



**bhm cpa group, inc.**

CERTIFIED PUBLIC ACCOUNTANTS

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LEIPSIC LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2024





65 East State Street  
Columbus, Ohio 43215  
[ContactUs@ohioauditor.gov](mailto:ContactUs@ohioauditor.gov)  
800-282-0370

Board of Education  
Leipsic Local School District  
232 Oak Street  
Leipsic, Ohio 45856

We have reviewed the *Independent Auditor's Report* of the Leipsic Local School District, Putnam County, prepared by BHM CPA Group, Inc., for the audit period July 1, 2023 through June 30, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Leipsic Local School District is responsible for compliance with these laws and regulations.

Keith Faber  
Auditor of State  
Columbus, Ohio

January 13, 2025

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**LEIPSIC LOCAL SCHOOL DISTRICT**

*For the Year Ended June 30, 2024*

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## INDEPENDENT AUDITOR'S REPORT

Leipsic Local School District  
Putnam County  
232 Oak Street  
Leipsic, Ohio 45856

To the Board of Education:

### ***Report on the Audit of the Financial Statements***

#### ***Opinions***

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective cash-basis financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in cash-basis financial position thereof for the year then ended in accordance with the cash-basis of accounting described in Note 2.

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter - Accounting Basis***

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

***Responsibilities of Management for the Financial Statements***

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

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

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

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

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

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

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

***Supplementary Information***

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

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2024, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*BHM CPA Group*

BHM CPA Group, Inc.  
Circleville, Ohio  
November 30, 2024

**Leipsic Local School District  
Putnam County**

**Statement of Net Position - Cash Basis  
June 30, 2024**

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$12,306,411</u>
<b>Net Position</b>	
Restricted for:	
Capital Projects	437,449
Debt Service	351,967
Other Purposes	712,238
Set Asides	17,563
Unrestricted	<u>10,787,194</u>
Total Net Position	<u><u>\$12,306,411</u></u>

*See accompanying notes to the basic financial statements*

**Leipsic Local School District  
Putnam County**

**Statement of Activities - Cash Basis  
For the Fiscal Year Ended June 30, 2024**

	Cash Disbursements	Program Cash Receipts		Net (Disbursements) Receipts and Changes in Net Position
		Charges for Services and Sales	Operating Grants and Contributions	
<b>Governmental Activities</b>				
Current:				
Instruction:				
Regular	\$4,115,257	\$47,500	\$317,181	(\$3,750,576)
Special	1,593,795		1,065,036	(528,759)
Vocational	531,459		146,012	(385,447)
Support Services:				
Pupil	329,749		91,155	(238,594)
Instructional Staff	121,501		25,239	(96,262)
Board of Education	15,820			(15,820)
Administration	702,863			(702,863)
Fiscal	308,961			(308,961)
Operation and Maintenance of Plant	978,056	4,319	269,256	(704,481)
Pupil Transportation	482,727		225,116	(257,611)
Central Office	90,304			(90,304)
Operation of Non-Instructional Services				
Food Service	400,792	195,267	248,301	42,776
Community Service	113,270		53,220	(60,050)
Extracurricular Activities	415,212	195,487	10,482	(209,243)
Capital Outlay	182,466	380		(182,086)
Debt Service:				
Principal	235,000		125,292	(109,708)
Interest and Fiscal Charges	28,831			(28,831)
<b>Total</b>	<b>\$10,646,063</b>	<b>\$442,953</b>	<b>\$2,576,290</b>	<b>(7,626,820)</b>

**General Receipts**

Property Taxes Levied for:

General Purposes	2,829,720
Debt Service	115,524
Income Taxes Levied for:	
General Purposes	557,544
Capital Projects	278,354
Grants and Entitlements Not Restricted to Specific Purposes	5,334,407
Payments in Lieu of Taxes	216,626
Interest	386,956
Miscellaneous	4,948

Total General Receipts

9,724,079

Change in Net Position

2,097,259

Net Position Beginning of Year

10,209,152

Net Position End of Year

\$12,306,411

*See accompanying notes to the basic financial statements*

**Leipsic Local School District  
Putnam County**

**Statement of Assets and Fund Balances - Cash Basis  
Governmental Funds  
June 30, 2024**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	<u>\$9,934,371</u>	<u>\$2,372,040</u>	<u>\$12,306,411</u>
<b>Fund Balances</b>			
Non-Spendable	\$7,159		\$7,159
Restricted for:			
Capital Projects	\$437,449		437,449
Set Asides	17,563	-	17,563
Debt Service	351,967		351,967
Food Service	253,535		253,535
Other Purposes	398,891		398,891
Committed for:			
Capital Projects	808,624		808,624
Food Service	52,651		52,651
Education Foundation	68,923		68,923
Termination Benefits	532,350		532,350
Assigned for:			
Encumbrances	76,472		76,472
Subsequent Year Budget	8,036		-
Other Purposes	9,292,791		8,036
Unassigned			9,292,791
Total Fund Balances	<u>\$9,934,371</u>	<u>\$2,372,040</u>	<u>\$12,306,411</u>

*See accompanying notes to the basic financial statements*

**Leipsic Local School District  
Putnam County**

**Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis  
Governmental Funds  
For the Fiscal Year Ended June 30, 2024**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>			
Property Taxes	\$2,829,720	\$115,524	\$2,945,244
Income Taxes	557,544	278,354	835,898
Payment in Lieu of Taxes		216,626	216,626
Intergovernmental	6,533,764	1,287,253	7,821,017
Interest	385,133	9,186	394,319
Tuition and Fees	30,248	195,204	225,452
Extracurricular Activities	16,219	192,780	208,999
Donations		23,125	23,125
Miscellaneous	72,582	63	72,645
<b>Total Receipts</b>	<b>10,425,210</b>	<b>2,318,115</b>	<b>12,743,325</b>
<b>Disbursements</b>			
Current:			
Instruction:			
Regular	3,906,199	209,059	4,115,258
Special	1,307,629	286,167	1,593,796
Vocational	528,949	2,511	531,460
Support Services:			
Pupil	171,777	157,972	329,749
Instructional Staff	74,567	46,934	121,501
Board of Education	15,821		15,821
Administration	702,863		702,863
Fiscal	295,798	13,163	308,961
Operation and Maintenance of Plant	654,509	323,548	978,057
Pupil Transportation	358,586	124,141	482,727
Central Office	90,304		90,304
Operation of Non-Instructional Services			-
Food Service		400,792	400,792
Community Service		113,269	113,269
Extracurricular Activities	258,793	156,418	415,211
Capital Outlay		182,466	182,466
Debt Service:			
Principal Retirement		235,000	235,000
Interest and Fiscal Charges		28,831	28,831
<b>Total Disbursements</b>	<b>8,365,795</b>	<b>2,280,271</b>	<b>10,646,066</b>
<b>Excess of Receipts Over Disbursements</b>	<b>2,059,415</b>	<b>37,844</b>	<b>2,097,259</b>
<b>Other Financing Sources (Uses)</b>			
Advance In	615,711	438,952	1,054,663
Advance Out	(441,174)	(613,489)	(1,054,663)
Transfer In		31,296	31,296
Transfer Out		(31,296)	(31,296)
<b>Total Other Financing Sources (Uses)</b>	<b>174,537</b>	<b>(174,537)</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>2,233,952</b>	<b>(136,693)</b>	<b>2,097,259</b>
<b>Fund Balances Beginning of Year</b>	<b>7,700,419</b>	<b>2,508,733</b>	<b>10,209,152</b>
<b>Fund Balances End of Year</b>	<b>9,934,371</b>	<b>\$2,372,040</b>	<b>\$12,306,411</b>

*See accompanying notes to the basic financial statements*

**Leipsic Local School District  
Putnam County**

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

**1. Reporting Entity**

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

The District was established prior to 1912. The District serves an area approximately 54 square miles. It is located in Putnam County and includes the Villages of Bellmore, Leipsic, and West Leipsic, and portions of Blanchard, Ottawa, Liberty, Palmer and Van Buren Townships. The District is the 532nd largest in the State of Ohio (among 611 school districts) in terms of enrollment. The District is staffed by 34 classified employees, 50 certified teaching personnel, and 5 administrative employees who provide services to 673 students and other community members. The District currently operates one elementary, middle, and high school.

A reporting entity is comprised of the primary government and other organizations that are included to insure the financial statements are not misleading.

The District's reporting entity includes the following:

**Saint Mary's Catholic School** – Within the District's boundaries, Saint Mary's Catholic School is operated as a private school. Current State legislation provides funding to the parochial school. The monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial school. The activity is reflected in a special revenue fund of the District.

**A. Primary Government**

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

**B. Jointly Governed Organizations and Public Entity-Risk Pools**

The District participates in two jointly governed organizations and three public entity risk pools. The financial statements exclude these entities which perform activities within the District's boundaries for the benefit of its residents because the District is not financially accountable for these entities nor are these entities fiscally dependent on the District. Notes 17 and 18 to the basic financial statements provide additional information for these entities. These organizations are:

Jointly Governed Organizations:

Northwest Ohio Area Computer Services Cooperative  
State Support Team Region 1

Public Entity Risk Pools:

Schools of Ohio Risk Sharing Authority  
Putnam County Schools Insurance Group  
Ohio SchoolComp Workers' Compensation Group Rating Program

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

**Leipsic Local School District  
Putnam County**

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024  
(Continued)**

**2. Summary of Significant Accounting Policies**

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

**A. Basis of Presentation**

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

**1. Government-Wide Financial Statements**

The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the District that are governmental in nature and those that are considered business-type activities. Governmental activities generally are financed through taxes, intergovernmental receipts, or other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net position presents the cash balance of the governmental and business-type activities of the District at fiscal year-end. The statement of activities compares disbursements with program receipts for each function or program of the District's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the District's general receipts.

**2. Fund Financial Statements**

During the fiscal year, the District segregates transactions related to certain 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 District at this more detailed level. The focus of the governmental fund financial statements is on major funds. Fund statements present each major fund in a separate column and aggregate non-major funds in a single column.

**Leipsic Local School District  
Putnam County**

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024  
(Continued)**

**B. Fund Accounting**

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

**1. Governmental Funds**

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following is the District's major governmental fund:

**General Fund** – The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The General Fund balance is available for any purpose provided it is disbursed or transferred according to Ohio law.

The other governmental funds of the District account for and report grants and other resources whose use is restricted, committed or assigned to a particular purpose.

**C. Basis of Accounting**

The District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the District are described in the appropriate section in this note.

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

**D. Cash and Investments**

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

During fiscal year 2024, investments consisted of STAR Ohio. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company but has adopted Governmental Accounting Standards Board (GASB) Statement No. 79, "Certain External Investment Pools and Pool Participants". The District measures the 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 a NAV per share that approximates fair value.

**Leipsic Local School District  
Putnam County**

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024  
(Continued)**

For fiscal year 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, twenty-four hours advance notice is appreciated for deposits and withdrawals exceeding \$100 million or more. STAR Ohio reserves the right to limit the transaction to \$100 million per day requiring the excess amount to be transacted the following business day(s) but only to the \$100 million limit. All accounts of the participant will be combined for this purpose.

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

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

The District allocates interest earnings according to State statute. Interest receipts credited to the General Fund during fiscal year 2024 was \$358,133, which includes \$39,326 assigned from other District funds.

**E. Inventory and Prepaid Items**

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

**F. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

**G. Accumulated Leave**

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

**H. Long-Term Obligations**

The District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid.

**I. Employer Contributions to Cost-Sharing Pension Plans**

The District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

**Leipsic Local School District  
Putnam County**

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024  
(Continued)**

**J. Net Position**

Net position is reported as restricted when there are limitations imposed on their use either through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for capital projects, debt service, and state and federal grants.

The District's policy is to first apply restricted resources when a cash disbursement is made for purposes for which both restricted and unrestricted net position are available. There are no amounts restricted by enabling legislation.

**K. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in governmental funds. 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 are 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 long-term amount of interfund loans.

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

Assigned – Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. These amounts are assigned by the District's Board of Education. In the General Fund, assigned amounts represent intended uses established by policies of the District Board of Education or a District official delegated by that authority by resolution or by State statute. State statute authorizes the District's Treasurer to assign fund balances for purchases on order provided such amounts have been lawfully appropriated.

**Leipsic Local School District  
Putnam County**

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024  
(Continued)**

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.

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

**L. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. The District does not have any restricted assets.

**M. Internal Activity**

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Payments for interfund services provided and used are not eliminated.

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

**N. Budgetary Process**

Ohio law requires the Board of Education to budget and appropriate all funds, other than agency funds. The major documents prepared are the tax budget, the certificate of estimated resources and appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts the Board of Education may appropriate.

The appropriation resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at a level of control the Board selects. The legal level of control has been established by the Board at the fund-object level for the General Fund and the fund level for all other funds.

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

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

**O. Stabilization Agreement**

The Board of Education has \$443,716 set aside for budget stabilization. The Board has set aside these funds to cover emergency situations or when revenue shortages or budgetary imbalances arise. Of the \$443,716, only \$17,563 was required by state statute and is reported as restricted funds in the General Fund. For the remaining \$396,389, the Board may remove the budget stabilization arrangement at any time; therefore, the amount is reported as unassigned fund balance in the General Fund.

**P. Pensions/Other Postemployment Benefits (OPEB)**

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

**3. Accountability and Compliance**

**A. Compliance**

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

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**4. Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances.

The difference between the budgetary basis and the cash basis is (a) outstanding year-end encumbrances are treated as cash disbursements (budget basis) rather than as restricted, committed or assigned fund balance (cash basis) and (b) certain funds are included in the General Fund but have separate legally adopted budgets (budget basis).

As of the time of filing the Budget vs Actual Statement for districts filing under a cash basis was not required.

\*\* As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the General Fund on a cash basis. This includes the Public School Support Fund, Education Foundation Fund, and Termination Benefits Fund.

**5. Deposits and Investments**

Monies held by the District are classified by State statute into three categories.

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

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

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

Protection of the 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 institution's participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

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

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

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2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio, and with certain limitations including a requirement for maturity within ten years from the date of settlement, bonds and other obligations of political subdivisions of the State of Ohio, if training requirements have been met;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim moneys available for investment at any one time if training requirements have been met.

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

**Deposits**

At June 30, 2024, the carrying amount of all District deposits were \$12,306,411 and the bank balance was \$12,650,049. Of the District's bank balance, \$11,728,780 was covered by Federal Deposit Insurance Corporation (FDIC) and \$921,269 was covered by pooled collateral through the Ohio Pooled Collateral System (OPCS). Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

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**Investments**

As of June 30, 2024, the District had no money invested with STAR Ohio. The District's investment in STAR Ohio carries a rating of AAA by Standard and Poor's. The District has no policy for interest rate or credit risk beyond the requirements of State statute. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

**6. Property Taxes**

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

Property taxes include amounts levied against all real and public utility property located in the District. Real property tax revenue received in calendar year 2024 represents collections of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed value listed as of January 1, 2023, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2024 represents collections of calendar year 2023 taxes. Public utility real and tangible personal property taxes received in calendar year 2024 became a lien on December 31, 2022, were levied after April 1, 2023, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Putnam County. The County Auditor periodically advances to the District its portion of the taxes collected. Second half real property tax payments collected by the County by June 30, 2024, are available to finance fiscal year 2024 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values of real and tangible personal property on which the fiscal year 2022 taxes were collected were as follows:

	<b>2023 Second-Half Collections</b>		<b>2024 First-Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Residential/Agricultural	\$72,407,910	70.74%	\$103,515,480	76.11%
Commercial/Industrial	15,332,900	14.97%	17,467,840	12.84%
Public Utility	14,623,280	14.29%	15,023,310	11.05%
<b>Total Assessed Value</b>	<b>\$102,364,090</b>	<b>100%</b>	<b>\$136,006,630</b>	<b>100%</b>
Full tax rate per \$1,000 of assessed valuation	\$34.00		\$32.90	

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**7. School District Income Tax**

The District levies a voted tax of .50 percent for general operations and .25 percent for permanent improvements on the income of residents and of estates. The .50 percent tax was effective January 1, 1992, with the .25 percent effective January 1, 1997, both are a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are credited to the General Fund and Permanent Improvement Fund and totaled \$557,544 and \$278,354, respectively, for fiscal year 2024.

**8. Risk Management**

**A. Schools of Ohio Risk Sharing Authority**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2024, the District contracted with the Schools of Ohio Risk Sharing Authority (SORSA), a group insurance purchasing pool.

SORSA covers the following risks:

- General Liability
- Automobile Liability
- Educators' Legal Liability
- Automobile Physical Damage
- Property
- Crime

The District contributes to the funding, operating and maintaining of the SORSA joint self-insurance pool. The District's contributions cover deductible losses, loss fund contributions, insurance costs, and administration costs. SORSA assumes the risk of loss up to the limits of the District's policy.

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

**B. Putnam County Schools Insurance Group**

The District participates as a member of the Putnam County School Insurance Group, a public entity risk pool, administered by Huntington Trust. The District converted its fully-insured medical insurance program to partial self-insurance through participation in this public entity risk pool. Medical Mutual of Ohio provides claim review and processing. The District maintains stop-loss coverage for its medical insurance program. Aggregate stop loss is maintained for expected claims.

Post-employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 10. As such, no funding provisions are required by the District.

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**C. Ohio SchoolComp Workers' Compensation Group Rating Program**

For fiscal year 2024, the District participated in the Ohio SchoolComp Workers' Compensation Group Rating Program (the Plan), an insurance purchasing pool established through the Ohio School Boards Association (OSBA) and the Ohio Association of School Business Officials (OASBO). The intent of the Plan is to achieve a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall Plan's savings percentage. A participant then either receives money from or contributes to the Plan's "equity pooling fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm of CompManagement, Inc. provides administrative, cost control, and actuarial services to the Plan.

**9. Defined Benefit Pension Plans**

The Statewide retirement systems provide both pension 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) represent 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/OPEB plan's fiduciary net position. The net pension/OPEB liability (asset) calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

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

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significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

The net pension/OPEB liability (asset) not reported on the face of the financial statements, but rather is disclosed in the notes because of the use of the cash basis framework.

The remainder of this note includes the required pension disclosures. See note 10 for the required OPEB disclosures.

**School Employees Retirement System (SERS)**

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty 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,

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2024, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$138,661 for fiscal year 2024.

**State Teachers Retirement System (STRS)**

*Plan Description* – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (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. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost of living increases are not affected by this change. Effective July 1, 2022, a one-time ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019. Pursuant to Ohio Revised Code 3307.67(E), the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board's actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit at any age.

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

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

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate is deposited into the member's DC account and the

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

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. New members 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 fiscal year 2024 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2024, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS Ohio was \$553,716 for fiscal year 2024.

### **Net Pension Liability**

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share:

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.02489200%	0.02843409%	
Proportion of the net pension liability current measurement date	<u>0.02268440%</u>	<u>0.02854345%</u>	
Change in proportionate share	<u>-0.00220760%</u>	<u>0.00010936%</u>	
Proportionate share of the net pension liability	\$1,253,429	\$6,146,820	\$7,400,249

### **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

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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. Future benefits for all current plan members were projected through 2137.

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

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

Wage Inflation	2.4 percent
Future Salary Increases, including inflation	.325 percent to 13.58 percent
COLA or Ad Hoc COLA	2.00 percent
Investment Rate of Return	7.00 percent net of investment expense,
Actuarial Cost Method	Entry age normal (level percent of payroll)

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 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

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

*Discount Rate* – The total pension liability for 2023 was calculated using the discount rate of 7.00 percent. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2023 was 14 percent. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2023 was 6.90 percent.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$1,849,999	\$1,253,429	\$750,935

**Actuarial Assumptions – STRS**

Key methods and assumptions used in the June 30, 2023 actuarial valuation are presented below:

Inflation	2.50 percent
Projected Salary Increases	From 2.5% to 8.5% based on Service
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent, net of investment
Payroll Increases	3.00 percent
Cost-of-living adjustments	0.00 percent

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

Actuarial assumptions used in the June 30, 2023, 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 Real Rate of Return *
Domestic Equity	26.00 %	6.60 %
International Equity	22.00	6.80
Alternatives	19.00	7.38
Fixed Income	22.00	1.75
Real Estate	10.00	5.75
Liquidity Reserves	1.00	1.00
<b>Total</b>	<b><u>100.00 %</u></b>	

\*Final target weights reflected at October 1, 2022.

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

*Discount Rate* – The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2023.

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

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	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net pension liability	\$9,452,450	\$6,146,820	\$3,351,163

**Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2024, five members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**10. Defined Benefit OPEB Plans**

See note 9 for a description of the net OPEB liability (asset).

**School Employees Retirement System**

*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, 1981, 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.

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

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

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*Funding Policy* – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 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 2024, the School District's surcharge obligation was \$17,912.

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 \$17,912 for fiscal year 2024.

**State Teachers Retirement System of Ohio**

*Plan Description* – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](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. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2024, STRS did not allocate any employer contributions to post-employment health care.

**Net OPEB Liability (Asset)**

The net OPEB liability (asset) was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability (asset) was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability (asset) was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

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(Continued)**

	SERS	STRS	Total
Proportion of the net OPEB liability prior measurement date	0.02547680%	0.02772427%	
Proportion of the net OPEB liability current measurement date	<u>0.02336480%</u>	<u>0.02854348%</u>	
Change in proportionate share	<u>-0.00211200%</u>	<u>0.0008192%</u>	
Proportionate share of the net OPEB liability / (asset)	\$384,922	\$555,131	\$940,053

**Actuarial Assumptions – SERS**

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

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

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

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

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(Continued)**

Inflation	2.40 percent
Wage Increases	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percentage of Payroll)
Fiduciary Net Position is Projected to be Depleted	2048
Municipal Bond Index Rate:	
Measurement Date	3.86 percent
Prior Measurement Date	3.69 percent
Single Equivalent Interest Rate	
Measurement Date	4.27 percent
Prior Measurement Date	4.08 percent
Medical Trend Assumption	
Medicare	6.75 percent to 4.40 percent
Pre-Medicare	7.00 percent to 4.40 percent

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

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

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

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

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For the Fiscal Year Ended June 30, 2024  
(Continued)**

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

**Discount Rate** – The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be depleted in 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022, and the June 30, 2023, total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.86 percent at June 30, 2023, and 3.69 percent at June 30, 2022.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** – The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate.

	1% Decrease (3.27%)	Current Trend Rate (4.27%)	1% Increase (5.27%)
District's proportionate share of the net OPEB liability	\$492,041	\$384,922	\$300,455
District's proportionate share of the net OPEB liability	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
	\$282,789	\$384,922	\$520,263

**Leipsic Local School District  
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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024  
(Continued)**

**Actuarial Assumptions – STRS**

Key methods and assumptions used in the June 30, 2023 actuarial valuation compared to the prior year are presented below:

	June 30, 2023	June 30, 2022
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent	3.00 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50% initial, 4.14% ultimate	7.50% initial, 3.94% ultimate
Medicare	-10.94% initial, 4.14% ultimate	-68.78% initial, 3.94% ultimate
Prescription Drug		
Pre-Medicare	-11.95% initial, 4.14% ultimate	9.00% initial, 3.94% ultimate

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

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

Actuarial assumptions used in the June 30, 2023, valuation 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:

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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024  
(Continued)**

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

\*Final target weights reflected at October 1, 2022.

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

*Discount Rate* – The discount rate used to measure the total OPEB liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2023. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB liability as of June 30, 2023.

*Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates* – The following table represents the net OPEB asset as of June 30, 2023, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OEPB 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 (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
District's proportionate share of the net OPEB (asset)	\$469,846	\$555,131	\$629,406
District's proportionate share of the net OPEB (asset)	\$632,852	\$555,131	\$461,518

**Leipsic Local School District  
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For the Fiscal Year Ended June 30, 2024  
(Continued)**

**11. Debt**

The changes in the District's debt obligations during fiscal year 2024 consist of the following:

	Principal Outstanding <u>06/30/2023</u>	Principal Reductions	Principal Outstanding <u>06/30/2024</u>	Amount Due in <u>One Year</u>
<b><u>Governmental Activities</u></b>				
General Obligation Bonds:				
Series 2012 Advance				
Refunding Bonds	<u>\$1,235,000</u>	<u>\$235,000</u>	<u>\$1,000,000</u>	<u>\$245,000</u>

During fiscal year 2013, the District issued general obligation bonds in the amount of \$3,370,000 to advance refund a portion of the District's outstanding general obligation Series 2004 bonds dated March 14, 2004, which were issued for the purpose of renovating and otherwise improving school facilities. The refunding bonds bear an interest rate of 2.58 percent and will mature in December 2027. Interest payments on the bonds are due on June 1 and December 1 of each year until the final stated maturity. The bonds are being retired with a voted property tax levy from the Bond Retirement Fund. This refunding was undertaken to reduce debt service interest payments and resulted in an economic gain of \$624,583.

The portion of the bonds maturing on December 1, 2024 is subject to redemption at the option of the District, either whole or in part, in such order of maturity as the District shall determine, on any interest payment date on or after December 1, 2024, at a redemption price equal to 100 percent of the principal amount redeemed plus, in each case, accrued interest to the date fixed for redemption.

The bonds are subject to mandatory sinking fund redemption at a redemption price of 100 percent of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 of each year through the final stated maturity on December 1, 2017.

Principal and interest requirements to retire long-term liabilities outstanding at June 30, 2021 are as follows:

Fiscal Year <u>Ending June 30</u>	<b>Series 2012 Advance Refunding Bonds</b>		
	Principal Due	Interest Due	Total Due
2025	245,000	22,640	267,640
2026	250,000	16,254	266,254
2027	260,000	9,675	269,675
228	245,000	3,161	248,161
<b>Total</b>	<b><u>\$1,000,000</u></b>	<b><u>\$51,730</u></b>	<b><u>\$1,051,730</u></b>

**Leipsic Local School District  
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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024  
(Continued)**

**12. Set-Aside Requirements**

The District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end. These amounts must be carried forward and used for the same purposes in future years. In prior years, the District was also required to set aside money for budget stabilization. For fiscal year 2024, only the unspent portion of prior year bureau of workers compensation refunds is shown as a set-aside at year end.

The following cash basis information describes the changes in fiscal year-end set-aside amounts for capital improvements and budget stabilization. Disclosure of this information is required by State statute.

	<u>Improvements</u>	<u>Stabilization</u>
Set-aside Balance June 30, 2023		\$17,563
Current Year Set-Aside Requirement	\$147,439	
Current year offsets	<u>(\$147,439)</u>	<u>_____</u>
Set-aside balance June 30, 2024	<u>_____</u>	<u>\$17,563</u>

**13. Interfund Advances and Interfund Balances**

**A. Interfund Advances**

During fiscal year 2024, the following advances were made:

Advances from the General Fund:	Amount	Advances to the General Fund:	Amount
To Fund:		From Fund:	
Other Governmental Funds:		Other Governmental Funds:	
Education Foundation Fund	1,671	Education Foundation	\$600
ESSER	320,072	ESSER	465,409
IDEA Part B Grant Fund	1,526	IDEA Part B Grant Fund	1,526
Title I Grant Fund	95,286	Title I Grant Fund	95,302
Stronger Connections	217	Stronger Connrctions	217
Title II-A Grant Fund	21,745	Title II-A Grant Fund	39,544
Miscellaneous Federal Grants Fund	657	Miscellaneous Federal Grants Fund	10,891
Total	<u>441,174</u>	Total	<u>\$613,489</u>

The primary purpose of the advances is to cover costs in specific funds where receipts were not received by June 30. Advances into the General Fund in the amount of \$600 (Education Foundation Fund), \$168,723 (ESSER), \$17 (Title I), \$17,800 (Title II-A), and \$10,234 (Title IV-A) were repayments of prior year advances. The remaining advances will be repaid once the anticipated receipts are received.

**Leipsic Local School District  
Putnam County**

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024  
(Continued)**

**B. Interfund Balances**

At June 30, 2024, the District had the following inter-fund advances outstanding from the General Fund:

Fund	Outstanding Advances
Education Foundation Fund	\$1,671
ESSER	<u>\$22,188</u>
Total	<u><u>\$23,859</u></u>

**14. Interfund Transfers**

During fiscal year 2024, the following interfund transfers were made:

The permanent improvement fund transferred \$31,296 to the classroom facilities maintenance fund.

Transfers are used to move receipts from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; and to use unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

All transfers made in fiscal year 2023 were in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

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

**15. Tax Increment Financing and Tax Abatements Entered into by Other Governments**

**A. Tax Increment Financing**

Putnam County along with Van Buren Township and the Village of Leipsic entered into Tax Increment Financing (TIF's) for public road improvements and water facility improvements with various companies. Annual payment in lieu of taxes are made to the County by the companies for distribution to the Township and Village. The agreements affect the property tax receipts collected and distributed to the District. Under the agreements, the District received \$216,626 in payment in lieu of taxes during fiscal year 2024.

**Leipsic Local School District  
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**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024  
(Continued)**

**B. Tax Abatements**

Other governments entered into property tax abatement agreements with property owners under Enterprise Zone Agreements (EZAs) and the Ohio Community Reinvestment Area (CRA) program with the taxing districts of the District. The EZAs and CRA program are directive incentive tax exemption programs benefiting property owners who renovate or construct new buildings. Under these programs, the other governments designated areas to encourage revitalization of the existing housing stock and the development of new structures. Under these agreements, the District's property taxes were reduced by \$1,137,193. The District is not receiving any amounts from these other governments in association with the forgone property tax revenue.

**16. Contingencies**

**A. Grants**

Amounts grantor agencies pay to the District are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**B. Litigation**

The District is not a party to any legal proceedings.

**C. School Foundation**

In fiscal year 2024, District foundation funding was based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (ODEW) 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. FTE Statement No. 2 was made on November 10, 2023 and resulted in the District owing ODEW \$7. This amount is not recorded in the financial statements.

**17. Jointly Governed Organizations**

**A. Northwest Ohio Area Computer Services Cooperative**

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

The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member educational entities within each county plus one representative from the fiscal agent school district. During fiscal year 2024, the District paid \$37,710 to NOACSC for various services. Financial information can be obtained from Ben Thaxton, Executive Director of Northwest Ohio Area Computer Services Cooperative, 4277 East Road, Elida, Ohio 45807.

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**Notes to the Basic Financial Statements  
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(Continued)**

**B. State Support Team Region 1**

The State Support Region 1 (SSTR1) provides specialized core work related to building regional capacity for district, building, and community school implementation of the Ohio Improvement Process (OIP) at a high level. The service region of the SSTR1 includes Defiance, Fulton, Hancock, Henry, Lucas, Ottawa, Paulding, Putnam, Sandusky, Seneca, Van Wert, Williams, and Wood Counties. The fiscal agent for the SSTR1 is the Educational Service Center of Lake Erie West. The Executive Director and Single Point of Contact is Lynn McKahan. Contact information is available at [www.sstr1.org](http://www.sstr1.org).

**18. Public Entity Risk Pools**

**A. Schools of Ohio Risk Sharing Authority**

The District participates as a member of the Schools of Ohio Risk Sharing Authority (SORSA), which was established in 2002 pursuant to Articles of Incorporation filed under Chapter 1702 of the Ohio Revised Code. SORSA is a non-profit, member owned consortium, providing property, bus fleet, and educator liability insurance for public schools in Ohio. SORSA serves 106 members across Ohio. The District paid \$60,848 in premiums for services during fiscal year 2024.

SORSA is governed by a nine member Board of Directors, comprised of superintendents, treasurers, and business managers from participating member districts, and is managed by several separate organizations whereby each provides certain administrative, executive, accounting or other services to SORSA. SORSA employs a full-time Executive Director, Risk Control Manager, Claims Loss Manager, and a Program Manager. Claims are handled in-house by Claims Loss Manager, Greg Gilliam. Additional information can be obtained from SORSA at 555 Metro Place North, Suite 645, Dublin, Ohio 43017 or by calling 866-767-7299.

**B. Putnam County Schools Insurance Group**

The Putnam County School Insurance Group (the Group), a public entity risk pool, administered by Huntington Trust, is a public entity shared risk pool consisting of eleven school districts, including the Putnam County Educational Service Center, and the Putnam County Board of DD. The Group is a not-for-profit insurance group and provides medical, prescription drug, and optional dental insurance benefits, to the employees of the participants. Each participant's superintendent is appointed to the Board of Trustees which advises the consultant, Huntington Insurance, concerning aspects of the administration of the Group.

Each school district in the Group (other than the Putnam County Board of DD) must collectively bargain benefit levels with its respective employee unions. Financial information can be obtained from Jan Osborne, Superintendent, Putnam County Educational Service Center, 124 Putnam Parkway, Ottawa, Ohio 45875.

**Leipsic Local School District  
Putnam County**

**Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2024  
(Continued)**

**C. Ohio School Comp Workers' Compensation Group Rating Plan**

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Comp Workers' Compensation Group Rating Plan (the Plan) was established as an insurance purchasing pool through the Ohio School Boards Association (OSBA) and Ohio Association of School Business Officials (OASBO).

The Plan's business and affairs are conducted by its Board of Directors and the Plan is administered by its third party administrator, Sedgwick. Each year participants pay an enrollment fee to the Plan to cover costs of administering the program. During fiscal year 2024, the District paid \$730 to Sedgwick for annual enrollment into the program.

LEIPSIC LOCAL SCHOOL DISTRICT  
PUTNAM COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal AL Number	Provided Through to Subrecipients	Total Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
National School Lunch Program			
Cash Assistance	10.555	\$ -	\$ 183,169
Non-Cash Assistance (Food Distribution)	10.555	-	29,932
COVID-19 National School Lunch Program	10.555	-	23,030
Total National School Lunch Program			236,131
School Breakfast Program			
Cash Assistance	10.553	-	36,994
Total School Breakfast Program		-	36,994
Total Child Nutrition Cluster		-	273,125
Total U.S. Department of Agriculture		-	273,125
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies	84.010	-	105,207
Supporting Effective Instruction State Grants	84.367	-	22,266
COVID-19 Elementary and Secondary School Emergency Relief Fund (ARP ESSER )	84.425U	-	383,381
Special Education Cluster:			
Special Education Grants to States	84.027	187,874	187,874
Special Education Preschool Grants	84.173	4,953	4,953
Total Special Education Cluster		192,827	192,827
Student Support and Academic Enrichment Program			
Student Support and Academic Enrichment Program	84.424	-	10,434
Student Support and Academic Enrichment Program - Stronger Connections	84.424	-	5,000
Total Student Support and Academic Enrichment Program		-	15,434
<i>Passed Through Perrysburg Exempted Village School District</i>			
English Language Acquisition State Grants	84.365	4,270	4,810
Total U.S. Department of Education		197,097	723,925
<b>Total Expenditures of Federal Awards</b>		<b>\$ 197,097</b>	<b>\$ 997,050</b>

*The accompanying notes are an integral part of this schedule.*

**Leipsic Local School District  
Putnam County**

Notes to the Schedule of Expenditures of Federal Awards  
2 CFR 200.510(b)(6)  
For the Fiscal Year Ended June 30, 2024

**NOTE A – BASIS OF PRESENTATION**

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

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

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

**NOTE C – INDIRECT COST RATE**

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

**NOTE D - SUBRECIPIENTS**

The District passes certain federal awards received from the Ohio Department of Education (ODE) to other governments or not-for-profit agencies (subrecipients). As Note B describes, the District reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

**NOTE E – CHILD NUTRITION CLUSTER**

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

**NOTE F – FOOD DONATION PROGRAM**

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



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

Leipsic Local School District  
Putnam County  
232 Oak Street  
Leipsic, Ohio 45856

To the Board of Education:

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

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

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

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

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

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

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

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2024-001.

***District's Response to Findings***

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

***Purpose of this Report***

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

*BHM CPA Group*

BHM CPA Group, Inc.  
Circleville, Ohio  
November 30, 2024



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

Leipsic Local School District  
Putnam County  
232 Oak Street  
Leipsic, Ohio 45856

To the Board of Education:

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

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

We have audited Leipsic Local School District's, Putnam County, (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Leipsic Local School District's major federal programs for the year ended June 30, 2024. Leipsic 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, Leipsic Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

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

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

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

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

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

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

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

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

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

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

### ***Report on Internal Control Over Compliance***

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

Leipsic Local School District

Putnam County

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

Page 2

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.

*BHM CPA Group*

BHM CPA Group, Inc.

Circleville, Ohio

November 30, 2024

**Leipsic Local School District  
Putnam County, Ohio**

Schedule of Findings  
2 CFR § 200.515  
June 30, 2024

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

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Education Stabilization Fund – ESSER ALN 84.425U Special Education Cluster ALN 84.027 & ALN 84.173
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

**Leipsic Local School District  
Putnam County, Ohio**

Schedule of Findings  
2 CFR § 200.515  
June 30, 2024

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

**FINDING NUMBER 2024-001**

**Material Noncompliance Citation**

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

Ohio Administrative Code § 117-2-03(B), which further clarifies the requirements of Ohio Revised Code § 117.38, requires the District to file annual financial reports in accordance with generally accepted accounting principles (GAAP).

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

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

**Officials' Response:** See Corrective Action Plan.

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

**None**

**Leipsic Local School District  
Putnam County, Ohio**

Summary Schedule of Prior Audit Findings  
2 CFR 200.511(b)  
June 30, 2024

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<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2023-001	Material Non-Compliance: OAC 117-2-03(B) the District is required to file its annual financial report in accordance with GAAP.	Not corrected	Reissued as finding 2024-001

**Leipsic Local School District  
Putnam County, Ohio**

Corrective Action Plan  
2 CFR § 200.511(c)  
June 30, 2024

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**Corrective Action Plan for Finding 2024-001:**

**Finding Control Number: 2024-001**

**Summary of Finding:** The Ohio Administrative Code requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepares its financial statements in accordance with the cash basis of accounting in a report format similar to the requirements of GASB Statement No. 34.

**Statement of Concurrence:** Management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient.

**Corrective Action:** Management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient.

**Contact Person:** The official responsible for completing the corrective action is listed below:

David Miller  
Leipsic Local School District Treasurer  
Phone: (419) 943-2165  
Email: lp\_d\_miller@lp.noacsc.org

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# OHIO AUDITOR OF STATE KEITH FABER



LEIPSIC LOCAL SCHOOL DISTRICT

PUTNAM 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 1/23/2025

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

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