OPEB expense:

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	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.5001921%	0.36898295%	
Prior Measurement Date	<u>0.4896256%</u>	<u>0.34783999%</u>	
Change in Proportionate Share	<u>0.0105665%</u>	<u>0.02114296%</u>	
Proportionate Share of the Net OPEB Liability (Asset)	\$ 8,240,391	\$ (7,176,209)	
OPEB Expense	\$ (448,878)	\$ (370,527)	\$ (819,405)

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in OPEB expense beginning in the current period, using a straight-line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five-year period.

At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ 17,166	\$ 11,187	\$ 28,353
Changes of Assumptions	2,786,316	1,057,162	3,843,478
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	489,903	9,291	499,194
School District Contributions Subsequent to the Measurement Date	269,999	-	269,999
Total Deferred Outflows of Resources	<u>\$ 3,627,251</u>	<u>\$ 1,090,444</u>	<u>\$ 4,717,695</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 4,249,880	\$ 1,094,558	\$ 5,344,438
Changes of Assumptions	2,340,354	4,734,765	7,075,119
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	376,368	189,018	565,386
Total Deferred Inflows of Resources	<u>\$ 6,966,602</u>	<u>\$ 6,018,341</u>	<u>\$ 12,984,943</u>

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\$269,999 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction/addition to the net OPEB liability/asset in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2025	\$ (1,206,589)	\$ (2,161,447)	\$ (3,368,036)
2026	(1,116,410)	(1,020,283)	(2,136,693)
2027	(689,927)	(381,097)	(1,071,024)
2028	(382,144)	(513,570)	(895,714)
2029	(235,174)	(472,051)	(707,225)
Thereafter	20,894	(379,449)	(358,555)
Total	<u>\$ (3,609,350)</u>	<u>\$ (4,927,897)</u>	<u>\$ (8,537,247)</u>

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2023, are presented below:

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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
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Fiduciary Net Position is Projected to be Depleted	2048
Municipal Bond Index Rate	
Measurement Date	3.86 percent
Prior Measurement Date	3.69 percent
Single Equivalent Interest Rate	
Measurement Date	4.27 percent
Prior Measurement Date	4.08 percent
Health Care Cost Trend Rate	
Medicare	5.125 to 4.40 percent
Pre-Medicare	6.75 to 4.40 percent
Medical Trend Assumption	
Measurement Date	6.75 to 4.40 percent
Prior Measurement Date	7.00 to 4.40 percent

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table. Mortality rates are projected using a fully generational projection with Scale MP-2020.

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 long-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 timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2023:

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<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	2.00 %	0.75 %
US Equity	24.75	4.82
Non-US Equity Developed	13.50	5.19
Non-US Equity Emerging	6.75	5.98
Fixed Income/Global Bonds	19.00	2.24
Private Equity	12.00	7.49
Real Estate/Real Assets	17.00	3.70
Private Debt/Private Credit	<u>5.00</u>	<u>5.64</u>
Total	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08 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 be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022, and the June 30, 2023, 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 3.86 percent at June 30, 2023, and 3.69 percent at June 30, 2022.

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 (3.27 percent) and higher (5.27 percent) than the current discount rate (4.27 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (5.75 percent decreasing to 3.40 percent) and higher (7.75 percent decreasing to 5.40 percent) than the current rate (6.75 percent decreasing to 4.40 percent).

	Current		
	1% Decrease	Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 10,533,576	\$ 8,240,391	\$ 6,432,120
	Current		
	1% Decrease	Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 6,053,930	\$ 8,240,391	\$ 11,137,747

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Actuarial Assumptions – STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023, and 2022, actuarial valuation are presented below:

	June 30, 2023	June 30, 2022
Projected Salary Increases	Varies by service from 2.5 percent to 8.5 percent	Varies by service from 2.5 percent to 8.5 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent	3.00 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 4.14 percent ultimate	7.50 percent initial 3.94 percent ultimate
Medicare	-10.94 percent initial 4.14 percent ultimate	-68.78 percent initial 3.94 percent ultimate
Prescription Drug		
Pre-Medicare	-11.95 percent initial 4.14 percent ultimate	9.00 percent initial 3.94 percent ultimate
Medicare	1.33 percent initial 4.14 percent ultimate	-5.47 percent initial 3.94 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2023, valuation is based on the results of an actuarial experience study for the period July 1, 2015, through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

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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	<u>1.00</u>	1.00
Total	<u>100.00 %</u>	

*Final target weights reflected at 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 OPEB liability was 7.00 percent as of June 30, 2023. 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 these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2023.

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, 2023, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	Current		
	1% Decrease	Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB (Asset)	\$ (6,073,721)	\$ (7,176,209)	\$ (8,136,358)
	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB (Asset)	\$ (8,180,913)	\$ (7,176,209)	\$ (5,966,059)

Benefit Term Changes Since the Prior Measurement Date Healthcare trends were updated to reflect emerging claims and recoveries experiences as well as benefit changes effective January 1, 2024.

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NOTE 13 – LONG-TERM OBLIGATIONS

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

	Restated Outstanding 6/30/23	Additions	Reductions	Outstanding 6/30/24	Amounts Due in One Year
Governmental Activities:					
<i>General Obligation Bonds:</i>					
2012 Classroom Facilities Refunding Bonds	\$ 3,795,000	\$ -	\$ 3,040,000	\$ 755,000	\$ 755,000
Premium on Debt Issuance	91,049	-	30,349	60,700	-
2015 Classroom Facilities Refunding Bonds	3,055,000	-	55,000	3,000,000	2,340,000
Capital Appreciation Bond	4,995	-	-	4,995	-
Accretion on CAB	124,343	64,361	-	188,704	-
2018 Classroom Facilities Refunding Bonds	2,454,000	-	-	2,454,000	-
Premium on Debt Issuance	101,990	-	50,995	50,995	-
Total	9,626,377	64,361	3,176,344	6,514,394	3,095,000
<i>Other Long-Term Obligations:</i>					
Net Pension Liability	103,312,547	3,948,881	-	107,261,428	-
Net OPEB Liability	6,874,395	1,365,996	-	8,240,391	-
Compensated Absences	7,943,245	1,865,019	2,188,654	7,619,609	1,498,228
Total Governmental Activities	\$127,756,564	\$ 7,244,257	\$ 5,364,998	\$129,635,822	\$ 4,593,228

2012 Classroom Facilities Refunding Bonds

On June 27, 2012, the School District issued \$9,335,000 in refunded general obligation bonds. The proceeds of the bonds were used to refund \$9,530,000 of the School District's outstanding Capital Improvement Bonds, Series 2003. The bonds were issued for a 13 year period with final maturity at December 1, 2024 with a varying interest rate of 3.00 to 4.00 percent. At the date of the refunding, \$9,846,557 (including premium and after underwriting fees) was deposited in an irrevocable trust to provide for all future payments on the refunded bonds. As of June 30, 2024, these bonds are considered defeased, (maturing December 1, 2021 through December 1, 2023).

These refunding bonds were issued with a premium of \$662,935, which is reported as an increase to bonds payable. The amounts are being amortized to interest expensed over the life of the bonds using the straight-line method. The issuance costs have been reported as an expenditure. 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 \$1,521,452. The issuance resulted in an economic gain of \$1,280,893.

2015 Classroom Facilities Current Refunding Bonds

On May 13, 2015, the School District issued \$3,504,995 in refunded general obligation bonds. The proceeds of the bonds were used to refund \$3,505,000 of the School District's outstanding 2003 Classroom Facilities Bonds. The bonds were issued for an 11 year period with final maturity at December 1, 2025 at an interest rate of 3.25 percent. This issuance included a capital appreciation bond that matures on December 1, 2025. This bond was purchased at a substantial discount at the time of issuance. At maturity

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all compounded interest is paid and the bond holder receives the face value of the bonds. As the value of the bonds increase, the accretion is reflected as principal liability. The maturity amount of the bond due in fiscal year 2026 is \$355,000.

These refunding bonds were issued with a premium of \$162,352, which has been reported as an expense in addition to the issuance costs.

2018 Classroom Facilities Current Refunding Bonds

On March 15, 2018, the School District issued \$6,170,000 in refunded general obligation bonds. The proceeds of the bonds were used to refund \$3,700,000 of the School District's outstanding 2006 School Improvement Refunding Bonds and \$2,470,000 of the 2007 School Improvement Refunding Bonds. The bonds were issued for an 8 year period with final maturity at December 1, 2025 at an interest rate of 2.72 percent. The issuance costs have been reported as an expenditure.

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 \$457,596. The issuance resulted in an economic gain of \$422,387.

General obligation bonds will be repaid from the debt service fund. Compensated absences will be paid from various governmental funds from which employees' salaries are paid, which in prior years is primarily general fund. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the general fund and food service fund. For additional information related to the net pension liability and net OPEB liability see Notes 11 and 12.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2024, are as follows:

Fiscal Year Ending June 30,	Serial Bonds		Capital Appreciation Bonds	
	Principal	Interest	Principal	Accretion
2025	\$ 3,095,000	\$ 137,548	\$ -	\$ -
2026	3,114,000	44,099	4,995	350,005
Total	<u>\$ 6,209,000</u>	<u>\$ 181,647</u>	<u>\$ 4,995</u>	<u>\$ 350,005</u>

NOTE 14 – INTERFUND TRANSFERS

Transfers for the year ended June 30, 2024 consisted of the following:

Fund	Transfer In	Transfer Out
General Fund	\$ -	\$ 941,122
Debt Service Fund	473,815	-
Nonmajor Governmental Funds	3,010,130	2,542,823
Total	<u>\$ 3,483,945</u>	<u>\$ 3,483,945</u>

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Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

General fund transferred \$941,122 to the athletics fund and the Ohio Facilities Construction Commission (OFCC) fund transferred \$473,815 to the debt service fund and \$2,069,008 to the permanent improvement fund. The OFCC fund is no longer being used for the purpose for which it was created, therefore, transfers out were made to the debt service fund for \$473,815 to make debt service payments and to the permanent improvement fund for \$2,069,008 to cover improvement costs.

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

NOTE 15 – INTERFUND BALANCES

Interfund balances at June 30, 2024 consisted of the following:

	Interfund Receivable	Interfund Payable
General Fund	\$ 584,101	\$ -
Nonmajor Governmental Funds	- <hr/>	584,101 <hr/>
Total	<hr/> \$ 584,101	<hr/> \$ 584,101

The general fund advanced \$584,101 to the nonmajor governmental funds to cover expenditures until expected revenues were received. All interfund loans will be repaid in fiscal year 2024 with monies to be received from reimbursable expenditures incurred during fiscal year 2025.

NOTE 16 – 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 \$2,250,458 in the general fund, \$559 in the elementary & secondary school emergency relief fund and \$1,216,816 in nonmajor governmental funds.

NOTE 17 – CONTINGENCIES

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 claims resulting from such audits could become a liability of the general fund or other applicable

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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2024, if applicable, cannot be determined at this time.

Litigation

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

NOTE 18 - SET-ASIDES

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

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

	<u>Capital Improvement Reserve</u>
Set Aside Restricted Balance June 30, 2023	\$ -
Current Year Set-Aside Requirement	1,234,524
Prior Year Offset from Bond Proceeds	<u>(1,234,524)</u>
Total	<u>\$ -</u>
Balance Carried Forward to Fiscal Year 2025	<u>\$ -</u>
Set Aside Balance June 30, 2024	<u>\$ -</u>

During fiscal year 2003, the School District issued \$41,094,000 in capital related debt based on a building project undertaken by the School District. Those proceeds may be used as qualifying offsets to reduce the capital acquisition to zero for future years. In fiscal year 2024, \$1,234,524 of qualifying proceeds were used to reduce the capital acquisition set-aside requirement to zero. At June 30, 2024, the School District still has \$20,462,169 in qualifying proceeds that may be used to reduce the set-aside requirement for future years.

NOTE 19 – TAX ABATEMENTS

For fiscal year 2023 (latest information available), the School District property taxes were reduced by \$5,938,461 under a community reinvestment area agreement entered into by the City of Lorain.

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Notes to the Basic Financial Statements
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NOTE 20 – ACADEMIC DISTRESS

Under the provisions of House Bill 70, which became law in 2015, when any school district has three years of failing grades the state superintendent has the authority to create the Academic Distress Commission (ADC). The ADC then has the task of appointing a Chief Executive Officer with the authority over the school board and superintendent. It has been determined the School District will fall under these House Bill rules, however it is unknown at this time the financial implications of the pending state takeover that started April 6, 2017. The chair of the ADC was appointed on April 6, 2017. The rest of the ADC was in place by June 6, 2017 and they then appointed the CEO 60 days later on August 6, 2017. The CEO released an improvement plan at the November 6, 2017 ADC meeting. There was a changeover in CEO in fiscal years 2019 and 2020. On July 1, 2022, the School District returned to local control, with the Academic Distress Commission taking an advisory role, while the school board has all its regular powers reinstated. On July 4, 2023, the Governor of Ohio, signed the State budget bill that included language to release the School District completely from House Bill 70."

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Required Supplementary Information

*Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years*

	2024	2023	2022	2021
<i>School Employees Retirement System (SERS)</i>				
School District's Proportion of the Net Pension Liability	0.50314190%	0.48046490%	0.46362100%	0.46469970%
School District's Proportionate Share of the Net Pension Liability	\$ 27,801,180	\$ 25,987,279	\$ 17,106,270	\$ 30,736,217
School District's Covered Payroll	\$ 20,298,000	\$ 17,972,771	\$ 15,531,729	\$ 16,481,621
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	136.97%	144.59%	110.14%	186.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.06%	75.82%	82.86%	68.55%
<i>State Teachers Retirement System (STRS)</i>				
School District's Proportion of the Net Pension Liability	0.36898295%	0.34783999%	0.35488991%	0.34789558%
School District's Proportionate Share of the Net Pension Liability	\$ 79,460,248	\$ 77,325,268	\$ 45,375,864	\$ 84,178,352
School District's Covered Payroll	\$ 50,369,093	\$ 46,333,507	\$ 43,696,293	\$ 42,539,500
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	157.76%	166.89%	103.84%	197.88%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.02%	78.90%	87.80%	75.50%

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

2020	2019	2018	2017	2016	2015
0.47265460%	0.45520760%	0.43436040%	0.42195970%	0.40473900%	0.39710500%
\$ 28,279,753	\$ 26,070,582	\$ 25,952,074	\$ 30,883,557	\$ 23,094,800	\$ 20,097,258
\$ 16,243,059	\$ 15,178,326	\$ 14,303,921	\$ 11,046,207	\$ 12,942,838	\$ 11,655,635
174.10%	171.76%	181.43%	279.59%	178.44%	172.43%
70.85%	71.36%	69.50%	62.98%	69.16%	71.70%
0.34473835%	0.34373208%	0.34446248%	0.33674185%	0.32817160%	0.34757227%
\$ 76,236,814	\$ 75,578,967	\$ 81,827,800	\$ 112,717,648	\$ 90,697,031	\$ 84,541,605
\$ 39,430,914	\$ 39,694,700	\$ 38,847,093	\$ 35,268,164	\$ 35,912,143	\$ 38,244,000
193.34%	190.40%	210.64%	319.60%	252.55%	221.06%
77.40%	77.31%	75.30%	66.80%	72.10%	74.70%

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Required Supplementary Information
Schedule of the School District's Contributions - Pension
Last Ten Fiscal Years

	2024	2023	2022	2021
<i>School Employees Retirement System (SERS)</i>				
Contractually Required Contribution	\$ 2,914,473	\$ 2,841,720	\$ 2,516,188	\$ 2,174,442
Contributions in Relation to the Contractually Required Contribution	<u>(2,914,473)</u>	<u>(2,841,720)</u>	<u>(2,516,188)</u>	<u>(2,174,442)</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
School District's Covered Payroll	\$ 20,817,664	\$ 20,298,000	\$ 17,972,771	\$ 15,531,729
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
 <i>State Teachers Retirement System (STRS)</i>				
Contractually Required Contribution	\$ 7,102,881	\$ 7,051,673	\$ 6,486,691	\$ 6,117,481
Contributions in Relation to the Contractually Required Contribution	<u>(7,102,881)</u>	<u>(7,051,673)</u>	<u>(6,486,691)</u>	<u>(6,117,481)</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
School District's Covered Payroll	\$ 50,734,864	\$ 50,369,093	\$ 46,333,507	\$ 43,696,293
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

2020	2019	2018	2017	2016	2015
\$ 2,307,427	\$ 2,192,813	\$ 2,049,074	\$ 2,002,549	\$ 1,546,469	\$ 1,705,866
<u>(2,307,427)</u>	<u>(2,192,813)</u>	<u>(2,049,074)</u>	<u>(2,002,549)</u>	<u>(1,546,469)</u>	<u>(1,705,866)</u>
<u>\$ -</u>					
\$ 16,481,621	\$ 16,243,059	\$ 15,178,326	\$ 14,303,921	\$ 11,046,207	\$ 12,942,838
14.00%	13.50%	13.50%	14.00%	14.00%	13.18%
\$ 5,955,530	\$ 5,520,328	\$ 5,557,258	\$ 5,438,593	\$ 4,937,543	\$ 5,027,700
<u>(5,955,530)</u>	<u>(5,520,328)</u>	<u>(5,557,258)</u>	<u>(5,438,593)</u>	<u>(4,937,543)</u>	<u>(5,027,700)</u>
<u>\$ -</u>					
\$ 42,539,500	\$ 39,430,914	\$ 39,694,700	\$ 38,847,093	\$ 35,268,164	\$ 35,912,143
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

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Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
Last Eight Fiscal Years (1)

	2024	2023	2022	2021
<i>School Employees Retirement System (SERS)</i>				
School District's Proportion of the Net OPEB Liability	0.50019210%	0.48962560%	0.46615300%	0.47360200%
School District's Proportionate Share of the Net OPEB Liability	\$ 8,240,391	\$ 6,874,395	\$ 8,822,320	\$ 10,292,915
School District's Covered Payroll	\$ 20,298,000	\$ 17,972,771	\$ 15,531,729	\$ 16,481,621
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	40.60%	38.25%	56.80%	62.45%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.02%	30.34%	24.08%	18.17%
<i>State Teachers Retirement System (STRS)</i>				
School District's Proportion of the Net OPEB Liability (Asset)	0.36898295%	0.34783999%	0.35489000%	0.34789600%
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (7,176,209)	\$ (9,006,736)	\$ (7,482,565)	\$ (6,114,265)
School District's Covered Payroll	\$ 50,369,093	\$ 46,333,507	\$ 43,696,293	\$ 42,539,500
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-14.25%	-19.44%	-17.12%	-14.37%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	168.52%	230.73%	174.73%	182.10%

(1) Information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

	2020	2019	2018	2017
	0.48198700%	0.46185320%	0.44083350%	0.42771465%
\$	12,120,954	\$ 12,813,055	\$ 11,830,813	\$ 12,191,450
\$	16,243,059	\$ 15,178,326	\$ 14,303,921	\$ 11,046,207
	74.62%	84.42%	82.71%	110.37%
	15.57%	13.57%	12.46%	11.49%
	0.34473800%	0.34373208%	0.34446248%	0.33674185%
\$	(5,709,689)	\$ (5,523,424)	\$ 13,439,655	\$ 18,009,042
\$	39,430,914	\$ 39,694,700	\$ 38,847,093	\$ 35,268,164
	-14.48%	-13.91%	34.60%	51.06%
	174.70%	176.00%	47.10%	37.30%

Lorain City School District
Lorain County, Ohio
Required Supplementary Information
Schedule of the School District's Contributions - OPEB
Last Ten Fiscal Years

	2024	2023	2022	2021
<i>School Employees Retirement System (SERS)</i>				
Contractually Required Contribution (1)	\$ 269,999	\$ 271,009	\$ 225,000	\$ 210,000
Contributions in Relation to the Contractually Required Contribution	<u>(269,999)</u>	<u>(271,009)</u>	<u>(225,000)</u>	<u>(210,000)</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
School District's Covered Payroll	\$ 20,817,664	\$ 20,298,000	\$ 17,972,771	\$ 15,531,729
OPEB Contributions as a Percentage of Covered Payroll (1)	1.30%	1.34%	1.25%	1.35%
<i>State Teachers Retirement System (STRS)</i>				
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
School District's Covered Payroll	\$ 50,734,864	\$ 50,369,093	\$ 46,333,507	\$ 43,696,293
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

2020	2019	2018	2017	2016	2015
\$ 263,499	\$ 275,283	\$ 269,960	\$ 240,533	\$ 216,875	\$ 241,232
<u>(263,499)</u>	<u>(275,283)</u>	<u>(269,960)</u>	<u>(240,533)</u>	<u>(216,875)</u>	<u>(241,232)</u>
<u><u>\$ -</u></u>					
\$ 16,481,621	\$ 16,243,059	\$ 15,178,326	\$ 14,303,921	\$ 11,046,207	\$ 12,942,838
1.60%	1.69%	1.78%	1.68%	1.96%	1.86%
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u><u>\$ -</u></u>					
\$ 42,539,500	\$ 39,430,914	\$ 39,694,700	\$ 38,847,093	\$ 35,268,164	\$ 35,912,143
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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Notes to the Required Supplementary Information
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NOTE 1 - NET PENSION LIABILITY

There were no changes in assumptions or benefit terms for the fiscal years reported unless otherwise stated below:

Changes in Assumptions - SERS

Amounts reported in 2022 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in prior years are presented as follows:

	<u>Fiscal Year 2022</u>	<u>Fiscal Years 2021-2017</u>	<u>Fiscal Years 2016 and Prior</u>
Wage Inflation	2.40%	3.00%	3.25%
Future Salary Increases, including inflation	3.25% to 13.58%	3.50% to 18.20%	4.00% to 22.00%
Investment Rate of Return	7.00% net of system expenses	7.50% net of investment expenses, including inflation	7.75% net of investment expenses, including inflation

Beginning in 2022, amounts reported use mortality rates based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP2020 projection scale generationally.

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0 percent nor greater than 2.5 percent.

Amounts report for 2017 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Benefit Terms - SERS

For fiscal year 2022, COLA were increased from 2.00 percent to 2.50 percent.

For fiscal year 2021, COLA were reduced from 2.50 percent to 2.00 percent.

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

Lorain City School District
Lorain County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

Changes in Assumptions – STRS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal years 2018-2021 and fiscal year 2017 and prior are presented as follows:

	<u>Fiscal Years 2022 and 2023</u>	<u>Fiscal Years 2021-2018</u>	<u>Fiscal Years 2017 and Prior</u>
Inflation	2.50%	2.50%	2.75%
Projected Salary Increases	From 2.50% to 12.50% based on age	From 12.50% at age 20 to 2.50% at age 65	From 12.25% at age 20 to 2.75% at age 70
Investment Rate of Return, net of investment expenses, including inflation	7.00%	7.45%	7.75%
Payroll Increases	3.00%	3.00%	3.50%

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

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees were based on the RP2014 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. 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Changes in Benefit Terms - STRS

For fiscal year 2023, the Board approved a one-time 3 percent COLA effective on the anniversary of a benefit recipient's retirement date for those eligible during fiscal year 2023 and eliminated the age 60 requirement to receive unreduced retirement that was scheduled to go into effect August 1, 2026.

For fiscal year 2018, the COLA was reduced to zero.

Fiscal year 2017 and prior, COLA was 2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013 or later, 2 percent COLA commences on fifth anniversary of retirement date

Lorain City School District
Lorain County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions – SERS

Amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented below:

	<u>Fiscal Years 2023 and 2022</u>	<u>Fiscal Years 2021-2017</u>
Inflation	2.40%	3.00%
Future Salary Increases, including inflation	3.25% to 13.58%	3.50% to 18.20%
Investment Rate of Return, net of investment expenses, including inflation	7.00%	7.50%

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

<u>Assumption</u>	<u>Fiscal Year</u>							
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Municipal Bond Index Rate	3.86%	3.69%	1.92%	2.45%	3.13%	3.62%	3.56%	2.92%
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	4.27%	4.08%	2.27%	2.63%	3.22%	3.70%	3.63%	2.98%

Changes in Assumptions – STRS

For fiscal year 2023, the projected salary increases were changed from age based (2.5 percent to 12.50 percent) to service based (2.5 percent to 8.5 percent).

For fiscal year 2022, the discount rate was decreased from 7.45 percent to the long-term expected rate of return of 7.00.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45.

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

**Lorain City School District
Lorain County, Ohio**

*Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2024*

Changes in Benefit Terms – STRS

Effective January 1, 2024, Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes.

For fiscal year 2023, health care trends were updated to reflect emerging claims and recoveries experience

For fiscal year 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022, premium based on June 30, 2021, enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2022, from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in calendar year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely

For fiscal year 2021, there were no changes to the claims costs process. Claim curves were updated to reflect the projected fiscal year 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to .1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2020, there was no change to the claims costs process. Claim curves were trended to the fiscal year ending June 30, 2020 to reflect the current price renewals. The non-Medicare subsidy percentage was increased effective January 1, 2020 from 1.944 percent to 1.984 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021

For fiscal year 2019, the subsidy multiplier for non-Medicare benefit recipients was increased from 1.9 percent to 1.944 percent per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased effective January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. This was subsequently extended, see above paragraph.

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**LORAIN CITY SCHOOL DISTRICT
LORAIN COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

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>		
Fresh Fruit and Vegetable Program FY23	10.582	\$39,014
Fresh Fruit and Vegetable Program FY24	10.582	<u>131,448</u>
Total Fresh Fruit and Vegetable Program		170,462
Child Nutrition Cluster		
School Breakfast Program	10.553	1,263,990
National School Lunch Program - Commodities	10.555	308,378
National School Lunch Program	10.555	2,124,064
COVID-19 National School Lunch Program	10.555	<u>158,771</u>
Total Child Nutrition Cluster		3,855,203
CACFP After School Program FY23	10.558	18,176
CACFP After School Program FY24	10.558	<u>71,343</u>
Total CACFP After School Program		89,519
Total U.S. Department of Agriculture		<u>4,115,184</u>
 U.S. DEPARTMENT OF EDUCATION <i>Passed Through Ohio Department of Education and Workforce</i>		
Title I		
Title I - Grants to LEAs FY23	84.010A	1,137,134
Title I - Grants to LEAs FY24	84.010A	4,173,165
Expanding Opportunities for Each Child Non-Competitive Grant FY23	84.010A	197,394
Expanding Opportunities for Each Child Non-Competitive Grant FY24	84.010A	149,794
Title-I Non-competitive, Supplemental School Improvement FY23	84.010A	68,985
Title-I Non-competitive, Supplemental School Improvement FY24	84.010A	<u>402,138</u>
Total Title I		6,128,610
Special Education Cluster		
Special Educations - IDEA Restoration FY23	84.027A	252,657
Special Educations - IDEA Restoration FY24	84.027A	1,788,484
COVID-19 Special Educations - ARP IDEA Part-B FY23	84.027X	76,204
Special Education - Preschool Grants FY24	84.173A	<u>45,627</u>
Total Special Education Cluster		2,162,972
Vocational Education - Carl D. Perkins Secondary FY23	84.048A	80,170
Vocational Education - Carl D. Perkins Secondary FY24	84.048A	<u>212,530</u>
Total Vocational Education-Carl D. Perkins Secondary		292,700

**LORAIN CITY SCHOOL DISTRICT
LORAIN COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Total Federal Expenditures
Title III-A English Language Acquisition FY23	84.365A	59
Title III-A English Language Acquisition FY24	84.365A	<u>75,467</u>
Total Title III-A English Language Acquisition		75,526
Title II-A Improving Teacher Quality FY23	84.367A	37,083
Title II-A Improving Teacher Quality FY24	84.367A	<u>369,790</u>
Total Title II-A Improving Teacher Quality		406,873
Title IV-A Student Support and Academic Enrichment FY23	84.424A	94,115
Title IV-A Student Support and Academic Enrichment FY24	84.424A	<u>341,249</u>
Stronger Connections Grant	84.424F	4,365
Total Title IV-A		<u>439,729</u>
21st Century FY23 Longfellow	84.287C	87,500
21st Century FY23 Lorain High	84.287C	<u>112,500</u>
21st Century FY24 Lorain High School	84.287C	75,000
21st Century FY24 Chronic Absenteeism	84.287C	<u>13,593</u>
Total 21st Century		288,593
COVID-19 Elementary And Secondary Emergency Relief Funds	84.425D	6,355,233
COVID-19 American Rescue Plan-Elementary & Secondary Emergency Relief Fund	84.425U	<u>23,390,104</u>
COVID-19 American Rescue Plan-Homeless Children and Youth	84.425W	24,597
Total Total COVID-19 Elementary and Secondary Emergency Relief Funds		<u>29,769,934</u>
Total U.S. Department of Education		<u>39,564,937</u>
Total Expenditures of Federal Awards		<u>\$43,680,121</u>

The accompanying notes are an integral part of this schedule

**LORAIN CITY SCHOOL DISTRICT
LORAIN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Lorain City School District (the District) under programs of the federal government for the year ended June 30, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - MATCHING REQUIREMENTS

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

**LORAIN CITY SCHOOL DISTRICT
LORAIN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2024
(CONTINUED)**

NOTE G - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with DEW's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2024 to 2025 programs:

<u>Program Title</u>	<u>AL Number</u>	<u>Amt Transferred</u>
Title I, Grants to LEA	84.010A	\$1,253,758
Title IIA, Improving Teacher Quality	84.367A	\$603,771
Title IIIA, English Language Acquisition	84.365A	\$482
Title IV-A, Student Support and Academic Enrichment	84.424A	\$343,433
Special Educations - IDEA Restoration	84.027A	\$42,294



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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**

Lorain City School District
Lorain County
2601 Pole Avenue
Lorain, Ohio 44052

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 financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lorain City School District, Lorain County, Ohio (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated November 13, 2025, wherein we noted the District revised its financial statement presentation from cash-basis to the basis required by generally accepted accounting principles. In addition, for fiscal year 2024 the District's Elementary and Secondary School Emergency Relief fund qualified as a major fund, while the District's Food Service and Ohio Facilities Construction Commission funds no longer qualified as major funds.

Report on Internal Control Over Financial Reporting

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

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

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

Lorain City School District
Lorain County
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

Report on Compliance and Other Matters

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

Purpose of This Report

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

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

November 13, 2025



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

Lorain City School District
Lorain County
2601 Pole Avenue
Lorain, Ohio 44052

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lorain City School District's, Lorain County, (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Lorain City School District's major federal programs for the year ended June 30, 2024. Lorain City School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Lorain City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Lorain City School District
Lorain County
Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Federal Program and on Internal Control Over
Compliance Required by Uniform Guidance
Page 3

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

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

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

KEITH FABER
Ohio Auditor of State



Tiffany L Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

November 13, 2025

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**LORAIN CITY SCHOOL DISTRICT
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2024**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Child Nutrition Cluster Elementary and Secondary Emergency Relief Fund/American Rescue Plan, AL #84.425
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$1,310,404 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**

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

LORAIN CITY SCHOOL DISTRICT
 LORAIN COUNTY

 SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
 2 CFR § 200.511(b)
 JUNE 30, 2024

Finding Number	Finding Summary	Status	Additional Information
2023-001	Ohio Rev. Code § 117.38 provides that each public office shall file a financial report for each fiscal year. Ohio Admin. Code 117-2-03(B) , requires the entity to file annual financial reports which are prepared using generally accepted accounting principles (GAAP). The District prepared financial statements that, although formatted similar to financial statements prescribed by the Governmental Accounting Standards Board, report on the basis of accounting rather than GAAP.	Corrective Action Taken and Finding is Fully Corrected	None.
2023-002	On December 12, 2022, the Board of Education approved a supplemental contract with three District employees for Title I (Fund 572) services in the aggregate amount of \$1,272 or \$424 each. However, due to a processing error which was not detected by the District's internal controls, each employee was paid \$1,272, resulting in an overpayment to each employee in the amount of \$848 or an aggregate amount of \$2,544. Since these payments were not authorized by the Board of Education they are not deemed as allowable federal expenditures from the Title I/572 Fund.	Corrective Action Taken and Finding is Fully Corrected	None.

OHIO AUDITOR OF STATE KEITH FABER



LORAIN CITY SCHOOL DISTRICT

LORAIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/25/2025

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