



OHIO AUDITOR OF STATE
KEITH FABER



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

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Shawnee Local School District
Allen County
3255 Zurmehly Road
Lima, Ohio 45806

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter - Accounting Basis

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

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

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

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2024, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the School District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

March 22, 2024

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

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

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- ❑ In total, net position decreased \$295,646 from the previous fiscal year.
- ❑ Outstanding debt decreased from \$450,000 in fiscal year 2022 to \$375,000 in the current year.

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 Shawnee Local School District as a whole, entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

Basis of Accounting

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

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

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

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

In the Statement of Net Position and the Statement of Activities, governmental activities include the School District's programs and services, including instruction, support services, extracurricular activities and food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, the Beatrice M. Guyton Fund, the Permanent Improvement Fund, and the Food Service Fund.

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

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

The School District as a Whole

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

(Table 1)
Net Position – Cash Basis

	Governmental Activities		
	2023	2022	Change
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 9,393,525	\$ 9,689,171	\$ (295,646)
Net Position			
Restricted for:			
Capital Outlay	\$ 1,298,039	\$ 1,303,496	\$ (5,457)
Debt Service	-	3	(3)
Other Purposes	3,045,534	2,673,230	372,304
Unrestricted	5,049,952	5,712,442	(662,490)
<i>Total Net Position</i>	\$ 9,393,525	\$ 9,689,171	\$ (295,646)

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

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

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

(Table 2)
Changes in Net Position – Cash Basis

	Governmental Activities		
	2023	2022	Change
Receipts			
Program Receipts			
Charges for Services and Sales	\$ 1,840,061	\$ 1,167,064	\$ 672,997
Operating Grants, Contributions and Interest	3,828,116	4,043,988	(215,872)
Capital Grants and Contributions	19,737	4,825	14,912
<i>Total Program Receipts</i>	<u>5,687,914</u>	<u>5,215,877</u>	<u>472,037</u>
General Receipts			
Property Taxes	17,687,768	15,866,681	1,821,087
Grants and Entitlements not Restricted to			
Specific Programs	7,745,817	7,820,993	(75,176)
Insurance Recoveries	31,356	-	31,356
Investment Earnings	114,138	32,492	81,646
Miscellaneous	247,801	226,301	21,500
<i>Total General Receipts</i>	<u>25,826,880</u>	<u>23,946,467</u>	<u>1,880,413</u>
<i>Total Receipts</i>	<u>31,514,794</u>	<u>29,162,344</u>	<u>2,352,450</u>
Program Disbursements			
Instruction:			
Regular	12,354,533	11,843,099	511,434
Special	4,407,320	3,288,130	1,119,190
Vocational	17,150	22,454	(5,304)
Student Intervention Services	305,250	314,168	(8,918)
Other	128,844	77,075	51,769
Support Services:			
Pupils	1,897,815	1,783,999	113,816
Instructional Staff	1,049,797	1,579,858	(530,061)
Board of Education	102,637	105,103	(2,466)
Administration	2,091,731	1,987,817	103,914
Fiscal	667,851	636,034	31,817
Operation and Maintenance of Plant	3,658,649	3,106,565	552,084
Pupil Transportation	1,871,171	1,320,087	551,084
Central	72,393	72,125	268
Operation of Non-Instructional Services:			
Food Service Operations	1,008,801	1,090,900	(82,099)
Community Services	268,806	311,023	(42,217)
Extracurricular Activities	1,818,438	890,095	928,343
Capital Outlay	2,392	562	1,830
Debt Service:			
Principal Retirement	75,000	75,000	-
Interest and Fiscal Charges	11,862	13,922	(2,060)
<i>Total Program Disbursements</i>	<u>31,810,440</u>	<u>28,518,016</u>	<u>3,292,424</u>
<i>Change in Net Position</i>	(295,646)	644,328	(939,974)
<i>Net Position Beginning of Year</i>	<u>9,689,171</u>	<u>9,044,843</u>	<u>644,328</u>
<i>Net Position End of Year</i>	<u>\$ 9,393,525</u>	<u>\$ 9,689,171</u>	<u>\$ (295,646)</u>

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

The significant change in charges for services and sales is mainly due to the resumption of charges for school lunches after a pause related to the COVID-19 pandemic. The significant increase in property taxes is mainly due to collections of a new property tax levy. Purchased services and materials related to various special education classrooms, equipment at various schools, and the purchase of three school buses primarily caused the significant increases in special instruction, operation and maintenance of plant, and pupil transportation, respectively. New turf on a playing field, funded by donations to extracurricular activities, mainly accounted for the significant change in extracurricular disbursements. The higher disbursements for instructional staff in the prior fiscal year compared to the current one were mainly due to the purchase of chromebooks in the previous fiscal year.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. The dependence upon tax revenues and general revenue entitlements from the state for governmental activities is apparent. Program revenues only account for a portion of all governmental expenses. The community is the largest area of support for the School District students.

The School District's Funds

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

(Table 3)
Fund Balance – Cash Basis

	Fund Balance 6/30/2023	Fund Balance 6/30/2022	Increase (Decrease)
General Fund	\$ 5,103,348	\$ 6,007,667	\$ (904,319)
Beatrice M. Guyton Fund	1,194,412	1,187,167	7,245
Permanent Improvement Fund	1,298,039	1,303,496	(5,457)
Food Service Fund	1,489,838	1,173,500	316,338

Despite the School District's conservative spending, disbursements still exceeded cash received into the General Fund. This resulted in a negative change in fund balance. The Guyton Fund had increased investment income over the previous fiscal year resulting in receipts outpacing disbursements. The Permanent Improvement Fund's receipts remained steady while the disbursements increased leading to a decrease in fund balance. Although receipts decreased in the Food Service Fund over the previous year, they still outpaced disbursements leading to the increase in fund balance.

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.

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

Original Budget Compared to Final Budget During the course of fiscal year 2023, the School District adjusted its general fund budget for special instruction to account for increased costs of purchased services and materials. There were no other significant changes between the original and final budgeted receipts, disbursements, and other financing sources and uses.

Final Budget Compared to Actual Results For fiscal year 2023, there was no significant change between the final budgeted receipts and actual receipts. There was a decrease between the final budgeted disbursements and actual disbursements due to conservative spending, primarily in instructional staff, operation and maintenance of plant, and pupil transportation.

Debt Administration

The School District's long-term obligations decreased from the prior year due to scheduled principal payments. For further information regarding the School District's debt, refer to Note 6 of the basic financial statements.

Current Issues

The School District experienced deficit spending in its general fund of \$904,319 for fiscal year 2023. This represents an increase in deficit spending from the previous year's deficit of \$260,576.

Shawnee Local School District's General Fund receipts increased from fiscal year 2022. This increase was primarily the result of increased tax receipts. The historically low interest rate environment saw a slight improvement during fiscal year 2023, and the economic outlook appears positive for fiscal year 2024.

Disbursements for the School District are consistent with industry standards. Staffing levels have remained constant, while retirements and cost controls implemented by the Allen County Health consortium maintain costs. As in all school districts, and vast majority of private enterprises, headcount related costs account for the highest percentage of expenditures. The School District spent approximately 80 percent of its annual budget on salaries, wages, and benefits in fiscal year 2023.

In addition to the continuing millage from voted levies, Shawnee Local School District also receives receipts from three emergency levies. These consist of a ten-year fixed amount levy for \$2,880,000 per year renewed in 2021, a five-year fixed amount levy for \$2,150,000 per year renewed in November 2018, and a five-year fixed amount levy for \$2,200,000 per year that was originally passed in May 2021 with collections beginning in 2022.

The School District continues to be a member in the Council of Allen County Schools Health Benefits Consortium. Membership consists of all local county school districts, the Apollo Career Center and the Allen County Educational Service Center. Its goal is to manage costs by providing quality care at a fair price to member districts. Experience to date has realized savings for district due to lower-than-average increases in yearly health care premiums, seeing an increase of zero percent in 2023.

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

All of the School District's buildings are more than 40 years old and their maintenance is a major concern to the Board of Education. It is critical that facilities are secure, safe, structurally and operationally sound; therefore, a permanent improvement levy has been approved by the School District voters since the early 1970's. This levy generates approximately \$1,100,000 annually for the School District to be used exclusively for buildings, grounds, textbooks and buses.

Every effort is being made to identify ways to improve facilities without increasing the tax burden on local residents.

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 Chris Cross, Treasurer of Shawnee Local School District, 3255 Zurmehly Rd., Lima, Ohio 45806.

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

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 9,393,525
<i>Total Assets</i>	<u>9,393,525</u>
Net Position	
Restricted for:	
Capital Outlay	1,298,039
Other Purposes	3,045,534
Unrestricted	<u>5,049,952</u>
<i>Total Net Position</i>	<u>\$ 9,393,525</u>

See Accompanying Notes to the Basic Financial Statements

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

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$ 12,354,533	\$ 485,849	\$ 341,899	\$ 1,694	\$ (11,525,091)
Special	4,407,320	225,323	728,764	-	(3,453,233)
Vocational	17,150	-	-	-	(17,150)
Student Intervention Services	305,250	-	12,097	-	(293,153)
Other	128,844	-	-	-	(128,844)
Support Services:					
Pupils	1,897,815	-	157,612	-	(1,740,203)
Instructional Staff	1,049,797	-	178,469	2,000	(869,328)
Board of Education	102,637	-	-	-	(102,637)
Administration	2,091,731	-	130,733	-	(1,960,998)
Fiscal	667,851	-	-	310	(667,541)
Operation and Maintenance of Plant	3,658,649	-	610,960	10,391	(3,037,298)
Pupil Transportation	1,871,171	-	388	5,099	(1,865,684)
Central	72,393	-	-	-	(72,393)
Operation of Non-Instructional Services:					
Food Service Operations	1,008,801	701,626	623,123	-	315,948
Community Services	268,806	-	289,590	-	20,784
Extracurricular Activities	1,818,438	427,263	753,253	243	(637,679)
Capital Outlay	2,392	-	1,228	-	(1,164)
Debt Service:					
Principal Retirement	75,000	-	-	-	(75,000)
Interest and Fiscal Charges	11,862	-	-	-	(11,862)
Totals	<u>\$ 31,810,440</u>	<u>\$ 1,840,061</u>	<u>\$ 3,828,116</u>	<u>\$ 19,737</u>	<u>\$ (26,122,526)</u>

General Receipts

Property Taxes Levied for:	
General Purposes	16,671,560
Capital Outlay	1,016,208
Grants and Entitlements not Restricted to Specific Programs	7,745,817
Insurance Recoveries	31,356
Investment Earnings	114,138
Miscellaneous	247,801
Total General Receipts	<u>25,826,880</u>
Change in Net Position	(295,646)
Net Position Beginning of Year	<u>9,689,171</u>
Net Position End of Year	<u>\$ 9,393,525</u>

See Accompanying Notes to the Basic Financial Statements

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

	General Fund	Beatrice M. Gutyon Fund	Permanent Improvement Fund	Food Service Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 5,103,348	\$ 1,194,412	\$ 1,298,039	\$ 1,489,838	\$ 307,888	\$ 9,393,525
<i>Total Assets</i>	<u>\$ 5,103,348</u>	<u>\$ 1,194,412</u>	<u>\$ 1,298,039</u>	<u>\$ 1,489,838</u>	<u>\$ 307,888</u>	<u>\$ 9,393,525</u>
Fund Balances						
Nonspendable	\$ 3,902	\$ -	\$ -	\$ -	\$ -	\$ 3,902
Restricted	-	1,194,412	1,298,039	1,489,838	357,381	4,339,670
Committed	300,000	-	-	-	-	300,000
Assigned	2,575,420	-	-	-	-	2,575,420
Unassigned	2,224,026	-	-	-	(49,493)	2,174,533
<i>Total Fund Balances</i>	<u>\$ 5,103,348</u>	<u>\$ 1,194,412</u>	<u>\$ 1,298,039</u>	<u>\$ 1,489,838</u>	<u>\$ 307,888</u>	<u>\$ 9,393,525</u>

See Accompanying Notes to the Basic Financial Statements

**Shawnee Local School District
Allen County, Ohio**

*Statement of Receipts, Disbursements and Change
in Fund Balances - Cash Basis - Governmental Funds
For the Fiscal Year Ended June 30, 2023*

	General Fund	Beatrice M. Guyton Fund	Permanent Improvement Fund	Food Service Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 16,671,560	\$ -	\$ 1,016,208	\$ -	\$ -	\$ 17,687,768
Intergovernmental	7,618,065	-	114,572	602,803	2,411,481	10,746,921
Investment Income	114,138	18,101	19,737	20,320	2,195	174,491
Tuition and Fees	691,439	-	-	-	-	691,439
Extracurricular Activities	50,966	-	-	-	377,705	428,671
Gifts and Donations	13,180	-	-	-	773,216	786,396
Charges for Services	10,539	-	-	701,626	-	712,165
Rent	7,786	-	-	-	-	7,786
Miscellaneous	241,766	-	-	-	6,035	247,801
<i>Total Receipts</i>	<u>25,419,439</u>	<u>18,101</u>	<u>1,150,517</u>	<u>1,324,749</u>	<u>3,570,632</u>	<u>31,483,438</u>
Disbursements						
Current:						
Instruction:						
Regular	11,924,696	-	99,233	-	330,603	12,354,532
Special	3,683,808	-	-	-	723,513	4,407,321
Vocational	17,150	-	-	-	-	17,150
Student Intervention Services	289,965	-	-	-	15,284	305,249
Other	128,844	-	-	-	-	128,844
Support Services:						
Pupils	1,742,735	-	-	-	155,080	1,897,815
Instructional Staff	760,461	-	117,109	-	172,227	1,049,797
Board of Education	102,637	-	-	-	-	102,637
Administration	1,959,360	-	-	-	132,371	2,091,731
Fiscal	649,691	-	18,160	-	-	667,851
Operation and Maintenance of Plant	2,787,880	-	608,637	-	262,133	3,658,650
Pupil Transportation	1,572,169	-	298,627	-	375	1,871,171
Central	72,393	-	-	-	-	72,393
Extracurricular Activities	576,076	-	14,208	-	1,228,154	1,818,438
Operation of Non-Instructional Services:						
Food Service Operations	390	-	-	1,008,411	-	1,008,801
Community Services	-	10,856	-	-	257,950	268,806
Capital Outlay	-	-	-	-	2,392	2,392
Debt Service:						
Principal Retirement	-	-	-	-	75,000	75,000
Interest and Fiscal Charges	-	-	-	-	11,862	11,862
<i>Total Disbursements</i>	<u>26,268,255</u>	<u>10,856</u>	<u>1,155,974</u>	<u>1,008,411</u>	<u>3,366,944</u>	<u>31,810,440</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(848,816)</u>	<u>7,245</u>	<u>(5,457)</u>	<u>316,338</u>	<u>203,688</u>	<u>(327,002)</u>
Other Financing Sources (Uses)						
Insurance Recoveries	31,356	-	-	-	-	31,356
Transfers In	-	-	-	-	86,859	86,859
Transfers Out	(86,859)	-	-	-	-	(86,859)
<i>Total Other Financing Sources (Uses)</i>	<u>(55,503)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,859</u>	<u>31,356</u>
<i>Net Change in Fund Balances</i>	<u>(904,319)</u>	<u>7,245</u>	<u>(5,457)</u>	<u>316,338</u>	<u>290,547</u>	<u>(295,646)</u>
<i>Fund Balances Beginning of Year</i>	<u>6,007,667</u>	<u>1,187,167</u>	<u>1,303,496</u>	<u>1,173,500</u>	<u>17,341</u>	<u>9,689,171</u>
<i>Fund Balances End of Year</i>	<u>\$ 5,103,348</u>	<u>\$ 1,194,412</u>	<u>\$ 1,298,039</u>	<u>\$ 1,489,838</u>	<u>\$ 307,888</u>	<u>\$ 9,393,525</u>

See Accompanying Notes to the Basic Financial Statements

Shawnee Local School District
Allen County, Ohio
Statement of Receipts, Disbursements and Change
In Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 16,297,316	\$ 16,671,560	\$ 16,671,560	\$ -
Intergovernmental	7,838,637	7,841,844	7,589,542	(252,302)
Investment Income	27,051	77,051	114,138	37,087
Tuition and Fees	438,434	459,375	557,698	98,323
Extracurricular Activities	2,400	2,400	2,913	513
Gifts and Donations	5,101	5,101	1,380	(3,721)
Charges for Services	16,055	19,055	10,539	(8,516)
Rent	5,250	5,250	7,786	2,536
Miscellaneous	23,090	23,090	13,707	(9,383)
<i>Total Receipts</i>	<u>24,653,334</u>	<u>25,104,726</u>	<u>24,969,263</u>	<u>(135,463)</u>
Disbursements				
Current:				
Instruction:				
Regular	12,573,690	12,299,502	11,821,452	478,050
Special	3,561,304	4,075,857	3,974,971	100,886
Vocational	25,000	25,000	17,150	7,850
Student Intervention Services	313,405	292,303	289,965	2,338
Other	171,200	155,760	146,134	9,626
Support Services:				
Pupils	1,817,657	1,840,666	1,748,968	91,698
Instructional Staff	1,218,221	1,058,028	772,204	285,824
Board of Education	276,618	192,683	123,438	69,245
Administration	1,826,665	2,076,094	1,963,023	113,071
Fiscal	674,375	706,252	657,364	48,888
Operation and Maintenance of Plant	3,626,742	3,528,286	2,957,290	570,996
Pupil Transportation	1,879,346	1,925,205	1,595,480	329,725
Central	130,359	73,975	72,393	1,582
Extracurricular Activities	671,152	531,741	514,205	17,536
Operation of Non-Instructional Services:				
Food Service Operations	-	390	390	-
<i>Total Disbursements</i>	<u>28,765,734</u>	<u>28,781,742</u>	<u>26,654,427</u>	<u>2,127,315</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(4,112,400)</u>	<u>(3,677,016)</u>	<u>(1,685,164)</u>	<u>1,991,852</u>
Other Financing Sources (Uses)				
Refund of Prior Year Disbursements	178,964	238,964	238,484	(480)
Insurance Recoveries	-	-	31,356	31,356
Transfers Out	(86,859)	(86,859)	(86,859)	-
<i>Total Other Financing Sources (Uses)</i>	<u>92,105</u>	<u>152,105</u>	<u>182,981</u>	<u>30,876</u>
<i>Net Change in Fund Balance</i>	<u>(4,020,295)</u>	<u>(3,524,911)</u>	<u>(1,502,183)</u>	<u>2,022,728</u>
<i>Fund Balance Beginning of Year</i>	4,606,802	4,606,802	4,606,802	-
Prior Year Encumbrances Appropriated	967,944	967,944	967,944	-
<i>Fund Balance End of Year</i>	<u>\$ 1,554,451</u>	<u>\$ 2,049,835</u>	<u>\$ 4,072,563</u>	<u>\$ 2,022,728</u>

See Accompanying Notes to the Basic Financial Statements

Shawnee Local School District
Allen County, Ohio
Statement of Receipts, Disbursements and Change
In Fund Balance - Budget and Actual (Budget Basis)
Beatrice M. Guyton Fund
For the Fiscal Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Investment Income	\$ 17,500	\$ 17,500	\$ 18,101	\$ 601
Disbursements				
Current:				
Operation of Non-Instructional Services:				
Community Services	27,829	27,829	10,856	16,973
<i>Net Change in Fund Balance</i>	(10,329)	(10,329)	7,245	17,574
<i>Fund Balance Beginning of Year</i>	1,186,839	1,186,839	1,186,839	-
Prior Year Encumbrances Appropriated	329	329	329	-
<i>Fund Balance End of Year</i>	<u>\$ 1,176,839</u>	<u>\$ 1,176,839</u>	<u>\$ 1,194,413</u>	<u>\$ 17,574</u>

See Accompanying Notes to the Basic Financial Statements

Shawnee Local School District
Allen County, Ohio
Statement of Receipts, Disbursements and Change In
Fund Balance - Budget and Actual (Budget Basis)
Food Service Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Intergovernmental	\$ 588,565	\$ 375,628	\$ 602,803	\$ 227,175
Investment Income	5,904	13,000	20,320	7,320
Extracurricular Activities	1,177	3,000	-	(3,000)
Gifts and Donations	102	-	-	-
Charges for Services	389,252	604,197	701,626	97,429
<i>Total Receipts</i>	<u>985,000</u>	<u>995,825</u>	<u>1,324,749</u>	<u>328,924</u>
Disbursements				
Current:				
Operation of Non-Instructional Services:				
Food Service Operations	1,417,106	1,567,106	1,011,663	555,443
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(432,106)</u>	<u>(571,281)</u>	<u>313,086</u>	<u>884,367</u>
<i>Net Change in Fund Balance</i>	(432,106)	(571,281)	313,086	884,367
<i>Fund Balance Beginning of Year</i>	1,161,918	1,161,918	1,161,918	-
Prior Year Encumbrances Appropriated	11,587	11,587	11,587	-
<i>Fund Balance End of Year</i>	<u>\$ 741,399</u>	<u>\$ 602,224</u>	<u>\$ 1,486,591</u>	<u>\$ 884,367</u>

See Accompanying Notes to the Basic Financial Statements

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

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Shawnee Local School District (the “School District”) is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally elected, five-member Board. The School District provides educational services as authorized by its charter or further mandated by state and/or federal agencies. The School District is located in Allen and Auglaize Counties, and includes portions of Shawnee and American Townships.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Shawnee Local School District, this includes general operations, food service, and student related activities 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 organizations’ resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provide financial support to the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. There are no component units of the School District.

The following activities are included within the reporting entity:

Parochial Schools – Within the School District boundaries, Lima Central Catholic High School and St. Charles Elementary School are operated through the Toledo Catholic Diocese. Current State legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the School District, as directed by the parochial schools. The activities of these State monies by the School District are reflected in a special revenue fund for financial reporting purposes.

The School District is associated with two jointly governed organizations and an insurance pool. These organizations include the Northwest Ohio Area Computer Services Cooperative, the Apollo Career Center and the Council of Allen County Schools Health Benefits Consortium.

Northwest Ohio Area Computer Services Cooperative - The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (the “NOACSC”), which is a computer consortium. NOACSC is an association of School Districts within the boundaries of Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, Seneca, Van Wert, Wood, and Wyandot Counties. 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.

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

The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member School Districts within each county. Financial information can be obtained from Brenda Core, who serves as Fiscal Director, 4277 East Road, Elida, OH 45807.

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

Council of Allen County Schools Health Benefits Consortium – The School District participates in the Council of Allen County Schools Health Benefits Consortium (the “Consortium”), a public entity shared risk pool consisting of the Allen County Educational Service Center and the school districts within Allen County. The Consortium is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides sick, accident and other benefits to the employees of the participating school districts. Each participating school district's superintendent is appointed to a Board of Directors which advises the Directors and Plan Manager, concerning aspects of the administration of the Consortium. Financial information can be obtained from 1920 Slabtown Rd., Lima, Ohio 45804.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.A., these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the School District's accounting policies.

A. Basis of Accounting

Although required by Ohio Administrative Code Sections 117-2-03(B) to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP), the School District chooses to prepare its financial statements and notes in accordance with the cash basis of accounting. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

Budgetary presentations report budgetary disbursements when a commitment is made (i.e. when an encumbrance is approved). Differences between disbursements reported in the fund and entity-wide statements versus budgetary disbursements are due to encumbrances outstanding at the beginning and end of the fiscal year.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

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

B. Basis of Presentation - Fund Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The *Statement of Net Position* and *Statement of Activities* display information about the School District as a whole. The statements include all funds of the School District.

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 disbursements and program receipts for each program or function of the School District's governmental activities.

Direct disbursements are those that are specifically associated with a service, program or department, and therefore, clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, 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. Receipts which are not classified as program receipts are presented as general receipts of the School District with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing or draws from the general resources of the School District. Governmental activities generally are financed through taxes, intergovernmental receipts, fees charged for goods or services and other non-exchange receipts.

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. The focus of governmental financial statement is on major funds. Each major fund is presented in a single column.

Fund financial statements of the School District are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts and disbursements. Funds are organized in one category: governmental. An emphasis is placed on major funds within the governmental category.

A fund is considered major if it is the primary operating fund of the School District or meets the following criteria:

1. Total assets, receipts, or disbursements of that individual governmental fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, receipts, or disbursements of the individual governmental fund are at least 5 percent of the corresponding total for all funds combined.

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

The funds of the financial reporting entity are described below:

Governmental Funds

Governmental funds are those through which all governmental functions of the School District are financed. The following are the School District's only major governmental funds:

General Fund – The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund is available to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Beatrice M. Guyton Fund – The Beatrice M. Guyton Fund accounts for and reports all financial resources that are restricted for expenditures on scholarships to students.

Permanent Improvement Fund – The Permanent Improvement Fund accounts for and reports financial resources that are restricted to expenditures related to the acquiring, constructing or improving of School District property.

Food Service Fund – The Food Service Fund accounts for and reports all financial resources that are restricted for expenditures related to food services within the School District.

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.

Fiduciary Fund Types

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 has no fiduciary funds.

C. Budgetary Process

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

The Allen County Budget Commission has waived the requirement that school districts adopt and submit a tax budget. In lieu of the tax budget, school districts are required to submit the five-year forecast, the current bond estimated fund balance, and bond amortization schedules. The certificate of estimated resources establishes a limit on the amount the Board of Education may

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

appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the object level in the general fund and fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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

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

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled in bank accounts. Monies for all funds, including proprietary funds, are maintained in these accounts or temporarily used to pool short term investments. Individual fund integrity is maintained through School District accounting records. Interest in the pool is presented as "equity in pooled cash and cash equivalents."

Investments of the 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 "equity in pooled cash and cash equivalents." Investments with an original maturity of more than three months that are not made 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) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

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

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

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively. Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2023 were \$114,138, which includes \$10,049 assigned from other School District funds.

E. Capital Assets

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements. Depreciation is not recorded on these capital assets.

F. Accumulated Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the School District.

G. Leases

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

H. Subscription-Based Information Technology Arrangements (SBITA)

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

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

I. Long-Term Debt

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset (including the intangible right to use) when entering into a lease, SBITA or financed purchase transaction is not the result of a cash transaction, neither an other financing source nor a capital outlay disbursement is reported at inception. Lease, SBITA and financed purchase payments are reported when paid.

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

J. Intergovernmental Receipts

Unrestricted intergovernmental receipts received on the basis of entitlement are recorded as receipts when the entitlement is received. Federal and State reimbursement type grants are recorded as receipts when the grant is received.

K. Inventory and Prepaid Items

The School District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

L. Interfund Receivables/Payables

During the course of normal operations, the School District has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund through which resources are to be expended are recorded as transfers.
2. Reimbursements from one fund to another are treated as disbursements in the reimbursing fund and a reduction in disbursements in the reimbursed fund.

These transactions are not recorded as liabilities or assets in the accompanying financial statements. Additional details about the School District's interfund transactions are contained in Note 13 of the basic financial statements.

M. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes disbursements for employer contributions to cost-sharing plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for post-retirement health care benefits.

N. Net Position

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for student scholarships and food service activities. The School District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net position are available. The School District has no resources restricted by enabling legislation.

O. 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:

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

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.

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.

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education. The Board of Education has, by resolution, authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

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 disbursements 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 disbursements are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

P. Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB (asset) liability, 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 respective retirement plans. For this purpose, benefit payments (including refunds of member contributions) are recognized when due and payable in accordance with the benefit terms. The retirement plans report investments at fair value.

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

NOTE 3 – 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 five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

1. United States treasury notes, bills, bonds, or other obligations 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, Federal Home Loan Bank, and Federal Home Loan Mortgage Corporation. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities.
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio and, with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio (if training requirements have been met);

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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' acceptances for a period not to exceed one hundred and eighty days and commercial paper notes for a period not to exceed two hundred and seventy day in an amount not to exceed forty percent of the interim moneys available for investment at any one time (if training requirements have been met);
8. Time certificates of deposit or savings or deposit accounts including passbook accounts.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Except as noted above, an investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of 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.

Cash on Hand At June 30, 2023 the School District had \$2,600 in undeposited cash on hand, which is included as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits At fiscal year-end, the school's bank balance of \$782,852 was either insured or collateralized.

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

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

1. Eligible securities pledged to the School 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
2. Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS 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.

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

	Credit Rating	Measurement Value	% of Total Investments	Maturities	
				< 1 year	1 - 3 years
Cost:					
Federal Farm Credit Bank	AA+	\$ 1,227,934	13.90%	\$ 1,227,934	\$ -
Federal National Mortgage Association	AA+	1,559,950	17.67%	1,559,950	-
Federal Home Loan Bank	AA+	1,297,498	14.70%	1,297,498	-
Federal Home Loan Mortgage Corporation	AA+	623,875	7.07%	623,875	-
US Treasury Note	AA+	1,216,554	13.78%	623,413	593,141
Net Asset Value (NAV):					
STAR Ohio	AAAm	2,895,271	32.80%	2,895,271	-
Money Market	AAAm	6,902	0.08%	6,902	-
Total Investments		\$ 8,827,984	100.00%	\$ 8,234,843	\$ 593,141

Interest Rate Risk

The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. Interest rate risk arises because potential purchases 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.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District’s policy allows the Treasurer to invest in those investments authorized by the Ohio Revised Code, and places additional limitations with amounts authorized for investment in certain types.

STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires 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, 2023, is 39 days.

Concentration Risk

The School District places no limit on the amount the School District may invest in any one issuer, however State statute limits investments in commercial paper and bankers' acceptances to 40 percent of the interim monies available for investment at any one time. The percentage of the School District’s total investment that each investment represents are listed in the table at the top of this page. The School District does not currently invest in commercial paper or bankers’ acceptances.

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual (Budget Basis) – General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the cash basis are that:

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- (a) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of a disbursement, as opposed to assigned or committed fund cash balance for that portion of outstanding encumbrances (cash basis); and
- (b) Some funds are included in the General Fund (cash basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance	General Fund	Beatrice M. Guyton Fund	Food Service Fund
Cash basis	\$ (904,319)	\$ 7,245	\$ 316,338
Funds budgeted elsewhere **	(7,841)	-	-
Adjustment for encumbrances	(590,023)	-	(3,252)
Budget basis	<u>\$ (1,502,183)</u>	<u>\$ 7,245</u>	<u>\$ 313,086</u>

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

NOTE 5 – 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 2023 represents collections of calendar year 2022 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2022, on the assessed value listed as of January 1, 2022, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2023 represents collections of calendar year 2022 taxes. Public utility real and tangible personal property taxes received in calendar year 2023 became a lien December 31, 2021, were levied after April 1, 2022, and are collected in 2022 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.

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

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

	2022 Second-Half		2023 First-Half	
	Collections		Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$ 402,198,550	75%	\$ 406,669,990	74%
Industrial/Commercial	73,887,610	14%	79,917,500	15%
Public Utility	59,613,990	11%	60,465,990	11%
Total Assessed Value	<u>\$ 535,700,150</u>	<u>100%</u>	<u>\$ 547,053,480</u>	<u>100%</u>
Tax Rate per \$1,000 of Assessed Valuation	\$38.85		\$38.57	

NOTE 6 – LONG-TERM OBLIGATIONS

Debt Obligations

Debt obligations of the School District at June 30, 2023 consisted of the following:

	Principal Outstanding 06/30/22	Additions	Reductions	Principal Outstanding 06/30/23	Due Within One Year
	Direct Borrowings:				
HB264 Energy Conservation Note - 2013	<u>\$ 450,000</u>	<u>\$ -</u>	<u>\$ 75,000</u>	<u>\$ 375,000</u>	<u>\$ 75,000</u>

Principal and interest requirements for payment of debt obligations as of June 30, 2023 are as follows:

Fiscal Year Ending June 30,	HB264	Interest	Total
2024	\$ 75,000	\$ 9,797	\$ 84,797
2025	75,000	7,734	82,734
2026	75,000	5,672	80,672
2027	75,000	3,610	78,610
2028	75,000	1,547	76,547
Total	<u>\$ 375,000</u>	<u>\$ 28,360</u>	<u>\$ 403,360</u>

HB264 - In July 2013, the School District received a \$1,115,811 unvoted general obligation note from JPMorgan Chase Bank for the purpose of providing energy conservation measures for the School District under HB264. The note was issued for a fifteen year period with final maturity June 15, 2028. Semi-annual payments of \$37,500, including interest of 2.75 percent, will be made throughout the term of the note. The note is being retired from the Debt Service Fund.

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The notes are a limited tax general obligation of the School District payable from any lawfully available funds. Unless paid from other sources, the notes will be payable from ad valorem property taxes within the ten-mill limit.

NOTE 7 – RISK MANAGEMENT

A. 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. For fiscal year 2023, the School District contracted with Ohio School Plan for property, liability and fleet insurance.

Professional liability and vehicles are also protected by Ohio School Plan, as well as cyber and pollution claims. Settled claims have not exceeded the commercial coverage in any of the past three years, nor has insurance coverage been significantly reduced since the prior year.

B. Workers' Compensation

For fiscal year 2023, the School District's Worker's Compensation managed care organization is Sheakley Uniservice, Inc. In calendar year 2023, the School District will participate in a Group Retrospective Rating program.

C. Health Care Benefits

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS

The net pension/net OPEB liability (asset) are disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the cash basis framework.

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.

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

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.0 percent. SERS did not allocate employer contributions to the Health Care Fund for fiscal year 2023.

The School District's contractually required contribution to SERS was \$730,392 for fiscal year 2023.

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age.

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Eligibility changes will continue to be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60. Eligibility changes for actuarially reduced benefits will be phased in until August 1, 2026, when retirement eligibility will be five years of qualifying service credit and age 60, or 30 years of service credit at any age.

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

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

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

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

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

The School District's contractually required contribution to STRS was \$1,834,008 for fiscal year 2023.

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Pension Liabilities

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.1041540%	0.09368100%	
Prior Measurement Date	0.1014840%	0.09424000%	
Change in Proportionate Share	<u>0.0026700%</u>	<u>-0.00055900%</u>	
Proportionate Share of the Net Pension Liability	\$ 5,633,437	\$ 20,825,407	\$ 26,458,844

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2022 and June 30, 2021, are presented below:

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

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

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

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

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

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

Discount Rate Total pension liability was calculated using the discount rate of 7.00 percent. The discount rate determination does not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 23-year amortization period of the unfunded actuarial accrued

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liability. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefits to determine the total pension liability. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments was negative 1.93 percent.

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 8,292,182	\$ 5,633,437	\$ 3,393,520

Actuarial Assumptions - STRS

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

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

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

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

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

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

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

Pre-retirement mortality rates are based on RP-2014 Employee Mortality Tables, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

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

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

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

*Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and is net of investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 31,459,604	\$ 20,825,407	\$ 11,832,163

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

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS

See Note 8 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. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2023, SERS did not allocate any employer contributions to health care.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District's surcharge obligation was \$70,817.

Plan Description - State Teachers Retirement System (STRS)

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

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

OPEB Liability (Asset)

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

	<u>SERS</u>	<u>STRS</u>
Proportion of the Net OPEB Liability (Asset):		
Current Measurement Date	0.106583%	0.093681%
Prior Measurement Date	<u>0.104580%</u>	<u>0.094240%</u>
Change in Proportionate Share	<u>0.002003%</u>	<u>-0.000559%</u>
Proportionate Share of the Net OPEB Liability (Asset)	\$ 1,496,441	\$ (2,425,713)

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

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, 2022, are presented below:

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

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

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

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

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class.

These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer time frame. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

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

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2022, was 4.08 percent. The discount rate used to measure total OPEB liability prior to June 30, 2022 was 2.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan.

Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69 percent at June 30, 2022 and 1.92 percent at June 30, 2021.

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 1,858,597	\$ 1,496,441	\$ 1,204,075
	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 1,154,021	\$ 1,496,441	\$ 1,943,686

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

Actuarial Assumptions – STRS

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

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

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

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

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

In 2021, for healthy retirees the mortality rates are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates

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

between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. For disabled retirees, mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016.

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

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

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

*Target allocation percentage is effective as of July 1, 2022. Target weights were phased in over a 3-month period concluding on October 1, 2022.

**Ten year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent and is net of investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2022. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was applied to all periods of projected benefit payments to determine the total OPEB liability as of June 30, 2022.

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

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

Also shown is the net OPEB asset as of June 30, 2022, calculated using health care cost trend rates that are one percentage point lower and one percentage point higher than the current health care cost trend rates.

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (2,242,508)	\$ (2,425,713)	\$ (2,582,644)
	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
School District's Proportionate Share of the Net OPEB Liability (Asset)	\$ (2,516,054)	\$ (2,425,713)	\$ (2,311,679)

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

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

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

NOTE 10 – STATUTORY RESERVES

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

The following cash basis information identifies the changes in the fund balance reserve for capital improvements during fiscal year 2023.

	<u>Capital Maintenance Reserve</u>
Set Aside Restricted Balance June 30, 2022	\$ -
Current Year Set Aside Requirement	525,398
Current Year Offsets	<u>(1,130,780)</u>
Total	<u>\$ (605,382)</u>
Balance Carried Forward to Fiscal Year 2024	<u>\$ -</u>
Set Aside Restricted Balance June 30, 2023	<u>\$ -</u>

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

The School District had offsets attributed to tax levy proceeds during the fiscal year that reduced the set aside amount below zero in the capital maintenance reserve. This amount may not be used to reduce the set-aside requirement for future years. This negative balance is therefore not presented as being carried forward to future years.

NOTE 11 – FUND BALANCE

Fund balance is 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.

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

	General	Beatrice M. Guyton Scholarship	Permanent Improvement	Food Service	Other Governmental Funds	Total
Nonspendable for:						
Unclaimed Monies	\$ 3,902	\$ -	\$ -	\$ -	\$ -	\$ 3,902
Total Nonspendable	<u>3,902</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,902</u>
Restricted for:						
Permanent Improvements	-	-	1,298,039	-	-	1,298,039
Nature Trail	-	-	-	-	14,956	14,956
Food Service Operations	-	-	-	1,489,838	-	1,489,838
Extracurricular	-	-	-	-	174,912	174,912
Student Scholarships	-	1,194,412	-	-	3,782	1,198,194
Educational Activities	-	-	-	-	152,629	152,629
Other Purposes	-	-	-	-	11,102	11,102
Total Restricted	<u>-</u>	<u>1,194,412</u>	<u>1,298,039</u>	<u>1,489,838</u>	<u>357,381</u>	<u>4,339,670</u>
Committed for:						
Future Severance Payments	300,000	-	-	-	-	300,000
Total Committed	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
Assigned for:						
Encumbrances:						
Instruction	391,212	-	-	-	-	391,212
Support Services	202,859	-	-	-	-	202,859
Subsequent Year Appropriations	1,981,349	-	-	-	-	1,981,349
Total Assigned	<u>2,575,420</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,575,420</u>
Unassigned	2,224,026	-	-	-	(49,493)	2,174,533
Total Fund Balance	<u>\$ 5,103,348</u>	<u>\$ 1,194,412</u>	<u>\$ 1,298,039</u>	<u>\$1,489,838</u>	<u>\$ 307,888</u>	<u>\$ 9,393,525</u>

For fiscal year 2023, the School District had the following deficit fund balances:

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

	Deficit
<i>Non-Major Governmental Funds</i>	
ESSER	\$ 12,031
IDEA B	25,079
Title I	5,168
Title IV	7,215
Total	\$ 49,493

NOTE 12 – CONTINGENCIES AND COMMITMENTS

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2023, if applicable, cannot be determined at this time.

B. 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.

C. Encumbrance Commitments

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

Fund	Amount
General	\$ 594,071
Permanent Improvement	1,217,097
Food Service	3,252
Nonmajor Governmental	224,003
	\$2,038,423

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

D. Contractual Commitments

During the fiscal year, the School District entered into contracts for the installation of a new sports track and for school safety upgrades. The total amount of the sports track contract is \$724,800 of which the full amount remains to be paid. The total amount of the school safety upgrade contract is \$429,200 of which \$226,350 remains to be paid.

E. School District Funding

School district Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, ODE adjustments for fiscal year 2023 are finalized. The impact of the subsequent FTE adjustments on the fiscal year 2023 financial statements were not material to the School District.

NOTE 13 – INTERFUND ACTIVITY

During the fiscal year transfers were made from the General fund to the H.B. 264 fund for \$86,859 to meet debt service requirements.

NOTE 14 – COMPLIANCE

Ohio Adm. Code Section 117-2-03(B) requires the School District to file annual financial reports, which are prepared using generally accepted accounting principles (GAAP). For fiscal year 2023, the School District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the basis of cash receipts and cash disbursements, rather than GAAP. The accompanying financial statements and notes omit certain assets, liabilities, deferred inflows/outflows of resources, fund equities/net position, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Rev. Code Section 117.38, the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

SHAWNEE LOCAL SCHOOL DISTRICT
ALLEN COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal Assistance Listing Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education and Workforce</i>		
Child Nutrition Cluster:		
Non-Cash Assistance (Food Distribution)		
School Breakfast Program	10.553	\$ 22,351
National School Lunch Program	10.555	89,403
Total Non-Cash Assistance		<u>111,754</u>
Cash Assistance:		
School Breakfast Program	10.553	111,923
National School Lunch Program	10.555	804,292
COVID-19 Special Milk Program for Children	10.556	91,564
Total Cash Assistance		<u>1,007,779</u>
Total Child Nutrition Cluster		<u>1,119,533</u>
COVID-19 Pandemic EBT Administrative Costs	10.649	628
Total U.S. Department of Agriculture		<u>1,120,161</u>
U.S. DEPARTMENT OF TREASURY		
<i>Passed Through Ohio Office of Budget and Management</i>		
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	202,850
Total U.S. Department of Treasury		<u>202,850</u>
U.S. DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education and Workforce</i>		
Title I Grants to Local Educational Agencies	84.010	326,863
Special Education Cluster (IDEA):		
Special Education Grants to States	84.027	490,947
COVID-19 Special Education_Grants to States	84.027	93,060
Total Special Education Cluster (IDEA)		<u>584,007</u>
Supporting Effective Instruction State Grants	84.367	59,651
Student Support and Academic Enrichment Program	84.424	18,413
COVID-19 Education Stabilization Fund		
COVID-19 American Rescue Plan Elementary and Secondary Schools Emergency Relief Fund - Homeless Children and Youth	84.425W	806
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	705,384
Total COVID-19 Education Stabilization Fund		<u>706,190</u>
Total U.S. Department of Education		<u>1,695,124</u>
Total Expenditures of Federal Awards		<u><u>\$ 3,018,135</u></u>

The accompanying notes are an integral part of this schedule.

**SHAWNEE LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F – MATCHING REQUIREMENTS

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

**SHAWNEE LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

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

NOTE G - TRANSFERS BETWEEN PROGRAM YEARS

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

<u>Program Title</u>	<u>AL Number</u>	<u>Amt. Transferred</u>
Supporting Effective Instruction State Grants	84.367	\$ 2,957
Student Support and Academic Enrichment Program	84.424	\$ 15,548
Special Education Grants to States	84.027	\$ 41,819
COVID-19 Special Education Grants to States	84.027	\$ 6,800
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	\$ 169,986
COVID-19 American Rescue Plan Elementary and Secondary Schools Emergency Relief Fund - Homeless Children and Youth	84.425W	\$ 16,500

NOTE H – PASS THROUGH FUNDS

The School District was awarded federal program allocations to be administered on their behalf by the Allen County Educational Service Center and Elida Local School District. For 2023, the School District’s allocations were as follows:

Special Education Preschool Grants – AL #84.173.....	\$14,777 (Allen County ESC)
English Language Acquisition State Grants – AL #84.365.....	\$1,826 (Elida LSD)

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OHIO AUDITOR OF STATE KEITH FABER



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

Shawnee Local School District
Allen County
3255 Zurmehly Road
Lima, Ohio 45806

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Shawnee Local School District, Allen County, (the School District) as of and for the fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 22, 2024, wherein we noted the School District uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

School District's Response to Finding

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

Purpose of this Report

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



Keith Faber
Auditor of State
Columbus, Ohio

March 22, 2024

**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**

Shawnee Local School District
Allen County
3255 Zurmehly Road
Lima, Ohio 45806

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the School District's compliance with the requirements of 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 School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

March 22, 2024

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**SHAWNEE LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Child Nutrition Cluster Title I Grants to Local Educational Agencies (AL #84.010)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR § 200.520?	No

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

FINDING NUMBER 2023-001

Noncompliance

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

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

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

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

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

Officials' Response: Shawnee Local School District will continue to report financial data in the same manner, until the Board directs the Treasurer to report using GAAP.

3. FINDINGS FOR FEDERAL AWARDS

None.

SHAWNEE LOCAL SCHOOLS

BOARD OF EDUCATION
3255 ZURMEHLY RD.
LIMA, OH 45806-1499



CHRIS CROSS
TREASURER

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS 2 CFR 200.511(b) June 30, 2023

Finding Number	Finding Summary	Status	Additional Information
2022-001	Ohio Rev. Code 117.38(A) and Ohio Admin. Code 117-2-03(B) for reporting on a basis other than generally accepted accounting principles. Finding was first reported in fiscal year 2003.	Not corrected and repeated in this report as Finding 2023-001.	The Board of Education does not wish to change the method of reporting.

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SHAWNEE LOCAL SCHOOLS

BOARD OF EDUCATION
3255 ZURMEHLY RD.
LIMA, OH 45806-1499



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TREASURER

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

Finding Number:	2023-001
Planned Corrective Action:	Shawnee Local School District will continue to report financial data in the same manner, until the Board directs the Treasurer to report using GAAP.
Anticipated Completion Date:	N/A
Responsible Contact Person:	Christine Cross, Treasurer, and School Board Members

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OHIO AUDITOR OF STATE KEITH FABER



SHAWNEE LOCAL SCHOOL DISTRICT

ALLEN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 4/23/2024

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

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