



OHIO AUDITOR OF STATE
KEITH FABER



**PERRY LOCAL SCHOOL DISTRICT
ALLEN COUNTY
JUNE 30, 2024**

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INDEPENDENT AUDITOR'S REPORT

Perry Local School District
Allen County
2770 East Breese Road
Lima, Ohio 45806

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Emphasis of Matter - Accounting Basis

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements.

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

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

Other Information

Management is responsible for the other information included in the annual financial report. The other information comprises the management's discussion and analysis but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2025, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



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

July 8, 2025

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

The discussion and analysis of the Perry Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2024 are as follows:

- In total, net position increased \$1,081,963 from fiscal year 2023.
- Outstanding debt decreased from \$8,842,005 to \$8,270,861 due to principal payments made by the School District.

Using this Annual Report

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. For fiscal year 2024, the general fund and bond retirement fund are the School District's most significant funds.

Basis of Accounting

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

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

Perry Local School District
Allen County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)
(Continued)

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2024?" The statement of net position and the statement of activities answer this question.

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

In the statement of net position and the statement of activities, governmental activities include the School District's programs and services, including instruction, support services, extracurricular activities and food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

Perry Local School District
Allen County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)
(Continued)

The School District as a Whole

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

(Table 1)
Net Position – Cash Basis

| | Governmental Activities | | |
|--|----------------------------|----------------------------|----------------------------|
| | 2024 | 2023 | Change |
| Assets | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 6,308,723 | \$ 5,235,052 | \$ 1,073,671 |
| Cash and Cash Equivalents in Segregated Accounts | <u>59,120</u> | <u>50,828</u> | <u>8,292</u> |
| <i>Total Assets</i> | <u><u>\$ 6,367,843</u></u> | <u><u>\$ 5,285,880</u></u> | <u><u>\$ 1,081,963</u></u> |
| Net Position | | | |
| Restricted for: | | | |
| Capital Outlay | \$ 809,654 | \$ 627,051 | \$ 182,603 |
| Debt Service | 753,852 | 723,775 | 30,077 |
| Other Purposes | 1,213,233 | 1,161,090 | 52,143 |
| Unrestricted | <u>3,591,104</u> | <u>2,773,964</u> | <u>817,140</u> |
| <i>Total Net Position</i> | <u><u>\$ 6,367,843</u></u> | <u><u>\$ 5,285,880</u></u> | <u><u>\$ 1,081,963</u></u> |

Cash and cash equivalents increased from fiscal year 2023 mainly due to an increase in state foundation funding that was not offset by disbursements. There is a respective increase in unrestricted net position.

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

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Perry Local School District
Allen County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)
(Continued)

Table 2 shows the changes in net position for fiscal year 2024 as compared to fiscal year 2023.

(Table 2)
Changes in Net Position – Cash Basis

| | Governmental Activities | | |
|---|-------------------------|---------------------|---------------------|
| | 2024 | 2023 | Change |
| Revenues | | | |
| <i>Program Revenues</i> | | | |
| Charges for Services | \$ 619,228 | \$ 599,518 | \$ 19,710 |
| Operating Grants | <u>1,958,534</u> | <u>2,218,346</u> | <u>(259,812)</u> |
| <i>Total Program Revenues</i> | <u>2,577,762</u> | <u>2,817,864</u> | <u>(240,102)</u> |
| General Revenues | | | |
| Property Taxes | 4,841,868 | 4,634,082 | 207,786 |
| Grants & Entitlements | 5,466,564 | 4,691,809 | 774,755 |
| Payments in Lieu of Taxes | 67,714 | 60,330 | 7,384 |
| Proceeds of Financed Purchase | - | 819,000 | (819,000) |
| Other | <u>333,053</u> | <u>202,139</u> | <u>130,914</u> |
| <i>Total General Revenues</i> | <u>10,709,199</u> | <u>10,407,360</u> | <u>301,839</u> |
| <i>Total Revenues</i> | <u>13,286,961</u> | <u>13,225,224</u> | <u>61,737</u> |
| Program Expenses | | | |
| Instruction: | | | |
| Regular | 4,583,010 | 4,076,167 | 506,843 |
| Special | 1,247,104 | 1,403,749 | (156,645) |
| Vocational | - | 86,817 | (86,817) |
| Adult/Continuing | 1,584 | - | 1,584 |
| Student Intervention Services | 28,202 | 16,985 | 11,217 |
| Other | 148,040 | 181,653 | (33,613) |
| Support Services: | | | |
| Pupils | 765,844 | 646,550 | 119,294 |
| Instructional Staff | 397,567 | 393,333 | 4,234 |
| Board of Education | 30,334 | 103,599 | (73,265) |
| Administration | 726,756 | 785,798 | (59,042) |
| Fiscal | 379,692 | 340,897 | 38,795 |
| Operation and Maintenance of Plant | 1,030,846 | 875,463 | 155,383 |
| Pupil Transportation | 482,101 | 534,366 | (52,265) |
| Central | 20,751 | 29,177 | (8,426) |
| Operation of Non-Instructional/Shared Services: | | | |
| Food Service Operations | 529,083 | 481,555 | 47,528 |
| Community Services | 3,843 | 5,481 | (1,638) |
| Extracurricular Activities | 412,201 | 379,402 | 32,799 |
| Capital Outlay | 580,878 | 1,007,500 | (426,622) |
| Debt Service: | | | |
| Principal Retirement | 571,144 | 487,963 | 83,181 |
| Interest and Fiscal Charges | <u>266,018</u> | <u>270,002</u> | <u>(3,984)</u> |
| <i>Total Expenses</i> | <u>12,204,998</u> | <u>12,106,457</u> | <u>98,541</u> |
| <i>Change in Net Position</i> | <u>1,081,963</u> | <u>1,118,767</u> | <u>(36,804)</u> |
| <i>Net Position Beginning of Year</i> | <u>5,285,880</u> | <u>4,167,113</u> | <u>1,118,767</u> |
| <i>Net Position End of Year</i> | <u>\$ 6,367,843</u> | <u>\$ 5,285,880</u> | <u>\$ 1,081,963</u> |

Perry Local School District
Allen County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)
(Continued)

A grant for a school-based health clinic occurred in the previous fiscal year and is the primary reason for the decrease in operating grants. Grants and entitlements increased mainly due to the increase in state foundation funding previously mentioned. A financed purchase for a stadium project occurred in the previous fiscal year and was the reason for the decrease in proceeds of financed purchase. Regular instruction disbursements increased due to increased costs for salaries, health insurance and curriculum items. Disbursements for capital outlay decreased significantly due to the higher disbursements in the previous fiscal year for the school-based health clinic and the stadium project.

The School District's Funds

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

The general fund's fund balance increased \$762,090 from the previous fiscal year primarily from the increased state foundation funding previously discussed.

The bond retirement fund's fund balance increased \$30,077 from the previous fiscal year primarily due to the timing of tax collections versus principal and interest payments paid on debt.

General Fund Budgeting Highlights

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

Original Budget Compared to Final Budget During the year there was a significant amendment to the original estimated receipts for intergovernmental revenue to adjust for higher expected revenue from the State of Ohio. Expected investment income was increased to account for expected improvements in economic activity. Transfer out was increased primarily to account for a transfer to the permanent improvement fund.

Final Budget Compared to Actual Results There were no significant variances between the final budgeted and actual receipts and disbursements, or other financing sources and uses.

Debt Administration

The School District's long-term obligations decreased from the prior year due to scheduled principal payments. For further information regarding the project and other debt, refer to Note 10 of the basic financial statements.

Perry Local School District
Allen County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)
(Continued)

Current Issues

Perry Local School District relies heavily on the support of the local community and its taxpayers. In March 2024 taxpayers supported the Emergency Renewal at 3.14 mills of current tax valuations. In November of 2021 the taxpayers supported the renewal of a five-year Permanent Improvement levy at 1.5 mils of current tax valuations. In November of 2020 the taxpayers supported the renewal of a five-year renewal levy at 4.9 mils of current tax valuations.

In 2021-2022 the Ohio Department of Education enacted the Fair School Funding Plan which is a complete change in how Ohio Schools are funded. A student's funding is now based on a per pupil funded amount and no longer compensates based on a resident or open enrolled student.

During the 2017-2018 school year, the School District applied for and was awarded the Community Eligibility Provision (CEP) through the Ohio Department of Education. This program allows the school to offer no-cost lunches and breakfasts to all of our students for up to four consecutive years. The students continued to receive free breakfasts and lunches for the 2021-2022 school year. The 2021-2022 was also the COVID- 19 pandemic and all school districts in the state of Ohio had free breakfast and free lunch. In the 2022-2023 the school district moved away from the CEP program and returned to charging income based for meals.

At the March 19, 2024, regular meeting the board accepted the retirement/resignation of Linda Taber, Assistant Treasurer, effective July 31, 2024. The board also approved the hiring of Beth Blankenship for a 255-days position as Assistant Treasurer, effective August 1, 2024.

At the March 19, 2024, regular meeting the board approved the hiring of Tyler Turner for High School Principal starting the 2024-2025 school year. At the April 17, 2024, regular meeting the board approved the continuing teaching contract of Jesse Kill (High School Principal 2023-2024 school year) for the 24-25 school year.

Three-year contracts with both unions (PEA & OAPSE) expired as of June 30, 2022. At the August 24, 2022, regular board meeting, there were motions to approve ratification of collective bargaining agreements with Perry Education Association and with the O.A.P.S.E. Chapter 595. Raises for these employees for the three years are as follows: 2022-2023 – 2.25 percent, 2023-2024 – 2.25 percent, and 2024-2025 – 2.50 percent.

Perry Local School District management continues to monitor School District finances. The coming years should prove to be both exciting and challenging to the School District. The change in the state funding formula which directly impacts the school's revenues began in the 2021-2022 fiscal year. School District management is committed to monitoring these changing conditions and making pro-active decisions regarding School District finances when needed.

Perry Local School District
Allen County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024
(Unaudited)
(Continued)

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Mandy France, Treasurer/CFO of Perry Local School District, 2770 E. Breese Road, Lima, OH 45806, (419) 221-2770, or treasurer@mycommodores.org.

Perry Local School District
Allen County, Ohio
Statement of Net Position - Cash Basis
June 30, 2024

| | <u>Governmental Activities</u> |
|--|------------------------------------|
| Assets | |
| Equity in Pooled Cash and Cash Equivalents | \$ 6,308,723 |
| Cash and Cash Equivalents in Segregated Accounts | <u>59,120</u> |
| <i>Total Assets</i> | <u><u>6,367,843</u></u> |
| Net Position | |
| Restricted for: | |
| Capital Outlay | 809,654 |
| Debt Service | 753,852 |
| Other Purposes | 1,213,233 |
| Unrestricted | <u>3,591,104</u> |
| <i>Total Net Position</i> | <u><u>\$ 6,367,843</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Perry Local School District
Allen County, Ohio
Statement of Activities - Cash Basis
For the Fiscal Year Ended June 30, 2024

| | Program Revenues | | | Net (Disbursements) Receipts and Changes in Net Position | | | | |
|---|----------------------|--------------------------------------|---|--|--|--|--|--|
| | Expenses | Charges for Services and Sales | Operating Grants, Contributions and Interest | | | | | |
| | | | | Governmental Activities | | | | |
| Governmental Activities | | | | | | | | |
| Instruction: | | | | | | | | |
| Regular | \$ 4,583,010 | \$ 326,652 | \$ 296,647 | \$ (3,959,711) | | | | |
| Special | 1,247,104 | 73,604 | 322,932 | (850,568) | | | | |
| Adult/Continuing | 1,584 | - | 1,942 | 358 | | | | |
| Student Intervention Services | 28,202 | - | 24,909 | (3,293) | | | | |
| Other | 148,040 | - | 57,228 | (90,812) | | | | |
| Support Services: | | | | | | | | |
| Pupils | 765,844 | - | 9,843 | (756,001) | | | | |
| Instructional Staff | 397,567 | - | 160,320 | (237,247) | | | | |
| Board of Education | 30,334 | - | - | (30,334) | | | | |
| Administration | 726,756 | - | 9,328 | (717,428) | | | | |
| Fiscal | 379,692 | 17,480 | - | (362,212) | | | | |
| Operation and Maintenance of Plant | 1,030,846 | - | 12,446 | (1,018,400) | | | | |
| Pupil Transportation | 482,101 | 1,970 | 172,089 | (308,042) | | | | |
| Central | 20,751 | - | 3,995 | (16,756) | | | | |
| Operation of Non-Instructional/Shared Services: | | | | | | | | |
| Food Service Operations | 529,083 | 91,208 | 531,117 | 93,242 | | | | |
| Community Services | 3,843 | - | 10,687 | 6,844 | | | | |
| Extracurricular Activities | 412,201 | 108,314 | 67,471 | (236,416) | | | | |
| Capital Outlay | 580,878 | - | 277,580 | (303,298) | | | | |
| Debt Service: | | | | | | | | |
| Principal Retirement | 571,144 | - | - | (571,144) | | | | |
| Interest and Fiscal Charges | 266,018 | - | - | (266,018) | | | | |
| <i>Total</i> | <i>\$ 12,204,998</i> | <i>\$ 619,228</i> | <i>\$ 1,958,534</i> | <i>(9,627,236)</i> | | | | |

General Receipts

Property Taxes Levied for:

| | |
|---|-------------------|
| General Purposes | 4,055,312 |
| Debt Service | 573,101 |
| Capital Outlay | 142,362 |
| Classroom Facilities Maintenance | 71,093 |
| Grants and Entitlements not Restricted to Specific Programs | 5,466,564 |
| Payments in Lieu of Taxes | 67,714 |
| Investment Earnings | 274,491 |
| Miscellaneous | 58,562 |
| <i>Total General Receipts</i> | <i>10,709,199</i> |

Change in Net Position 1,081,963

Net Position Beginning of Year 5,285,880

Net Position End of Year \$ 6,367,843

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Perry Local School District
Allen County, Ohio
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
June 30, 2024

| | General | Bond Retirement Fund | Other Governmental Funds | Total Governmental Funds |
|--|----------------------------|--------------------------|--------------------------------|--------------------------------|
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 3,698,341 | \$ 753,852 | \$ 1,856,530 | \$ 6,308,723 |
| Cash and Cash Equivalents in Segregated Accounts | <u>59,120</u> | <u>-</u> | <u>-</u> | <u>59,120</u> |
| <i>Total Assets</i> | <u><u>\$ 3,757,461</u></u> | <u><u>\$ 753,852</u></u> | <u><u>\$ 1,856,530</u></u> | <u><u>\$ 6,367,843</u></u> |
| Fund Balances | | | | |
| Restricted | 59,120 | 753,852 | 1,963,767 | 2,776,739 |
| Assigned | 157,243 | - | - | 157,243 |
| Unassigned | <u>3,541,098</u> | <u>-</u> | <u>(107,237)</u> | <u>3,433,861</u> |
| <i>Total Fund Balance</i> | <u><u>\$ 3,757,461</u></u> | <u><u>\$ 753,852</u></u> | <u><u>\$ 1,856,530</u></u> | <u><u>\$ 6,367,843</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Perry Local School District
Allen County, Ohio
Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Fiscal Year Ended June 30, 2024

| | General | Bond Retirement Fund | Other Governmental Funds | Total Governmental Funds |
|--|---------------------|-------------------------|--------------------------------|--------------------------------|
| Receipts | | | | |
| Property and Other Local Taxes | \$ 4,055,311 | \$ 573,101 | \$ 213,455 | \$ 4,841,867 |
| Intergovernmental | 5,383,355 | 69,568 | 1,868,341 | 7,321,264 |
| Investment Income | 218,816 | 40,417 | 41,296 | 300,529 |
| Tuition and Fees | 399,795 | - | - | 399,795 |
| Extracurricular Activities | 17,480 | - | 108,414 | 125,894 |
| Charges for Services | - | - | 93,078 | 93,078 |
| Rent | 461 | - | - | 461 |
| Contributions and Donations | 8,217 | - | 69,580 | 77,797 |
| Payments in Lieu of Taxes | 67,714 | - | - | 67,714 |
| Miscellaneous | 49,172 | - | 9,390 | 58,562 |
| <i>Total Receipts</i> | <i>10,200,321</i> | <i>683,086</i> | <i>2,403,554</i> | <i>13,286,961</i> |
| Disbursements | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 4,308,578 | - | 274,432 | 4,583,010 |
| Special | 936,835 | - | 310,269 | 1,247,104 |
| Adult/Continuing | - | - | 1,584 | 1,584 |
| Student Intervention Services | 4,365 | - | 23,837 | 28,202 |
| Other | 94,174 | - | 53,866 | 148,040 |
| Support Services: | | | | |
| Pupils | 757,306 | - | 8,538 | 765,844 |
| Instructional Staff | 235,541 | - | 162,026 | 397,567 |
| Board of Education | 30,334 | - | - | 30,334 |
| Administration | 717,315 | - | 9,441 | 726,756 |
| Fiscal | 363,302 | 11,909 | 4,481 | 379,692 |
| Operation and Maintenance of Plant | 987,406 | - | 43,440 | 1,030,846 |
| Pupil Transportation | 307,933 | - | 174,168 | 482,101 |
| Central | 17,059 | - | 3,692 | 20,751 |
| Operation of Non-Instructional/Shared Services: | | | | |
| Food Service Operations | - | - | 529,083 | 529,083 |
| Community Services | - | - | 3,843 | 3,843 |
| Extracurricular Activities | 256,322 | - | 155,879 | 412,201 |
| Capital Outlay | 4,845 | - | 576,033 | 580,878 |
| Debt Service: | | | | |
| Principal Retirement | 72,040 | 470,000 | 29,104 | 571,144 |
| Interest and Fiscal Charges | 38,053 | 221,300 | 6,665 | 266,018 |
| <i>Total Disbursements</i> | <i>9,131,408</i> | <i>703,209</i> | <i>2,370,381</i> | <i>12,204,998</i> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <i>1,068,913</i> | <i>(20,123)</i> | <i>33,173</i> | <i>1,081,963</i> |
| Other Financing Sources (Uses) | | | | |
| Transfers In | - | 50,200 | 257,123 | 307,323 |
| Transfers Out | (306,823) | - | (500) | (307,323) |
| <i>Total Other Financing Sources (Uses)</i> | <i>(306,823)</i> | <i>50,200</i> | <i>256,623</i> | <i>-</i> |
| <i>Net Change in Fund Balances</i> | <i>762,090</i> | <i>30,077</i> | <i>289,796</i> | <i>1,081,963</i> |
| <i>Fund Balances Beginning of Year</i> | <i>2,995,371</i> | <i>723,775</i> | <i>1,566,734</i> | <i>5,285,880</i> |
| <i>Fund Balances End of Year</i> | <i>\$ 3,757,461</i> | <i>\$ 753,852</i> | <i>\$ 1,856,530</i> | <i>\$ 6,367,843</i> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Perry Local School District
Allen County, Ohio
*Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual (Budget Basis)*
General Fund
For the Fiscal Year Ended June 30, 2024

| | Budgeted Amounts | | | Variance with Final Budget |
|--|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | Actual | |
| Receipts | | | | |
| Property and Other Local Taxes | \$ 4,003,369 | \$ 4,055,311 | \$ 4,055,311 | \$ - |
| Intergovernmental | 4,604,403 | 5,453,546 | 5,383,355 | (70,191) |
| Investment Income | 75,500 | 278,031 | 217,602 | (60,429) |
| Tuition and Fees | 363,435 | 387,750 | 385,419 | (2,331) |
| Rent | - | 461 | 461 | - |
| Payments in Lieu of Taxes | 87,882 | 67,714 | 67,714 | - |
| Miscellaneous | 5,865 | 14,200 | 14,200 | - |
| <i>Total Receipts</i> | <i>9,140,454</i> | <i>10,257,013</i> | <i>10,124,062</i> | <i>(132,951)</i> |
| Disbursements | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 4,063,019 | 4,386,891 | 4,331,287 | 55,604 |
| Special | 1,174,909 | 1,087,732 | 937,752 | 149,980 |
| Vocational | 92,660 | 14,143 | 500 | 13,643 |
| Student Intervention Services | 17,305 | 4,596 | 4,365 | 231 |
| Other | 181,314 | 146,643 | 94,174 | 52,469 |
| Support Services: | | | | |
| Pupils | 697,484 | 769,217 | 758,396 | 10,821 |
| Instructional Staff | 237,202 | 239,298 | 235,541 | 3,757 |
| Board of Education | 34,143 | 34,846 | 34,334 | 512 |
| Administration | 719,821 | 720,195 | 695,269 | 24,926 |
| Fiscal | 358,866 | 381,460 | 372,439 | 9,021 |
| Operation and Maintenance of Plant | 903,741 | 1,115,121 | 1,058,368 | 56,753 |
| Pupil Transportation | 458,522 | 358,633 | 313,554 | 45,079 |
| Central | 18,314 | 21,370 | 21,370 | - |
| Extracurricular Activities | 245,653 | 258,939 | 257,282 | 1,657 |
| Capital Outlay | 100,000 | 4,845 | 4,845 | - |
| Debt Service: | | | | |
| Principal Retirement | 72,040 | 72,040 | 72,040 | - |
| Interest and Fiscal Charges | 38,053 | 38,053 | 38,053 | - |
| <i>Total Disbursements</i> | <i>9,413,046</i> | <i>9,654,022</i> | <i>9,229,569</i> | <i>424,453</i> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <i>(272,592)</i> | <i>602,991</i> | <i>894,493</i> | <i>291,502</i> |
| Other Financing Sources (Uses) | | | | |
| Refund of Prior Year Expenditures | 15,000 | 43,144 | 32,985 | (10,159) |
| Transfers In | - | 110,093 | 110,093 | - |
| Transfers Out | (65,200) | (410,293) | (410,293) | - |
| <i>Total Other Financing Sources (Uses)</i> | <i>(50,200)</i> | <i>(257,056)</i> | <i>(267,215)</i> | <i>(10,159)</i> |
| <i>Net Change in Fund Balance</i> | <i>(322,792)</i> | <i>345,935</i> | <i>627,278</i> | <i>281,343</i> |
| <i>Fund Balance Beginning of Year</i> | <i>2,739,380</i> | <i>2,739,380</i> | <i>2,739,380</i> | <i>-</i> |
| Prior Year Encumbrances Appropriated | 198,539 | 198,539 | 198,539 | - |
| <i>Fund Balance End of Year</i> | <i>\$ 2,615,127</i> | <i>\$ 3,283,854</i> | <i>\$ 3,565,197</i> | <i>\$ 281,343</i> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Perry Local School District

Allen County, Ohio

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

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District is in Allen County and includes all of Perry Township. The School District is staffed by classified employees and certificated full-time teaching personnel who provide services to students and other community members. The School District currently operates two buildings.

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

The School District is associated with three jointly governed organizations and three insurance pools.

Northwest Ohio Area Computer Services Cooperative - The School 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, Putnam, Mercer, Hancock, Van Wert, Paulding, Auglaize, Hardin, Seneca, Wood, and Wyandot Counties and Cities of Wapakoneta and St. Mary's. 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 districts.

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. Financial information can be obtained from the Executive Director, at 4277 East Road, Elida, Ohio 45807.

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

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Spencerville, Perry, and Bath Local Professional Development Committee - The Spencerville, Perry, and Bath Local Professional Development Committee is a consortium operated under the direction of a Board consisting of one representative from the educators of each , along with two administrators from the members chosen by the superintendents. The Committee was formed to review coursework and other professional development activities completed by educators within the Districts and used for the renewal of certificates and licenses. As of June 30, 2024, there was no financial information available for this Committee.

Council of Allen County Schools Health Benefits Consortium - The School District participates in the Council of Allen County Schools Health Benefits Consortium (the Trust), public entity shared risk pool consisting of the districts within Allen County. The Trust is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides sick, accident and other benefits to the employees of the participating districts. Each participating District's superintendent is appointed to a Board of Trustees which advises the Trustee, Gallagher Benefit Services, Inc. (3rd Party Administrator) concerning aspects of the administration of the Trust. Each District decides which plans offered the Board of Trustees will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Board of Trustees and payment of the monthly premiums. Financial information can be obtained from Mr. Craig Kupferberg, who serves as Chairman, at 1920 Slabtown Rd., Lima, Ohio 45804.

Ohio School Plan - The School District participates in the Ohio School Plan (the Plan), an insurance purchasing pool established under Section 2744.081 of the Ohio Revised Code. The Plan is an unincorporated nonprofit association of its member which enables the participants to provide for a formalized joint insurance purchasing program for maintaining adequate insurance protection and provides risk management programs and other administrative services.

The Plan's business and affairs are conducted by an 11-member board consisting of individual representatives from various OSP members. The Hylant Group, Inc. is the Plan's administrator and is responsible for processing claims. Harcum-Hyre Insurance Agency serves as the sales and marketing representative which establishes agreements between the Plan and its members. Financial information can be obtained from Harcum-Hyre Insurance Agency, 246 East Sycamore Street, Columbus, Ohio 43206.

Sheakley Uniservice, Inc. Workers' Compensation Group Rating Program - The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. Each year, participants pay an enrollment fee to the Plan to cover the costs of administering the program.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Although required by Ohio Administrative Code Section 117-2-03 (B) to prepare its annual financial report in accordance with generally accepted accounting principles, the School District chooses to prepare its financial statements on the basis of accounting other than generally accepted accounting principles.

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

As discussed further in Note 2, 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). This comprehensive basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

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

Basis of Accounting

The School District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the School 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.

As a result of the use of the 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 the financial statements.

Basis of Presentation – Fund Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

FUND FINANCIAL STATEMENTS

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

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

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

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

The funds of the financial reporting entity are described below:

Governmental Funds

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

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

Bond Retirement Fund – The Bond Retirement Fund accounts for and reports financial resources that are restricted for expenditures related to debt service within the School District.

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

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Fiduciary Fund Types

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District does not report any fiduciary funds.

Budgetary Process

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

The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund level for all funds.

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

Cash and Investments

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

Money held in the HRA account is presented as "Cash and Cash Equivalents in Segregated Accounts."

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

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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.

During fiscal year 2024, the School District's investments, except Star Ohio, are reported at cost, which approximates market value.

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

For the fiscal year 2024, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2024 were \$218,816, which includes \$21,600 assigned from other funds.

Inventory and Prepaid Items

The School District reports disbursements for inventory and prepaid items when paid.

Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid.

Interfund Receivables/Payables

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

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

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

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Accumulated Leave

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

Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for other postemployment benefits (OPEB).

Leases

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

Long-Term Obligations

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

Net Position

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

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

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

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

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

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

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

Interfund Transactions

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. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

Transfers within governmental activities are eliminated on the government-wide financial statements.

Intergovernmental Receipts

Unrestricted intergovernmental receipts received on the basis of entitlement are recorded as receipts when the entitlement is received. Federal and State reimbursement type grants for the acquisition or construction of capital assets are recorded as receipts when the grant money is received.

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

Pensions and OPEB

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

For this purpose, pension and health care benefit payments (including refunds of member contributions) are recognized when due and payable in accordance with the terms of the plan. The retirement systems report investments at fair value.

NOTE 3 - COMPLIANCE

Ohio Administrative Code, Section 117-2-03 (B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School 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 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 School District can be fined and various other administrative remedies may be taken against the School District.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

Net Change in Fund Balance

| | <u>General Fund</u> |
|-----------------------------|---------------------|
| Cash basis | \$ 762,090 |
| Funds budgeted elsewhere ** | 11,756 |
| Adjustment for encumbrances | <u>(146,568)</u> |
| Budget basis | <u>\$ 627,278</u> |

Perry Local School District
Allen County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2024

** 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, uniform school supplies fund and unclaimed monies fund.

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

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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 and commercial paper notes for a period not to exceed one hundred and eighty days and two hundred seventy days, respectively, from the purchase date 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 School District and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand - At June 30, 2024 the School District had \$1,315 in undeposited cash on hand, which is included as part of "Equity in Pooled Cash and Cash Equivalents."

Deposits - At year-end, the School District's bank balance of \$630,296 was not exposed to custodial credit risk.

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

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

- Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or

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- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

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

| | S&P Global Rating | Measurement Amount | Maturities in Years < 1 year | % of Total Investments |
|--------------------------|----------------------|----------------------------|---------------------------------|---------------------------|
| Cost: | | | | |
| US Treasury Bill | N/A | \$ 799,081 | \$ 799,081 | 13.33% |
| Net Asset Value (NAV): | | | | |
| STAR Ohio | AAAm | 5,197,292 | 5,197,292 | 86.67% |
| <i>Total Investments</i> | | <u><i>\$ 5,996,373</i></u> | <u><i>\$ 5,996,373</i></u> | <u><i>100.00%</i></u> |

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent, but not in the School District's name. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Interest Rate Risk - Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The investment policy restricts the Treasurer from investing in anything other than as identified in the Ohio Revised Code and that all investments must mature within five years from the date of investment unless they are matched to a specific obligation or debt of the School District. The Treasurer is also restricted from purchasing investments that cannot be held until the maturity date.

Credit Risk - Ohio law requires government and agency mutual funds and STAR Ohio to maintain the highest rating provided by at least one nationally recognized standard rating service. STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2024, is 47 days.

Concentration of Credit Risk - The School District has adopted a policy that its portfolio shall remain sufficiently liquid to meet current obligations of the School District. Minimum levels may be established in order to meet current obligations; however, the School District has not limited the amount that may be invested in a particular security.

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NOTE 6 - PROPERTY TAXES

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

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

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

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

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

| | 2023 Second-Half Collections | | 2024 First-Half Collections | |
|--|------------------------------|---------------|-----------------------------|---------------|
| | Amount | Percent | Amount | Percent |
| Real Estate | \$ 126,031,810 | 82.8% | \$ 132,809,710 | 83.3% |
| Public Utility/Personal Property | 26,096,880 | 17.2% | 26,692,640 | 16.7% |
| Total | <u>\$ 152,128,690</u> | <u>100.0%</u> | <u>\$ 159,502,350</u> | <u>100.0%</u> |
| Tax rate per \$1,000 of assessed valuation | \$ 44.59 | | \$ 44.44 | |

NOTE 7 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2024, the School District contracted with the Ohio School Plan for general liability, educational legal liability, and fleet insurance, and with Indiana Insurance Company for property insurance.

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.

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The School District participated in the Ohio School Plan (Plan), an insurance purchasing pool. Each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on the types and limits of coverage and deductibles selected by the participant.

The School District participates in the Sheakley Uniservice, Inc. Workers' Compensation Group Rating Program (the Program), an insurance purchasing pool. The Program is intended to reduce premiums for the participants. The worker's compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the program.

Each participant pays its workers' compensation premium to the State based on the rate for the Program rather than its individual rate. Participation in the Plan is limited to educational entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS

The net pension liability is disclosed as a commitment and not reported on the face of the financial statements as a liability because of the use of the cash basis framework.

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

The Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions/OPEB are

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financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

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

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the

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CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 2.5 percent COLA for calendar year 2023.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$173,976 for fiscal year 2024.

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary to preserve the fiscal integrity of the retirement system. Benefit recipients’ base benefit and past cost-of living increases are not affected by this change. Effective July 1, 2022, a one-time ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a one-time ad-hoc COLA of 1 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board’s actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. Eligibility changes will be phased in until August 1, 2023 when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

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

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

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

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

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

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

The School District's contractually required contribution to STRS was \$554,270 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 independent actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share:

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| | SERS | STRS | Total |
|---|--------------------|---------------------|--------------|
| Proportion of the Net Pension Liability: | | | |
| Current Measurement Date | 0.0277512% | 0.02965026% | |
| Prior Measurement Date | 0.0283967% | 0.03021228% | |
| Change in Proportionate Share | <u>-0.0006455%</u> | <u>-0.00056202%</u> | |
| Proportionate Share of the Net Pension Liability | \$ 1,533,398 | \$ 6,385,164 | \$ 7,918,562 |

Actuarial Assumptions - SERS

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

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

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

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

| | |
|--|---|
| Actuarial Cost Method | Entry Age Normal (Level Percent of Payroll) |
| Inflation | 2.40 percent |
| Future Salary Increases, including inflation | 3.25 percent to 13.58 percent |
| Investment Rate of Return | 7.00 percent net of System expenses |
| COLA or Ad Hoc COLA | 2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement |

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

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

The long-term return expectation for the investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2023:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|-----------------------------|-------------------|--|
| Cash | 2.00 % | 0.75 % |
| US Equity | 24.75 | 4.82 |
| Non-US Equity Developed | 13.50 | 5.19 |
| Non-US Equity Emerging | 6.75 | 5.98 |
| Fixed Income/Global Bonds | 19.00 | 2.24 |
| Private Equity | 12.00 | 7.49 |
| Real Estate/Real Assets | 17.00 | 3.70 |
| Private Debt/Private Credit | 5.00 | 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 School District's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the School District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

| | Current | | |
|--|--------------|---------------|-------------|
| | 1% Decrease | Discount Rate | 1% Increase |
| School District's Proportionate Share of the Net Pension Liability | \$ 2,263,215 | \$ 1,533,398 | \$ 918,664 |

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Actuarial Assumptions - STRS

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

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

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

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

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

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

*Final target weights reflected at October 1, 2022.

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

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

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members as of June 30, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2023.

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

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---|--------------|--------------------------|--------------|
| School District's Proportionate Share of the Net Pension Liability | \$ 9,818,971 | \$ 6,385,164 | \$ 3,481,105 |

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

NOTE 9 - DEFINED BENEFIT OPEB PLANS

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

See Note 8 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

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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.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.00 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.50 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the School District's surcharge obligation was \$21,290. The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was equal to its surcharge obligation for fiscal year 2024.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

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

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

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contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share:

| | <u>SERS</u> | <u>STRS</u> |
|---|--------------------|---------------------|
| Proportion of the Net OPEB Liability (Asset): | | |
| Current Measurement Date | 0.0285418% | 0.02965026% |
| Prior Measurement Date | 0.0291002% | 0.03021228% |
| Change in Proportionate Share | <u>-0.0005584%</u> | <u>-0.00056202%</u> |
| Proportionate Share of the Net OPEB Liability (Asset) | \$ 470,211 | \$ (576,657) |

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.

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

| | June 30, 2023 |
|--|---|
| Inflation | 2.40 percent |
| Future Salary Increases, Including Inflation | 3.25 percent to 13.58 percent |
| Investment Rate of Return | 7.00 percent, net of investment expense |
| Actuarial Cost Method | Entry Age Normal (Level Percent of Payroll) |
| Fiduciary Net Position is Projected to be Depleted | 2048 |
| Municipal Bond Index Rate: | |
| Measurement Date | 3.86 percent |
| Prior Measurement Date | 3.69 percent |
| Single Equivalent Interest Rate: | |
| Measurement Date | 4.27 percent |
| Prior Measurement Date | 4.08 percent |
| Health Care Cost Trend Rate | |
| Medicare | 5.125 to 4.40 percent |
| Pre-Medicare | 6.75 to 4.40 percent |
| Medical Trend Assumption | |
| Measurement Date | 6.75 to 4.40 percent |
| Prior Measurement Date | 7.00 to 4.40 percent |

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term

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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:

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

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the 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 and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.27 percent) and higher (5.27 percent) than the current discount rate (4.27 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (5.75 percent decreasing to 3.40 percent) and higher (7.75 percent decreasing to 5.40 percent) than the current rate (6.75 percent decreasing to 4.40 percent).

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| | 1% Decrease | Current Discount Rate | 1% Increase |
|--|-------------|--------------------------|-------------|
| | 1% Decrease | Current Trend Rate | 1% Increase |
| School District's Proportionate Share of the Net OPEB Liability | \$ 601,064 | \$ 470,211 | \$ 367,028 |
| School District's Proportionate Share of the Net OPEB Liability | \$ 345,447 | \$ 470,211 | \$ 635,539 |

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

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

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

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

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

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

*Final target weights reflected at October 1, 2022.

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

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

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate The following table represents the net OPEB asset as of June 30, 2023, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

| | Current | | |
|--|--------------|---------------|--------------|
| | 1% Decrease | Discount Rate | 1% Increase |
| School District's Proportionate Share of the Net OPEB (Asset) | \$ (488,064) | \$ (576,657) | \$ (653,811) |
| Current | | | |
| | 1% Decrease | Trend Rate | 1% Increase |
| School District's Proportionate Share of the Net OPEB (Asset) | \$ (657,391) | \$ (576,657) | \$ (479,413) |

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

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NOTE 10 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2024 were as follows:

| | Balance 7/1/2023 | | | Balance 6/30/2024 | Due Within One Year |
|---|---------------------------|------------------|-----------------|--------------------------|----------------------------|
| General Obligation Bonds | | | | | |
| 2015 School Energy Conservation Bonds | | | | | |
| Term Bonds | \$ 320,000 | \$ | - | \$ 40,000 | \$ 280,000 |
| Serial Bonds | | | | | |
| Total General Obligation Bonds | <u>7,850,000</u> | <u> </u> | <u> </u> | <u>470,000</u> | <u>7,380,000</u> |
| 2020 School Improvement Current Refunding Bonds | | | | | |
| Term Bonds | 5,535,000 | | - | 5,535,000 | - |
| Serial Bonds | <u>1,995,000</u> | <u> </u> | <u> </u> | <u>430,000</u> | <u>1,565,000</u> |
| Total General Obligation Bonds | <u>7,850,000</u> | <u> </u> | <u> </u> | <u>470,000</u> | <u>7,380,000</u> |
| | | | | | |
| Direct Borrowings and Direct Placements | | | | | |
| Sewer Line Assessment | 173,005 | | - | 29,104 | 143,901 |
| Financed Purchase | <u>819,000</u> | <u> </u> | <u> </u> | <u>72,040</u> | <u>746,960</u> |
| Total Direct Borrowings and Direct Placements | <u>992,005</u> | <u> </u> | <u> </u> | <u>101,144</u> | <u>890,861</u> |
| | | | | | |
| Total Long-Term Obligations | <u>\$8,842,005</u> | <u>\$</u> | <u>-</u> | <u>\$ 571,144</u> | <u>\$ 8,270,861</u> |
| | | | | | |
| | | | | | |

2015 School Energy Conservation Bonds: On June 17, 2015, the School District issued \$625,000 in general obligation bonds for the purpose of financing the School Energy Conservation project. The project includes the installation of a building automation system, replacement of the boiler, lighting retrofits and lighting on the football field. The bond issue consists of term bonds with an interest rate of 3.40 percent. The bonds are being retired by the debt service fund.

2020 School Improvement Refunding General Obligation Bonds: On September 15, 2020, the School District issued \$8,230,000 in general obligation bonds. The bond issue consists of serial bonds and term bonds issued with a varying interest rate of 1.0 to 3.0 percent. The bonds refunded \$1,405,000 of outstanding 2010 School Improvement Refunding General Obligation Bonds, and \$7,195,000 of outstanding 2014 School Improvement Bonds. The bonds were issued for a thirty-year period with final maturities at December 1, 2050. The bonds are being retired by the debt service fund.

At the date of refunding, \$8,773,185 (including premium and after underwriting fees and other issuance costs) was deposited in an irrevocable trust to provide for all future payments on the refunded bonds. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$3,302,296 over the next eleven years and resulted in an economic gain of \$2,435,790.

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

| Fiscal Year Ending | 2020 Issue | | 2015 Issue | | Total Amount |
|-------------------------------|---------------------------|-----------------------------|---------------------------|---------------------|-------------------------|
| | Term Principal | Serial Principal | Term Principal | Interest | |
| 2025 | \$ - | \$ 440,000 | \$ 45,000 | \$ 211,105 | \$ 696,105 |
| 2026 | - | 435,000 | 45,000 | 196,450 | 676,450 |
| 2027 | - | 165,000 | 45,000 | 185,920 | 395,920 |
| 2028 | - | 170,000 | 45,000 | 179,365 | 394,365 |
| 2029 | - | 175,000 | 50,000 | 172,575 | 397,575 |
| 2030-2034 | 785,000 | 180,000 | 50,000 | 752,450 | 1,767,450 |
| 2035-2039 | 1,165,000 | - | - | 550,625 | 1,715,625 |
| 2040-2044 | 1,355,000 | - | - | 356,875 | 1,711,875 |
| 2045-2049 | 1,555,000 | - | - | 152,800 | 1,707,800 |
| 2050-2051 | 675,000 | - | - | 13,550 | 688,550 |
| Totals | \$ 5,535,000 | \$ 1,565,000 | \$ 280,000 | \$ 2,771,715 | \$ 10,151,715 |

Special Assessment Debt – Sewer System - During November 2008, the School District entered into a contract with the Board of County Commissioners, Allen County, Ohio to construct, operate, and maintain sanitary sewer facilities. Installation was completed in May of 2009. The cost to the School District was \$484,480. The unpaid balance was certified to the Allen County Auditor for collection as a special assessment beginning in fiscal year 2010. Allen County finalized the debt agreement with OWDA for this project in fiscal year 2010. The debt is being retired by the permanent improvement fund.

Principal and interest requirements to retire the special assessment outstanding at June 30, 2024, are as follows:

| Fiscal Year Ending | Principal | | | Total |
|-------------------------------|-------------------|------------------|-------------------|--------------|
| | Principal | Interest | Total | |
| 2025 | \$ 30,108 | \$ 4,666 | \$ 34,774 | |
| 2026 | 31,146 | 3,628 | 34,774 | |
| 2027 | 32,221 | 2,553 | 34,774 | |
| 2028 | 33,332 | 1,442 | 34,774 | |
| 2029 | 17,094 | 292 | 17,386 | |
| Totals | \$ 143,901 | \$ 12,581 | \$ 156,482 | |

Financed Purchase - In February 2023 the School District entered into a purchase agreement to provide financing for a stadium project to be substantially completed by August 31, 2024, in the amount of \$819,000 at an interest rate of 4.86 percent. The maturity date is December 1, 2032. The financed purchase is being retired by the general fund.

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For the Fiscal Year Ended June 30, 2024

Principal and interest requirements to retire the financed purchase outstanding at June 30, 2024, are:

| Fiscal Year | | Principal | Interest | Total |
|--------------------|--------------------------|--------------------------|--------------------------|--------------|
| Ending | | | | |
| 2025 | \$ 68,134 | \$ 34,647 | \$ 102,781 | |
| 2026 | 71,445 | 31,255 | 102,700 | |
| 2027 | 74,917 | 27,698 | 102,615 | |
| 2028 | 78,558 | 23,969 | 102,527 | |
| 2029 | 82,376 | 20,058 | 102,434 | |
| 2030-2033 | <u>371,530</u> | <u>37,183</u> | <u>408,713</u> | |
| Totals | <u><u>\$ 746,960</u></u> | <u><u>\$ 174,810</u></u> | <u><u>\$ 921,770</u></u> | |

NOTE 11 - STATUTORY RESERVES

The School District is required by state law to set aside certain general fund receipt amounts, as defined, into a reserve. During the fiscal year ended June 30, 2024, the reserve activity was as follows:

| | Capital Acquisition |
|--|--------------------------------|
| Set-aside restricted balance as of June 30, 2023 | \$ - |
| Current year set-aside requirement | 151,037 |
| Current year qualifying offsets | <u>(219,851)</u> |
| Total | <u><u>\$ (68,814)</u></u> |
| | |
| Balance carried forward to fiscal year 2025 | \$ - |
| Set-aside restricted balance as of June 30, 2024 | <u><u>\$ -</u></u> |

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

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For the Fiscal Year Ended June 30, 2024

NOTE 12 - FUND BALANCE

Fund balance is classified as non-spendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

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

| | General | Bond Retirement | Other Governmental Funds | | Total |
|----------------------------------|---------------------|-------------------|--------------------------|---------------------|-------|
| | | | | | |
| Restricted for: | | | | | |
| Debt Service | \$ - | \$ 753,852 | \$ - | \$ 753,852 | |
| Capital Outlay | - | - | 809,654 | 809,654 | |
| Classroom Facilities Maintenance | - | - | 474,553 | 474,553 | |
| Food Service Operations | - | - | 455,058 | 455,058 | |
| Extracurricular Activities | - | - | 125,744 | 125,744 | |
| Other Purposes | - | - | 98,758 | 98,758 | |
| Health Reimbursement Account | 59,120 | - | - | 59,120 | |
| Total Restricted | 59,120 | 753,852 | 1,963,767 | 2,776,739 | |
| Assigned for: | | | | | |
| Instruction | 42,918 | - | - | 42,918 | |
| Support Services | 102,689 | - | - | 102,689 | |
| Extracurricular | 960 | - | - | 960 | |
| Public School Support | 10,676 | - | - | 10,676 | |
| Total Assigned | 157,243 | - | - | 157,243 | |
| Unassigned | 3,541,098 | - | (107,237) | 3,433,861 | |
| Total Fund Balance | \$ 3,757,461 | \$ 753,852 | \$ 1,856,530 | \$ 6,367,843 | |

At June 30, 2024, the following funds had deficit balances:

| | <u>Deficit</u> |
|--|-------------------|
| <i>Non-Major Governmental Funds</i> | |
| ESSER | \$ 60,043 |
| IDEA, Part B | 15,168 |
| Title I Non-Competitive Supplemental | 11,287 |
| Title I-A | 16,541 |
| Title IV-A | 4,198 |
| Total | \$ 107,237 |

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

NOTE 13 - INTERFUND

During fiscal year 2024, the District Managed Activities fund transferred \$500 to the Shively Scholarship fund for student scholarships. Interfund transfers between governmental funds are eliminated for reporting in the statement of activities.

| Fund: | Transfers In | Transfers Out |
|--------------------------|-------------------|-------------------|
| General | \$ - | \$ 306,823 |
| Bond Retirement | 50,200 | - |
| Other Governmental Funds | 257,123 | 500 |
| | <u>\$ 307,323</u> | <u>\$ 307,323</u> |

NOTE 14 - CONTINGENCIES AND COMMITMENTS

Litigation

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

Grants

The School District received financial assistance from federal and state agencies as grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claim resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2024.

Encumbrance Commitments

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

| Fund | Amount |
|-----------------------|-------------------|
| General | \$ 147,017 |
| Nonmajor Governmental | 446,807 |
| | <u>\$ 593,824</u> |

School District Funding

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education 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. ODEW has finalized the impact of enrollment adjustments to the June 30, 2024 Foundation Funding for the School District, resulting in no significant adjustments.

PERRY LOCAL SCHOOL DISTRICT
ALLEN 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 | Total Federal Expenditures |
|--|-------------------------|----------------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | |
| <i>Passed through Ohio Department of Education and Workforce</i> | | |
| Child Nutrition Cluster: | | |
| National School Lunch Program | | |
| Non-Cash Assistance (Food Distribution) | 10.555 | \$26,076 |
| Cash Assistance | 10.555 | 299,436 |
| COVID-19 National School Lunch Program | 10.555 | <u>22,655</u> |
| Total National School Lunch Program | | 348,167 |
| School Breakfast Program | | |
| Non-Cash Assistance (Food Distribution) | 10.553 | 499 |
| Cash Assistance | 10.553 | <u>218,524</u> |
| Total School Breakfast Program | | <u>219,023</u> |
| Total Child Nutrition Cluster | | <u>567,190</u> |
| Total U.S. Department of Agriculture | | <u>567,190</u> |
| U.S. DEPARTMENT OF EDUCATION | | |
| <i>Passed through Ohio Department of Education and Workforce</i> | | |
| Title I Grants to Local Educational Agencies | 84.010 | 259,686 |
| Special Education Cluster (IDEA): | | |
| Special Education_Grants to States | 84.027 | 143,759 |
| COVID-19 Special Education_Grants to States | 84.027X | 2,193 |
| Special Education_Preschool Grants | 84.173 | <u>5,699</u> |
| Total Special Education Cluster (IDEA) | | <u>151,651</u> |
| Supporting Effective Instruction State Grants | 84.367 | 21,960 |
| Student Support and Academic Enrichment Program | 84.424 | 25,187 |
| COVID-19 Education Stabilization Fund | | |
| COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) | 84.425U | 607,602 |
| COVID-19 American Rescue Plan Elementary and Secondary School Emergency Relief - Homeless Children and Youth | 84.425W | 11,506 |
| COVID-19 Governor's Emergency Education Relief (GEER I and II) Fund | 84.425C | <u>37,959</u> |
| Total COVID-19 Education Stabilization Fund | | <u>657,067</u> |
| Total U.S Department of Education | | <u>1,115,551</u> |
| U.S. DEPARTMENT OF THE TREASURY | | |
| <i>Passed through Ohio Facilities Construction Commission</i> | | |
| COVID-19 Coronavirus State and Local Fiscal Recovery Funds | 21.027 | <u>142,113</u> |
| Total U.S. Department of the Treasury | | <u>142,113</u> |
| Total Expenditures of Federal Awards | | <u>\$1,824,854</u> |

The accompanying notes are an integral part of this schedule.

**PERRY LOCAL SCHOOL DISTRICT
ALLEN COUNTY**

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

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Perry Local School District, Allen County, Ohio (the School District) under programs of the federal government for the fiscal 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 School District, it is not intended to and does not present the financial position or changes in net position of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F – MATCHING REQUIREMENTS

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



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

Perry Local School District
Allen County
2770 East Breese Road
Lima, Ohio 45806

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to 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 Perry Local School District, Allen County, Ohio (the School District) as of and for the fiscal year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated July 8, 2025, wherein we noted the School District uses a special purpose framework other than generally accepted accounting principles.

Report on Internal Control Over Financial Reporting

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

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

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

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

School District's Response to Findings

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

Purpose of this Report

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

KEITH FABER
Ohio Auditor of State



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

July 8, 2025



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

Perry Local School District
Allen County
2770 East Breese Road
Lima, Ohio 45806

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Perry Local School District's, Allen County, (the School District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Perry Local School District's major federal programs for the fiscal year ended June 30, 2024. Perry 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, Perry Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 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 School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Perry Local School District

Allen 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 3

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

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

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

KEITH FABER
Ohio Auditor of State



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

July 8, 2025

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PERRY LOCAL SCHOOL DISTRICT
ALLEN COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2024

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|--------------|--|--|
| (d)(1)(i) | Type of Financial Statement Opinion | Unmodified |
| (d)(1)(ii) | Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)? | No |
| (d)(1)(ii) | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| (d)(1)(iii) | Was there any reported material noncompliance at the financial statement level (GAGAS)? | 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 2 CFR § 200.516(a)? | No |
| (d)(1)(vii) | Major Programs (list): | Child Nutrition Cluster (ALN 10.553 and 10.555) COVID-19 Education Stabilization Fund (ALN 84.425C, 84.425U, and 84.425W) |
| (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 |

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

FINDING NUMBER 2024-001

Noncompliance Citation

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

FINDING NUMBER 2024-001
(Continued)

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

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

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

OFFICIALS' RESPONSE:

The School District will continue to file OCBOA for the cost savings.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



PERRY LOCAL School District

Kelly L. Schooler, Ed.D.
Superintendent

Mandy G. France
Treasurer/CFO

Stephanie Tear
Elementary Principal

Tyler Turner
High School Principal

2770 East Breese Road
Lima, Ohio 45806
Phone: 419.221.2770

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

2 CFR 200.511(b)

JUNE 30, 2024

| Finding Number | Finding Summary | Status | Additional Information |
|-----------------------|---|---|---|
| 2023-001 | Ohio Rev. Code § 117.38 and Ohio Admin. § Code 117-2-03(B) – for reporting on a basis other than generally accepted accounting principles. This was first reported for the fiscal year ended June 30, 2003. | Not Corrected. Repeated in this report as Finding 2024-001. | The Board feels they are saving the taxpayers money by not paying for a GAAP conversion which is required to follow generally accepted accounting principles. We are not planning on filing GAAP. |
| 2023-002 | 2 CFR §3474.1 and 2 CFR §200.313(d) – procedures for managing federal awards acquired in whole or part by federal awards; due to a lack of internal control over inventory management for equipment, equipment acquired with ESSER funds was not added to the capital asset records of the District. | Corrected | |



PERRY LOCAL School District

Kelly L. Schooler, Ed.D.
Superintendent

Mandy G. France
Treasurer/CFO

Stephanie Tear
Elementary Principal

Tyler Turner
High School Principal

2770 East Breese Road
Lima, Ohio 45806
Phone: 419.221.2770

CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) JUNE 30, 2024

Finding Number: 2024-001

Planned Corrective Action: The School District will continue to file OCBOA for the cost

savings.

Anticipated Completion Date: N/A

Responsible Contact Person: Mandy G France, Treasurer/CFO

OHIO AUDITOR OF STATE KEITH FABER



PERRY LOCAL SCHOOL DISTRICT

ALLEN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 7/31/2025

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