OHIO AUDITOR OF STATE
KEITH FABER

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

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OHIO AUDITOR OF STATE
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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2024, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

March 26, 2024

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SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- In total, net position of governmental activities increased $891,612 from $(6,439,779) to $(5,548,167) which represents a 13.85% increase from the prior year net position.

- General revenues accounted for $23,389,894 in revenue or 84.46% of all revenues. Program specific revenues in the form of charges for services and operating grants, and capital grants and contributions accounted for $4,302,479 or 15.54% of all revenues. The District had total revenues of $27,692,373.

- The District had $26,800,761 in expenses related to governmental activities; only $4,302,479 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of $23,389,894 were adequate to provide for these programs.

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

- The general fund had $22,067,415 in revenues and $22,370,543 in expenditures and other financing uses. During fiscal year 2023, the general fund's fund balance decreased from a total of $7,123,481 to $6,820,353.

- The bond retirement fund had $1,785,231 in revenues and $1,745,597 in expenditures. During fiscal year 2023, the bond retirement fund's fund balance increased from $1,260,070 to $1,299,704.

Using the Basic Financial Statements

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

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental fund begins on page 13. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund and the bond retirement fund.

Governmental Funds

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability and net OPEB liability/asset of the retirement system and a ten year schedule of the District's contributions to the retirement systems to fund pension and OPEB obligations.

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

The District as a Whole

The statement of net position provides the perspective of the District as a whole. The table below provides a summary of the District's net position for fiscal years 2023 and 2022.

Net Position

	Governmental Activities 2023	(Restated) Governmental Activities 2022
Assets		
Current and other assets	$ 26,440,669	$ 26,605,554
Net OPEB asset	2,064,567	1,661,362
Capital assets, net	33,943,647	34,246,655
Total assets	62,448,883	62,513,571
Deferred outflows of resources		
Unamortized deferred charges on debt refunding	1,228,356	1,317,796
Pensions	5,486,793	5,633,961
OPEB	589,782	768,278
Total deferred outflows of resources	7,304,931	7,720,035
Liabilities		
Current liabilities	2,598,047	2,479,889
Long-term liabilities:		
Due within one year	926,104	1,063,260
Due in more than one year:		
Net pension liability	21,814,348	13,233,474
Net OPEB liability	1,094,750	1,665,135
Other amounts	29,427,794	30,118,903
Long-term liabilities	53,262,996	46,080,772
Total liabilities	55,861,043	48,560,661
Deferred inflows of resources		
Property taxes and PILOTs levied for the next fiscal year	13,876,634	14,523,820
Pensions	2,205,096	10,486,841
OPEB	3,359,208	3,102,063
Total deferred inflows of resources	19,440,938	28,112,724
Net position		
Net investment in capital assets	6,763,753	6,080,893
Restricted	2,433,217	1,629,562
Unrestricted (deficit)	(14,745,137)	(14,150,234)
Total net position (deficit)	$ (5,548,167)	$ (6,439,779)

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

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

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

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

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

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

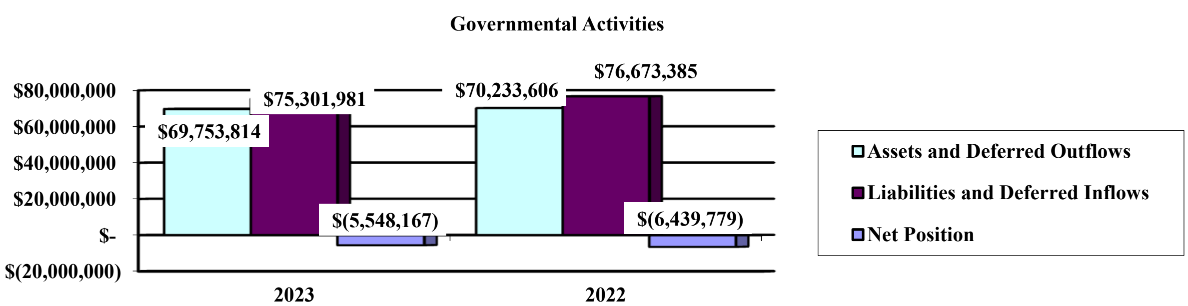
Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained above, changes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

In accordance with GASB 68 and GASB 75, the District's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows. The net pension liability increased and deferred inflows of resources related to pension decreased. These changes were the result of changes at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS). Primarily, net investment income on investments at both pension systems were negative for the fiscal year 2022 measurement date that are used for the fiscal year 2023 reporting. This caused a large decrease in their respective fiduciary net positions which was a drastic change from the previous fiscal year's large positive investment returns.

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2023, the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $5,548,167. The net investment in capital assets at June 30, 2023 was $6,763,753. A portion of the District's net position, $2,433,217, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit of $14,745,137.

At year-end, capital assets represented 54.35% of total assets. Capital assets include land, buildings and improvements, furniture and equipment, intangible right to use assets and vehicles. Capital assets are used to provide services to the students and are not available for future spending.

The chart below shows the District's governmental activities assets and deferred outflows, liabilities and deferred inflows and net position at June 30, 2023 and 2022.



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

Change in Net Position

	Governmental Activities 2023	Governmental Activities 2022
Revenues		
Program revenues:		
Charges for services and sales	$ 859,785	$ 773,009
Operating grants and contributions	2,927,694	4,292,382
Capital grants and contributions	515,000	-
General revenues:		
Property taxes	16,382,799	15,538,470
Payments in lieu of taxes	460,841	450,713
Grants and entitlements	6,458,523	6,206,642
Investment earnings / change in fair value	(49,386)	(399,518)
Other	137,117	221,581
Total revenues	27,692,373	27,083,279
Expenses		
Program expenses:		
Instruction:		
Regular	9,961,113	9,218,299
Special	4,006,554	3,263,409
Vocational	43,427	45,083
Other	117,706	96,347
Support services:		
Pupil	1,785,594	1,553,008
Instructional staff	714,620	634,731
Board of education	47,269	45,631
Administration	2,362,454	2,173,151
Fiscal	674,530	695,101
Business	263,771	206,281
Operations and maintenance	2,555,742	2,274,404
Pupil transportation	1,013,669	941,857
Central	463,167	475,252
Operation of non-instructional services:		
Food service operations	726,013	701,710
Other non-instructional services	7,434	15,780
Extracurricular activities	983,271	862,904
Interest and fiscal charges	1,074,427	1,106,634
Total expenses	26,800,761	24,309,582
Change in net position	891,612	2,773,697
Net position (deficit) at beginning of year	(6,439,779)	(9,213,476)
Net position (deficit) at end of year	$ (5,548,167)	$ (6,439,779)

Governmental Activities

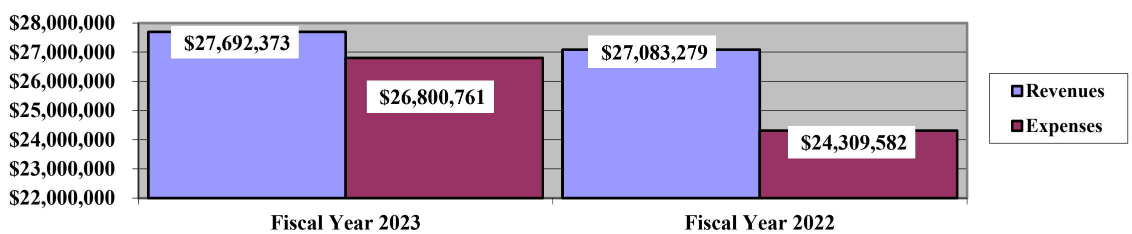
Net position of the District's governmental activities increased $891,612. Total governmental expenses of $26,800,761 were offset by program revenues of $4,302,479 and general revenues of $23,389,894. Program revenues supported 16.05% of the total governmental expenses.

Expenses of the governmental activities increased $2,491,179 or 10.25%. This increase is primarily the result of an increase in pension expense. This increase was the result of an increase in expenses incurred at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS) due to a decrease in net investment income on investments compared to previous years.

The primary source of revenue for governmental activities is derived from property taxes. Property taxes make up 59.16% of total revenues of the District for fiscal year 2023. The unusual nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. As a result of legislation enacted in 1976, the overall revenue generated by a voted tax levy does not increase as a result of inflation. As an example, a homeowner with a home value at $100,000 (assessed value of $35,000) and taxes at 1.0 mill would pay $35.00 annually in taxes. If, three years later, the home value was to be reappraised and increased to $200,000 (assessed value of $70,000) the effective tax rate would become .5 mills and the owner would still pay $35.00. Property tax revenue increased 5.43% during the fiscal year 2023 as a result of fluctuations in the amount of property tax revenues received during the fiscal year.

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

Governmental Activities - Revenues and Expenses



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

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

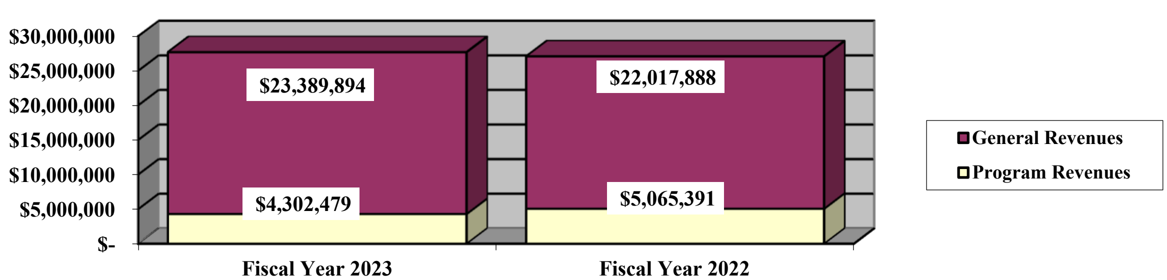
Governmental Activities

	Total Cost of Services 2023	Net Cost of Services 2023	Total Cost of Services 2022	Net Cost of Services 2022
Program expenses				
Instruction:				
Regular	$ 9,961,113	$ 8,298,532	$ 9,218,299	$ 7,454,365
Special	4,006,554	2,750,651	3,263,409	2,046,252
Vocational	43,427	39,206	45,083	41,911
Other	117,706	117,706	96,347	96,347
Support services:				
Pupil	1,785,594	1,524,488	1,553,008	1,304,605
Instructional staff	714,620	697,816	634,731	537,861
Board of education	47,269	47,269	45,631	45,631
Administration	2,362,454	2,362,454	2,173,151	2,173,151
Fiscal	674,530	674,530	695,101	695,101
Business	263,771	263,771	206,281	206,281
Operations and maintenance	2,555,742	2,516,747	2,274,404	2,274,122
Pupil transportation	1,013,669	917,702	941,857	902,173
Central	463,167	454,167	475,252	466,252
Operations of non-instructional services:				
Food service operations	726,013	20,269	701,710	(330,832)
Other non-instructional services	7,434	4,199	15,780	(374,322)
Extracurricular activities	983,271	734,348	862,904	598,659
Interest and fiscal charges	1,074,427	1,074,427	1,106,634	1,106,634
Total expenses	$ 26,800,761	$ 22,498,282	$ 24,309,582	$ 19,244,191

The dependence upon tax and other general revenues for governmental activities is crucial; 79.31% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 83.95%. The District's taxpayers and unrestricted grants, as a whole, are by far the primary support for District's students.

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

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of $9,083,538, compared to last year's total of $8,970,530. The table below indicates the fund balance and the total change in fund balance as of June 30, 2023 and 2022.

	Fund Balance June 30, 2023	Fund Balance June 30, 2022	Increase (Decrease)
General	$ 6,820,353	$ 7,123,481	$ (303,128)
Bond Retirement	1,299,704	1,260,070	39,634
Nonmajor governmental funds	963,481	586,979	376,502
Total	$ 9,083,538	$ 8,970,530	$ 113,008

General Fund

The District's general fund reported a fund balance of $6,820,353 at June 30, 2023, which represents a decrease of $303,128 from the prior year total. The table below assists in illustrating the financial activities and fund balance of the general fund.

	2023 Amount	2022 Amount	Percentage Change
Revenues			
Taxes	$ 14,223,827	$ 13,951,361	1.95 %
Payments in lieu of taxes	460,841	450,713	2.25 %
Tuition and fees	423,808	500,563	(15.33) %
Earnings on investments / change in fair value	(61,698)	(414,189)	85.10 %
Intergovernmental	6,852,102	6,628,047	3.38 %
Other revenues	168,535	256,111	(34.19) %
Total	$ 22,067,415	$ 21,372,606	3.25 %
Expenditures			
Instruction	$ 12,398,258	$ 11,618,007	6.72 %
Support services	9,052,696	8,907,587	1.63 %
Operation of non-instructional services	4,417	4,109	7.50 %
Extracurricular activities	695,675	671,382	3.62 %
Debt service	174,497	162,880	7.13 %
Total	$ 22,325,543	$ 21,363,965	4.50 %

The District experienced an increase in its largest revenue source, property taxes revenue, which led to an overall increase in revenues. Property taxes increased $272,466 or 1.95% due to the triannual reappraisal of property values. Intergovernmental receipts increased and tuition and fees receipts decreased due to changes in the state foundation funding model. Fluctuations in investments, market values and the interest rates on those investments causes fluctuations in earnings on investment revenue.

The District has a site-based style of budgeting designed to control expenditures, as evidenced by a slight 4.50% increase in overall expenditures in fiscal year 2023.

Bond Retirement Fund

The bond retirement fund had $1,785,231 in revenues and $1,745,597 in expenditures. During fiscal year 2023, the bond retirement fund's fund balance increased from $1,260,070 to $1,299,704.

General Fund Budgeting Highlights

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

For the general fund, original budget and final budgeted revenues and other financing sources were $21,656,497. Actual revenues and other financing sources were $21,423,805, which is $232,692 or 1.07% lower than the final budget.

General fund original and final appropriations (appropriated expenditures plus other financing uses) were $22,530,328 and $23,010,328, respectively. The actual budget basis expenditures and other financing uses for fiscal year 2023 totaled $22,741,068, which is $269,260 or 1.17% lower than the final budget appropriations. Fluctuations among the budget base expenditures categories are due to the District's site-based budgeting designed to tightly control expenditures but provide flexibility for managers to redirect funds as conditions develop during the year.

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Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2023, the District had $33,943,647 (net of accumulated depreciation) invested in land, buildings and improvements, furniture and equipment, intangible right to use assets and vehicles. This entire amount is reported in governmental activities. The table that follows shows fiscal year 2023 balances compared to 2022.

Capital Assets at June 30 (Net of Depreciation)

	Governmental Activities	
	2023	Restated 2022
Land	$ 540,878	$ 540,878
Building and improvements	31,823,095	32,216,666
Furniture and equipment	528,163	539,934
Intangible right to use assets	280,371	222,197
Vehicles	771,140	726,980
Total	$ 33,943,647	$ 34,246,655

The decrease in capital assets is a result of capital asset depreciation of $514,321 exceeding additions of $211,313. See Note 8 in the notes to the basic financial statements for additional detail on the District's capital assets.

Debt Administration

At June 30, 2023, the District had $27,055,658 in general obligation bonds, leases payable and SBITA liability and note payable-finance purchase agreements outstanding. Of this total, $881,739 is due within one year and $26,173,919 is due in greater than one year. The following table summarizes the debt outstanding.

Outstanding Debt, at Fiscal Year End

	Governmental Activities	
	2023	Restated 2022
School improvement general obligation and refunding bonds:		
Current interest and capital appreciation bonds	$ 26,370,152	$ 27,160,366
Accretion on capital appreciation bonds	444,840	275,627
Total general obligation bonds	26,814,992	27,435,993
Leases payable	182,146	237,050
SBITA liability	10,750	21,596
Note payable - finance purchase	47,770	140,634
Total outstanding debt obligations	$ 27,055,658	$ 27,835,273

At June 30, 2023, the District's overall legal debt margin was $11,961,938 and the unvoted debt margin was $411,471. See Note 9 in the notes to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

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

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

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

As a result of the COVID-19 pandemic, the District was allocated $92,000 in fiscal year 2021 in federal COVID relief funds. Another $1,237,000 in federal ESSER II and $2,781,000 in American Rescue Plan (ESSER III) has been allocated for use between fiscal year 2022 and fiscal year 2024.

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

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Rachel Tansey, Treasurer, Sheffield-Sheffield Lake City School District, 1824 Harris Road, Sheffield, Ohio 44054, or email rtansey@sheffieldschools.org.

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2023

		Governmental Activities
Assets:		
Equity in pooled cash and cash equivalents	$	9,039,690
Receivables:		
Property taxes		16,747,027
Payment in lieu of taxes		420,000
Accounts		8,298
Accrued interest		57,287
Intergovernmental		81,339
Prepayments		40,598
Materials and supplies inventory		44,511
Inventory held for resale		1,919
Net OPEB asset		2,064,567
Capital assets:		
Nondepreciable capital assets		540,878
Depreciable capital assets, net		33,402,769
Capital assets, net		33,943,647
Total assets		62,448,883
Deferred outflows of resources:		
Unamortized deferred charges on debt refunding		1,228,356
Pension		5,486,793
OPEB		589,782
Total deferred outflows of resources		7,304,931
Liabilities:		
Accounts payable		30,753
Accrued wages and benefits payable		1,996,189
Due to other governments		504,556
Accrued interest payable		66,549
Long-term liabilities:		
Due within one year		926,104
Due in more than one year:		
Net pension liability		21,814,348
Net OPEB liability		1,094,750
Other amounts due in more than one year		29,427,794
Total liabilities		55,861,043
Deferred inflows of resources:		
Property taxes levied for the next fiscal year		13,477,395
Payment in lieu of taxes levied for the next fiscal year		399,239
Pension		2,205,096
OPEB		3,359,208
Total deferred inflows of resources		19,440,938
Net position:		
Net investment in capital assets		6,763,753
Restricted for:		
Capital projects		147,757
OPEB		471,661
Debt service		868,670
State funded programs		44,813
Federally funded programs		462,858
Food service operations		277,995
Extracurricular		114,516
Other purposes		44,947
Unrestricted (deficit)		(14,745,137)
Total net position (deficit)	$	(5,548,167)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO

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

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction:					
Regular	$ 9,961,113	$ 378,745	$ 813,836	$ 470,000	$ (8,298,532)
Special	4,006,554	41,371	1,214,532	-	(2,750,651)
Vocational	43,427	431	3,790	-	(39,206)
Other	117,706	-	-	-	(117,706)
Support services:					
Pupil	1,785,594	31,418	229,688	-	(1,524,488)
Instructional staff	714,620	794	16,010	-	(697,816)
Board of education	47,269	-	-	-	(47,269)
Administration	2,362,454	-	-	-	(2,362,454)
Fiscal	674,530	-	-	-	(674,530)
Business	263,771	-	-	-	(263,771)
Operations and maintenance	2,555,742	-	38,995	-	(2,516,747)
Pupil transportation	1,013,669	3,261	47,706	45,000	(917,702)
Central	463,167	-	9,000	-	(454,167)
Operation of non-instructional services:					
Food service operations	726,013	198,696	507,048	-	(20,269)
Other non-instructional services	7,434	-	3,235	-	(4,199)
Extracurricular activities	983,271	205,069	43,854	-	(734,348)
Interest and fiscal charges	1,074,427	-	-	-	(1,074,427)
Totals	$ 26,800,761	$ 859,785	$ 2,927,694	$ 515,000	(22,498,282)
General revenues:					
Property taxes levied for:					
General purposes					14,380,629
Debt service					1,623,575
Capital outlay					378,595
Payments in lieu of taxes					460,841
Grants and entitlements not restricted to specific programs					6,458,523
Investment earnings					117,853
Decrease in fair value of investments					(167,239)
Miscellaneous					137,117
Total general revenues					23,389,894
Change in net position					891,612
Net position (deficit) at beginning of year					(6,439,779)
Net position (deficit) at end of year					$ (5,548,167)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash				
and cash equivalents	$ 6,912,821	$ 1,055,558	$ 1,071,311	$ 9,039,690
Receivables:				
Property taxes	14,726,125	1,630,109	390,793	16,747,027
Payment in lieu of taxes	420,000	-	-	420,000
Accounts	8,298	-	-	8,298
Accrued interest	57,287	-	-	57,287
Intergovernmental	69,902	-	11,437	81,339
Prepayments	40,598	-	-	40,598
Materials and supplies inventory	44,407	-	104	44,511
Inventory held for resale	-	-	1,919	1,919
Due from other funds	11,484	-	-	11,484
Total assets	$ 22,290,922	$ 2,685,667	$ 1,475,564	$ 26,452,153
Liabilities:				
Accounts payable	$ 19,846	$ -	$ 10,907	$ 30,753
Accrued wages and benefits payable	1,872,542	-	123,647	1,996,189
Compensated absences payable	35,651	-	-	35,651
Due to other governments	482,472	-	22,084	504,556
Due to other funds	-	-	11,484	11,484
Total liabilities	2,410,511	-	168,122	2,578,633
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	11,858,048	1,305,925	313,422	13,477,395
Payment in lieu of taxes levied for the next fiscal year	399,239	-	-	399,239
Delinquent property tax revenue not available	699,228	80,038	19,102	798,368
Intergovernmental revenue not available	69,902	-	11,437	81,339
Accrued interest not available	33,641	-	-	33,641
Total deferred inflows of resources	13,060,058	1,385,963	343,961	14,789,982
Fund balances:				
Nonspendable:				
Materials and supplies inventory	44,407	-	104	44,511
Prepaids	40,598	-	-	40,598
Unclaimed monies	14,704	-	-	14,704
Restricted:				
Debt service	-	1,299,704	-	1,299,704
Capital improvements	-	-	128,655	128,655
Food service operations	-	-	279,618	279,618
State funded programs	-	-	44,813	44,813
Federally funded programs	-	-	462,858	462,858
Extracurricular	-	-	114,516	114,516
Scholarships	-	-	3,555	3,555
Other purposes	-	-	26,688	26,688
Committed:				
Other purposes	11,000	-	-	11,000
Assigned:				
Student instruction	37,236	-	-	37,236
Student and staff support	594,395	-	-	594,395
Extracurricular activities	90	-	-	90
Subsequent year's appropriations	1,433,799	-	-	1,433,799
School supplies	103,946	-	-	103,946
Unassigned (deficit)	4,540,178	-	(97,326)	4,442,852
Total fund balances	6,820,353	1,299,704	963,481	9,083,538
Total liabilities, deferred inflows and fund balances	$ 22,290,922	$ 2,685,667	$ 1,475,564	$ 26,452,153

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO

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

Total governmental fund balances		$ 9,083,538
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		33,943,647
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	$ 798,368	
Accrued interest receivable	33,641	
Intergovernmental receivable	81,339	
Total		913,348
Unamortized amounts on refundings are not recognized in the funds.		1,228,356
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(66,549)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows - pension	5,486,793	
Deferred inflows - pension	(2,205,096)	
Net pension liability	(21,814,348)	
Deferred outflows - OPEB	589,782	
Deferred inflows - OPEB	(3,359,208)	
Net OPEB asset	2,064,567	
Net OPEB liability	(1,094,750)	
Total		(20,332,260)
Long-term liabilities are not due and payable in the current period and therefore, are not reported in the funds.		
General obligation bonds	(26,370,152)	
Accretion of interest - capital appreciation bonds	(444,840)	
Unamortized bond premiums	(1,797,432)	
Notes payable	(47,770)	
Lease payable	(182,146)	
SBITA payable	(10,750)	
Compensated absences	(1,465,157)	
Total		(30,318,247)
Net position of governmental activities		$ (5,548,167)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO

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

	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	$ 14,223,827	$ 1,611,239	$ 374,340	$ 16,209,406
Intergovernmental	6,852,102	173,992	2,747,957	9,774,051
Investment earnings	105,541	-	-	105,541
Tuition and fees	423,808	-	22,536	446,344
Extracurricular	31,418	-	183,327	214,745
Rental income	-	-	-	-
Charges for services	-	-	198,696	198,696
Contributions and donations	5,467	-	45,204	50,671
Payment in lieu of taxes	460,841	-	-	460,841
Miscellaneous	131,650	-	668	132,318
Decrease in fair value of investments	(167,239)	-	-	(167,239)
Total revenues	22,067,415	1,785,231	3,572,728	27,425,374
Expenditures:				
Current:				
Instruction:				
Regular	9,088,703	-	862,284	9,950,987
Special	3,147,606	-	816,103	3,963,709
Vocational	47,749	-	1,581	49,330
Other	114,200	-	-	114,200
Support services:				
Pupil	1,706,355	-	63,218	1,769,573
Instructional staff	660,580	-	30,753	691,333
Board of education	45,023	-	-	45,023
Administration	2,334,181	-	-	2,334,181
Fiscal	636,148	27,375	6,314	669,837
Business	183,229	-	-	183,229
Operations and maintenance	2,008,035	-	177,708	2,185,743
Pupil transportation	1,032,086	-	-	1,032,086
Central	447,059	-	9,000	456,059
Operation of non-instructional services:				
Food service operations	-	-	727,543	727,543
Other non-instructional services	4,417	-	3,017	7,434
Extracurricular activities	695,675	-	277,949	973,624
Facilities acquisition and construction	-	-	265,756	265,756
Debt service:				
Principal retirement	158,614	790,214	-	948,828
Interest and fiscal charges	15,883	848,222	-	864,105
Accretion on capital appreciation bonds	-	79,786	-	79,786
Total expenditures	22,325,543	1,745,597	3,241,226	27,312,366
Excess of revenues over (under) expenditures	(258,128)	39,634	331,502	113,008
Other financing sources:				
Transfers in	-	-	45,000	45,000
Transfers (out)	(45,000)	-	-	(45,000)
Total other financing sources	(45,000)	-	45,000	-
Net change in fund balances	(303,128)	39,634	376,502	113,008
Fund balances at beginning of year	7,123,481	1,260,070	586,979	8,970,530
Fund balances at end of year	$ 6,820,353	$ 1,299,704	$ 963,481	$ 9,083,538

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO

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

Net change in fund balances - total governmental funds		$ 113,008
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital asset additions	$ 211,313	
Current year depreciation	(514,321)	
Total		(303,008)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Property taxes	173,393	
Earnings on investments	12,312	
Intergovernmental	81,294	
Total		266,999
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position.		
General obligation bonds	710,000	
Capital appreciation bonds	80,214	
Accreted interest on capital appreciation bonds	79,786	
Lease-purchase agreements	92,864	
Lease liability	54,904	
SBITA liability	10,846	
Total		1,028,614
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:		
Decrease in accrued interest payable	1,637	
Accretion of interest on capital appreciation bonds	(248,999)	
Amortization of bond premiums	126,480	
Amortization of deferred charges on refunding	(89,440)	
Total		(210,322)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	1,988,453	
OPEB	60,751	
Total		2,049,204
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.		
Pension	(2,434,750)	
OPEB	477,198	
Total		(1,957,552)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(95,331)
Change in net position of governmental activities		$ 891,612

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO

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

	Budgeted Amounts			Variance with Final Budget Positive
	Original	**Final**	**Actual**	**(Negative)**
Revenues:				
From local sources:				
Property taxes	$ 13,796,497	$ 13,796,497	$ 13,520,823	$ (275,674)
Intergovernmental	7,272,000	7,272,000	6,855,052	(416,948)
Investment earnings	90,000	90,000	100,041	10,041
Tuition and fees	226,500	226,500	355,782	129,282
Payment in lieu of taxes	-	-	468,476	468,476
Miscellaneous	205,746	205,746	116,205	(89,541)
Total revenues	21,590,743	21,590,743	21,416,379	(174,364)
Expenditures:				
Current:				
Instruction:				
Regular	8,984,351	9,175,758	9,038,335	137,423
Special	3,039,021	3,103,766	3,108,133	(4,367)
Vocational	41,665	42,553	42,194	359
Other	137,818	140,754	113,732	27,022
Support services:				
Pupil	1,745,827	1,783,021	1,771,652	11,369
Instructional staff	634,123	647,633	701,498	(53,865)
Board of education	50,981	52,067	53,846	(1,779)
Administration	2,410,882	2,462,245	2,381,343	80,902
Fiscal	709,650	724,769	646,200	78,569
Business	234,824	239,827	250,476	(10,649)
Operations and maintenance	1,979,661	2,021,837	2,111,097	(89,260)
Pupil transportation	1,264,175	1,291,108	1,226,713	64,395
Central	573,344	585,559	542,128	43,431
Operation of non-instructional services				
Other non-instructional services	4,406	4,500	4,417	83
Extracurricular activities	690,226	704,931	704,304	627
Total expenditures	22,500,954	22,980,328	22,696,068	284,260
Excess of expenditures over revenues	(910,211)	(1,389,585)	(1,279,689)	109,896
Other financing sources (uses):				
Refund of prior year's expenditures	65,754	65,754	6,559	(59,195)
Transfers (out)	(29,374)	(30,000)	(45,000)	(15,000)
Sale of capital assets	-	-	867	867
Total other financing sources (uses)	36,380	35,754	(37,574)	(73,328)
Net change in fund balance	(873,831)	(1,353,831)	(1,317,263)	36,568
Fund balance at beginning of year	7,726,211	7,726,211	7,726,211	-
Prior year encumbrances appropriated	280,328	280,328	280,328	-
Fund balance at end of year	$ 7,132,708	$ 6,652,708	$ 6,689,276	$ 36,568

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Sheffield-Sheffield Lake City School District (the “District”) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a city school district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education consisting of five members and is responsible for providing public education to residents of the District. The District employs 109 non-certified and 144 certified (including administrative) full-time and part-time employees to provide services to approximately 1,502 students in pre-K through 12 and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

Lake Erie Regional Council (LERC)
The Lake Erie Regional Council (LERC) is a jointly governed organization comprised of fourteen school districts. The jointly governed organization was formed for the purpose of promoting cooperative agreements and activities among its members in dealing with problems of mutual concern such as media center, gas consumption, driver education, food service and insurance. Each member provides operating resources to the LERC on a per-pupil or actual usage charge. The LERC Assembly consists of a Superintendent or designated representative from each participating school district and the fiscal agent. The LERC is governed by a Board of Directors chosen from the general membership. The degree of control exercised by any participating school district is limited to its representation on the Board of Directors. During fiscal year 2023, the District paid $3,219,746 to the LERC. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County, who serves as the fiscal agent, at 1885 Lake Avenue, Elyria, Ohio, 44035.

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

Metropolitan Educational Technology Association (META) Solutions
The District is a participant in META Solutions which is a computer consortium that resulted from the mergers between Tri-Rivers Educational Computer Association (TRECA), Metropolitan Educational Council (MEC), Metropolitan Dayton Educational Cooperative Association (MDECA), and Southeastern Ohio Valley Voluntary Education Cooperative (SEOVEC). META Solutions develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. META Solutions provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from eleven of the member districts. During fiscal year 2023, the District paid META Solutions $58,171 for services. Financial information can be obtained from Ashley Widby, who serves as Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

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

Ohio Schools' Council Association
The Ohio Schools' Council Association (Council) is a jointly governed organization among 241 school districts and education institutions. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any district is limited to its representation on the Board. In fiscal year 2023, the District paid $37,604 to the Council. Financial information can be obtained by contacting William Zelei, Executive Director of the Ohio Schools Council at 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

The District participates in the Council's natural gas purchase program. This program allows school districts to purchase natural gas at reduced rates. Constellation New Energy (formerly Compass) has been selected as the supplier and program manager for the period program. There are currently 165 participants in the program including Sheffield-Sheffield Lake City School District. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

B. Fund Accounting

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

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

GOVERNMENTAL FUNDS

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

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

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

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Interfund services provided and used are not eliminated in the process of consolidation.

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

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

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

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

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

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

D. Basis of Accounting

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, payments in lieu of taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 5). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2023, but which were levied to finance fiscal year 2024 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 11 and 12 for deferred inflows of resources related to net pension liability and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

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

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

E. Budgetary Process

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

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

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

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

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

F. Cash and Investments

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

During fiscal year 2023, investments were limited to negotiable certificates of deposit (CDs), Federal Home Loan Bank (FHLB) Securities, Federal National Mortgage Association (FNMA) Securities, Federal Farm Credit Bank (FFCB), Federal Home Loan Mortgage Corporation (FHLMC) Securities and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices.

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

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2023 amounted to $105,541, which includes $20,580 assigned from other District funds.

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

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

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

G. Inventory

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

Inventory consists of supplies, donated food and purchased food.

H. Capital Assets

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

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

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

Description	Estimated Lives
Buildings and improvements	50 years
Furniture and equipment	5 - 20 years
Vehicles	8 years
Intangible leased assets	5 years
Intangible leased software	3 - 6 years

The District is reporting intangible right to use assets related to leased equipment and software. The intangible assets are being amortized in a systematic and rational manner of the shorter of the lease term or the useful life of the underlying asset.

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable/payable." These amounts are eliminated in the governmental activities column on the statement of net position. The District had no interfund loans outstanding at June 30, 2023.

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

J. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, certified employees at any age with 10 years of service and classified employees at any age with 20 years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

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

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

K. Prepayments

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

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Issuance Costs, Bond Premium/Discount and Accounting Gain/Loss on Debt Refunding

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

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

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

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

N. Fund Balance

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

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

Unassigned - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is only used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

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

O. Net Position

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

The government-wide statement of net position reports $2,433,217 of restricted net position, of which none is restricted by enabling legislation.

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

P. Estimates

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

Q. Interfund Activity

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The District did not have any extraordinary or special items during fiscal year 2023.

S. Interfund Activity

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

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

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

T. Pensions/Other Postemployment Benefits (OPEB)

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

U. Fair Value

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

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

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

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

These changes were incorporated in the District's fiscal year 2023 financial statements. The District recognized $21,596 in governmental activities in subscriptions payable at July 1, 2022; however, this entire amount was offset by the intangible asset, right to use subscription assets.

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

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

B. Deficit Fund Balances

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

Nonmajor funds	Deficit
District Managed Student Activity	$ 2,674
Elementary and Secondary School Emergency Relief (ESSER)	45,455
IDEA, Part B	8,594
Title I, Disadvantaged Children	29,928
IDEA Preschool Grant for the Handicapped	36
Supporting Effective Instruction	10,124
Student Support and Academic Enrichment Programs	515

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

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

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

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

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

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

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

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

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

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Deposits with Financial Institutions

At June 30, 2023, the carrying amount of all District deposits was $684,975 and the bank balance of all District deposits was $1,118,365. Of the bank balance, $250,076 was covered by the FDIC and $868,289 was exposed to custodial credit risk because this amount was uninsured and uncollateralized.

Custodial credit risk is the risk that, in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State. For fiscal year 2023, the District's financial institution was approved for collateral rate of 50 percent through OPCS. Although all statutory requirements for the deposit of money has been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

B. Investments

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

		Investment Maturities				
Measurement/ Investment Type	Measurement Value	6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Fair Value:						
FNMA	$ 578,074	$ -	$ -	$ -	$ -	$ 578,074
FHLB	4,880,614	-	-	-	-	4,880,614
FHLMC	391,712	-	-	-	-	391,712
FFCB	468,095	-	-	-	-	468,095
Negotiable CDs	1,719,702	248,071	-	435,423	241,692	794,516
Amortized Cost:						
STAR Ohio	316,518	316,518	-	-	-	-
Total	$ 8,354,715	$ 564,589	$ -	$ 435,423	$ 241,692	$ 7,113,011

The weighted average maturity of investments is 0.75 years.

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

Interest Rate Risk: Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

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

Investment type	Measurement Value	% of Total
Fair value:		
FHLMC	$ 391,712	4.69%
FHLB	4,880,614	58.42%
FNMA	578,074	6.92%
FFCB	468,095	5.60%
Negotiable CDs	1,719,702	20.58%
Amortized cost:		
STAR Ohio	316,518	3.79%
Total	$ 8,354,715	100.00%

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

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

Cash and investments per note	
Carrying amount of deposits	$ 684,975
Investments	8,354,715
Total	$ 9,039,690
Cash and cash equivalents per statement of net position	
Governmental activities	$ 9,039,690
Total	$ 9,039,690

NOTE 5 - PROPERTY TAXES

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

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

The District receives property taxes from Lorain County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2023, are available to finance fiscal year 2023 operations. The amount available as an advance at June 30, 2023 was $2,168,849 in the general fund, 244,146 in the bond retirement fund and $58,269 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available as an advance at June 30, 2022 was $1,465,845 in the general fund, $182,354 in the bond retirement fund and $39,990 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2023 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

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

	2022 Second Half Collections		2023 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	$ 391,880,600	97.15	$ 399,348,570	97.05
Public utility personal	11,513,760	2.85	12,122,390	2.95
Total	$ 403,394,360	100.00	$ 411,470,960	100.00
Tax rate per $1,000 of assessed valuation	$ 65.03		$ 64.59	

NOTE 6 - INTERFUND TRANSACTIONS

A. Interfund balances at June 30, 2023, as reported on the fund statements, consist of the following amounts due to/from other funds:

Receivable fund	Payable fund	Amount
General fund	Nonmajor governmental funds	$ 11,484

The primary purpose of the interfund balances is to cover negative cash balances in specific funds where revenues were requested but were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

B. Interfund transfers for the year ended June 30, 2023, consisted of the following, as reported in the fund financial statements:

	Amount
Transfers from the general fund to:	
Nonmajor governmental fund	$ 45,000

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

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

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NOTE 7 - RECEIVABLES

Receivables at June 30, 2023 consisted of taxes, payments in lieu of taxes, accounts, accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds.

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

Governmental activities:	
Property taxes	$ 16,747,027
Payment in lieu of taxes	420,000
Accounts	8,298
Accrued interest	57,287
Intergovernmental	81,339
Total receivables	$ 17,313,951

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NOTE 8 - CAPITAL ASSETS

Due to the implementation of GASB Statement No. 96 (see Note 3.A for detail), the District has reported capital assets for the right to use software which are reflected in the schedule below. Capital asset activity for the fiscal year ended June 30, 2023, was as follows:

	Restated Balance June 30, 2022	Additions	Deductions	Balance June 30, 2023
Governmental activities:				
Capital assets, not being depreciated/amortized:				
Land	$ 540,878	$ -	$ -	$ 540,878
Total capital assets, not being depreciated/amortized	540,878	-	-	540,878
Capital assets, being depreciated:				
Buildings and improvements	37,870,189	-	-	37,870,189
Furniture and equipment	1,301,821	5,560	-	1,307,381
Intangible right to use:				
Equipment	286,572	-	-	286,572
Software	21,596	125,648	-	147,244
Vehicles	1,830,547	80,105	-	1,910,652
Total capital assets, being depreciated/amortized	41,310,725	211,313	-	41,522,038
Less: accumulated depreciation/amotization:				
Buildings and improvements	(5,653,523)	(393,571)	-	(6,047,094)
Furniture and equipment	(761,887)	(17,331)	-	(779,218)
Intangible right to use:				
Equipment	(85,971)	(57,314)	-	(143,285)
Software	-	(10,160)	-	(10,160)
Vehicles	(1,103,567)	(35,945)	-	(1,139,512)
Total accumulated depreciation/amortization	(7,604,948)	(514,321)	-	(8,119,269)
Governmental activities capital assets, net	$ 34,246,655	$ (303,008)	$ -	$ 33,943,647

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

Instruction:	
Regular	$ 130,136
Special	50,656
Vocational	49
Other	1,026
Support services:	
Pupil	17,129
Instructional staff	8,191
Board of education	2,332
Administration	30,301
Fiscal	6,217
Business	81,160
Operations and maintenance	95,536
Pupil transportation	68,009
Central	7,199
Food service operations	3,296
Extracurricular	13,084
Total depreciation/amortization expense	$ 514,321

NOTE 9 - LONG-TERM OBLIGATIONS

A. Due to the implementation of GASB Statement No. 96 (see Note 3.A for detail), the District has reported obligations for SBITA payable which are reflected in the schedule below. During fiscal year 2023, the following changes occurred in the governmental activities long-term obligations.

	Restated Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due Within One Year
Governmental activities:					
General obligation bonds:					
School improvement, 2011					
Current interest bonds	$ 645,000	$ -	$ (645,000)	$ -	$ -
School improvement refunding, 2016					
Current interest bonds	8,440,000	-	-	8,440,000	-
Capital appreciation bonds	443	-	(214)	229	86
School improvement refunding, 2017					
Current interest bonds	8,565,000	-	(65,000)	8,500,000	65,000
Capital appreciation bonds	9,923	-	-	9,923	-
School improvement refunding, 2019					
Current interest bonds	9,500,000	-	(80,000)	9,420,000	645,000
Total general obligation bonds	27,160,366	-	(790,214)	26,370,152	710,086
Accretion on capital appreciation bonds	275,627	248,999	(79,786)	444,840	55,421
Unamortized premium on bonds	1,923,912	-	(126,480)	1,797,432	-
Note Payable - Finance Purchase from direct borrowings	140,634	-	(92,864)	47,770	47,770
Lease Payable	237,050	-	(54,904)	182,146	57,712
SBITA Liability	21,596	-	(10,846)	10,750	10,750
Compensated absences	1,422,978	147,799	(69,969)	1,500,808	44,365
Net pension liability	13,233,474	8,580,874	-	21,814,348	-
Net OPEB liability	1,665,135	-	(570,385)	1,094,750	-
Total governmental activities	$ 46,080,772	$ 8,977,672	$ (1,795,448)	$ 53,262,996	$ 926,104

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

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

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

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

B. General Obligation Bonds Payable

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

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

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

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

These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the bond retirement fund. On the government-wide financial statements, principal payments reduce the liability reported on the statement of net position. During fiscal year 2023, the District paid off the remaining liability amount.

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

These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the bond retirement fund (a nonmajor governmental fund). On the government-wide financial statements, principal payments reduce the liability reported on the statement of net position. The present value reported on the statement of net position at June 30, 2023, including $148,349 of accreted interest on capital appreciation bonds, was $8,588,578.

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The reacquisition price exceeded the net carrying amount of the old debt by $1,192,807. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. The refunded bonds, which have an outstanding balance of $8,440,000 at June 30, 2023, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

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

These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the bond retirement fund. On the government-wide financial statements, principal payments reduce the liability reported on the statement of net position. The present value reported on the statement of net position at June 30, 2023, including $296,491 of accreted interest on capital appreciation bonds, was $8,806,414.

The net present value savings of the refunding was $519,063. The reacquisition price exceeded the net carrying amount of the old debt by $486,969. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. The refunded bonds, which have an outstanding balance of $8,500,000 at June 30, 2023, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

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

These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. On the fund financial statements, payments of principal and interest relating to these bonds are recorded as expenditures in the bond retirement fund (a nonmajor governmental fund). On the government-wide financial statements, principal payments reduce the liability reported on the statement of net position. The present value reported on the statement of net position at June 30, 2023 was $9,420,000.

The net present value savings of the refunding was $2,415,281. The reacquisition price exceeded the net carrying amount of the old debt by $129,215. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. The refunded bonds, which have an outstanding balance of $9,420,000 at June 30, 2023, are not included in the District's outstanding debt since the District has in-substance satisfied its obligations through the advance refunding.

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

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

	General Obligation Bonds		
Fiscal Year	Principal	Interest	Total
2024	$ 710,086	$ 907,708	$ 1,617,794
2025	134,957	1,622,237	1,757,194
2026	365,109	1,447,901	1,813,010
2027	1,035,000	781,243	1,816,243
2028	1,090,000	740,011	1,830,011
2029 - 2033	6,690,000	3,059,519	9,749,519
2034 - 2038	8,910,000	1,767,828	10,677,828
2039 - 2043	7,435,000	437,456	7,872,456
Total	$ 26,370,152	$ 10,763,903	$ 37,134,055

Leases Payable - The District has entered into lease agreements for the use of right to use equipment. The District will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments will be paid from the general fund.

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

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

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

Fiscal Year	Principal	Interest	Total
2024	$ 57,712	$ 7,797	$ 65,509
2025	60,665	4,844	65,509
2026	63,769	1,740	65,509
Total	$ 182,146	$ 14,381	$ 196,527

Subscription-Based Information Technology Arrangements Payable - The District has entered into SBITA agreements for the use of right to use software. The District reports an intangible capital asset and corresponding liability for the future scheduled payments under the agreements. The subscription payments will be paid from the general fund.

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

Fiscal Year	Principal	Interest	Total
2024	$ 10,750	$ 550	$ 11,300

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

Note Payable - Finance Purchase - In a prior fiscal year, the District entered into a note payable-finance purchase agreement for the acquisition of buses. This arrangement transfers benefits and risks of ownership to the District at the conclusion of the finance purchase term. This note payable-finance purchase is considered a direct borrowing. Direct borrowings have terms negotiated directly between the District and the lender and are not offered for public sale. Notes payable - finance purchase payments have been reclassified and are reflected as debt service expenditures in the basic financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

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

A corresponding liability is recorded in the government-wide financial statements. Principal and interest payments in the 2023 fiscal year totaled $92,864 and $4,506, respectively.

Fiscal Year	Principal	Interest	Total
2024	$ 47,770	$ 915	$ 48,685
Total	$ 47,770	$ 915	$ 48,685

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2023, are a voted debt margin of $11,961,938 (including available funds of $1,299,704) and an unvoted debt margin of $411,471.

NOTE 10 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2023, the District contracted with the Schools of Ohio Risk Sharing Authority (SORSA) for property and liability insurance. Professional liability is covered with a $15,000,000 per occurrence and a $17,000,000 aggregate limit. Settled claims have not exceeded this commercial insurance coverage in any of the past three fiscal years. There has not been a significant reduction in coverage from the prior year. Travelers Casualty & Surety Company of America maintains performance bonds of $20,000 for the Superintendent and the Board President. A surety bond in the amount of $100,000 also covers the Treasurer. The remaining employees who handle money are covered within the SORSA policy at $1,000,000 for any one occurrence of employee theft including faithful performance of duty.

B. Workers' Compensation

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

The net pension liability and the net OPEB liability/asset reported on the statement of net position represents a liability or asset to employees for pensions and OPEB, respectively.

Pensions and OPEB are a component of exchange transactions–between an employer and its employees–of salaries and benefits for employee services. Pensions/OPEB are provided to an employee–on a deferred-payment basis–as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

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

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

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2022, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2023.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the District is required to contribute 14.00% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The District's contractually required contribution to SERS was $469,229 for fiscal year 2023. Of this amount, $47,710 is reported as due to other governments.

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.20% of final average salary for the five highest years of earnings multiplied by all years of service. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

The DC Plan allows members to place all of their member contributions and 9.53% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS Ohio. The remaining 4.47% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The District's contractually required contribution to STRS was $1,519,224 for fiscal year 2023. Of this amount, $260,072 is reported as due to other governments.

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

The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.085606200%	0.078796595%	
Proportion of the net pension liability current measurement date	0.075608100%	0.079733580%	
Change in proportionate share	-0.009998100%	0.000936985%	
Proportionate share of the net pension liability	$ 4,089,474	$ 17,724,874	$ 21,814,348
Pension expense	$ 109,415	$ 2,325,335	$ 2,434,750

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 165,627	$ 226,902	$ 392,529
Net difference between projected and actual earnings on pension plan investments	-	616,787	616,787
Changes of assumptions	40,353	2,121,135	2,161,488
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	71,127	256,409	327,536
Contributions subsequent to the measurement date	469,229	1,519,224	1,988,453
Total deferred outflows of resources	$ 746,336	$ 4,740,457	$ 5,486,793

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 26,847	$ 67,803	$ 94,650
Net difference between projected and actual earnings on pension plan investments	142,705	-	142,705
Changes of assumptions	-	1,596,605	1,596,605
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	371,136	-	371,136
Total deferred inflows of resources	$ 540,688	$ 1,664,408	$ 2,205,096

$1,988,453 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$ (100,357)	$ 176,169	$ 75,812
2025	(196,520)	17,492	(179,028)
2026	(203,853)	(434,426)	(638,279)
2027	237,149	1,797,590	2,034,739
Total	$ (263,581)	$ 1,556,825	$ 1,293,244

Actuarial Assumptions - SERS

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

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

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

Discount Rate - The total pension liability was calculated using the discount rate of 7.00%. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00%). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	$ 6,019,511	$ 4,089,474	$ 2,463,445

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

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

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

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

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

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

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

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

NOTE 11 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	$ 26,775,834	$ 17,724,874	$ 10,070,567

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

Plan Description - School Employees Retirement System (SERS)

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2023, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the District's surcharge obligation was $60,751.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was $60,751 for fiscal year 2023. Of this amount, $60,751 is reported as due to other governments.

Plan Description - State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

OPEB Liabilities/Assets, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

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

Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the net OPEB liability/asset prior measurement date	0.087982200%	0.078796595%	
Proportion of the net OPEB liability/asset current measurement date	0.077973100%	0.079733580%	
Change in proportionate share	-0.010009100%	0.000936985%	
Proportionate share of the net OPEB liability	$ 1,094,750	$ -	$ 1,094,750
Proportionate share of the net OPEB asset	$ -	$ (2,064,567)	$ (2,064,567)
OPEB expense	$ (108,170)	$ (369,028)	$ (477,198)

At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	$ 9,203	$ 29,931	$ 39,134
Net difference between projected and actual earnings on OPEB plan investments	5,690	35,936	41,626
Changes of assumptions	174,134	87,944	262,078
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	140,038	46,155	186,193
Contributions subsequent to the measurement date	60,751	-	60,751
Total deferred outflows of resources	$ 389,816	$ 199,966	$ 589,782

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	$ 700,281	$ 310,056	$ 1,010,337
Changes of assumptions	449,404	1,463,978	1,913,382
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	416,651	18,838	435,489
Total deferred inflows of resources	$ 1,566,336	$ 1,792,872	$ 3,359,208

$60,751 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2024.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$ (253,561)	$ (470,502)	$ (724,063)
2025	(277,927)	(445,187)	(723,114)
2026	(243,617)	(219,905)	(463,522)
2027	(147,203)	(92,028)	(239,231)
2028	(109,965)	(120,697)	(230,662)
Thereafter	(204,998)	(244,587)	(449,585)
Total	$ (1,237,271)	$ (1,592,906)	$ (2,830,177)

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.

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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:

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

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

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

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate of return on plan assets is reviewed as part of the actuarial 5-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The target asset allocation and best estimates of arithmetic real rates of return for each major asset class are summarized as follows:

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

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2022, was 4.08%. The discount rate used to measure total OPEB liability prior to June 30, 2022, was 2.27%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2022 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.69% at June 30, 2022 and 1.92% at June 30, 2021.

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.08%) and higher (5.08%) than the current discount rate (4.08%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate (7.00% decreasing to 4.40%).

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 1,359,697	$ 1,094,750	$ 880,867
	1% Decrease	**Current Trend Rate**	**1% Increase**
District's proportionate share of the net OPEB liability	$ 844,249	$ 1,094,750	$ 1,421,946

Actuarial Assumptions - STRS

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

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

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

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

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

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

NOTE 12 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	$ 1,911,828	$ 2,064,567	$ 2,198,134

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB asset	$ 2,141,459	$ 2,064,567	$ 1,967,511

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

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

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

(e) Investments are reported at fair value (GAAP basis) as opposed to cost (budget basis); and,

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

NOTE 13 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

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

Net Change in Fund Balance

	General Fund
Budget basis	$ (1,317,263)
Net adjustment for revenue accruals	510,699
Net adjustment for expenditure accruals	(148,103)
Net adjustment for other sources/uses	(7,426)
Funds budgeted elsewhere	17,986
Adjustment for encumbrances	640,979
GAAP basis	$ (303,128)

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

NOTE 14 - CONTINGENCIES

A. Grants

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

B. Litigation

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

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. As of the date of this report, additional ODE adjustments for fiscal year 2023 have been finalized. The FTE adjustments made by ODE subsequent to year-end were not material to the financial statements.

NOTE 15 - SET-ASIDES

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

NOTE 15 - SET-ASIDES - (Continued)

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

	Capital Improvements
Set-aside balance June 30, 2022	$ -
Current year set-aside requirement	339,205
Current year offsets	(395,841)
Total	$ (56,636)
Balance carried forward to fiscal year 2024	$ -
Set-aside balance June 30, 2023	$ -

NOTE 16 - OTHER COMMITMENTS

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

Fund	Year-End Encumbrances
General	$ 621,338
Nonmajor governmental	410,420
Total	$ 1,031,758

NOTE 17 - TAX ABATEMENT

Ohio Enterprise Zone Agreement

On February 12, 2014, the Village of Sheffield entered into an Ohio Enterprise Zone Agreement with Oldcastle APG South, Inc., which granted them a ten-year real estate tax abatement. The tax abatement will reduce their real estate taxes by 75% for years one through five and 60% for years six through ten. The agreement also stipulates that Oldcastle APG South, Inc. is obligated to make payments in lieu of taxes to the District in the amount of $9,058 for each year through year five and $5,746 for each year six through ten. For fiscal year 2023, the latest information available, the District's property tax revenue was reduced by approximately $7,053.

NOTE 18 - COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June 2021 while the national state of emergency ended in April 2023. During fiscal year 2023, the District received COVID-19 funding. The District will continue to spend available COVID-19 funding consistent with the applicable program guidelines.

NOTE 19 - SUBSEQUENT EVENT

On July 1, 2023, Rachel Tansey became the District's Treasurer.

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REQUIRED SUPPLEMENTARY INFORMATION

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2023	2022	2021	2020
District's proportion of the net pension liability	0.075608100%	0.085606200%	0.080567100%	0.083050200%
District's proportionate share of the net pension liability	$ 4,089,474	$ 3,158,621	$ 5,328,878	$ 4,969,039
District's covered payroll	$ 2,839,893	$ 2,963,950	$ 2,860,714	$ 2,938,356
District's proportionate share of the net pension liability as a percentage of its covered payroll	144.00%	106.57%	186.28%	169.11%
Plan fiduciary net position as a percentage of the total pension liability	75.82%	82.86%	68.55%	70.85%

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017	2016	2015	2014
0.095604200%	0.084120800%	0.088503000%	0.092471000%	0.092684000%	0.092684000%
$ 5,475,430	$ 5,026,032	$ 6,477,610	$ 5,276,491	$ 4,690,684	$ 5,511,620
$ 2,793,133	$ 2,759,357	$ 3,031,371	$ 2,852,527	$ 2,550,830	$ 2,820,173
196.03%	182.15%	213.69%	184.98%	183.89%	195.44%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2023	**2022**	**2021**	**2020**
District's proportion of the net pension liability	0.079733580%	0.078796595%	0.078025180%	0.077164410%
District's proportionate share of the net pension liability	$ 17,724,874	$ 10,074,853	$ 18,879,317	$ 17,064,446
District's covered payroll	$ 10,393,057	$ 9,835,386	$ 9,394,621	$ 9,288,871
District's proportionate share of the net pension liability as a percentage of its covered payroll	170.55%	102.43%	200.96%	183.71%
Plan fiduciary net position as a percentage of the total pension liability	78.88%	87.78%	75.48%	77.40%

Amounts presented for each fiscal year were determined as of the
District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017	2016	2015	2014
0.075675250%	0.072245480%	0.074615100%	0.079399290%	0.081552480%	0.081552480%
$ 16,639,288	$ 17,162,069	$ 24,975,923	$ 21,943,641	$ 19,836,385	$ 23,628,973
$ 8,956,229	$ 8,288,893	$ 8,131,493	$ 7,834,793	$ 8,362,858	$ 8,964,961
185.78%	207.05%	307.15%	280.08%	237.20%	263.57%
77.31%	75.30%	66.80%	72.10%	74.70%	69.30%

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2023	2022	2021	2020
Contractually required contribution	$ 469,229	$ 397,585	$ 414,953	$ 400,500
Contributions in relation to the contractually required contribution	(469,229)	(397,585)	(414,953)	(400,500)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 3,351,636	$ 2,839,893	$ 2,963,950	$ 2,860,714
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017	2016	2015	2014
$ 396,678	$ 377,073	$ 386,310	$ 424,392	$ 375,963	$ 353,545
(396,678)	(377,073)	(386,310)	(424,392)	(375,963)	(353,545)
$ -	$ -	$ -	$ -	$ -	$ -
$ 2,938,356	$ 2,793,133	$ 2,759,357	$ 3,031,371	$ 2,852,527	$ 2,550,830
13.50%	13.50%	14.00%	14.00%	13.18%	13.86%

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2023	2022	2021	2020
Contractually required contribution	$ 1,519,224	$ 1,455,028	$ 1,376,954	$ 1,315,247
Contributions in relation to the contractually required contribution	(1,519,224)	(1,455,028)	(1,376,954)	(1,315,247)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 10,851,600	$ 10,393,057	$ 9,835,386	$ 9,394,621
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019		2018		2017		2016		2015		2014	
$	1,300,442	$	1,253,872	$	1,160,445	$	1,138,409	$	1,096,871	$	1,087,171
	(1,300,442)		(1,253,872)		(1,160,445)		(1,138,409)		(1,096,871)		(1,087,171)
$	-	$	-	$	-	$	-	$	-	$	-
$	9,288,871	$	8,956,229	$	8,288,893	$	8,131,493	$	7,834,793	$	8,362,854
	14.00%		14.00%		14.00%		14.00%		14.00%		13.00%

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN FISCAL YEARS

	2023	**2022**	**2021**	**2020**
District's proportion of the net OPEB liability	0.077973100%	0.087982200%	0.083820800%	0.085284100%
District's proportionate share of the net OPEB liability	$ 1,094,750	$ 1,665,135	$ 1,821,700	$ 2,144,716
District's covered payroll	$ 2,839,893	$ 2,963,950	$ 2,860,714	$ 2,938,356
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	38.55%	56.18%	63.68%	72.99%
Plan fiduciary net position as a percentage of the total OPEB liability	30.34%	24.08%	18.17%	15.57%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017
0.096280100%	0.085471500%	0.089595730%
$ 2,671,070	$ 2,293,830	$ 2,553,810
$ 2,793,133	$ 2,759,357	$ 3,031,371
95.63%	83.13%	84.25%
13.57%	12.46%	11.49%

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN FISCAL YEARS

	2023	2022	2021	2020
District's proportion of the net OPEB liability/asset	0.079733580%	0.078796595%	0.078025180%	0.077164410%
District's proportionate share of the net OPEB liability/(asset)	$ (2,064,567)	$ (1,661,362)	$ (1,371,292)	$ (1,278,028)
District's covered payroll	$ 10,393,057	$ 9,835,386	$ 9,394,621	$ 9,288,871
District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll	19.86%	16.89%	14.60%	(13.76%)
Plan fiduciary net position as a percentage of the total OPEB liability/asset	230.73%	174.73%	182.10%	174.70%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the District's measurement date which is the prior year-end.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017
0.075675250%	0.072245480%	0.074615100%
$ (1,216,024)	$ 2,818,752	$ 3,990,435
$ 8,956,229	$ 8,288,893	$ 8,131,493
(13.58%)	34.01%	49.07%
176.00%	47.10%	37.30%

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2023	2022	2021	2020
Contractually required contribution	$ 60,751	$ 54,312	$ 55,187	$ 54,872
Contributions in relation to the contractually required contribution	(60,751)	(54,312)	(55,187)	(54,872)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 3,351,636	$ 2,839,893	$ 2,963,950	$ 2,860,714
Contributions as a percentage of covered payroll	1.81%	1.91%	1.86%	1.92%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019		2018		2017		2016		2015		2014	
$	67,562	$	62,626	$	47,085	$	44,939	$	22,021	$	22,727
	(67,562)		(62,626)		(47,085)		(44,939)		(22,021)		(22,727)
$	-	$	-	$	-	$	-	$	-	$	-
$	2,938,356	$	2,793,133	$	2,759,357	$	3,031,371	$	2,852,527	$	2,550,830
	2.30%		2.24%		1.71%		1.48%		0.77%		0.89%

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY, OHIO

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

	2022	2022	2021	2020
Contractually required contribution	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 10,851,600	$ 10,393,057	$ 9,835,386	$ 9,394,621
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

2019	2018	2017	2016	2015	2014
$ -	$ -	$ -	$ -	$ -	$ 83,629
-	-	-	-	-	(83,629)
$ -	$ -	$ -	$ -	$ -	$ -
$ 9,288,871	$ 8,956,229	$ 8,288,893	$ 8,131,493	$ 7,834,793	$ 8,362,854
0.00%	0.00%	0.00%	0.00%	0.00%	1.00%

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2014.
- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipient commencing benefits on or after April 1, 2018
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.

Changes in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.

(Continued)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms:
- There were no changes in benefit terms from the amounts reported for fiscal year 2014.
- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023

Changes in assumptions:
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2014.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

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

(Continued)

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

Changes in assumptions :

- For fiscal year 2017, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.
- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.
- For fiscal year 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate when from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.

(Continued)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms:

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitel
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.

Changes in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.

(Continued)

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

Changes in assumptions (continued) :

- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.
- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projecte salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.

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SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

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

FEDERAL GRANTOR *Pass Through Grantor* Program / Cluster Title	Federal AL Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE		
Passed Through Ohio Department of Education		
Child Nutrition Cluster:		
School Breakfast Program	10.553	$145,687
National School Lunch Program	10.555	490,097
COVID-19 National School Lunch Program	10.555	44,600
National School Lunch Program - Non-Cash	10.555	53,699
Total Child Nutrition Cluster		734,083
Total U.S. Department of Agriculture		**734,083**
U.S. DEPARTMENT OF EDUCATION		
Passed Through Ohio Department of Education		
Title I Grants to Local Education Agencies - 2022	84.010A	92,612
Title I Grants to Local Education Agencies - 2023	84.010A	322,352
Title I Expanding Opportunities for Each Child - 2023	84.010A	309
Total Title I		415,273
Special Education Cluster (IDEA):		
Special Education - Grants to States (IDEA, Part B) - 2022	84.027A	4,196
Special Education - Grants to States (IDEA, Part B) - 2023	84.027A	376,913
Total Special Education - Grants to States (IDEA, Part B)		381,109
COVID-19 Special Education - ARP Grants to States (IDEA, Part B) - 2022	84.027X	56,693
Total COVID-19 Special Education - ARP Grants to States (IDEA, Part B)		56,693
Special Education - Preschool Grants (IDEA Preschool) - 2023	84.173A	8,191
Total Special Education - Preschool Grants (IDEA Preschool)		8,191
COVID-19 Special Education - ARP Preschool Grants (IDEA Preschool) - 2022	84.173X	224
Total COVID-19 Special Education - ARP Preschool Grants (IDEA Preschool)		224
Total Special Education Cluster (IDEA)		446,217
Title II, Part A, Supporting Effective Instruction State Grants - 2022	84.367A	8,341
Title II, Part A, Supporting Effective Instruction State Grants - 2023	84.367A	46,998
Total Title II, Part A, Supporting Effective Instruction State Grants		55,339
Student Support and Academic Enrichment Program - 2022	84.424A	156
Student Support and Academic Enrichment Program - 2023	84.424A	28,448
Total Student Support and Academic Enrichment Program		28,604
COVID-19 Education Stabilzation Fund:		
COVID-19 - American Recovery Plan - Elementary and Secondary Schools Emergency Relief Fund (ARP ESSER) - 2023	84.425U	887,532
Total COVID-19 Education Stabilzation Fund		887,532
COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief – Homeless Children and Youth:		
COVID-19 American Recovery Plan - Homeless round II - 2023	84.425W	6,083
Total COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief – Homeless Children and Youth		6,083
Passed through Educational Service Center of Lorain County		
English Language Acquisition State Grants - 2023	84.365	5,312
Total U.S. Department of Education		**1,844,360**
U.S. DEPARTMENT OF TREASURY		
Passed Through State of Ohio		
COVID-19 Ohio K-12 School Safety Grant Program	21.027	7,142
Total COVID-19 Ohio K-12 School Safety Grant Program		7,142
Total U.S. Department of Treasury		**7,142**
Total Expenditures of Federal Awards		**$2,585,585**

The accompanying notes are an integral part of this schedule.

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

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

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Sheffield-Sheffield Lake City School District (the District) under programs of the federal government for the year ended June 30, 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 District, it is not intended to and does not present the financial position or changes in net position of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

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

Program Title	AL Number	Amount Transferred
COVID-19 - American Recovery Plan - Elementary and Secondary Schools Emergency Relief Fund (ARP ESSER)	84.425U	$1,045,194
Title I Grants to Local Education Agencies	84.010A	57,563
COVID-19 - ARP Homeless Targeted Support Grant	84.425W	16,500
Student Support and Academic Enrichment Program	84.424A	12,704
Special Education – Preschool Grants (IDEA Preschool)	84.173A	2,435
Title II, Part A, Supporting Effective Instruction State Grants	84.367A	1,495
COVID-19 - American Recovery Plan - Homeless round II	84.425W	645

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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*

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

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sheffield-Sheffield Lake City School District, Lorain County, (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 26, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Keith Faber
Auditor of State
Columbus, Ohio

March 26, 2024

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

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

To the Board of Education:

Report on Compliance for the Major Federal Program

Qualified Opinion

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

Qualified Opinion on Education Stabilization Fund

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* section of our report, Sheffield-Sheffield Lake City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Education Stabilization Fund for the year ended June 30, 2023.

Basis for Qualified Opinion

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

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

Matter Giving Rise to Qualified Opinion on the Education Stabilization Fund

As described in finding 2023-001 in the accompanying schedule of findings, the District did not comply with requirements regarding prevailing wage rates applicable to its AL #84.425 Education Stabilization Fund major federal program.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

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

Report on Internal Control Over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance**.** We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2023-001, to be a material weakness.

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

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

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

Keith Faber
Auditor of State
Columbus, Ohio

March 26, 2024

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SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

1. 2 CFR Part 200 - Prevailing Wage Requirements

Finding Number:	**2023-001**
Assistance Listing Number and Title:	**AL #84.425 / Education Stabilization Fund**
Year:	**2023**
Federal Agency:	**US Department of Education**
Compliance Requirement:	**N. Special Tests and Provisions: Wage Rate Requirements**
Pass-Through Entity:	**N/A**
Repeat Finding from Prior Audit?	**No**

<u>NONCOMPLIANCE AND MATERIAL WEAKNESS</u>

2 CFR § 3474.1 gives regulatory effect to the Department of Education for Appendix II to 2 CFR Part 200 states, in part, all contracts made by the non-Federal entity under the Federal award must contain provision covering the following:

(D) Davis-Bacon Act, as amended (40 U.S.C. 3141-3148). When required by Federal program legislation, all prime construction contracts in excess of $2,000 awarded by non-Federal entities must include a provision for compliance with the Davis-Bacon Act (40 U.S.C. 3141-3144, and 3146-3148) as supplemented by Department of Labor regulations (29 CFR Part 5, "Labor Standards Provisions Applicable to Contracts Covering Federally Financed and Assisted Construction"). In accordance with the statute, contractors must be required to pay wages to laborers and mechanics at a rate not less than the prevailing wages specified in a wage determination made by the Secretary of Labor. In addition, contractors must be required to pay wages not less than once a week. The non-Federal entity must place a copy of the current prevailing wage determination issued by the Department of Labor in each solicitation. The decision to award a contract or subcontract must be conditioned upon the acceptance of the wage determination. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency. The contracts must also include a provision for compliance with the Copeland "Anti-Kickback" Act (40 U.S.C. 3145), as supplemented by Department of Labor regulations (29 CFR Part 3, "Contractors and Subcontractors on Public Building or Public Work Financed in Whole or in Part by Loans or Grants from the United States"). The Act provides that each contractor or subrecipient must be prohibited from inducing, by any means, any person employed in the construction, completion, or repair of public work, to give up any part of the compensation to which he or she is otherwise entitled. The non-Federal entity must report all suspected or reported violations to the Federal awarding agency.

Lack of effective controls led to the District expending $33,726 of the COVID-19 - American Recovery Plan - Elementary and Secondary Schools Emergency Relief Fund (ARP ESSER) AL # 84.425U funds for carpeting nine rooms throughout the District dedicated towards intervention services to help struggling students. The purchase from Jamies Carpet Shop, Inc., did not meet the requirements of the Davis-Bacon Act. The District entered into a written agreement with the contractor that did not contain a provision to ensure the contractor complied with Federal wage rate requirements and the District did not obtain weekly certified payroll reports from the contractor to verify prevailing wages were paid on a weekly basis.

Failure to have effective controls in place over wage-rate requirements may result in the District and its contractors or subcontractors failing to pay prevailing wages when required by Federal law and could result in reduction of future Federal funding or other sanctions imposed by Federal grantors.

When required by Federal grant legislation, the District should ensure prime construction contracts in excess of $2,000 paid with Federal grant monies contain provisions that require the contractor to comply with wage rate requirements. Further, the District should ensure certified payroll reports are provided weekly by the contractor.

Official's Response: The District agrees with the finding and will ensure compliance with the Davis-Bacon Act moving forward.

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SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT
LORAIN COUNTY

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

Finding Number	Planned Corrective Action	Anticipated Completion	Responsible Contact Person
2023-001	The treasurer will ensure that all prime construction contracts in excess of $2,000 paid with Federal grant monies contain provisions that require the contractor to comply with wage rate requirements. The treasurer will further ensure that contractors submit weekly certified payroll reports prior to paying invoices with federal grant funds.	March 31, 2024	Rachel Tansey

OHIO AUDITOR OF STATE
KEITH FABER

SHEFFIELD-SHEFFIELD LAKE CITY SCHOOL DISTRICT

LORAIN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 3/28/2024

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