



OHIO AUDITOR OF STATE  
**KEITH FABER**





**LAKE LOCAL SCHOOL DISTRICT  
STARK COUNTY  
JUNE 30, 2023**

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STARK COUNTY  
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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

Lake Local School District  
Stark County  
436 King Church Avenue SW  
Uniontown, Ohio 44685

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 Lake Local School District, Stark County, Ohio (School District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Lake Local School District, Stark County, Ohio as of June 30, 2023, and the respective changes in financial position 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 School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### **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 School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***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 School District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the 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 25, 2024, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 25, 2024

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

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

***Financial Highlights***

Key financial highlights for 2023 are as follows:

- Net position of governmental activities decreased by \$1,829,320.
- Capital assets decreased \$2,526,234 during fiscal year 2023.
- During the fiscal year, outstanding debt obligations decreased from principal payments and amortization of premium.

***Using this Annual Report***

This annual report consists of the MD&A, the basic financial statements and the notes to the basic financial statements. These statements are organized so the reader can understand the School 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 School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Lake Local School District, the general fund and the bond retirement fund are the most significant funds.

***Reporting the School District as a Whole***

*Statement of Net Position and the Statement of Activities*

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

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

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

***Reporting the School District's Most Significant Funds***

***Fund Financial Statements***

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

***Governmental Funds*** Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. Information is presented separately in the governmental fund Balance Sheet and in the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance for the general, bond retirement funds which are considered to be major funds. Data from the other governmental funds are combined into a single aggregated presentation. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The School District adopts an annual budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with its budget.

***Reporting the School District's Fiduciary Responsibilities***

The School District acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in custodial funds. The School District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

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

**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2023 compared to 2022:

	<b>Table 1</b>		
	<b>Net Position</b>		
	Governmental Activities		
	2023	2022	Change
<b>Assets</b>			
Current & Other Assets	\$ 40,033,564	\$ 42,468,738	\$ (2,435,174)
Net OPEB Asset	3,487,023	2,895,027	591,996
Capital Assets, Net	94,625,363	97,151,597	(2,526,234)
<i>Total Assets</i>	<u>138,145,950</u>	<u>142,515,362</u>	<u>(4,369,412)</u>
<b>Deferred Outflows of Resources</b>			
Deferred Charges	2,278,315	2,300,020	(21,705)
Pension & OPEB	10,399,930	10,676,420	(276,490)
<i>Total Deferred Outflows of Resources</i>	<u>12,678,245</u>	<u>12,976,440</u>	<u>(298,195)</u>
<b>Liabilities</b>			
Current & Other Liabilities	5,264,665	5,870,330	(605,665)
Long-Term Liabilities:			
Due Within One Year	2,853,747	2,852,017	1,730
Due In More Than One Year:			
Pension & OPEB	39,658,620	25,279,557	14,379,063
Other Amounts	41,361,969	43,956,810	(2,594,841)
<i>Total Liabilities</i>	<u>89,139,001</u>	<u>77,958,714</u>	<u>11,180,287</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	19,996,985	19,755,545	241,440
Deferred Charges on Refunding	-	119,327	(119,327)
Pension & OPEB	9,018,266	23,158,953	(14,140,687)
<i>Total Deferred Inflows of Resources</i>	<u>29,015,251</u>	<u>43,033,825</u>	<u>(14,018,574)</u>
<b>Net Position</b>			
Net Investment in Capital Assets	54,091,318	53,691,118	400,200
Restricted	6,995,135	6,271,887	723,248
Unrestricted	(28,416,510)	(25,463,742)	(2,952,768)
<i>Total Net Position</i>	<u>\$ 32,669,943</u>	<u>\$ 34,499,263</u>	<u>\$ (1,829,320)</u>

**Lake Local School District**  
**Stark County, Ohio**

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The net pension liability (NPL) is one of the largest liabilities reported by the School District at June 30, 2023, and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In a prior period, the School District also adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

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

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

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

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. For STRS, the plan's fiduciary net OPEB position was sufficient to cover the plan's total OPEB liability resulting in a net OPEB asset for fiscal year 2023 that is allocated to each school based on its proportionate share. The retirement system is responsible for the administration of the pension and OPEB plans.

**Lake Local School District**  
**Stark County, Ohio**

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

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

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

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

Current and other assets decreased primarily from a decrease in cash used in normal operations. The decrease in current and other liabilities was caused by the decrease in accrued wages and benefits liability. Accrued wages and benefits decreased due to the timing of payroll payments during 2023. There was a change in net pension/other postemployment benefits (OPEB) liability/asset for the School District. These fluctuations are due to changes in the retirement systems unfunded liabilities that are passed through to the School District's financial statements. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and net pension liability (NPL)/ net OPEB liability (NOL)/ net OPEB asset (NOA) and are described in more detail in their respective notes.

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

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

**Table 2**  
**Changes in Net Position**

	Governmental Activities		
	2023	2022	Change
<b>Revenues</b>			
<i>Program Revenues</i>			
Charges for Services	\$ 2,351,253	\$ 1,887,796	\$ 463,457
Operating Grants	3,819,419	5,326,872	(1,507,453)
Capital Grants	21,204	87,966	(66,762)
<i>Total Program Revenues</i>	<u>6,191,876</u>	<u>7,302,634</u>	<u>(1,110,758)</u>
<b>General Revenues</b>			
Property Taxes	20,115,653	21,400,386	(1,284,733)
Grants & Entitlements	19,464,063	19,352,948	111,115
Payments in Lieu of Taxes	21,520	22,510	(990)
Miscellaneous	368,375	(337,459)	705,834
<i>Total General Revenues</i>	<u>39,969,611</u>	<u>40,438,385</u>	<u>(468,774)</u>
<i>Total Revenues</i>	<u>46,161,487</u>	<u>47,741,019</u>	<u>(1,579,532)</u>
<b>Program Expenses</b>			
Instruction:			
Regular	20,804,800	18,858,051	1,946,749
Special	6,000,421	5,657,527	342,894
Vocational	995,496	1,007,570	(12,074)
Other	550,022	421,674	128,348
Support Services:			
Pupils	2,622,445	2,265,560	356,885
Instructional Staff	1,812,954	1,505,420	307,534
Board of Education	16,781	18,290	(1,509)
Administration	2,453,849	2,049,823	404,026
Fiscal	778,827	874,964	(96,137)
Business	239,289	205,121	34,168
Operation and Maintenance of Plant	3,628,573	3,001,678	626,895
Pupil Transportation	3,118,626	2,505,882	612,744
Central	170,340	140,294	30,046
Operation of Non-Instructional/Shared Services:			
Food Service Operations	1,102,851	1,301,831	(198,980)
Community Services	840,828	769,617	71,211
Extracurricular Activities	1,508,064	1,295,707	212,357
Debt Service:			
Interest and Fiscal Charges	1,346,641	1,359,454	(12,813)
<i>Total Expenses</i>	<u>47,990,807</u>	<u>43,238,463</u>	<u>4,752,344</u>
<i>Change in Net Position</i>	(1,829,320)	4,502,556	(6,331,876)
<i>Net Position Beginning of Year</i>	<u>34,499,263</u>	<u>29,996,707</u>	<u>4,502,556</u>
<i>Net Position End of Year</i>	<u>\$ 32,669,943</u>	<u>\$ 34,499,263</u>	<u>\$ (1,829,320)</u>

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The decrease in operating grants is primarily due to less receipts for federal grant awards for the nutrition program during the fiscal year. However, charges for services increased significantly primarily due to lunch and breakfast sales and services during the fiscal year. In 2023, there was a decrease in assistance provided associated with school breakfast and lunch programs, therefore increasing nutrition sales. The School District saw a significant increase in miscellaneous general revenues as there was an increase in interest rates which resulted in investment earnings increasing during the year. The changes in program expenses are primarily associated to changes in the School District's proportionate share of the net pension liability, net OPEB liability/asset and related accruals. As previously indicated, these items are explained in detail within their respective notes.

**Financial Analysis of the Government's Funds**

***Governmental Funds***

The School District's major funds are accounted for using the modified accrual basis of accounting. The schedule below indicates the cash fund balances

**Table 3**  
**Fund Balance Analysis**

	Fund Balance 6/30/2023	Fund Balance 6/30/2022	Increase (Decrease)
General	\$ 6,731,485	\$ 9,391,854	\$(2,660,369)
Bond Retirement	2,340,347	2,287,432	52,915
Other Governmental	3,491,835	3,418,952	72,883
Total	\$12,563,667	\$15,098,238	\$(2,534,571)

The fund balance of the General Fund decreased during the fiscal year. This decrease was caused primarily caused by an increase in regular instruction, special instruction, and pupil transportation expenses, with minimal changes in revenues.

The bond retirement fund balance increased during the fiscal year. The increase was primarily due to the timing of collections for property tax and intergovernmental revenue as compared to when debt payments are made.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2023, the School District amended its general fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

**Lake Local School District**  
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**Original Budget Compared to Final Budget** During the year, there were minor changes to the original revenue and appropriation budgets.

**Final Budget Compared to Actual Results** Actual revenue exceeded the final budget basis revenue due to an underestimation of intergovernmental, investment income and property taxes revenues. Final expenditure appropriations were higher than the actual expenditures as cost savings were recognized for all programs throughout the fiscal year.

**Capital Assets and Debt Administration**

**Capital Assets**

Overall, capital assets of governmental activities decreased in 2023. The decrease in capital assets was attributable to current year depreciation exceeding capital asset additions in 2023. See Note 8 for additional details about the School District's capital assets.

**Debt**

At June 30, 2023, the School District had \$44 million in debt outstanding, which is a \$2.4 million decrease in debt from the prior period. See Note 13 for additional information.

**Current Issues**

The Lake Local School District has made significant efforts to achieve the highest level of performance while maintaining a low cost. The School District's Performance Index for the 2022-2023 school year was the highest in Stark County for the eighth year in a row, and placed us 37th out of 607 in the State. The School District's Expenditure Per Equivalent Pupil for the 2022-2023 school year was \$10,577, while the Statewide Average was \$11,884. Also during fiscal year 2023, 53% of the School District's total expenditures were made directly on classroom instruction, while the Statewide Average was 68%. Based on Expenditure Per Equivalent Pupil and Performance Index, there were only three districts in the state who spent the same or less and performed the same or better.

Over the last ten years or so, the School District's expenditures have increased at a higher rate than what the School District's revenue has increased. The School District has kept their expenditures below their revenue each year for seven out of the last ten years. However, as of fiscal year 2022, the School District expenditures began to exceed revenue each year of the forecast. The projected deficit spending can only be covered by the School District's cash balance through Fiscal Year 2024.

The School District relies on both state revenue and local property taxes for the continued support of public education. During fiscal year 2023, 53% of the School District's General Fund revenue was derived from state sources, while 44% was derived from local sources, and 3% from other sources.

Beginning in November 2022, the Board of Education held multiple work sessions to discuss the School District's financial forecast. As a result, the Board placed an operating levy on the ballot in May 2023. That ballot issue was defeated. After follow up meetings, the Board has placed another operating levy on the November 7, 2023 ballot. That ballot issue was defeated. The Board has placed a 9.5 mill operating levy on the March 19, 2024 ballot.



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

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The last time the community passed an operating levy was 17 years ago in February 2006. In 2015, the School District passed a Bond Issue and projected to maintain fiscal stability until fiscal year 2023. The School District has maintained fiscal stability longer than anticipated, and now needs additional operating funds.

The School Board and Administration will continue to closely monitor performance in conjunction with revenues and expenditures. Financial challenges continue to stem from issues at the local, state and federal levels. It is imperative the School District continue to carefully plan in attempts to provide the resources required to meet the student's needs over the next several years. All of the School District's resources have and will continue to be focused on doing what is best for our students.

***Contacting the School District's Financial Management***

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Nicole Nichols, Treasurer of Lake Local School District, 436 King Church Avenue SW, Uniontown, OH 44685.

**Lake Local School District**  
**Stark County, Ohio**  
*Statement of Net Position*  
*June 30, 2023*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Investments	\$ 16,779,147
Intergovernmental Receivable	591,297
Property Taxes Receivable	22,663,120
Net OPEB Asset	3,487,023
Non-Depreciable Capital Assets	3,127,145
Capital Assets being Depreciated/Amortized, net	91,498,218
<i>Total Assets</i>	138,145,950
<b>Deferred Outflows of Resources</b>	
Deferred Charges on Refunding	2,278,315
Pension	9,432,191
OPEB	967,739
<i>Total Deferred Outflows of Resources</i>	12,678,245
<b>Liabilities</b>	
Accounts Payable	816,775
Accrued Wages and Benefits	3,606,346
Intergovernmental Payable	691,869
Accrued Interest Payable	103,376
Matured Compensated Absences Payable	46,299
Long-Term Liabilities:	
Due Within One Year	2,853,747
Due In More Than One Year:	
Net Pension Liability	37,622,816
Net OPEB Liability	2,035,804
Other Amounts Due in More Than One Year	41,361,969
<i>Total Liabilities</i>	89,139,001
<b>Deferred Inflows of Resources</b>	
Property Taxes Levied for the Next Year	19,996,985
Pension	3,811,033
OPEB	5,207,233
<i>Total Deferred Inflows of Resources</i>	29,015,251
<b>Net Position</b>	
Net Investment in Capital Assets	54,091,318
Restricted for:	
Capital Outlay	1,519,491
Debt Service	2,387,694
Athletics	97,413
Auxiliary Programs	66,745
Classroom Facilities Maintenance	56,009
Other Purposes	2,867,783
Unrestricted	(28,416,510)
<i>Total Net Position</i>	\$ 32,669,943
See accompanying notes the basic financial statements	

**Lake Local School District**  
**Stark County, Ohio**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2023

	Program Revenues			Net (Expense)	
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Revenue and Changes in Net Position	
			Capital Grants and Contributions	Governmental Activities	
<b>Governmental Activities</b>					
Instruction:					
Regular	\$ 20,804,800	\$ 702,007	\$ 715,327	\$ 6,565	\$ (19,380,901)
Special	6,000,421	59,130	1,033,905	-	(4,907,386)
Vocational	995,496	40,484	38,798	-	(916,214)
Other	550,022	-	-	-	(550,022)
Support Services:					
Pupils	2,622,445	-	6,675	-	(2,615,770)
Instructional Staff	1,812,954	-	211,922	-	(1,601,032)
Board of Education	16,781	-	-	-	(16,781)
Administration	2,453,849	1,160	3,283	-	(2,449,406)
Fiscal	778,827	2,559	-	251	(776,017)
Business	239,289	-	-	-	(239,289)
Operation and Maintenance of Plant	3,628,573	131,220	100,628	12,103	(3,384,622)
Pupil Transportation	3,118,626	23,272	192,205	2,285	(2,900,864)
Central	170,340	98,291	5,643	-	(66,406)
Operation of Non-Instructional/Shared Services:					
Food Service Operations	1,102,851	706,830	517,650	-	121,629
Community Services	840,828	-	949,278	-	108,450
Extracurricular Activities	1,508,064	586,300	42,084	-	(879,680)
Capital Outlay	-	-	2,021	-	2,021
Debt Service:					
Interest and Fiscal Charges	1,346,641	-	-	-	(1,346,641)
<i>Total</i>	<u>\$ 47,990,807</u>	<u>\$ 2,351,253</u>	<u>\$ 3,819,419</u>	<u>\$ 21,204</u>	<u>(41,798,931)</u>

**General Revenues**

Property Taxes Levied for:	
General Purposes	16,017,995
Debt Service	3,448,019
Capital Outlay	505,143
Classroom Facilities Maintenance	144,496
Grants and Entitlements not Restricted to Specific Programs	19,464,063
Payments in Lieu of Taxes	21,520
Investment Earnings	167,197
Miscellaneous	201,178
<i>Total General Revenues</i>	<u>39,969,611</u>
<i>Change in Net Position</i>	(1,829,320)
<i>Net Position Beginning of Year</i>	<u>34,499,263</u>
<i>Net Position End of Year</i>	<u>\$ 32,669,943</u>

See accompanying notes the basic financial statements

**Lake Local School District**  
**Stark County, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2023*

	General	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Investments	\$ 10,373,857	\$ 2,259,512	\$ 4,145,778	\$ 16,779,147
Interfund Receivable	213,170	-	-	213,170
Intergovernmental Receivable	102,833	-	488,464	591,297
Property Taxes Receivable	18,324,198	3,626,715	712,207	22,663,120
<i>Total Assets</i>	<u>\$ 29,014,058</u>	<u>\$ 5,886,227</u>	<u>\$ 5,346,449</u>	<u>\$ 40,246,734</u>
<b>Liabilities</b>				
Accounts Payable	\$ 437,574	\$ -	\$ 379,201	\$ 816,775
Accrued Wages and Benefits	3,366,280	-	240,066	3,606,346
Intergovernmental Payable	646,503	-	45,366	691,869
Interfund Payable	-	-	213,170	213,170
Matured Compensated Absences Payable	40,533	-	5,766	46,299
<i>Total Liabilities</i>	<u>4,490,890</u>	<u>-</u>	<u>883,569</u>	<u>5,374,459</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes Levied for the Next Year	15,994,955	3,351,817	650,213	19,996,985
Unavailable Revenue	1,796,728	194,063	320,832	2,311,623
<i>Total Deferred Inflows of Resources</i>	<u>17,791,683</u>	<u>3,545,880</u>	<u>971,045</u>	<u>22,308,608</u>
<b>Fund Balances</b>				
Restricted	-	2,340,347	3,789,455	6,129,802
Assigned	2,029,622	-	-	2,029,622
Unassigned	4,701,863	-	(297,620)	4,404,243
<i>Total Fund Balance</i>	<u>6,731,485</u>	<u>2,340,347</u>	<u>3,491,835</u>	<u>12,563,667</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 29,014,058</u>	<u>\$ 5,886,227</u>	<u>\$ 5,346,449</u>	<u>\$ 40,246,734</u>

See accompanying notes the basic financial statements

**Lake Local School District**  
**Stark County, Ohio**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Position of Governmental Activities*  
June 30, 2023

<b>Total Governmental Fund Balances</b>		\$ 12,563,667
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		94,625,363
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Intergovernmental	\$ 275,298	
Delinquent Property Taxes	<u>2,036,325</u>	2,311,623
Accrued interest payable is not due and payable in the current period and therefore not reported in the funds.		(103,376)
Unamortized loss on refunding represents deferred outflows, which do not use current financial resources and, therefore, are not reported in the funds.		2,278,315
The net pension liability and net OPEB liability/asset are not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB Asset	3,487,023	
Deferred Outflows - Pension	9,432,191	
Deferred Outflows - OPEB	967,739	
Net Pension Liability	(37,622,816)	
Net OPEB Liability	(2,035,804)	
Deferred Inflows - Pension	(3,811,033)	
Deferred Inflows - OPEB	<u>(5,207,233)</u>	(34,789,933)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(37,535,000)	
Unamortized Bond Premium	(4,518,296)	
Capital Appreciation Bonds	(644,975)	
Accretion of Interest - Capital Appreciation Bonds	(868,412)	
Leases	(161,440)	
Compensated Absences	<u>(487,593)</u>	<u>(44,215,716)</u>
<i>Net Position of Governmental Activities</i>		<u>\$ 32,669,943</u>

See accompanying notes the basic financial statements

**Lake Local School District**  
**Stark County, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2023*

	General	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property and Other Local Taxes	\$ 15,582,060	\$ 3,418,056	\$ 639,541	\$ 19,639,657
Intergovernmental	19,128,295	261,354	3,794,286	23,183,935
Investment Income	167,197	-	18,227	185,424
Tuition and Fees	668,627	-	9,950	678,577
Extracurricular Activities	200,488	-	529,264	729,752
Charges for Services	-	-	706,830	706,830
Rent	20,095	-	216,000	236,095
Contributions and Donations	7,520	-	105,672	113,192
Payments in Lieu of Taxes	-	-	21,520	21,520
Miscellaneous	182,682	-	26,330	209,012
<i>Total Revenues</i>	<u>35,956,964</u>	<u>3,679,410</u>	<u>6,067,620</u>	<u>45,703,994</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	16,926,784	-	951,044	17,877,828
Special	5,113,758	-	888,434	6,002,192
Vocational	962,619	-	38,798	1,001,417
Other	550,022	-	-	550,022
Support Services:				
Pupils	2,592,749	-	38,530	2,631,279
Instructional Staff	1,598,302	-	220,746	1,819,048
Board of Education	16,781	-	-	16,781
Administration	2,489,275	-	5,369	2,494,644
Fiscal	742,607	50,985	9,049	802,641
Business	224,482	-	-	224,482
Operation and Maintenance of Plant	2,945,850	-	963,233	3,909,083
Pupil Transportation	3,025,630	-	290,724	3,316,354
Central	116,097	-	43,857	159,954
Operation of Non-Instructional/Shared Services:				
Food Service Operations	-	-	1,127,452	1,127,452
Community Services	-	-	868,513	868,513
Extracurricular Activities	927,642	-	546,979	1,474,621
Capital Outlay	-	-	2,009	2,009
Debt Service				
Principal Retirement	325,196	2,350,000	-	2,675,196
Interest and Fiscal Charges	59,539	1,225,510	-	1,285,049
<i>Total Expenditures</i>	<u>38,617,333</u>	<u>3,626,495</u>	<u>5,994,737</u>	<u>48,238,565</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,660,369)</u>	<u>52,915</u>	<u>72,883</u>	<u>(2,534,571)</u>
<i>Net Change in Fund Balances</i>	<u>(2,660,369)</u>	<u>52,915</u>	<u>72,883</u>	<u>(2,534,571)</u>
<i>Fund Balances Beginning of Year</i>	<u>9,391,854</u>	<u>2,287,432</u>	<u>3,418,952</u>	<u>15,098,238</u>
<i>Fund Balances End of Year</i>	<u>\$ 6,731,485</u>	<u>\$ 2,340,347</u>	<u>\$ 3,491,835</u>	<u>\$ 12,563,667</u>

See accompanying notes the basic financial statements

**Lake Local School District**  
**Stark 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*

<b>Net Change in Fund Balances - Total Governmental Funds</b>		\$ (2,534,571)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.		
Capital Asset Additions	\$ 660,130	
Current Year Depreciation/Amortization	<u>(3,186,364)</u>	(2,526,234)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Intergovernmental	(10,669)	
Accounts Receivable	(7,833)	
Delinquent Property Taxes	<u>475,996</u>	457,494
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	2,615,000	
Lease	<u>60,196</u>	2,675,196
In the statement of activities, interest is accrued on outstanding bonds, and bond premium and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	6,128	
Amortization of Premium on Bonds	161,508	
Amortization of Refunding Loss	(21,705)	
Amortization of Refunding Gain	<u>119,327</u>	265,258
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	3,358,145	
OPEB	<u>106,517</u>	3,464,662
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(4,115,724)	
OPEB	<u>728,192</u>	(3,387,532)
Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences		83,257
Accretion on capital appreciation bonds is an expenditure in the governmental funds, but is allocated as an expense over the life of the bonds in the statement of activities.		
		<u>(326,850)</u>
<i>Change in Net Position of Governmental Activities</i>		<u><u>\$ (1,829,320)</u></u>

See accompanying notes the basic financial statements

**Lake Local School District**  
**Stark County, Ohio**  
*Statement of Revenues, Expenditures and Changes in*  
*Fund Balance - Budget and Actual (Non-GAAP Basis)*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2023*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Revenues</b>				
Property and Other Local Taxes	\$ 15,605,906	\$ 15,605,906	\$ 15,775,193	\$ 169,287
Intergovernmental	19,076,302	19,076,301	19,129,185	52,884
Investment Income	199,734	199,734	327,075	127,341
Tuition and Fees	706,710	706,710	652,677	(54,033)
Extracurricular Activities	95,000	95,000	93,205	(1,795)
Rent	22,000	22,000	20,095	(1,905)
Miscellaneous	40,000	40,000	181,669	141,669
<i>Total Revenues</i>	<u>35,745,652</u>	<u>35,745,651</u>	<u>36,179,099</u>	<u>433,448</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	17,181,234	17,604,473	17,373,337	231,136
Special	5,500,053	5,635,135	5,561,365	73,770
Vocational	967,836	991,606	978,625	12,981
Other	543,958	557,318	550,022	7,296
Support Services:				
Pupils	2,644,192	2,709,133	2,673,668	35,465
Instructional Staff	1,593,995	1,633,143	1,611,764	21,379
Board of Education	16,621	17,029	16,806	223
Administration	2,398,181	2,457,081	2,424,915	32,166
Fiscal	751,415	769,869	759,791	10,078
Business	228,452	234,447	231,173	3,274
Operation and Maintenance of Plant	3,048,709	3,123,585	3,082,694	40,891
Pupil Transportation	3,076,989	3,152,576	3,111,297	41,279
Central	62,815	64,358	63,515	843
Extracurricular Activities	945,556	968,779	956,097	12,682
Debt Service				
Principal Retirement	325,196	325,196	325,196	-
Interest and Fiscal Charges	59,539	59,539	59,539	-
<i>Total Expenditures</i>	<u>39,344,741</u>	<u>40,303,267</u>	<u>39,779,804</u>	<u>523,463</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(3,599,089)</u>	<u>(4,557,616)</u>	<u>(3,600,705)</u>	<u>956,911</u>
<b>Other Financing Sources (Uses)</b>				
Refund of Prior Year Expenditures	30,000	30,000	9,016	(20,984)
<i>Net Change in Fund Balance</i>	(3,569,089)	(4,527,616)	(3,591,689)	935,927
<i>Fund Balance Beginning of Year</i>	13,248,409	13,248,409	13,248,409	-
Prior Year Encumbrances Appropriated	541,221	541,221	541,221	-
<i>Fund Balance End of Year</i>	<u>\$ 10,220,541</u>	<u>\$ 9,262,014</u>	<u>\$ 10,197,941</u>	<u>\$ 935,927</u>

See accompanying notes the basic financial statements



**Lake Local School District**  
**Stark County, Ohio**  
*Statement of Fiduciary Net Position*  
*Fiduciary Funds*  
*June 30, 2023*

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	<u>Custodial</u>
<b>Assets</b>	
Equity in Pooled Cash and Investments	\$ 28,837
<i>Total Assets</i>	<u>28,837</u>
<b>Net Position</b>	
Restricted for Individuals, Organizations, and Other Governments	28,837
<i>Total Net Position</i>	<u>\$ 28,837</u>

See accompanying notes the basic financial statements

**Lake Local School District**  
**Stark County, Ohio**  
*Statement of Changes in Fiduciary Net Position*  
*Fiduciary Funds*  
*For the Fiscal Year Ended June 30, 2023*

	Custodial
<b>Additions</b>	
Amounts Received as Fiscal Agent	36,690
<i>Total Additions</i>	<i>36,690</i>
 <b>Deductions</b>	
Distributions as Fiscal Agent	40,597
Other	4,262
<i>Total Deductions</i>	<i>44,859</i>
 <i>Change in Net Position</i>	 <i>(8,169)</i>
 <i>Net Position Beginning of Year</i>	 <i>37,006</i>
 <i>Net Position End of Year</i>	 <i>\$ 28,837</i>

See accompanying notes the basic financial statements

**Lake Local School District**  
**Stark County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

The Lake Local School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by the State and federal agencies. The Board of Education controls the School District's three school buildings, community complex, athletic complex, transportation/maintenance facility, and administrative office.

***Reporting Entity***

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Lake Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves their budget, the issuance of their debt or the levying of their taxes. The School District has no component units.

**JOINTLY GOVERNED ORGANIZATION**

The Stark/Portage Area Computer Consortium (SPARCC) is a jointly governed organization comprised of 31 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports SPARCC based upon a per pupil charge dependent upon the software package utilized. The SPARCC assembly consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. SPARCC is governed by a board of directors chosen from the general membership of the SPARCC assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each operating committee, and at least one assembly member from each county in which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Stark County Education Services Center, which serves as fiscal agent, located at 6057 Strip Avenue NW, North Canton, Ohio 44720.

The following activity is not part of the reporting entity and is excluded from the accompanying financial statements (other than described below):

***Non-Public School*** Within the School District's boundaries, Lake Center Christian School is operated by a religious organization. Current state legislation provides funding to this school. The monies are received and disbursed on behalf of the non-public school by the Treasurer of the School District. The accounting of these state monies is reflected as part of the School District's special revenue funds.

**Lake Local School District**  
**Stark County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

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

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

The most significant of the School District's accounting policies are described below.

***A. Basis of Presentation***

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

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

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

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

***B. Fund Accounting***

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

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

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

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

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

**Proprietary Funds** Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The School District has no proprietary funds.

**Fiduciary Funds** Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial Funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District's fiduciary funds are custodial funds. Custodial funds are used to account for assets held by the School District for the Ohio High School Athletic Association and as fiscal agent for the Federal League.

**C. Measurement Focus**

**Government-wide Financial Statements** 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 School District excluding fiduciary funds are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

**Fund Financial Statements** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows and current liabilities and 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 statement of changes in fiduciary net position presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position. The statement of changes in fiduciary net position reports additions to and deductions from custodial funds.

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***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 and statements for the fiduciary funds 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. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources, and in the presentation of expenses versus expenditures.

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

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

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

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

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

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The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 11 and 12).

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

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

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

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

Except for nonparticipating investment contracts, investments are reported at fair value.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2023 amounted to \$167,197 which includes \$53,459 assigned from other School District funds.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

***F. Capital Assets***

General capital assets 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.

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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 School District maintains a capitalization threshold of \$5,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Governmental Activities Estimated Lives
Land Improvements	40 - 50 Years
Buildings and Improvements	10 - 40 Years
Furniture and Equipment	5 - 20 Years
Vehicles	10 Years
Leased- Equipment	5 Years

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

**G. *Compensated Absences***

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The entire compensated absence liability is reported on the government-wide financial statements.

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

**H. *Pensions and Other Postemployment Benefits (OPEB)***

For purposes of measuring the net pension/OPEB asset/liability, deferred outflows of resources and deferred inflows of resources related to pension/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.



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***I. 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 that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB asset/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. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due.

***J. Bond Premiums***

In governmental fund types, bond premiums are recognized in the current period. On the statement of net position, bond premiums are deferred and amortized over the term of the bonds. Bond premiums are amortized using the bonds outstanding method. Bond premiums are presented as an addition to the face amount of bonds payable.

***K. Net Position***

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At June 30, 2023, there was no net position restricted by enabling legislation.

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

***L. Fund Balance***

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

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

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

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

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

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

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

***M. 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 financial statements.

***N. 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. Neither type of transaction occurred during fiscal year 2023.

***O. Estimates***

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

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***P. Budgetary Data***

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. Throughout the fiscal year, the primary level of budgetary control was at the object code level within the general fund. For all other funds, the legal level of control was at the fund level.

On October 25, 2005, the Stark County Budget Commission voted to waive the requirement that school districts adopt a tax budget as required by Section 5705.28 of the Ohio Revised Code, by January 15 and the filing by January 20. The Budget Commission now requires an alternate tax budget be submitted by January 20 which no longer requires specific Board approval.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2023.

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

***Q. Implementation of New Accounting Principles***

For the fiscal year ended June 30, 2023, the School District has implemented GASB Statement No. 91, *Conduit Debt Obligations*, GASB Statement No. 93, paragraphs 13 and 14, *Replacement of Interbank Offered Rates*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Available Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and certain provisions of GASB Statement No. 99, *Omnibus 2022*.

GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. The implementation of GASB Statement No. 91 did not have an effect on the financial statements of the School District.

GASB Statement No. 93, paragraphs 13 and 14, provide an exception to the lease modifications guidance in GASB Statement No. 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The implementation of GASB Statement No. 93 paragraphs 13 and 14, did not have an effect on the financial statements of the School District.

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GASB Statement No. 94 improves financial reporting by establishing the definitions of public-private and public-public partnership arrangements and availability payment arrangements as well as provides uniform guidance on accounting and financial reporting for transactions that meet the definitions. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the School District.

GASB Statement No. 96 improves financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The statement also enhances the relevance and reliability of the financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and discloses essential information about the arrangement. The note disclosures also allow the users to understand the scale and important aspects of the SBITA activities and evaluate the obligations and assets resulting from the SBITAs. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the School District.

GASB Statement No. 99 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of certain provisions of GASB Statement No. 99 that relate to extension of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, and pledges of future revenues by pledging governments, did not have an effect on the financial statements of the School District.

**NOTE 3 – FUND BALANCE**

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

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	General	Bond Retirement	Other Governmental Funds	Total
Restricted for:				
Capital Outlay	\$ -	\$ -	\$ 1,473,957	\$ 1,473,957
Debt Service	-	2,340,347	-	2,340,347
Food Service	-	-	925,970	925,970
Classroom Facilities Maintenance	-	-	974,230	974,230
Athletics	-	-	97,413	97,413
Auxiliary Programs	-	-	66,745	66,745
Other Purposes	-	-	251,140	251,140
<b>Total Restricted</b>	<b>-</b>	<b>2,340,347</b>	<b>3,789,455</b>	<b>6,129,802</b>
Assigned for:				
Instruction	271,041	-	-	271,041
Support Services	247,592	-	-	247,592
Extracurricular	2,078	-	-	2,078
Subsequent Year Appropriations	1,389,233	-	-	1,389,233
Other Purposes	119,678	-	-	119,678
<b>Total Assigned</b>	<b>2,029,622</b>	<b>-</b>	<b>-</b>	<b>2,029,622</b>
Unassigned	4,701,863	-	(297,620)	4,404,243
<b>Total Fund Balance</b>	<b>\$ 6,731,485</b>	<b>\$ 2,340,347</b>	<b>\$ 3,491,835</b>	<b>\$ 12,563,667</b>

Unassigned fund balances in other governmental funds consisted of the following negative fund deficits:

<i>Non-Major Governmental Funds</i>	<u>Deficit</u>
Miscellaneous State Grants	\$ 95,323
IDEA-B	80,494
Title I	41,237
Title II-A	788
ESSER I	79,778
<b>Total</b>	<b>\$ 297,620</b>

The deficits in these nonmajor funds are the result of adjustments for accrued liabilities and the timing of receipts. The general fund is liable for any deficits in these funds and will provide transfers when cash is required, not when accruals occur.

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

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

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

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund.

GAAP Basis	\$ (2,660,369)
Net Adjustment for Revenue Accruals	362,077
Net Adjustment for Expenditure Accruals	(446,814)
Funds Budgeted Elsewhere **	24,522
Adjustment for Encumbrances	(871,105)
Budget Basis	\$ (3,591,689)

\*\* As part of Governmental Accounting Standards Board No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes certain special cost centers in the special trust fund, the student laptop insurance fund, the summer program fund, the public school support fund and the director of operations fund.

**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current 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.

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

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

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

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

**Cash on Hand** - At June 30, 2023 the School District had \$1,000 in undeposited cash on hand, which is included as part of "Equity in Pooled Cash and Investments."

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**Deposits** - At year-end, \$3,003,697 of the School District's bank balance of \$3,503,697 was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions' trust department in the School District's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

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

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

**Investments:** Investments are reported at fair value. As of June 30, 2023, the School District had the following investments:

S&P Global Ratings	Investment Type	Measurement Value	Investment Maturities			Percent of Total
			Less than 1 Year	1 to 3 Years	More than 3 Years	
	Net Asset Value (NAV):					
AAAm	Money Market	\$ 62,122	\$ 62,122	\$ -	\$ -	0.43%
AAAm	STAR Ohio	2,177,412	2,177,412	-	-	15.03%
	Fair Value:					
N/A	Negotiable Certificates of Deposit	2,959,535	-	2,959,535	-	20.43%
AA+	Federal Farm Credit Bank	1,474,747	255,515	324,505	894,727	10.18%
AA+	Federal Home Loan Mortgage	344,580	-	344,580	-	2.38%
AA+	Federal Home Loan Bank	2,106,338	197,476	1,584,355	324,507	14.54%
AA+	Federal National Mortgage Association	946,155	-	-	946,155	6.53%
AA+	Tennessee Valley Authority	196,778	-	-	196,778	1.36%
A-1	Commercial Paper	195,879	195,879	-	-	1.34%
AA+	U.S Treasury notes	4,025,846	197,024	1,809,413	2,019,409	27.78%
	Total Investments	<u>\$ 14,489,392</u>	<u>\$ 3,085,428</u>	<u>\$7,022,388</u>	<u>\$ 4,381,576</u>	<u>100.00%</u>

The School 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. The above table identifies the School District's recurring fair value measurements as of June 30, 2023. The School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).



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**Interest Rate Risk:** The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. Unless matched to a specific obligation or debt of the School District, the School District will not directly invest in securities maturing more than three years from the date of settlement if such securities bear interest at a fixed rate, and it will not directly invest in such securities maturing more than two years from the date of settlement if they bear interest at a variable rate.

**Credit Risk:** STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2023, is 39 days and carries a rating of AAAM by S&P Global Ratings. The School District has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

**Concentration of Credit Risk:** The School District diversifies its investments by security, type, and institution. With the exception of direct obligations of the U.S. Treasury and STAR Ohio, no more than 25 percent of the School District's total investment portfolio will be invested in a single security type or with a single financial institution.

**NOTE 6 - PROPERTY TAXES**

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

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

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

The School District receives property taxes from Stark and Portage Counties. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2023, are available to finance fiscal year 2023 operations. The amount 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 of resources.

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

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

	2022 Second Half Collections		2023 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 599,430,270	95.61%	\$ 609,359,200	95.70%
Public Utility Personal Property	27,499,840	4.39%	27,377,420	4.30%
<b>Total</b>	<b>\$ 626,930,110</b>	<b>100.00%</b>	<b>\$ 636,736,620</b>	<b>100.00%</b>
 Full Tax Rate per \$1,000 of assessed valuation	 \$ 74.80		 \$ 74.40	

**NOTE 7 - RECEIVABLES**

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

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**NOTE 8 - CAPITAL ASSETS**

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

	Balance 6/30/2022	Additions	Reductions	Balance 6/30/2023
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 3,127,145	\$ -	\$ -	\$ 3,127,145
Construction in Progress	97,000	60,980	(157,980)	-
Total Capital Assets not being depreciated	3,224,145	60,980	(157,980)	3,127,145
<i>Capital Assets, being depreciated/amortized:</i>				
Land Improvements	1,947,371	36,700	-	1,984,071
Buildings and Improvements	113,350,717	304,414	-	113,655,131
Furniture and Equipment	1,694,863	110,738	-	1,805,601
Vehicles	3,390,462	305,278	(171,314)	3,524,426
Leased Assets - Equipment	280,407	-	-	280,407
Total Capital Assets, being depreciated/amortized	120,663,820	757,130	(171,314)	121,249,636
<i>Less Accumulated Depreciation/Amortized:</i>				
Land Improvements	(876,221)	(32,293)	-	(908,514)
Buildings and Improvements	(22,661,719)	(2,790,192)	-	(25,451,911)
Furniture and Equipment	(1,058,759)	(108,085)	-	(1,166,844)
Vehicles	(2,077,356)	(193,481)	171,314	(2,099,523)
Leased Assets - Equipment	(62,313)	(62,313)	-	(124,626)
Total Accumulated Depreciation/Amortized	(26,736,368)	(3,186,364)	171,314	(29,751,418)
Total Capital Assets being depreciated/amortized, net	93,927,452	(2,429,234)	-	91,498,218
Governmental Activities Capital Assets, Net	\$ 97,151,597	\$ (2,368,254)	\$ (157,980)	\$ 94,625,363

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

<i>Governmental Activities:</i>	
Instruction:	
Regular	\$ 2,881,623
Vocational	808
Support Services:	
Administration	232
Business	15,578
Operation and Maintenance of Plant	23,648
Pupil Transportation	194,687
Central	10,379
Food Services	1,953
Community Services	2,927
Extracurricular Activities	54,529
Total Governmental Activities	\$ 3,186,364

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**NOTE 9 - RISK MANAGEMENT**

***A. Property and Liability***

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The School District has a comprehensive property, fleet and liability package through the Ohio Casualty Insurance Company.

Settled claims have not exceeded this commercial coverage in any of the past three years. There was no significant reduction in coverage from the prior year.

The Superintendent, Board members and employees are covered under a blanket forgery and theft bond under the Ohio Casualty policy. The Treasurer and Business Manager are covered under separate bonds through Ohio Casualty Insurance Company.

***B. Workers' Compensation***

The School District participates in the Stark County Schools Council of Governments (COG) to obtain workers' compensation coverage. This program is administered by CompManagement, Inc. The experience of each of the participating school districts is calculated as one experience rate and applied to all participants in the program.

Each participant pays its workers' compensation premium to the State based on the rate for the Group Rating Pool (GRP) rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP.

***C. Health Insurance***

The School District is a member of the Stark County Schools Council of Governments Health Benefit Plan (the Council), through which a cooperative Health Benefit Program was created for the benefit of its members. The Health Benefit Program (the "Program") is an employee health benefit plan which covers the participating members' employees. The Council acts as a fiscal agent for the cash funds paid into the program by the participating school districts. These funds are pooled together for the purpose of paying health benefit claims for employees and their covered dependents, administrative expenses of the program, and premiums for stop-loss insurance coverage. The School District accounts for the premiums paid as expenditures in the general or applicable fund.

**NOTE 10 - COMPENSATED ABSENCES**

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Twelve month classified employees earn ten to twenty-five days of vacation per year, depending upon length of service and hours worked. Teachers do not earn vacation time. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment.

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Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 340 days. Upon retirement, employees receive payment for one-fourth of the total accumulated sick leave, up to a maximum accumulation of 65 days for classified employees and 66 days for certified employees with ten or more years of service, and 80 days for classified employees and 81 days for certified employees with twenty or more years of service to the Board of Education. Additionally, at retirement, \$10 is paid for each day of sick leave accumulated from 200 to 300 days, and \$20 for each day from 301 to 340 days.

School District employees are eligible to receive a retirement incentive based on first time eligibility to retire under current STRS or SERS guidelines. Certified employees retiring under STRS will receive a one-time bonus in the amount of \$10,000; classified employees retiring under SERS will receive a one-time bonus in the amount of \$5,000. Eligibility for the retirement incentive is based upon the submission of an irrevocable notice of intent to retire no later than April 1st prior to retirement with payment of the bonus in the January following retirement.

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

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

*Net Pension Liability/Net OPEB Liability (Asset)*

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

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

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

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

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

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

***Plan Description - School Employees Retirement System (SERS)***

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

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

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The School District's contractually required contribution to SERS was \$737,661 for fiscal year 2023. Of this amount, \$58,570 is reported as an intergovernmental payable.

***Plan Description - State Teachers Retirement System (STRS)***

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

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

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased in until August 1, 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 their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

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

The School District's contractually required contribution to STRS was \$2,620,484 for fiscal year 2023. Of this amount, \$426,855 is reported as an intergovernmental payable.

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.1420982%	0.13466878%	
Prior Measurement Date	0.1368768%	0.13730785%	
Change in Proportionate Share	0.0052214%	-0.00263907%	
Proportionate Share of the Net			
Pension Liability	\$ 7,685,776	\$ 29,937,040	\$ 37,622,816
Pension Expense	\$ 633,526	\$ 3,482,198	\$ 4,115,724

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



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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 311,280	\$ 383,233	\$ 694,513
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	1,041,745	1,041,745
Changes of Assumptions	75,836	3,582,564	3,658,400
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	274,321	405,067	679,388
School District Contributions Subsequent to the Measurement Date	737,661	2,620,484	3,358,145
<b>Total Deferred Outflows of Resources</b>	<u>\$ 1,399,098</u>	<u>\$ 8,033,093</u>	<u>\$ 9,432,191</u>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 50,456	\$ 114,519	\$ 164,975
Net Difference between Projected and Actual Earnings on Pension Plan Investments	268,201	-	268,201
Changes of Assumptions	-	2,696,641	2,696,641
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	-	681,216	681,216
<b>Total Deferred Inflows of Resources</b>	<u>\$ 318,657</u>	<u>\$ 3,492,376</u>	<u>\$ 3,811,033</u>

\$3,358,145 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 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:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2024	\$ 209,092	\$ (67,359)	\$ 141,733
2025	71,114	(191,658)	(120,544)
2026	(383,129)	(856,852)	(1,239,981)
2027	445,703	3,036,102	3,481,805
Total	<u>\$ 342,780</u>	<u>\$ 1,920,233</u>	<u>\$ 2,263,013</u>

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***Actuarial Assumptions - SERS***

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

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

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

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

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

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

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

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

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The target asset 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 Strategies	4.00	3.39
Private Debt/Private Credit	3.00	5.38
Total	<u>100.00 %</u>	

**Discount Rate** The total pension liability for 2022 was calculated using the discount rate of 7.00 percent. 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 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 11,313,095	\$ 7,685,776	\$ 4,629,809

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**Actuarial Assumptions - STRS**

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

Inflation	2.50 percent
Salary Increases	
Current Measurement Period	Varies by service from 2.50 percent to 8.50 percent
Prior Measurement Period	Varies by age from 2.50 percent to 12.50 percent
Payroll Increases	3.00 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Cost-of-Living Adjustments (COLA)	0.00 percent effective July 1, 2017

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

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

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

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

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

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 45,223,968	\$ 29,937,040	\$ 17,009,031

**Changes between the Measurement Date and the Reporting Date** The discount rate was adjusted to 7.00 percent for the June 30, 2022 valuation. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

**NOTE 12 - DEFINED BENEFIT OPEB PLANS**

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

**Plan Description - School Employees Retirement System (SERS)**

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. The following types of credit purchased after January 29, 1981 do not count toward health care coverage eligibility: military, federal, out-of-state, municipal, private school, exempted, and early retirement incentive credit. In addition to age and service retirees, disability benefit recipients and beneficiaries who are receiving monthly benefits due to the death of a member or retiree, are eligible for SERS' health care coverage. Most retirees and dependents choosing SERS' health care coverage are over the age of 65 and therefore enrolled in a fully insured Medicare Advantage plan; however, SERS maintains a traditional, self-insured preferred provider organization for its non-Medicare retiree population. For both groups, SERS offers a self-insured prescription drug program. Health care is a benefit that is permitted, not mandated, by statute. The financial report of the Plan is included in the SERS Annual Comprehensive Financial Report which can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District's surcharge obligation was \$106,517, which is reported as an intergovernmental payable. The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was equal to its surcharge obligation for fiscal year 2023.

***Plan Description - State Teachers Retirement System (STRS)***

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

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

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

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.1449992%	0.13466878%	
Prior Measurement Date	0.1412439%	0.13730785%	
Change in Proportionate Share	0.0037553%	-0.00263907%	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ 2,035,804	\$ (3,487,023)	
OPEB Expense	\$ (108,799)	\$ (619,393)	\$ (728,192)

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

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 17,112	\$ 50,549	\$ 67,661
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	10,582	60,700	71,282
Changes of Assumptions	323,823	148,533	472,356
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	196,856	53,067	249,923
School District Contributions Subsequent to the Measurement Date	106,517	-	106,517
<b>Total Deferred Outflows of Resources</b>	<u>\$ 654,890</u>	<u>\$ 312,849</u>	<u>\$ 967,739</u>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 1,302,251	\$ 523,685	\$ 1,825,936
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	-	-	-
Changes of Assumptions	835,711	2,472,636	3,308,347
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	18,773	54,177	72,950
<b>Total Deferred Inflows of Resources</b>	<u>\$ 2,156,735</u>	<u>\$ 3,050,498</u>	<u>\$ 5,207,233</u>

\$106,517 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction/addition to the net OPEB liability/asset in the fiscal year ending June 30, 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2024	\$ (379,173)	\$ (790,791)	\$ (1,169,964)
2025	(368,541)	(784,516)	(1,153,057)
2026	(314,827)	(391,507)	(706,334)
2027	(193,163)	(155,446)	(348,609)
2028	(132,283)	(203,236)	(335,519)
Thereafter	(220,375)	(412,153)	(632,528)
Total	<u>\$ (1,608,362)</u>	<u>\$ (2,737,649)</u>	<u>\$ (4,346,011)</u>



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**Actuarial Assumptions - SERS**

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

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

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

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

Inflation	2.40 percent
Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation
Fiduciary Net Position Depletion	Projected to be 2044
Municipal Bond Index Rate	
Measurement Date	3.69 percent
Prior Measurement Date	1.92 percent
Single Equivalent Interest Rate	
Measurement Date	4.08 percent, net of plan investment expense, including price inflation
Prior Measurement Date	2.27 percent, net of plan investment expense, including price inflation
Health Care Cost Trend Rate	
Medicare	5.125 percent - 4.40 percent
Pre-Medicare	6.750 percent - 4.40 percent
Medical Trend Assumption	7.00 percent - 4.40 percent

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board 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 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
School District 's Proportionate Share of the Net OPEB Liability	\$ 2,528,499	\$ 2,035,804	\$ 1,638,065

  

	1% Decrease	Current Trend Rate	1% Increase
School District 's Proportionate Share of the Net OPEB Liability	\$ 1,569,970	\$ 2,035,804	\$ 2,644,258

***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
Projected Salary Increases	Varies by service from 2.5 percent to 8.5 percent	Varies by age from 2.5 percent to 12.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	5.00 percent initial 4 percent ultimate
Medicare	-68.78 percent initial 3.94 percent ultimate	-16.18 percent initial 4 percent ultimate
Prescription Drug		
Pre-Medicare	9.00 percent initial 3.94 percent ultimate	6.50 percent initial 4 percent ultimate
Medicare	-5.47 percent initial 3.94 percent ultimate	29.98 percent initial 4 percent ultimate

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

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

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

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

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

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

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

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

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***Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate*** The following table represents the net OPEB asset as of June 30, 2022, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as 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
School District 's Proportionate Share of the Net OPEB (Asset)	\$ (3,223,661)	\$ (3,487,023)	\$ (3,712,615)
	1% Decrease	Current Trend Rate	1% Increase
School District 's Proportionate Share of the Net OPEB (Asset)	\$ (3,616,891)	\$ (3,487,023)	\$ (3,323,096)

**NOTE 13 - LONG - TERM OBLIGATIONS**

The original issue date, interest rate, original issuance and date of maturity for each of the School District's long-term obligations are as follows:

	Original Issue Date	Interest Rate	Original Issue Amount	Date of Maturity
<i>General Obligation Bonds:</i>				
School Improvement Serial Bonds	2013	2.75%	\$ 3,890,000	12/1/28
School Improvement Serial and Term	2015	.68% - 4.18%	34,600,000	12/1/51
School Improvement Refunding Serial Bonds	2015	1.00% - 4.00%	17,650,000	12/1/26
School Improvement Refunding Serial and Term	2020	2.54% - 3.36%	35,410,000	12/1/50
Capital Appreciation Bonds	2020	2.24% - 2.87%	644,975	12/1/31

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

	Outstanding 6/30/2022	Additions	Reductions	Outstanding 6/30/2023	Amounts Due in One Year
<b>Governmental Activities:</b>					
General Obligation Bonds:					
School Improvement Bonds - 2013	\$ 2,015,000	\$ -	\$ 265,000	\$ 1,750,000	\$ 270,000
School Improvement Bonds - 2015	2,300,000	-	510,000	1,790,000	-
Unamortized Bond Premium	55,243	-	7,892	47,351	-
School Improvement Refunding Bonds - 2015	1,510,000	-	1,510,000	-	-
Unamortized Bond Premium	111,023	-	111,023	-	-
School Improvement Refunding Bonds - 2020					
Serial and Term Bonds	34,325,000	-	330,000	33,995,000	2,375,000
Capital Appreciation Bonds	644,975	-	-	644,975	-
Accretion on Bonds	541,562	326,850	-	868,412	-
Unamortized Bond Premium	4,513,538	-	42,593	4,470,945	-
Total General Obligation Bonds	<u>46,016,341</u>	<u>326,850</u>	<u>2,776,508</u>	<u>43,566,683</u>	<u>2,645,000</u>
Net Pension/OPEB Liability:					
Pension	22,606,400	15,016,416	-	37,622,816	-
OPEB	2,673,157	-	637,353	2,035,804	-
Total Net Pension/OPEB Liability	<u>25,279,557</u>	<u>15,016,416</u>	<u>637,353</u>	<u>39,658,620</u>	<u>-</u>
Compensated Absences	570,850	52,317	135,574	487,593	146,098
Leases	221,636	-	60,196	161,440	62,649
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 72,088,384</u>	<u>\$ 15,395,583</u>	<u>\$ 3,609,631</u>	<u>\$ 83,874,336</u>	<u>\$ 2,853,747</u>

*2013 School Facilities Improvement Bonds*

On March 1, 2013, the School District issued \$3,890,000 in general obligation bonds for House Bill 264 improvements. The bonds mature in December 2028.

*2015 Unlimited Tax General Obligation Bonds*

On August 13, 2015 the School District issued \$34,600,000 unlimited tax general obligation bonds. The proceeds of the bonds will be used to build a new elementary school, additions to the current high school and elementary schools and upgrade the athletic field. The bonds were issued for a 36 year period with final maturity at December 1, 2051. These bonds were issued with a premium of \$751,824, which was reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight line method which approximates the bonds outstanding method. A portion of these bonds were refunded during fiscal year 2020, as further discussed below.

**Lake Local School District**  
**Stark County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

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*2015 School Improvement Refunding Bonds*

On March 12, 2015, the School District issued \$17,650,000 in general obligation bonds. The proceeds of the bonds were used to refund \$18,295,000 of the School District's outstanding 2005 School Improvement Refunding Bonds. The bonds were issued for a 10 year period with final maturity at December 1, 2026. At the date of the refunding, \$18,599,917 (including premium and after underwriting fees) was deposited in an irrevocable trust to provide for all future payments on the refunded bonds. These refunding bonds were issued with a premium of \$1,334,380, which was reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the bonds outstanding method. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$3,036,317. The issuance resulted in an economic gain of \$2,634,092. A portion of these bonds were refunded during fiscal year 2020, as further discussed below.

*2020 School Improvement Refunding Bonds*

On April 21, 2020, the School District issued \$36,054,975 in general obligation bonds, which included serial and capital appreciation (deep discount) bonds in the amount of \$35,410,000 and \$644,975, respectively. The proceeds of the bonds were used to refund \$6,575,000 of the School District's outstanding 2015 School Improvement Refunding Bonds and \$29,580,000 of 2015 School Improvement Bonds. The bonds were issued for a 30 year period with final maturity at December 1, 2050. At the date of refunding, \$40,708,552 (including premium and after underwriting fees, and other issuance costs) was received to pay off old debt. As all of the legal steps had been taken to refund the debt, the balance of the outstanding bonds refunded was removed from the School District's financial statements. The principal balance outstanding on defeased bonds was \$36,155,000 at June 30, 2023.

These refunding bonds were issued with a premium of \$4,653,578, which was reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the bonds outstanding method. The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price of \$2,371,382. This difference, reported in the accompanying financial statements as a deferred inflow of resources - deferred charges on refunding, is being amortized to interest expense over the life of the bonds using the bonds outstanding method. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$3,032,380. The issuance resulted in an economic gain of \$1,533,144.

The capital appreciation bonds will mature December 1, 2025 through 2031. These bonds were purchased at a substantial discount at the time of issuance. At maturity, all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as principal liability. The maturity amount of the bonds is \$5,630,000.

The current interest bonds that mature on December 1, 2040, December 1, 2045 and December 1, 2050 and together with the 2040 and 2045 term bonds are subject to mandatory sinking fund redemption, in part by lot pursuant to terms of the mandatory sinking fund redemption requirements of the authorizing legislation, at a redemption price equal to 100 percent of the principal amount redeemed, plus interest accrued to redemption, December 1, of the years shown in, and according to, the following schedule.

**Lake Local School District**  
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*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

2040 Term bonds	
Fiscal Year	Principal Amount to be Redeemed
2038	\$ 1,185,000
2039	1,230,000
2040	1,270,000
2041	1,315,000 (a)

2045 Term bonds	
Fiscal Year	Principal Amount to be Redeemed
2042	\$ 1,355,000
2043	1,405,000
2044	1,455,000
2045	1,510,000
2046	1,560,000 (a)

2050 Term bonds	
Fiscal Year	Principal Amount to be Redeemed
2047	\$ 1,620,000
2048	1,680,000
2049	1,740,000
2050	1,800,000
2051	1,870,000 (a)

(a) Remaining principal balance scheduled to be paid at stated maturity of corresponding term bonds.

The current interest bonds stated to mature on or after December 1, 2031 are subject to prior redemption, by and at the sole option of the School District, in whole or part as selected by the School District (in whole multiples of \$5,000), on any date on or after December 1, 2030, at a redemption price equal to 100% of principal amount redeemed, plus interest accrued to the redemption date.

General obligation bonds and long-term bonds are direct obligations of the School District for which its full faith and credit are pledged for repayment. General obligation bonds will be paid from the general fund and the debt service fund. Compensated absences will be paid from the general fund. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are primarily made from the general fund. For additional information related to the net pension liability and net OPEB liability see Notes 11 and 12.



**Lake Local School District**  
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*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

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

Fiscal Year Ending June 30,	Serial Bonds		Capital Appreciation Bonds		Total	
	Principal	Interest	Principal	Accretion	Principal	Accretion/ Interest
2024	2,645,000	1,189,298	-	-	2,645,000	1,189,298
2025	2,750,000	1,087,610	-	-	2,750,000	1,087,610
2026	2,495,000	991,922	87,585	277,415	2,582,585	1,269,337
2027	1,985,000	908,854	179,046	785,954	2,164,046	1,694,808
2028	305,000	866,804	139,166	830,834	444,166	1,697,638
2029-2033	1,985,000	4,157,838	239,178	3,090,822	2,224,178	7,248,660
2034-2038	5,560,000	3,654,711	-	-	5,560,000	3,654,711
2039-2043	6,575,000	2,739,696	-	-	6,575,000	2,739,696
2044-2048	7,825,000	1,576,688	-	-	7,825,000	1,576,688
2049-2052	5,410,000	276,785	-	-	5,410,000	276,785
<b>Total</b>	<b>\$ 37,535,000</b>	<b>\$ 17,450,205</b>	<b>\$ 644,975</b>	<b>\$ 4,985,025</b>	<b>\$ 38,179,975</b>	<b>\$ 22,435,230</b>

*Leases Payable*

The School District has outstanding agreements to lease copiers. Due to the implementation of GASB Statement 87, these leases plus existing prior year capital leases have met the criteria of leases thus requiring them to be recorded by the School District. The future lease payments were discounted based on the interest rate implicit in the lease or using the School District's incremental borrowing rate. This discount is being amortized over the life of the lease. A summary of the principal and interest amounts is as follows:

Fiscal Year Ending June 30	Lease	
	Principal	Interest
2024	\$ 62,649	\$ 5,317
2025	65,201	2,765
2026	33,590	393
	<u>\$161,440</u>	<u>\$ 8,475</u>

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**Lake Local School District**  
**Stark County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

**NOTE 14 - INTERFUND TRANSACTIONS**

**A. Interfund Balances**

Interfund balances at June 30, 2023 consist of the following receivables and payables:

Interfund Payable	Interfund Receivable General
Nonmajor Governmental Funds:	
ESSER	\$ 90,144
Special Education	82,340
Title 1	39,602
Title II-A	1,084
Total	\$ 213,170

The primary purpose of the interfund balance is to cover costs in the fund where revenues were not received by June 30. This interfund balance will be repaid once the anticipated revenues are received. These advances are expected to be repaid within one year. Interfund loans between governmental activities are eliminated on the statement of net position.

**NOTE 15 - SET-ASIDES**

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

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

	Capital Improvement
Set Aside Restricted Balance June 30, 2022	\$ 0
Current Year Set-Aside Requirement	726,561
Current Year Qualifying Expenditures	(342,488)
Current Year Offsets	(440,106)
Total	\$ (56,033)
Balance Carried Forward to Fiscal Year 2024	\$ 0
Set Aside Balance June 30, 2023	\$ 0

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

**Lake Local School District**  
**Stark County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2023*

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**NOTE 16 – CONTINGENCIES AND SIGNIFICANT COMMITMENTS**

***A. Grants***

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

***B. Litigation***

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

***C. School Foundation***

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. The final adjustments were not material and are not reflected in the accompanying financial statements.

***D. Encumbrance Commitments***

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

<u>Fund</u>	<u>Amount</u>
General	\$ 521,220
Nonmajor Governmental	346,011
	<u>\$ 867,231</u>

**Lake Local School District**  
**Stark County, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net Pension Liability*  
*Last Ten Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b><i>School Employees Retirement System (SERS)</i></b>					
School District's Proportion of the Net Pension Liability	0.14209820%	0.13687680%	0.13131820%	0.13077290%	0.13223740%
School District's Proportionate Share of the Net Pension Liability	\$ 7,685,776	\$ 5,050,357	\$ 8,685,662	\$ 7,824,372	\$ 7,573,481
School District's Covered Payroll	\$ 5,354,150	\$ 4,703,693	\$ 4,641,129	\$ 4,501,467	\$ 4,332,148
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	143.55%	107.37%	187.15%	173.82%	174.82%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%	70.85%	71.36%
<b><i>State Teachers Retirement System (STRS)</i></b>					
School District's Proportion of the Net Pension Liability	0.13466878%	0.13730785%	0.13422473%	0.13546760%	0.13678483%
School District's Proportionate Share of the Net Pension Liability	\$ 29,937,040	\$ 17,556,043	\$ 32,477,609	\$ 29,957,846	\$ 30,075,913
School District's Covered Payroll	\$ 17,393,186	\$ 17,111,971	\$ 16,243,371	\$ 15,953,407	\$ 15,817,700
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	172.12%	102.60%	199.94%	187.78%	190.14%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.80%	75.50%	77.40%	77.31%

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

See accompanying notes to the required supplementary information

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.13444370%	0.13721240%	0.13911160%	0.13934900%	0.13934900%
\$ 8,032,714	\$ 10,042,682	\$ 7,937,843	\$ 7,052,374	\$ 8,286,638
\$ 4,327,571	\$ 5,253,636	\$ 4,448,543	\$ 4,090,108	\$ 4,681,734
185.62%	191.16%	178.44%	172.43%	177.00%
69.50%	62.98%	69.16%	71.70%	65.52%
0.13309679%	0.13232469%	0.12918594%	0.12857556%	0.12857556%
\$ 31,617,428	\$ 44,293,062	\$ 35,703,215	\$ 31,274,026	\$ 37,253,415
\$ 14,780,679	\$ 14,073,129	\$ 12,982,029	\$ 14,147,400	\$ 13,614,523
213.91%	314.74%	275.02%	221.06%	273.63%
75.30%	66.80%	72.10%	74.70%	69.30%

See accompanying notes to the required supplementary information

**Lake Local School District**  
**Stark County, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Contributions - Pension*  
*Last Ten Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b><i>School Employees Retirement System (SERS)</i></b>					
Contractually Required Contribution	\$ 737,661	\$ 749,581	\$ 658,517	\$ 649,758	\$ 607,698
Contributions in Relation to the Contractually Required Contribution	<u>(737,661)</u>	<u>(749,581)</u>	<u>(658,517)</u>	<u>(649,758)</u>	<u>(607,698)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 5,269,007	\$ 5,354,150	\$ 4,703,693	\$ 4,641,129	\$ 4,501,467
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	13.50%
<b><i>State Teachers Retirement System (STRS)</i></b>					
Contractually Required Contribution	\$ 2,620,484	\$ 2,435,046	\$ 2,395,676	\$ 2,274,072	\$ 2,233,477
Contributions in Relation to the Contractually Required Contribution	<u>(2,620,484)</u>	<u>(2,435,046)</u>	<u>(2,395,676)</u>	<u>(2,274,072)</u>	<u>(2,233,477)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 18,717,743	\$ 17,393,186	\$ 17,111,971	\$ 16,243,371	\$ 15,953,407
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 584,840	\$ 605,860	\$ 735,509	\$ 586,318	\$ 566,889
<u>(584,840)</u>	<u>(605,860)</u>	<u>(735,509)</u>	<u>(586,318)</u>	<u>(566,889)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,332,148	\$ 4,327,571	\$ 5,253,636	\$ 4,448,543	\$ 4,090,108
13.50%	14.00%	14.00%	13.18%	13.86%
\$ 2,214,478	\$ 2,069,295	\$ 1,970,238	\$ 1,817,484	\$ 1,839,162
<u>(2,214,478)</u>	<u>(2,069,295)</u>	<u>(1,970,238)</u>	<u>(1,817,484)</u>	<u>(1,839,162)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 15,817,700	\$ 14,780,679	\$ 14,073,129	\$ 12,982,029	\$ 14,147,400
14.00%	14.00%	14.00%	14.00%	13.00%

See accompanying notes to the required supplementary information

**Lake Local School District**  
**Stark County, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)*  
*Last Seven Fiscal Years (1)*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b><i>School Employees Retirement System (SERS)</i></b>					
School District's Proportion of the Net OPEB Liability	0.14499920%	0.14124390%	0.13663300%	0.13403500%	0.13398580%
School District's Proportionate Share of the Net OPEB Liability	\$ 2,035,804	\$ 2,673,157	\$ 2,969,482	\$ 3,370,701	\$ 3,717,128
School District's Covered Payroll	\$ 5,354,150	\$ 4,703,693	\$ 4,641,129	\$ 4,501,467	\$ 4,332,148
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	38.02%	56.83%	63.98%	74.88%	85.80%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%	15.57%	13.57%
<b><i>State Teachers Retirement System (STRS)</i></b>					
School District's Proportion of the Net OPEB Liability/(Asset)	0.13466878%	0.13730785%	0.13422500%	0.13546800%	0.13678483%
School District's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (3,487,023)	\$ (2,895,027)	\$ (2,359,002)	\$ (2,243,675)	\$ (2,197,993)
School District's Covered Payroll	\$ 17,393,186	\$ 17,111,971	\$ 16,243,371	\$ 15,953,407	\$ 15,817,700
School District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-20.05%	-16.92%	-14.52%	-14.06%	-13.90%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)	230.73%	174.73%	182.10%	174.70%	176.00%

(1) Information prior to 2017 is not available.

See accompanying notes to the required supplementary information



<u>2018</u>	<u>2017</u>
0.13692630%	0.13896533%
\$ 3,674,742	\$ 3,961,026
\$ 4,327,571	\$ 5,253,636
84.91%	75.40%
12.46%	11.49%
0.13309679%	0.13232469%
\$ 5,192,946	\$ 7,076,759
\$ 14,780,679	\$ 14,073,129
35.13%	50.29%
47.10%	37.30%

See accompanying notes to the required supplementary information

**Lake Local School District**  
**Stark County, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Contributions - OPEB*  
*Last Ten Fiscal Years*

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
<b><i>School Employees Retirement System (SERS)</i></b>					
Contractually Required Contribution (1)	\$ 106,517	\$ 93,171	\$ 91,227	\$ 89,499	\$ 104,405
Contributions in Relation to the Contractually Required Contribution	<u>(106,517)</u>	<u>(93,171)</u>	<u>(91,227)</u>	<u>(89,499)</u>	<u>(104,405)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 5,269,007	\$ 5,354,150	\$ 4,703,693	\$ 4,641,129	\$ 4,501,467
OPEB Contributions as a Percentage of Covered Payroll (1)	2.02%	1.74%	1.94%	1.93%	2.32%
<b><i>State Teachers Retirement System (STRS)</i></b>					
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 18,717,743	\$ 17,393,186	\$ 17,111,971	\$ 16,243,371	\$ 15,953,407
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

See accompanying notes to the required supplementary information

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 93,295	\$ 76,927	\$ 65,251	\$ 106,546	\$ 75,294
<u>(93,295)</u>	<u>(76,927)</u>	<u>(65,251)</u>	<u>(106,546)</u>	<u>(75,294)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 4,332,148	\$ 4,327,571	\$ 5,253,636	\$ 4,448,543	\$ 4,090,108
2.15%	1.78%	1.24%	2.40%	1.84%
\$ -	\$ -	\$ -	\$ -	\$ 125,881
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(125,881)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 15,817,700	\$ 14,780,679	\$ 14,073,129	\$ 12,982,029	\$ 14,147,400
0.00%	0.00%	0.00%	0.00%	1.00%

See accompanying notes to the required supplementary information

**Lake Local School District**  
**Stark County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2023*

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**NOTE 1 - NET PENSION LIABILITY**

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

***Changes in Assumptions - SERS***

For fiscal year 2022, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.00 percent to 2.40 percent
- Payroll growth assumption was reduced from 3.50 percent to 1.75 percent
- Assumed real wage growth was reduced from 0.50 percent to 0.85 percent
- Discount rate was reduced from 7.50 percent to 7.00 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- Mortality among active members, service retirees and beneficiaries, and disabled members were updated.

For fiscal year 2017, the SERS Board adopted the following assumption changes:

- Assumed rate of inflation was reduced from 3.25 percent to 3.00 percent
- Payroll Growth Assumption was reduced from 4.00 percent to 3.50 percent
- Assumed real wage growth was reduced from 0.75 percent to 0.50 percent
- Rates of withdrawal, retirement and disability were updated to reflect recent experience.
- 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.
- Mortality among service retired members, and beneficiaries was updated to RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates.
- Mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

***Changes in Benefit Terms - SERS***

For fiscal year 2022, cost-of-living adjustments were increased from 2.00 percent to 2.50 percent.

For fiscal year 2021, cost-of-living adjustments were reduced from 2.50 percent to 2.00 percent.

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

**Lake Local School District**  
**Stark County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2023*

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***Changes in Assumptions – STRS***

For fiscal year 2022, the Retirement Board approved several changes to the actuarial assumptions. The salary increases were changed from 12.50 percent at age 20 to 2.50 percent at age 65 to varying by service from 2.50 percent to 8.50 percent. The healthy and disabled mortality assumptions were updated to the Pub-2010 mortality tables with generational improvement scale MP-2020.

For fiscal year 2021, the long term expected rate of return was reduced from 7.45 percent to 7.00 percent.

For fiscal year 2018, the Retirement Board approved several changes to the actuarial assumptions in 2017. The long term expected rate of return was reduced from 7.75 percent to 7.45 percent, the inflation assumption was lowered from 2.75 percent to 2.50 percent, the payroll growth assumption was lowered to 3.00 percent, and total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25 percent due to lower inflation. The healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

***Changes in Benefit Terms - STRS***

For fiscal year 2018, the cost-of-living adjustment (COLA) was reduced to zero.

**NOTE 2 - NET OPEB LIABILITY (ASSET)**

***Changes in Assumptions – SERS***

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

**Municipal Bond Index Rate:**

Fiscal year 2023	3.69 percent
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent

**Single Equivalent Interest Rate, net of plan investment expense, including price inflation:**

Fiscal year 2023	4.08 percent
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

**Lake Local School District**  
**Stark County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2023*

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Pre-Medicare Trend Assumption

Fiscal year 2023	6.75 percent initially, decreasing to 4.40 percent
Fiscal year 2022	6.75 percent initially, decreasing to 4.40 percent
Fiscal year 2021	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2020	7.00 percent initially, decreasing to 4.75 percent
Fiscal year 2019	7.25 percent initially, decreasing to 4.75 percent
Fiscal year 2018	7.50 percent initially, decreasing to 4.00 percent

Medicare Trend Assumption

Fiscal year 2023	7.00 percent initially, decreasing to 4.40 percent
Fiscal year 2022	5.125 percent initially, decreasing to 4.40 percent
Fiscal year 2021	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2020	5.25 percent initially, decreasing to 4.75 percent
Fiscal year 2019	5.375 percent initially, decreasing to 4.75 percent
Fiscal year 2018	5.50 percent initially, decreasing to 5.00 percent

***Changes in Benefit Terms - SERS***

There have been no changes to the benefit provisions.

***Changes in Assumptions – STRS***

For fiscal year 2022, the healthy and disabled mortality assumptions were updated to the RPub-2010 mortality tables with generational improvement scale MP-2020. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

For fiscal year 2022, the following changes were made to the actuarial assumptions:

- Projected salary increases from varying by age from 2.50 to 12.50 percent, including wage inflation to varying by service from 2.50 to 8.50 percent
- Medicare medical health care cost trends from -16.18 percent initial to -68.78 percent initial and 4.00 percent ultimate to 3.94 percent ultimate
- Medicare prescription drug health care cost trends from 29.98 percent initial to -5.47 percent initial and 4.00 percent ultimate to 3.94 percent ultimate

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

For fiscal year 2021, valuation year per capita health care costs were updated. Health care cost trend rates ranged from -5.20 percent to 9.60 percent initially for fiscal year 2020 and changed for fiscal year 2021 to a range of -6.69 percent to 11.87 percent, initially.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates ranged from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate for fiscal year 2018 and changed for fiscal year 2019 to a range of -5.20 percent to 9.60 percent, initially and a 4.00 ultimate rate.

**Lake Local School District**  
**Stark County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2023*

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

***Changes in Benefit Terms – STRS***

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

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

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

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

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LAKE LOCAL SCHOOL DISTRICT  
STARK COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education and Workforce</i>			
Child Nutrition Cluster			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555	N/A	\$ 94,837
Cash Assistance			
National School Breakfast Program	10.553	049866-3L70-2023	78,525
COVID-19 National School Breakfast Program	10.553	049866-3L70-2022	110,056
National School Lunch Program	10.555	049866-3L60-2023	502,727
COVID-19 National School Lunch Program	10.555	049866-3L60-2022	356,363
Total Child Nutrition Cluster			<u>1,142,508</u>
COVID-19 Pandemic EBT Administrative Costs	10.649	049866-3L60-2023	<u>628</u>
<b>Total U.S. Department of Agriculture</b>			<b><u>1,143,136</u></b>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education and Workforce</i>			
Title I, Grants to Local Educational Agencies	84.010A	049866-3M00-2022	57,998
Title I, Grants to Local Educational Agencies	84.010A	049866-3M00-2023	<u>301,184</u>
Total Title I, Grants to Local Educational Agencies			359,182
Special Education Cluster			
IDEA-B, Special Education	84.027A	049866-3M20-2022	128,268
IDEA-B, Special Education	84.027A	049866-3M20-2023	769,613
COVID-19 ARP IDEA-B, Special Education	84.027X	049866-3IA0-2023	77,340
IDEA-Preschool, Early Childhood Special Education	84.173	N/A	<u>14,536</u>
Total Special Education Cluster			989,757
Title III, Language Instruction for English Learners	84.365A	N/A	4,648
Title II-A, Supporting Effective Instruction	84.367A	049866-3Y60-2022	2,923
Title II-A, Supporting Effective Instruction	84.367A	049866-3Y60-2023	<u>67,371</u>
Total Title II-A, Supporting Effective Instruction			70,294
Title IV-A, Student Support and Academic Enrichment	84.424A	049866-3HI0-2023	24,220
Elementary and Secondary School Emergency Relief Fund			
COVID-19 Elementary and Secondary School Emergency Relief Fund - ARP	84.425U	049866-3HS0-2023	896,030
COVID-19 Elementary and Secondary School Emergency Relief Fund - ARP Homeless	84.425U	049866-3HZ0-2023	820
COVID-19 Elementary and Secondary School Emergency Relief Fund - ARP Homeless Targeted	84.425W	049866-3HZ0-2023	<u>474</u>
Total Elementary and Secondary School Emergency Relief Fund			<u>897,324</u>
<b>Total Passed Through Ohio Department of Education and Workforce</b>			<b><u>2,345,425</u></b>
<i>Passed Through Ohio Department of Education and Workforce and Plain Local School District</i>			
Career and Technical Education, Basic Grants to States	84.048	N/A	<u>38,798</u>
<b>Total U.S. Department of Education</b>			<b><u>2,384,223</u></b>
<b>Total Schedule of Expenditures of Federal Awards</b>			<b><u>\$ 3,527,359</u></b>

The accompanying notes are an integral part of this schedule.

**LAKE LOCAL SCHOOL DISTRICT  
STARK 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 Lake Local School District (the School 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 School District, it is not intended to and does not present the financial position or changes in net position of the School District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - SUBRECIPIENTS**

The School District did not provide funds to subrecipients during the audit period.

**NOTE E - CHILD NUTRITION CLUSTER**

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

**NOTE F – FOOD DONATION PROGRAM**

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

**NOTE G - 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 School District transferred the following amounts from 2023 to 2024 programs:

<u>Program Title</u>	<u>AL Number</u>	<u>Amt.</u> <u>Transferred</u>
Title I Grants to Local Educational Agencies	84.010	\$ 6,000
Title II-A Supporting Effective Instruction	84.367A	\$ 646
Title IV-A Student Support and Academic Enrichment	84.424A	\$ 6
Special Education - Grants to States	84.027	\$ 66,938

# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
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(800) 282-0370

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

Lake Local School District  
Stark County  
436 King Church Avenue SW  
Uniontown, Ohio 44685

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 Lake Local School District, Stark County, (the School District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 25, 2024.

### ***Report on Internal Control Over Financial Reporting***

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

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

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

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed 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 School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

March 25, 2024

# OHIO AUDITOR OF STATE KEITH FABER



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Columbus, Ohio 43215  
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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Lake Local School District  
Stark County  
436 King Church Avenue SW  
Uniontown, Ohio 44685

To the Board of Education:

### **Report on Compliance for Each Major Federal Program**

#### ***Opinion on Each Major Federal Program***

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

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

#### ***Basis for Opinion on Each Major Federal Program***

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

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### Report on Internal Control Over Compliance

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

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

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

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



Keith Faber  
Auditor of State  
Columbus, Ohio

March 25, 2024

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**LAKE LOCAL SCHOOL DISTRICT  
STARK COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
2023**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Child Nutrition Cluster, AL #10.553 and AL #10.555, and Elementary & Secondary School Emergency Relief, AL #84.425U & AL #84.425W.
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	Yes

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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# OHIO AUDITOR OF STATE KEITH FABER



**LAKE LOCAL SCHOOL DISTRICT**

**STARK 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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)