



**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2023

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY
JUNE 30, 2023**

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LICKING COUNTY
JUNE 30, 2023**

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

North Fork Local School District
Licking County
312 Maple Avenue
Utica, Ohio 43080

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

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

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

Other Reporting Required by Government Auditing Standards

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



Keith Faber
Auditor of State
Columbus, Ohio

March 22, 2024

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**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Unaudited)**

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

Financial Highlights

Key financial highlights for fiscal year 2023 are as follows:

- In total, net position of governmental activities increased \$2,738,197 which represents a 16.37% increase from 2022's net position.
- General revenues accounted for \$19,730,389 in revenue or 78.10% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$5,533,532 or 21.90% of total revenues of \$25,263,921.
- The District had \$22,525,724 in expenses related to governmental activities; only \$5,533,532 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$19,730,389 were adequate to provide for these programs.
- The District's major governmental fund is the general fund. The general fund had \$20,146,532 in revenues and \$17,415,021 in expenditures. During fiscal year 2023, the general fund's fund balance increased \$2,731,511 from \$10,610,988 to a balance of \$13,342,499.

Using the Basic Financial Statements (BFS)

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

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

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

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

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

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

The District's statement of net position and statement of activities can be found on pages 17-18 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position and statement of activities) and governmental funds is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 19-23 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a custodial fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net position and changes in fiduciary net position on pages 24 and 25. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 27-70 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability. The required supplementary information can be found on pages 72-92 of this report.

The District as a Whole

The table below provides a summary of the District's net position at June 30, 2023 and June 30, 2022.

| | Net Position | |
|------------------------------------------------|------------------------------------|------------------------------------|
| | Governmental Activities 2023 | Governmental Activities 2022 |
| <u>Assets</u> | | |
| Current and other assets | \$ 24,833,196 | \$ 22,488,898 |
| Net OPEB asset | 1,660,953 | 1,364,566 |
| Capital assets, net | <u>25,945,839</u> | <u>26,715,461</u> |
| Total assets | <u>52,439,988</u> | <u>50,568,925</u> |
| <u>Deferred Outflows of Resources</u> | | |
| Unamortized deferred charges on debt refunding | 247 | 345 |
| Pension | 4,625,135 | 4,726,775 |
| OPEB | <u>428,740</u> | <u>529,067</u> |
| Total deferred outflows of resources | <u>5,054,122</u> | <u>5,256,187</u> |
| <u>Liabilities</u> | | |
| Current liabilities | 2,379,741 | 3,202,162 |
| Long-term liabilities: | | |
| Due within one year | 1,145,431 | 1,189,795 |
| Due in more than one year: | | |
| Net pension liability | 18,302,578 | 11,085,275 |
| Net OPEB liability | 1,075,962 | 1,485,259 |
| Other amounts | <u>4,898,018</u> | <u>5,404,534</u> |
| Total liabilities | <u>27,801,730</u> | <u>22,367,025</u> |
| <u>Deferred Inflows of Resources</u> | | |
| Property taxes levied for next year | 5,769,263 | 5,528,906 |
| Pensions | 1,802,594 | 8,715,590 |
| OPEB | <u>2,655,435</u> | <u>2,486,700</u> |
| Total deferred inflows of resources | <u>10,227,292</u> | <u>16,731,196</u> |
| <u>Net position</u> | | |
| Net investment in capital assets | 21,352,384 | 20,318,831 |
| Restricted | 2,557,508 | 1,797,843 |
| Unrestricted (deficit) | <u>(4,444,804)</u> | <u>(5,389,783)</u> |
| Total net position | <u>\$ 19,465,088</u> | <u>\$ 16,726,891</u> |

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

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

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

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

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

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

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

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

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

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

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Unaudited)**

Over time, net position can serve as a useful indicator of a government’s financial position. At June 30, 2023, the District’s assets and deferred outflows exceeded liabilities and deferred inflows by \$19,465,088.

Deferred outflows related to OPEB increased primarily due to changes in assumptions by the School Employees Retirement System (SERS). See Note 13 for more detail.

Total assets include a net OPEB asset reported by STRS. See Note 13 for more detail.

At year-end, capital assets represented 49.70% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, and intangible right to use assets. The District’s net investment in capital assets at June 30, 2023, was \$21,352,384. These capital assets are used to provide services to the students and are not available for future spending. Although the District’s investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

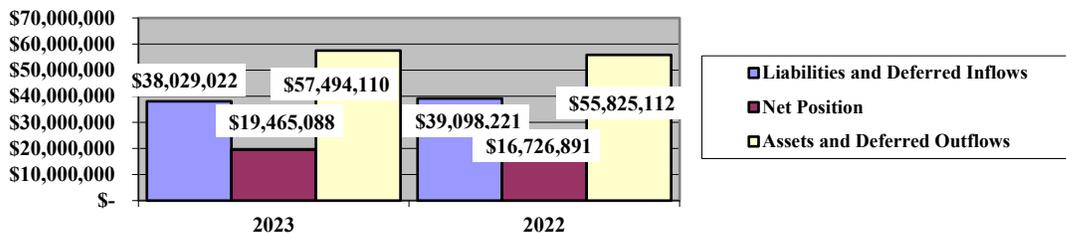
Long-term liabilities increased primarily due to an increase in the net pension liability. The net pension liability and the net OPEB liability are outside of the control of the District. The District contributes its statutorily required contributions to the pension systems; however, it’s the pension systems that collect, hold and distribute pensions and OPEB to District employees, not the District.

The net pension liability increased \$7,217,303 or 65.11% and deferred inflows of resources related to pension decreased \$6,912,996 or 79.32%. These changes were the result of changes at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS). Primarily, net investment income on investments at both pension systems were negative for the fiscal year 2022 measurement date that are used for the fiscal year 2023 reporting. This caused a large decrease in their respective fiduciary net positions which was a drastic change from the previous fiscal year’s large positive investment returns.

A portion of the District’s net position, \$2,557,508 represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is a deficit balance of \$4,444,804.

The table below illustrates the District’s assets, deferred outflows, liabilities, deferred inflows, and net position at June 30, 2023 and June 30, 2022.

Governmental Activities



**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

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

(Unaudited)

The table below shows the changes in net position for governmental activities for fiscal years 2023 and 2022.

| | Governmental Activities 2023 | Governmental Activities 2022 |
|------------------------------------------|------------------------------------|------------------------------------|
| | <u>2023</u> | <u>2022</u> |
| <u>Revenues</u> | | |
| Program revenues: | | |
| Charges for services and sales | \$ 1,039,625 | \$ 640,123 |
| Operating grants and contributions | 4,048,907 | 4,900,713 |
| Capital grants and contributions | 445,000 | - |
| General revenues: | | |
| Property taxes | 7,923,151 | 6,860,016 |
| School district income taxes | 3,067,779 | 2,885,427 |
| Grants and entitlements | 8,532,153 | 8,519,589 |
| Investment earnings | 288,815 | 92,700 |
| Decrease in FMV of investments | (120,593) | (332,783) |
| Other | 39,084 | 40,915 |
| | <u>39,084</u> | <u>40,915</u> |
| Total revenues | <u>\$ 25,263,921</u> | <u>\$ 23,606,700</u> |
| Program expenses: | | |
| Instruction: | | |
| Regular | \$ 7,943,291 | \$ 7,002,722 |
| Special | 4,033,853 | 3,663,462 |
| Vocational | 473,569 | 181,043 |
| Adult/ continuing | 8,699 | 7,813 |
| Other | 601,289 | 535,118 |
| Support services: | | |
| Pupil | 797,083 | 646,215 |
| Instructional staff | 184,378 | 153,060 |
| Board of education | 36,434 | 33,743 |
| Administration | 2,331,302 | 1,600,983 |
| Fiscal | 536,774 | 586,774 |
| Business | 60,662 | 48,022 |
| Operations and maintenance | 1,657,150 | 1,561,859 |
| Pupil transportation | 1,480,401 | 1,411,394 |
| Central | 248,010 | 236,164 |
| Operation of non-instructional services: | | |
| Other non-instructional | 2,565 | - |
| Food service operations | 1,128,625 | 854,134 |
| Extracurricular activities | 851,268 | 870,417 |
| Interest and fiscal charges | 150,371 | 177,357 |
| | <u>150,371</u> | <u>177,357</u> |
| Total expenses | <u>22,525,724</u> | <u>19,570,280</u> |
| Change in net position | 2,738,197 | 4,036,420 |
| Net position at beginning of year | <u>16,726,891</u> | <u>12,690,471</u> |
| Net position at end of year | <u>\$ 19,465,088</u> | <u>\$ 16,726,891</u> |

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Unaudited)**

Governmental Activities

Net position of the District’s governmental activities increased \$2,738,197. Total governmental expenses of \$22,525,724 were partially offset by program revenues of \$5,533,532 and general revenues of \$19,730,389. Program revenues supported 24.57% of the total governmental expenses.

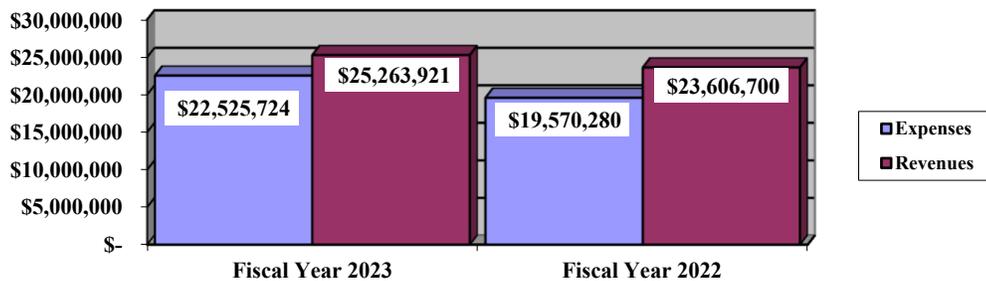
The primary sources of revenue for governmental activities are derived from property taxes, income taxes and grants and entitlements not restricted. These revenue sources represent 77.28% of total governmental revenue.

The largest expense of the District is for instructional programs. Instructional expenses totaled \$13,060,701 or 57.98% of total governmental expenses for fiscal year 2023.

Overall, expenses of the governmental activities increased \$2,955,444 or 15.10%. This increase is primarily the result of an increase in pension expense. Pension expense increased approximately \$1,955,841. This increase was the result of an increase in expenses incurred at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS) due to a decrease in net investment income on investments compared to previous years.

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

Governmental Activities - Revenues and Expenses



**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023
(Unaudited)**

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

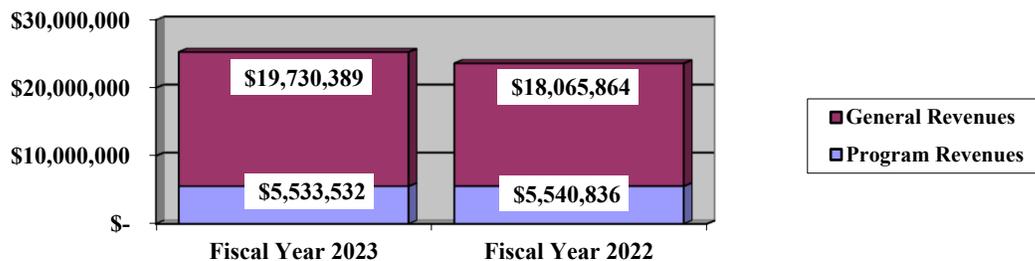
Governmental Activities

| | Total Cost of Services 2023 | Net Cost of Services 2023 | Total Cost of Services 2022 | Net Cost of Services 2022 |
|------------------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| Program expenses | | | | |
| Instruction: | | | | |
| Regular | \$ 7,943,291 | \$ 7,325,141 | \$ 7,002,722 | \$ 6,380,837 |
| Special | 4,033,853 | 2,150,446 | 3,663,462 | 1,971,692 |
| Vocational | 473,569 | 421,243 | 181,043 | 139,083 |
| Adult/ continuing | 8,699 | 8,699 | 7,813 | 7,813 |
| Other | 601,289 | 405,351 | 535,118 | 347,888 |
| Support services: | | | | |
| Pupil | 797,083 | 343,965 | 646,215 | 251,729 |
| Instructional staff | 184,378 | 180,975 | 153,060 | 132,330 |
| Board of education | 36,434 | 36,233 | 33,743 | 33,676 |
| Administration | 2,331,302 | 2,147,296 | 1,600,983 | 1,517,634 |
| Fiscal | 536,774 | 528,931 | 586,774 | 495,661 |
| Business | 60,662 | 60,662 | 48,022 | 48,022 |
| Operations and maintenance | 1,657,150 | 1,219,542 | 1,561,859 | 1,445,878 |
| Pupil transportation | 1,480,401 | 1,308,526 | 1,411,394 | 913,135 |
| Central | 248,010 | 248,010 | 236,164 | 236,164 |
| Operation of non-instructional services: | | | | |
| Other non-instructional | 2,565 | (1,306) | - | - |
| Food service operations | 1,128,625 | 171,262 | 854,134 | (394,222) |
| Extracurricular activities | 851,268 | 286,845 | 870,417 | 324,767 |
| Interest and fiscal charges | 150,371 | 150,371 | 177,357 | 177,357 |
| Total expenses | \$ 22,525,724 | \$ 16,992,192 | \$ 19,570,280 | \$ 14,029,444 |

The dependence upon tax and other general revenues for governmental activities is apparent; as 78.95% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 75.44%. The District’s taxpayers, and unrestricted grants and entitlements from the State, are by far the primary support for District’s students.

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

Governmental Activities - General and Program Revenues



**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

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

The District's Funds

The District's governmental funds (as presented on the balance sheet on page 19) reported a combined fund balance of \$15,845,088, which is more than last year's balance of \$13,113,508. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2023 and 2022.

| | <u>Fund Balance</u> <u>June 30, 2023</u> | <u>Fund Balance</u> <u>June 30, 2022</u> | <u>Change</u> |
|--------------------|---------------------------------------------|---------------------------------------------|---------------------|
| General | \$ 13,342,499 | \$ 10,610,988 | \$ 2,731,511 |
| Other governmental | <u>2,502,589</u> | <u>2,502,520</u> | <u>69</u> |
| Total | <u>\$ 15,845,088</u> | <u>\$ 13,113,508</u> | <u>\$ 2,731,580</u> |

General Fund

The District's general fund balance increased \$2,731,511. The increase in fund balance can be primarily attributed to revenues outpacing expenditures. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

| | <u>2023</u> <u>Amount</u> | <u>2022</u> <u>Amount</u> | <u>Change</u> | <u>Percentage</u> <u>Change</u> |
|-----------------------------------------|------------------------------|------------------------------|---------------------|------------------------------------|
| <u>Revenues</u> | | | | |
| Property taxes | \$ 6,979,054 | \$ 6,032,672 | \$ 946,382 | 15.69 % |
| Income taxes | 3,052,901 | 2,878,169 | 174,732 | 6.07 % |
| Tuition and fees | 396,067 | 240,431 | 155,636 | 64.73 % |
| Earnings on investments | 160,674 | (240,571) | 401,245 | 166.79 % |
| Intergovernmental | 9,446,902 | 9,438,778 | 8,124 | 0.09 % |
| Other revenues | <u>110,934</u> | <u>106,317</u> | <u>4,617</u> | 4.34 % |
| Total | <u>\$ 20,146,532</u> | <u>\$ 18,455,796</u> | <u>\$ 1,690,736</u> | 9.16 % |
| <u>Expenditures</u> | | | | |
| Instruction | \$ 10,774,638 | \$ 10,173,628 | \$ 601,010 | 5.91 % |
| Support services | 6,067,723 | 5,738,198 | 329,525 | 5.74 % |
| Extracurricular activities | 292,712 | 295,859 | (3,147) | (1.06) % |
| Facilities acquisition and construction | 23,084 | - | 23,084 | 100.00 % |
| Debt service | <u>256,864</u> | <u>227,258</u> | <u>29,606</u> | 13.03 % |
| Total | <u>\$ 17,415,021</u> | <u>\$ 16,434,943</u> | <u>\$ 980,078</u> | 5.96 % |

Overall revenues in the general fund increased \$1,690,736 or 9.16%. Property taxes increased due to fluctuations in the advances available at fiscal year-end 2023 and 2022. Income taxes increased as the economy continued to improve from the pandemic. Earnings on investments increased \$401,245 or 166.79% due to increased interest rates on the District's investments. Intergovernmental revenues increased \$8,124 or 0.09% due to increased revenues from the State of Ohio in the form of foundation payments. Other revenues increased \$4,617 or 4.34% due to the District receiving more revenues in the form of refunds and reimbursements. Tuition revenue increased due to more open enrollment in fiscal year 2023.

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

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

Overall expenditures in the general fund increased \$980,078 or 5.96%. Instruction expenditures increased \$601,010 or 5.91% mainly due to increased regular instruction expenditures. Support services expenditures increased \$329,525 or 5.74% mainly due to increased administration expenditures during the year. Extracurricular expenditures decreased due to more extracurricular activities being offered as the pandemic comes to an end. All other expenditures remained comparable to the prior fiscal year.

General Fund Budgeting Highlights

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

For the general fund, final budgeted revenues and other financing sources were \$18,835,700, which was equal to the original budgeted revenues and other financing sources. Actual revenues and other financing sources for fiscal year 2023 were \$19,517,215, which was more than final budgeted revenues by \$681,515.

General fund original appropriations (appropriated expenditures) of \$18,693,473 were less than the final budget expenditures of \$19,152,463. The actual budget basis expenditures for fiscal year 2023 totaled \$17,582,494, which was \$1,569,969 less than the final budget appropriations. This variance was due to regular, operations and maintenance expenditures and pupil transportation expenditures being less than anticipated.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2023, the District had \$25,945,839, net of depreciation, invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, and intangible right to use assets. This entire amount is reported in governmental activities.

The following table shows June 30, 2023 balances compared to June 30, 2022.

**Capital Assets at June 30
(Net of Depreciation)**

| | Governmental Activities | |
|---------------------------|-------------------------|---------------|
| | 2023 | 2022 |
| Land | \$ 421,922 | \$ 421,922 |
| Construction in progress | 167,215 | - |
| Land improvements | 448,025 | 504,176 |
| Building and improvements | 23,761,082 | 24,521,483 |
| Furniture and equipment | 384,079 | 419,331 |
| Vehicles | 723,793 | 777,143 |
| Intangible right to use: | | |
| Leased equipment | 35,703 | 71,406 |
| Computer Software | 4,020 | - |
| Total | \$ 25,945,839 | \$ 26,715,461 |

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

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

The overall decrease in capital assets of \$769,622 is primarily due to depreciation expense of \$1,090,628 being more than capital outlays of \$321,729 in 2023.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2023, the District had \$3,490,000 in general obligation bonds outstanding, \$36,487 in leases outstanding, and \$900,000 in financed purchase note payable. Of this total, \$876,487 is due within one year and \$3,550,000 is due in greater than one year. The following table summarizes the bonds, leases outstanding, and financed purchase note payable.

Outstanding Debt, at Year End

| | Governmental Activities 2023 | Governmental Activities 2022 |
|----------------------------------------|------------------------------------|------------------------------------|
| General obligation and refunding bonds | \$ 3,490,000 | \$ 4,195,000 |
| Financed purchase note payable | 900,000 | 1,026,000 |
| Lease payable | 36,487 | 72,112 |
| Total | \$ 4,426,487 | \$ 5,293,112 |

At June 30, 2023, the District's overall legal voted debt margin was \$28,517,505 with an unvoted debt margin of \$1,727,584.

See Note 9 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

The District relies heavily upon the State Foundation Program and property taxes for its operating funds. HB110, the current state budget, implements what has been referred to as the Fair Schools Funding Plan (FSFP). The FSFP has many significant changes to how foundation revenues are calculated for school districts and how expenses are charged off. State foundation basic aid will be calculated on a base cost methodology with funding paid to the district where a student is enrolled to be educated. HB110 includes three guarantees to ensure districts do not receive fewer funds than they received in FY21. The district remains on these guarantees.

The District continues to thoroughly review of the overall programs of the District. The major program concerns at the present time are the escalating costs of special education; the potential costs of state and federally mandated educational programs; and the ability to maintain current programs at a level that will ensure the District's ability to meet state minimum standards.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Ms. Kellie Breehl, Treasurer, North Fork Local School District, 312 Maple Avenue, Utica, Ohio 43080-0497.

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**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2023

| | Governmental Activities |
|------------------------------------------------|------------------------------------|
| Assets: | |
| Equity in pooled cash and investments | \$ 15,846,823 |
| Receivables: | |
| Property taxes | 7,554,346 |
| Income taxes | 1,103,917 |
| Accrued interest | 41,388 |
| Intergovernmental | 274,507 |
| Prepayments | 9,606 |
| Materials and supplies inventory | 1,159 |
| Inventory held for resale | 1,450 |
| Net OPEB asset | 1,660,953 |
| Capital assets: | |
| Nondepreciable capital assets | 589,137 |
| Depreciable capital assets, net | 25,356,702 |
| Capital assets, net | 25,945,839 |
| Total assets | 52,439,988 |
| Deferred outflows of resources: | |
| Unamortized deferred charges on debt refunding | 247 |
| Pension | 4,625,135 |
| OPEB | 428,740 |
| Total deferred outflows of resources | 5,054,122 |
| Liabilities: | |
| Accounts payable | 195,605 |
| Contracts payable | 167,215 |
| Accrued wages and benefits payable | 1,643,194 |
| Intergovernmental payable | 79,664 |
| Pension and postemployment benefits payable | 281,243 |
| Accrued interest payable | 12,820 |
| Long-term liabilities: | |
| Due within one year | 1,145,431 |
| Due in more than one year: | |
| Net pension liability | 18,302,578 |
| Net OPEB liability | 1,075,962 |
| Other amounts due in more than one year | 4,898,018 |
| Total liabilities | 27,801,730 |
| Deferred inflows of resources: | |
| Property taxes levied for the next fiscal year | 5,769,263 |
| Pension | 1,802,594 |
| OPEB | 2,655,435 |
| Total deferred inflows of resources | 10,227,292 |
| Net position: | |
| Net investment in capital assets | 21,352,384 |
| Restricted for: | |
| Capital projects | 173,070 |
| OPEB | 372,954 |
| Classroom facilities maintenance | 359,460 |
| Debt service | 669,925 |
| State funded programs | 375 |
| Federally funded programs | 402,892 |
| Food service operations | 258,125 |
| Student activities | 297,967 |
| Other purposes | 22,740 |
| Unrestricted (deficit) | (4,444,804) |
| Total net position | \$ 19,465,088 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

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

| | | Program Revenues | | | | Net (Expense) Revenue and Changes in Net Position |
|------------------------------------------|-------------------------------------------|-----------------------------------------------|---------------------------------------------|------------------------------------|----------------------|----------------------------------------------------------------------|
| Expenses | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | | |
| Governmental activities: | | | | | | |
| Instruction: | | | | | | |
| Regular | \$ 7,943,291 | \$ 195,323 | \$ 422,827 | \$ - | \$ (7,325,141) | |
| Special | 4,033,853 | 200,744 | 1,682,663 | - | (2,150,446) | |
| Vocational | 473,569 | - | 52,326 | - | (421,243) | |
| Adult/continuing | 8,699 | - | - | - | (8,699) | |
| Other | 601,289 | - | 195,938 | - | (405,351) | |
| Support services: | | | | | | |
| Pupil | 797,083 | - | 453,118 | - | (343,965) | |
| Instructional staff | 184,378 | - | 3,403 | - | (180,975) | |
| Board of education | 36,434 | 102 | 99 | - | (36,233) | |
| Administration | 2,331,302 | - | 184,006 | - | (2,147,296) | |
| Fiscal | 536,774 | - | 7,843 | - | (528,931) | |
| Business | 60,662 | - | - | - | (60,662) | |
| Operations and maintenance | 1,657,150 | 10,181 | 27,427 | 400,000 | (1,219,542) | |
| Pupil transportation | 1,480,401 | - | 126,875 | 45,000 | (1,308,526) | |
| Central | 248,010 | - | - | - | (248,010) | |
| Operation of non-instructional services: | | | | | | |
| Food service operations | 1,128,625 | 313,478 | 643,885 | - | (171,262) | |
| Other non-instructional services | 2,565 | - | 3,871 | - | 1,306 | |
| Extracurricular activities | 851,268 | 319,797 | 244,626 | - | (286,845) | |
| Interest and fiscal charges | 150,371 | - | - | - | (150,371) | |
| Totals | <u>\$ 22,525,724</u> | <u>\$ 1,039,625</u> | <u>\$ 4,048,907</u> | <u>\$ 445,000</u> | <u>(16,992,192)</u> | |
| General revenues: | | | | | | |
| Property taxes levied for: | | | | | | |
| | | | | | 6,963,518 | |
| | | | | | 727,283 | |
| | | | | | 136,656 | |
| | | | | | 95,694 | |
| Income taxes levied for: | | | | | | |
| | | | | | 3,067,779 | |
| | | | | | 8,532,153 | |
| | | | | | (120,593) | |
| | | | | | 288,815 | |
| | | | | | 39,084 | |
| | | | | | <u>19,730,389</u> | |
| | | | | | 2,738,197 | |
| | | | | | <u>16,726,891</u> | |
| | | | | | <u>\$ 19,465,088</u> | |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023

| | General | Nonmajor Governmental Funds | Total Governmental Funds |
|--------------------------------------------------------------|----------------------|--------------------------------------------|-----------------------------------------|
| Assets: | | | |
| Equity in pooled cash and investments | \$ 11,931,665 | \$ 2,805,825 | \$ 14,737,490 |
| Receivables: | | | |
| Property taxes | 6,555,601 | 998,745 | 7,554,346 |
| Income taxes | 1,103,917 | - | 1,103,917 |
| Accrued interest | 41,388 | - | 41,388 |
| Intergovernmental | 14,113 | 260,394 | 274,507 |
| Prepayments | 9,606 | - | 9,606 |
| Materials and supplies inventory | - | 1,159 | 1,159 |
| Inventory held for resale | - | 1,450 | 1,450 |
| Restricted assets: | | | |
| Equity in pooled cash and investments | 1,109,333 | - | 1,109,333 |
| Total assets | \$ 20,765,623 | \$ 4,067,573 | \$ 24,833,196 |
| Liabilities: | | | |
| Accounts payable | \$ 73,345 | \$ 122,260 | \$ 195,605 |
| Contracts payable | - | 167,215 | 167,215 |
| Accrued wages and benefits payable | 1,483,248 | 159,946 | 1,643,194 |
| Compensated absences payable | 46,854 | 6,853 | 53,707 |
| Intergovernmental payable | 77,624 | 2,040 | 79,664 |
| Pension and postemployment benefits payable | 254,342 | 26,901 | 281,243 |
| Total liabilities | 1,935,413 | 485,215 | 2,420,628 |
| Deferred inflows of resources: | | | |
| Property taxes levied for the next fiscal year | 4,991,633 | 777,630 | 5,769,263 |
| Delinquent property tax revenue not available | 301,601 | 41,745 | 343,346 |
| Income tax revenue not available | 162,609 | - | 162,609 |
| Intergovernmental revenue not available | 14,039 | 260,394 | 274,433 |
| Accrued interest not available | 17,829 | - | 17,829 |
| Total deferred inflows of resources | 5,487,711 | 1,079,769 | 6,567,480 |
| Fund balances: | | | |
| Nonspendable: | | | |
| Materials and supplies inventory | - | 1,159 | 1,159 |
| Prepays | 9,606 | - | 9,606 |
| Restricted: | | | |
| Debt service | 1,109,333 | 651,663 | 1,760,996 |
| Classroom facilities maintenance | - | 354,581 | 354,581 |
| Food service operations | - | 278,838 | 278,838 |
| State funded programs | - | 375 | 375 |
| Federally funded programs | - | 401,458 | 401,458 |
| Extracurricular | - | 297,967 | 297,967 |
| Other purposes | - | 22,740 | 22,740 |
| Committed: | | | |
| Underground storage tanks | 11,000 | - | 11,000 |
| Assigned: | | | |
| Student instruction | 32,136 | - | 32,136 |
| Student and staff support | 249,060 | - | 249,060 |
| Subsequent year's appropriations | 865,839 | - | 865,839 |
| Capital improvements | - | 754,683 | 754,683 |
| Other purposes | 19,900 | - | 19,900 |
| Unassigned (deficit) | 11,045,625 | (260,875) | 10,784,750 |
| Total fund balances | 13,342,499 | 2,502,589 | 15,845,088 |
| Total liabilities, deferred inflows and fund balances | \$ 20,765,623 | \$ 4,067,573 | \$ 24,833,196 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

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

| | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----|--------------|--------------|
| Total governmental fund balances | | \$ | 15,845,088 |
| <i>Amounts reported for governmental activities on the statement of net position are different because:</i> | | | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. | | | 25,945,839 |
| Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds. | | | |
| Property taxes receivable | \$ | 343,346 | |
| Income taxes receivable | | 162,609 | |
| Accrued interest receivable | | 17,829 | |
| Intergovernmental receivable | | 274,433 | |
| Total | | 798,217 | 798,217 |
| Unamortized amounts on refundings are not recognized in the funds. | | | 247 |
| Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds. | | | (12,820) |
| The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds. | | | |
| Deferred outflows - pension | | 4,625,135 | |
| Deferred inflows - pension | | (1,802,594) | |
| Net pension liability | | (18,302,578) | |
| Deferred outflows - OPEB | | 428,740 | |
| Deferred inflows - OPEB | | (2,655,435) | |
| Net OPEB asset | | 1,660,953 | |
| Net OPEB liability | | (1,075,962) | |
| Total | | (17,121,741) | (17,121,741) |
| Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. | | | |
| General obligation bonds | | (3,490,000) | |
| Financed purchase note payable | | (900,000) | |
| Compensated absences | | (1,563,255) | |
| Lease payable | | (36,487) | |
| Total | | (5,989,742) | (5,989,742) |
| Net position of governmental activities | | \$ | 19,465,088 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

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

| | <u>General</u> | <u>Nonmajor Governmental Funds</u> | <u>Total Governmental Funds</u> |
|-------------------------------------------|----------------------|--------------------------------------------|-----------------------------------------|
| Revenues: | | | |
| Property taxes | \$ 6,979,054 | \$ 962,355 | \$ 7,941,409 |
| Income taxes | 3,052,901 | - | 3,052,901 |
| Intergovernmental | 9,446,902 | 3,131,840 | 12,578,742 |
| Investment earnings | 281,267 | - | 281,267 |
| Tuition and fees | 396,067 | - | 396,067 |
| Extracurricular | 42,030 | 258,230 | 300,260 |
| Rental income | 10,181 | - | 10,181 |
| Charges for services | - | 313,478 | 313,478 |
| Contributions and donations | 500 | 5,008 | 5,508 |
| Miscellaneous | 58,223 | 239,717 | 297,940 |
| (Decrease) in fair value of investments | (120,593) | - | (120,593) |
| Total revenues | <u>20,146,532</u> | <u>4,910,628</u> | <u>25,057,160</u> |
| Expenditures: | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 6,924,120 | 443,599 | 7,367,719 |
| Special | 3,096,466 | 949,489 | 4,045,955 |
| Vocational | 365,008 | 4,794 | 369,802 |
| Adult/continuing | 8,699 | - | 8,699 |
| Other | 380,345 | 189,946 | 570,291 |
| Support services: | | | |
| Pupil | 400,283 | 370,571 | 770,854 |
| Instructional staff | 155,977 | 3,650 | 159,627 |
| Board of education | 36,276 | 180 | 36,456 |
| Administration | 1,821,073 | 158,003 | 1,979,076 |
| Fiscal | 561,431 | 20,423 | 581,854 |
| Business | 60,786 | - | 60,786 |
| Operations and maintenance | 1,459,840 | 136,607 | 1,596,447 |
| Pupil transportation | 1,333,431 | 97,701 | 1,431,132 |
| Central | 238,626 | - | 238,626 |
| Operation of non-instructional services: | | | |
| Food service operations | - | 1,070,615 | 1,070,615 |
| Other non-instructional services | - | 2,565 | 2,565 |
| Extracurricular activities | 292,712 | 454,966 | 747,678 |
| Facilities acquisition and construction | 23,084 | 240,577 | 263,661 |
| Debt service: | | | |
| Principal retirement | 161,625 | 705,000 | 866,625 |
| Interest and fiscal charges | 95,239 | 57,400 | 152,639 |
| Total expenditures | <u>17,415,021</u> | <u>4,906,086</u> | <u>22,321,107</u> |
| Net change in fund balances | 2,731,511 | 4,542 | 2,736,053 |
| Fund balances at beginning of year | 10,610,988 | 2,502,520 | 13,113,508 |
| Change in reserve for inventory | - | (4,473) | (4,473) |
| Fund balances at end of year | <u>\$ 13,342,499</u> | <u>\$ 2,502,589</u> | <u>\$ 15,845,088</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

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

| | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|------------------|
| Net change in fund balances - total governmental funds | \$ | 2,736,053 |
| <i>Amounts reported for governmental activities in the statement of activities are different because:</i> | | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. | | |
| Capital asset additions | \$ 321,729 | |
| Current year depreciation/amortization | (1,090,628) | |
| Total | | (768,899) |
| The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to increase net position. | | |
| | | (723) |
| Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed. | | |
| | | (4,473) |
| Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Property taxes | (18,258) | |
| Income taxes | 14,878 | |
| Earnings on investments | 7,548 | |
| Intergovernmental | 203,966 | |
| Total | | 208,134 |
| Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. | | |
| General obligation bonds | 705,000 | |
| Lease payable | 35,625 | |
| Financed purchase note payable | 126,000 | |
| Total | | 866,625 |
| In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities: | | |
| (Increase) in accrued interest payable | 2,366 | |
| Amortization of deferred charges | (98) | |
| Total | | 2,268 |
| Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows. | | |
| Pension | 1,591,806 | |
| OPEB | 53,093 | |
| Total | | 1,644,899 |
| Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities. | | |
| Pension | (1,997,753) | |
| OPEB | 383,529 | |
| Total | | (1,614,224) |
| Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. | | |
| | | (331,463) |
| Change in net position of governmental activities | \$ | 2,738,197 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

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

| | <u>Budgeted Amounts</u> | | | Variance with Final Budget Positive (Negative) |
|--------------------------------------------------------------|-------------------------|----------------------|----------------------|-------------------------------------------------------------------|
| | <u>Original</u> | <u>Final</u> | <u>Actual</u> | |
| Revenues: | | | | |
| Property taxes | \$ 6,010,000 | \$ 6,010,000 | \$ 6,225,831 | \$ 215,831 |
| Income taxes | 2,700,000 | 2,700,000 | 3,036,508 | 336,508 |
| Intergovernmental | 9,624,600 | 9,624,600 | 9,448,630 | (175,970) |
| Investment earnings | 100,000 | 100,000 | 273,246 | 173,246 |
| Tuition and fees | 226,750 | 226,750 | 396,068 | 169,318 |
| Extracurricular | - | - | 39,802 | 39,802 |
| Miscellaneous | 80,000 | 80,000 | 27,534 | (52,466) |
| Total revenues | <u>18,741,350</u> | <u>18,741,350</u> | <u>19,458,300</u> | <u>716,950</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 7,675,937 | 7,936,548 | 6,930,295 | 1,006,253 |
| Special | 2,941,920 | 2,908,660 | 3,024,990 | (116,330) |
| Vocational | 258,499 | 252,052 | 312,887 | (60,835) |
| Adult/continuing | 7,689 | 7,764 | 8,963 | (1,199) |
| Other | 512,381 | 529,487 | 420,178 | 109,309 |
| Support services: | | | | |
| Pupil | 427,044 | 513,333 | 397,809 | 115,524 |
| Instructional staff | 170,972 | 222,038 | 154,093 | 67,945 |
| Board of education | 47,508 | 49,556 | 31,269 | 18,287 |
| Administration | 2,045,927 | 2,028,998 | 1,867,122 | 161,876 |
| Fiscal | 602,712 | 603,452 | 566,114 | 37,338 |
| Business | 84,440 | 83,823 | 60,843 | 22,980 |
| Operations and maintenance | 1,684,243 | 1,712,292 | 1,632,642 | 79,650 |
| Pupil transportation | 1,548,740 | 1,588,872 | 1,389,634 | 199,238 |
| Central | 353,521 | 394,368 | 276,186 | 118,182 |
| Extracurricular activities | 257,706 | 252,100 | 266,410 | (14,310) |
| Facilities acquisition and construction | 486 | - | 23,084 | (23,084) |
| Debt service: | | | | |
| Interest and fiscal charges | 71,097 | 69,120 | 93,975 | (24,855) |
| Total expenditures | <u>18,693,473</u> | <u>19,152,463</u> | <u>17,582,494</u> | <u>1,569,969</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>47,877</u> | <u>(411,113)</u> | <u>1,875,806</u> | <u>2,286,919</u> |
| Other financing sources (uses): | | | | |
| Refund of prior year's expenditures | 65,000 | 65,000 | 47,865 | (17,135) |
| Transfers in | 7,850 | 7,850 | - | (7,850) |
| Sale of capital assets | 21,500 | 21,500 | 11,050 | (10,450) |
| Total other financing sources (uses) | <u>94,350</u> | <u>94,350</u> | <u>58,915</u> | <u>(35,435)</u> |
| Net change in fund balance | 142,227 | (316,763) | 1,934,721 | 2,251,484 |
| Fund balance at beginning of year | 10,802,955 | 10,802,955 | 10,802,955 | - |
| Prior year encumbrances appropriated | 251,963 | 251,963 | 251,963 | - |
| Fund balance at end of year | <u>\$ 11,197,145</u> | <u>\$ 10,738,155</u> | <u>\$ 12,989,639</u> | <u>\$ 2,251,484</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2023

| | <u>Custodial</u> |
|-----------------------------------------------------------------|------------------|
| Assets: | |
| Equity in pooled cash and investments | \$ <u>2,037</u> |
| Net position: | |
| Restricted for individuals, organizations and other governments | \$ <u>2,037</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

| | <u>Custodial</u> |
|------------------------------------------|------------------------|
| Additions: | |
| Earnings on investments | <u>\$ 72</u> |
| Deductions: | |
| Scholarships awarded | <u>1,001</u> |
| Change in net position | (929) |
| Net position at beginning of year | <u>2,966</u> |
| Net position at end of year | <u><u>\$ 2,037</u></u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District was established in 1957 through the consolidation of existing land areas and school districts. The District serves an area of approximately 156 square miles. It is located in Licking and Knox Counties, and includes all of the Villages of Utica and St. Louisville, a portion of the City of Newark, all of McKean, Newton and Washington Townships and portions of Burlington, Eden, and Mary Ann Townships in Licking County. It also includes all of the Village of Martinsburg and parts of Morgan and Clay Townships. It is staffed by 131 certified personnel and 85 noncertified employees who provide services to 1,798 students and other community members. The District currently operates 4 instructional buildings, 1 administrative building, and 1 bus maintenance garage.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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

JOINTLY GOVERNED ORGANIZATIONS

Licking Area Computer Association (LACA)

LACA is the computer service organization or Data Acquisition Site (DAS) used by the District. LACA is an association of public school districts in a geographic area determined by the Ohio Department of Education. The Licking County C-TEC acts as the fiscal agent for the consortium. The purpose of the consortium is to develop and employ a computer system efficiently and effectively for the needs of the member Boards of Education. All districts in the consortium are required to pay fees, charges, and assessments as charged. A board made up of superintendents from all of the participating districts governs LACA. An elected Executive Board consisting of five members of the governing board is the managerial body of the consortium and meets on a monthly basis. The District does not maintain an ongoing financial interest or an ongoing financial responsibility.

Licking County Career and Technology Educational Center (C-TEC)

The C-TEC is a distinct political subdivision of the State of Ohio, which provides vocational education for students. The C-TEC is operated under the direction of a Board consisting of three representatives from the Licking County Educational Service Center, two representatives from Newark City Schools, one representative from the Heath City Schools, and one representative from the Granville Exempted Village Schools elected boards. The C-TEC possesses its own budgeting and taxing authority. Financial information can be obtained from Ben Streby, who serves as the Chief Fiscal Officer, at 150 Price Road, Newark, Ohio 43055.

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

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

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

FIDUCIARY FUNDS

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that have certain characteristics. The District does not have any trust funds. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The District's only custodial fund accounts for student scholarships governed outside of a trust agreement where the donor awards the scholarship.

C. Basis of Presentation and Measurement Focus

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

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

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

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

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

Fiduciary funds present a statement of changes in fiduciary net position which reports additions to and deductions from custodial funds.

D. Basis of Accounting

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

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from income taxes is recognized in the fiscal year in which the income is earned (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 12 and 13 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

See Notes 12 and 13 for deferred inflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities received during the year is reported in the fund financial statements as an expenditure with a like amount reported as intergovernmental revenue.

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

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than custodial funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present the general fund's budgetary statement comparison at the fund and function level of expenditures.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Licking County Budget Commission for rate determination. The Licking County Budget Commissioners waived the requirement for fiscal year 2023.

Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District. The amounts reported in the budgetary statements reflect the amounts from the certificate of amended resources that was in effect at the time the original and final appropriations were passed by the Board of Education.

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, at the fund level for all funds, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at the legal level of control. Any revisions that alter the level of budgetary control must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, all supplemental appropriations were legally enacted.

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

Lapsing of Appropriations:

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not re-appropriated.

F. Cash and Investments

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

During fiscal year 2023, the District invested in nonnegotiable certificates of deposit, negotiable certificates of deposit (negotiable CDs), Federal Home Loan Bank (FHLB) securities, Federal Farm Credit Bank (FFCB) securities, Federal National Mortgage Association (FNMA) securities, Federal Agriculture Mortgage Corporation (FAMC) securities, U.S. Treasury notes, a U.S. government money market mutual fund, and STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The District measures its 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.

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

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

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

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund or the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2023 amounted to \$281,267, which includes \$59,609 assigned from other District funds.

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

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

G. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets on the balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed. At fiscal year end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is nonspendable on the fund financial statements by an amount equal to the carrying value of the asset.

H. Inventory

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

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

I. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The District maintains a capitalization threshold of \$1,200. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

All reported capital assets, except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation/amortization is computed using the straight-line method over the following useful lives:

| <u>Description</u> | <u>Governmental Activities Estimated Lives</u> |
|--------------------------------|--------------------------------------------------------|
| Land improvements | 15 - 20 years |
| Buildings and improvements | 50 years |
| Furniture and equipment | 5 - 20 years |
| Intangible right to use assets | 5 years |
| Vehicles | 8 - 10 years |

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

J. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans from the general fund to cover negative cash balances in other governmental funds are classified as “due to/from other funds”. These amounts are eliminated in the governmental activities column on the statement of net position.

K. Compensated Absences

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

In accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences”, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at June 30, 2023, by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees with at least 10 years of service or employees age 60 or greater were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

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

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Fund Balance

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

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

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

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

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

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

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

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

N. Net Position

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

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

O. Estimates

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

P. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include amounts set-aside as sinking fund requirements in the general fund for repayment of the series 2010 Energy Conservation bonds (See Note 9.C).

Q. Interfund Activity

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

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The District had neither type of transaction for fiscal year 2023.

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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

S. Bond Premium and Discount/Accounting Gain or Loss

Bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds. Bond discounts are presented as a reduction to the face amount of the bonds.

For advance refunding resulting in the defeasance of debt reported on the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. The accounting gain or loss is amortized over the remaining life of the old debt or life of the new debt, whichever is shorter, and is presented as a deferred outflow of resources on the statement of net position on the government-wide financial statements.

T. Pensions/Other Postemployment Benefits (OPEB)

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

U. Fair Value Measurements

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

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

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

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

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

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

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

B. Deficit Fund Balances

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

| <u>Nonmajor funds</u> | <u>Deficit</u> |
|------------------------------|-------------------|
| Student Wellness and Success | \$ 1,917 |
| ESSER | 232,386 |
| School Improvement Stimulus | 1,533 |
| Title I | 18,713 |
| Improving Teacher Quality | <u>6,326</u> |
| Total | <u>\$ 260,875</u> |

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

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

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

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

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Cash on Hand

At fiscal year end, the District had \$2,020 in undeposited cash on hand which is included on the financial statements of the District as part of “equity in pooled cash and investments”.

B. Deposits with Financial Institutions

At June 30, 2023, the carrying amount of all District deposits was \$6,371,723, including \$147,686 in nonnegotiable certificates of deposit. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2023, \$6,377,087 of the District’s bank balance of \$6,382,966, was covered by the FDIC. The remaining balance of \$50,000 was exposed to custodial credit risk.

C. Investments

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

| Measurement/investment type | Measurement Value | Investment Maturities | | | | |
|------------------------------------------|---------------------|-----------------------|---------------------|-------------------|---------------------|------------------------|
| | | 6 months or less | 7 to 12 months | 13 to 18 months | 19 to 24 months | Greater than 24 months |
| <i>Amorized cost:</i> | | | | | | |
| STAR Ohio | \$ 219,656 | \$ 219,656 | \$ - | \$ - | \$ - | \$ - |
| <i>Fair value:</i> | | | | | | |
| Negotiable CDs | 1,519,390 | - | 876,230 | 226,719 | - | 416,441 |
| FAMC | 246,528 | - | - | - | - | 246,528 |
| FHLB | 1,030,592 | - | 126,796 | - | 200,677 | 703,119 |
| FFCB | 1,732,548 | 741,416 | 98,167 | - | 345,101 | 547,864 |
| FNMA | 266,230 | - | - | 119,264 | 146,966 | - |
| U.S. Treasury notes | 4,417,962 | 296,149 | 97,395 | 383,669 | 492,274 | 3,148,475 |
| U.S. Government money market mutual fund | 42,211 | 42,211 | - | - | - | - |
| Totals | <u>\$ 9,475,117</u> | <u>\$ 1,299,432</u> | <u>\$ 1,198,588</u> | <u>\$ 729,652</u> | <u>\$ 1,185,018</u> | <u>\$ 5,062,427</u> |

The weighted average length to maturity is 2.35 years.

The District's investments in U.S. Government money market mutual funds are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in federal agency securities (FAMC, FHLB, FFCB, and FNMA), U.S. Treasury notes, and negotiable CDs are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District’s investment policy limits investment portfolio maturities to five years or less.

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Credit Risk: The federal agency securities and U.S. Treasury notes were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. STAR Ohio and U.S. Government money market mutual fund carry a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The negotiable CDs are fully covered by the FDIC. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

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

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

| <u>Measurement/investment type</u> | <u>Measurement Value</u> | <u>% of Total</u> |
|------------------------------------------|------------------------------|-------------------|
| <i>Amortized cost:</i> | | |
| STAR Ohio | \$ 219,656 | 2.32 |
| <i>Fair value:</i> | | |
| Negotiable CDs | 1,519,390 | 16.04 |
| FAMC | 246,528 | 2.60 |
| FHLB | 1,030,592 | 10.87 |
| FFCB | 1,732,548 | 18.29 |
| FNMA | 266,230 | 2.81 |
| U.S. Treasury notes | 4,417,962 | 46.62 |
| U.S. Government money market mutual fund | <u>42,211</u> | <u>0.45</u> |
| Total | <u>\$ 9,475,117</u> | <u>100.00</u> |

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

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

| | |
|---------------------------------------------------------------|----------------------|
| <u>Cash and investments per note</u> | |
| Carrying amount of deposits | \$ 6,371,723 |
| Investments | 9,475,117 |
| Cash on hand | <u>2,020</u> |
| Total | <u>\$ 15,848,860</u> |
| <u>Cash and investments per statement of net position</u> | |
| Governmental activities | \$ 15,846,823 |
| Custodial fund | <u>2,037</u> |
| Total | <u>\$ 15,848,860</u> |

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 5 - PROPERTY TAXES

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

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

The District receives property taxes from Licking and Knox Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2023, are available to finance fiscal year 2023 operations. The amount available as an advance at June 30, 2023 was \$1,262,367 in the general fund and \$135,117 in the bond retirement fund (a nonmajor governmental fund), \$24,138 in the permanent improvement fund (a nonmajor governmental fund) and \$20,115 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2022 was \$509,144 in the general fund, \$54,707 in the bond retirement fund (a nonmajor governmental fund), \$9,798 in the permanent improvement fund (a nonmajor governmental fund) and \$3,282 in the classroom facilities maintenance fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

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

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

| | 2022 Second Half Collections | | 2023 First Half Collections | |
|---------------------------------------------------|---------------------------------|----------------|--------------------------------|----------------|
| | <u>Amount</u> | <u>Percent</u> | <u>Amount</u> | <u>Percent</u> |
| Agricultural/residential and other real estate | \$ 290,127,802 | 89.41 | \$ 297,368,144 | 88.99 |
| Public utility personal | <u>34,374,630</u> | <u>10.59</u> | <u>36,807,880</u> | <u>11.01</u> |
| Total | <u>\$ 324,502,432</u> | <u>100.00</u> | <u>\$ 334,176,024</u> | <u>100.00</u> |
| Tax rate per \$1,000 of assessed valuation | \$32.00 | | \$32.00 | |

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

NOTE 6 - RECEIVABLES

Receivables at June 30, 2023 consisted of property taxes, income taxes, accrued interest and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net position follows:

Governmental activities:

| | |
|-------------------|---------------------|
| Property taxes | \$ 7,554,346 |
| Income taxes | 1,103,917 |
| Accrued interest | 41,388 |
| Intergovernmental | <u>274,507</u> |
| Total | <u>\$ 8,974,158</u> |

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

NOTE 7 - INCOME TAXES

The District levies a voted income tax of one percent on the income of residents and on estates for general operations of the District. The income tax became effective on January 1, 2008 and was effective for a period of three years, until December 31, 2010. The income tax was renewed January 1, 2011, January 1, 2014, May 1, 2015, May 7, 2019 and again May 4, 2021 and is in effect until December 31, 2028. Employers of residents are required to withhold income tax on employee compensation and then remit that income tax to the State, and taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund and amounted to \$3,052,901 for fiscal year 2023.

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**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8 - CAPITAL ASSETS

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

| | Balance | | | Balance |
|------------------------------------------------------------|----------------------|---------------------|------------------|----------------------|
| | <u>07/01/22</u> | <u>Additions</u> | <u>Disposals</u> | <u>06/30/23</u> |
| Governmental activities: | | | | |
| <i>Capital assets, not being depreciated/amortized:</i> | | | | |
| Land | \$ 421,922 | \$ - | \$ - | \$ 421,922 |
| Construction in progress | - | 167,215 | - | 167,215 |
| Total capital assets, not being depreciated/amortized | <u>421,922</u> | <u>167,215</u> | <u>-</u> | <u>589,137</u> |
| <i>Capital assets, being depreciated/amortized:</i> | | | | |
| Land improvements | 2,703,470 | 8,000 | - | 2,711,470 |
| Buildings and improvements | 38,824,439 | 8,945 | - | 38,833,384 |
| Furniture and equipment | 3,763,725 | 41,319 | (9,189) | 3,795,855 |
| Vehicles | 2,091,311 | 90,264 | - | 2,181,575 |
| Intangible right to use: | | | | |
| Leased equipment | 107,109 | - | - | 107,109 |
| Computer software | - | 5,986 | - | 5,986 |
| Total capital assets, being depreciated/amortized | <u>47,490,054</u> | <u>154,514</u> | <u>(9,189)</u> | <u>47,635,379</u> |
| <i>Less: accumulated depreciation/amortization:</i> | | | | |
| Land improvements | (2,199,294) | (64,151) | - | (2,263,445) |
| Buildings and improvements | (14,302,956) | (769,346) | - | (15,072,302) |
| Furniture and equipment | (3,344,394) | (75,848) | 8,466 | (3,411,776) |
| Vehicles | (1,314,168) | (143,614) | - | (1,457,782) |
| Intangible right to use: | | | | |
| Leased equipment | (35,703) | (35,703) | - | (71,406) |
| Computer software | - | (1,966) | - | (1,966) |
| Total accumulated depreciation/amortization | <u>(21,196,515)</u> | <u>(1,090,628)</u> | <u>8,466</u> | <u>(22,278,677)</u> |
| Total capital assets, being depreciated/ amortized, net | <u>26,293,539</u> | <u>(936,114)</u> | <u>(723)</u> | <u>25,356,702</u> |
| Governmental activities capital assets, net | <u>\$ 26,715,461</u> | <u>\$ (768,899)</u> | <u>\$ (723)</u> | <u>\$ 25,945,839</u> |

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 8 - CAPITAL ASSETS – (Continued)

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

| | |
|-----------------------------------------|---------------------|
| <u>Instruction:</u> | |
| Regular | \$ 582,856 |
| Special | 8,922 |
| Vocational | 39,363 |
| Other | 210 |
| <u>Support services:</u> | |
| Pupil | 9,237 |
| Instructional staff | 25,032 |
| Administration | 34,487 |
| Operations and maintenance | 50,365 |
| Pupil transportation | 143,546 |
| Extracurricular activities | 120,605 |
| Food service operations | <u>76,005</u> |
| Total depreciation/amortization expense | <u>\$ 1,090,628</u> |

NOTE 9 - LONG-TERM OBLIGATIONS

A. The District's governmental activities long-term obligations activity during fiscal year 2023 consisted of the following.

| | <u>Balance 06/30/22</u> | <u>Increase</u> | <u>Decrease</u> | <u>Balance 06/30/23</u> | <u>Amount Due in One Year</u> |
|--------------------------------------------------------|-----------------------------|---------------------|-----------------------|-----------------------------|---------------------------------------|
| <u>General obligation bonds:</u> | | | | | |
| 2017 Series - refunding issue: | | | | | |
| Current interest bonds | 2,915,000 | - | (705,000) | 2,210,000 | 720,000 |
| 2010 Energy conservation bonds | <u>1,280,000</u> | <u>-</u> | <u>-</u> | <u>1,280,000</u> | <u>-</u> |
| Total general obligation bonds | <u>4,195,000</u> | <u>-</u> | <u>(705,000)</u> | <u>3,490,000</u> | <u>720,000</u> |
| Financed purchase note payable | 1,026,000 | - | (126,000) | 900,000 | 120,000 |
| Lease payable | 72,112 | - | (35,625) | 36,487 | 36,487 |
| Net OPEB liability | 1,485,259 | - | (409,297) | 1,075,962 | - |
| Net pension liability | 11,085,275 | 7,217,303 | - | 18,302,578 | - |
| <u>Compensated absences:</u> | | | | | |
| Severance | 1,047,472 | 434,194 | (79,941) | 1,401,725 | 53,707 |
| Vacation leave | <u>253,745</u> | <u>215,237</u> | <u>(253,745)</u> | <u>215,237</u> | <u>215,237</u> |
| Total compensated absences | <u>1,301,217</u> | <u>649,431</u> | <u>(333,686)</u> | <u>1,616,962</u> | <u>268,944</u> |
| Total governmental activities long-term liabilities | <u>\$ 19,164,863</u> | <u>\$ 7,866,734</u> | <u>\$ (1,609,608)</u> | <u>\$ 25,421,989</u> | <u>\$ 1,145,431</u> |

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The net pension liability and net OPEB liability: See Notes 12 and 13 for details.

Compensated absences will be paid from the fund from which the employee is paid. The fund which primarily records this activity is the general fund.

B. General Obligation and Refunding Bonds

2017 Series Refunding Issue - On September 5, 2017, the District issued \$3,735,000 in general obligation refunding bonds (Series 2017 Refunding Bonds) to advance refund \$3,735,000 of the Series 2007 current interest general obligation bonds. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The balance of the refunded 2007 Series bonds was \$2,210,000 at June 30, 2023.

The refunding issue is comprised of current interest bonds, par value \$3,735,000. The interest rates on the current interest serial bonds range from 3.50% to 4.00%. Interest payments of the current interest bonds are due on June 1 and December 1 of each year and are paid from the bond retirement fund. The final maturity date stated on the current interest bonds is December 1, 2025.

The reacquisition price exceeded the net carrying amount of the old debt by \$821. This amount is amortized over the remaining life of the refunded debt, which is equal to the life of the new debt issued and is reported as a deferred outflow of resources on the statement of net position. The refunding was undertaken to reduce total debt service payments by \$324,912 and resulted in an economic gain of \$262,532.

The following is a summary of the future debt service requirements to maturity for the Series 2017 refunding bonds:

| Fiscal Year Ending June 30. | Current Interest Bonds | | |
|--------------------------------|------------------------|------------------|---------------------|
| | Principal | Interest | Total |
| 2024 | 720,000 | 41,440 | 761,440 |
| 2025 | 735,000 | 25,144 | 760,144 |
| 2026 | 755,000 | 8,456 | 763,456 |
| Total | <u>\$ 2,210,000</u> | <u>\$ 75,040</u> | <u>\$ 2,285,040</u> |

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

C. Energy Conservation Bonds - Series 2010

In November 2010, the District issued \$1,280,000 in energy conservation bonds (federally taxable qualified school construction bonds). The proceeds of these bonds were used for building improvements intended to increase the energy efficiency of the District's buildings. These bonds bear an annual interest rate of 5.40%, mature on June 1, 2025 and will be paid from the general fund. The District is required to make mandatory sinking fund deposits (consisting of cash and/or U.S. Treasury obligations) on December 1, in the following years and in the following amounts (in each case equal to the value of any cash deposits, plus the stated principal value at maturity of any U.S. Treasury obligations plus any interest to be paid thereon through and including the maturity date):

| December 1 Calendar Year | Amounts Due |
|--------------------------------|----------------|
| 2024 | 85,333 |
| 2025 | 85,333 |
| Total | \$ 170,666 |

At June 30, 2023, the District has reported restricted cash and restricted fund balance in the amount of \$1,109,333 for sinking fund deposits maintained in the general fund.

The District receives a reimbursement from the United States Treasury equal to 100% of the lesser of the interest payments on the energy conservation bonds or the federal tax credits that would have otherwise been available to the holders of the energy conservation bonds. Although it is the intention of the District to record this reimbursement as federal intergovernmental revenue in the debt service fund, to pay debt service on the bonds, the District is not required to do so under Federal or State law.

The following is a summary of future debt service requirements to maturity for the energy conservation bonds outstanding at June 30, 2023:

| Fiscal Year Ending June 30, | Energy Conservation Bonds | | |
|--------------------------------|---------------------------|------------|--------------|
| | Principal | Interest | Total |
| 2024 | - | 69,120 | 69,120 |
| 2025 | 1,280,000 | 69,120 | 1,349,120 |
| Total | \$ 1,280,000 | \$ 138,240 | \$ 1,418,240 |

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

D. Lease Payable

Leases Payable - The District has entered into a lease agreement for the use of right to use equipment. Due to the implementation of GASB Statement No. 87, the District will report an intangible capital asset and corresponding liability for the future scheduled payments under the lease. The lease payments will be paid from the general fund.

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

| <u>Purpose</u> | <u>Lease Commencement Date</u> | <u>Years</u> | <u>Lease End Date</u> | <u>Payment Method</u> |
|------------------|----------------------------------------|--------------|-------------------------------|---------------------------|
| Copier equipment | 2020 | 4 | 2024 | Monthly |

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

| <u>Fiscal Year</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--------------------|------------------|-----------------|--------------|
| 2024 | 36,487 | 473 | 36,960 |
| Total | \$ 36,487 | \$ 473 | \$ 36,960 |

E. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2023, are a voted debt margin of \$28,517,505 (including available funds of \$651,663), an unvoted debt margin of \$334,176, and an unvoted energy conservation debt margin of \$1,727,584.

F. Financed Purchase Note Payable

During fiscal year 2019, the District entered into a financed purchase agreement for School Busses. The financed purchase matured on August 15, 2022 and carried a 3.231% interest rate.

During fiscal year 2022, the District entered into a financed purchase agreement for improvements to the high school and surrounding facilities. The finance purchase matures on December 1, 2029 and carries a 5.00% interest rate.

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

| Fiscal Year Year Ended | Financed Purchase Note Payable | | |
|---------------------------|--------------------------------|------------------|-------------------|
| | Principal | Interest | Total |
| 2024 | 120,000 | 20,076 | 140,076 |
| 2025 | 123,000 | 17,172 | 140,172 |
| 2026 | 125,000 | 14,208 | 139,208 |
| 2027 | 128,000 | 11,186 | 139,186 |
| 2028 | 131,000 | 8,090 | 139,090 |
| 2029-2030 | 273,000 | 6,560 | 279,560 |
| Total | <u>\$ 900,000</u> | <u>\$ 77,292</u> | <u>\$ 977,292</u> |

NOTE 10 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave to a maximum of 30 days for certified and classified employees, plus one-fourth of accrued personal leave. In addition, employees with 20 years or more service with the District receive payment for all days in excess of 120 days.

B. Insurance Benefits

The District provides life insurance and accidental death and dismemberment insurance to most employees through American United Life Insurance Company. Premiums are paid from the same fund that pays the employee's salaries.

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**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 11 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to employees and natural disasters. During fiscal year 2023, the District purchased insurance through Liberty Mutual Insurance Company for property, fleet insurance, liability insurance, crime and inland marine coverage. Coverages provided are as follows:

| | | |
|-------------------------------------------------|------------------------|--------------|
| Total policy coverage - includes the following: | | |
| Building and Contents (\$1,000 deductible) | | \$55,725,408 |
| Computer Equipment | | 250,000 |
| Extra Expense and Tuition | | 1,000,000 |
| Music Equipment and Band Uniforms | | 100,000 |
| | | |
| Total policy coverage - includes the following: | | |
| Uninsured/underinsured motorist | | \$1,000,000 |
| Medical payments | 5,000/25,000 aggregate | 10,000 |
| Public Employee Dishonesty | | 500,000 |
| General school district liability | | |
| Per occurrence | | 1,000,000 |
| Aggregate | | 3,000,000 |

Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in insurance coverage from the prior year.

B. Employee Health Benefits

The District provides health and prescription insurance through United Health Care, dental insurance through Trust Mark and vision insurance through Vision Service Plan for all eligible employees. Rates are set through an annual calculation process. For fiscal year 2023, the District cost for family medical premium was \$1,341.82 and \$603.53 for single premium. Dental insurance premium was \$50.00 for family and \$40.00 for single coverage. Vision insurance cost the District \$2.21 per premium. Premiums are paid per month, respectively.

C. Workers' Compensation

The District pays the State Workers' Compensation System a premium for employee injury coverage. The premium is calculated by multiplying the monthly total gross payroll by a factor that the State calculates. The District utilizes Sedgwick to process claims and Compmanagement as a third party administrator.

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

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

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

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

The District’s contractually required contribution to SERS was \$404,441 for fiscal year 2023. Of this amount, \$27,310 is reported as pension and postemployment benefits payable.

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

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

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

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

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The District's contractually required contribution to STRS was \$1,187,365 for fiscal year 2023. Of this amount, \$200,840 is reported as pension and postemployment benefits payable.

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

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

Following is information related to the proportionate share and pension expense:

| | <u>SERS</u> | <u>STRS</u> | <u>Total</u> |
|------------------------------------------------------------------|----------------------|----------------------|---------------|
| Proportion of the net pension liability prior measurement date | 0.076164600% | 0.064719910% | |
| Proportion of the net pension liability current measurement date | <u>0.074746000%</u> | <u>0.064145980%</u> | |
| Change in proportionate share | <u>-0.001418600%</u> | <u>-0.000573930%</u> | |
| Proportionate share of the net pension liability | \$ 4,042,845 | \$ 14,259,733 | \$ 18,302,578 |
| Pension expense | \$ 196,910 | \$ 1,800,843 | \$ 1,997,753 |

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

| | <u>SERS</u> | <u>STRS</u> | <u>Total</u> |
|----------------------------------------------------------------------------------------------------------------------|-------------------|---------------------|---------------------|
| Deferred outflows of resources | | | |
| Differences between expected and actual experience | \$ 163,738 | \$ 182,544 | \$ 346,282 |
| Net difference between projected and actual earnings on pension plan investments | - | 496,208 | 496,208 |
| Changes of assumptions | 39,892 | 1,706,462 | 1,746,354 |
| Difference between employer contributions and proportionate share of contributions/ change in proportionate share | 11,485 | 433,000 | 444,485 |
| Contributions subsequent to the measurement date | <u>404,441</u> | <u>1,187,365</u> | <u>1,591,806</u> |
| Total deferred outflows of resources | <u>\$ 619,556</u> | <u>\$ 4,005,579</u> | <u>\$ 4,625,135</u> |

**NORTH FORK LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

| | <u>SERS</u> | <u>STRS</u> | <u>Total</u> |
|----------------------------------------------------------------------------------------------------------------------|-------------------|---------------------|---------------------|
| Deferred inflows of resources | | | |
| Differences between expected and actual experience | \$ 26,541 | \$ 54,547 | \$ 81,088 |
| Net difference between projected and actual earnings on pension plan investments | 141,078 | - | 141,078 |
| Changes of assumptions | - | 1,284,475 | 1,284,475 |
| Difference between employer contributions and proportionate share of contributions/ change in proportionate share | <u>56,570</u> | <u>239,383</u> | <u>295,953</u> |
| Total deferred inflows of resources | <u>\$ 224,189</u> | <u>\$ 1,578,405</u> | <u>\$ 1,802,594</u> |

\$1,591,806 is reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024.

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

| | <u>SERS</u> | <u>STRS</u> | <u>Total</u> |
|-----------------------------|-------------------|---------------------|---------------------|
| Fiscal Year Ending June 30: | | | |
| 2024 | \$ (513) | \$ 99,941 | \$ 99,428 |
| 2025 | (41,475) | 21,304 | (20,171) |
| 2026 | (201,531) | (327,607) | (529,138) |
| 2027 | <u>234,445</u> | <u>1,446,171</u> | <u>1,680,616</u> |
| Total | <u>\$ (9,074)</u> | <u>\$ 1,239,809</u> | <u>\$ 1,230,735</u> |

Actuarial Assumptions - SERS

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

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

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

**NORTH FORK LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

| | 1% Decrease | Current Discount Rate | 1% Increase |
|----------------------------------------------------------------|--------------|--------------------------|--------------|
| District's proportionate share of the net pension liability | \$ 5,950,875 | \$ 4,042,845 | \$ 2,435,356 |

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**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

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

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

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

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

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

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

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

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

| | 1% Decrease | Current Discount Rate | 1% Increase |
|----------------------------------------------------------------|---------------|--------------------------|--------------|
| District's proportionate share of the net pension liability | \$ 21,541,264 | \$ 14,259,733 | \$ 8,101,811 |

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 12 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

**NORTH FORK LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2023, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was \$25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the District's surcharge obligation was \$53,093.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$53,093 for fiscal year 2023. Of this amount, \$53,093 is reported as pension and postemployment benefits payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

**NORTH FORK LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

Following is information related to the proportionate share and OPEB expense:

| | <u>SERS</u> | <u>STRS</u> | <u>Total</u> |
|---------------------------------------------------------------------|----------------------|----------------------|----------------|
| Proportion of the net OPEB liability/asset prior measurement date | 0.078477900% | 0.064719910% | |
| Proportion of the net OPEB liability/asset current measurement date | <u>0.076634900%</u> | <u>0.064145980%</u> | |
| Change in proportionate share | <u>-0.001843000%</u> | <u>-0.000573930%</u> | |
| Proportionate share of the net OPEB liability | \$ 1,075,962 | \$ - | \$ 1,075,962 |
| Proportionate share of the net OPEB asset | \$ - | \$ (1,660,953) | \$ (1,660,953) |
| OPEB expense | \$ (84,313) | \$ (299,216) | \$ (383,529) |

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

| | <u>SERS</u> | <u>STRS</u> | <u>Total</u> |
|------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|
| Deferred outflows of resources | | | |
| Differences between expected and actual experience | \$ 9,045 | \$ 24,079 | \$ 33,124 |
| Net difference between projected and actual earnings on OPEB plan investments | 5,592 | 28,909 | 34,501 |
| Changes of assumptions | 171,147 | 70,750 | 241,897 |
| Difference between employer contributions and proportionate share of contributions/change in proportionate share | 37,832 | 28,293 | 66,125 |
| Contributions subsequent to the measurement date | <u>53,093</u> | <u>-</u> | <u>53,093</u> |
| Total deferred outflows of resources | <u>\$ 276,709</u> | <u>\$ 152,031</u> | <u>\$ 428,740</u> |

**NORTH FORK LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

| | <u>SERS</u> | <u>STRS</u> | <u>Total</u> |
|----------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|
| Deferred inflows of resources | | | |
| Differences between expected and actual experience | \$ 688,261 | \$ 249,443 | \$ 937,704 |
| Changes of assumptions | 441,691 | 1,177,774 | 1,619,465 |
| Difference between employer contributions and proportionate share of contributions/ change in proportionate share | <u>85,453</u> | <u>12,813</u> | <u>98,266</u> |
| Total deferred inflows of resources | <u>\$ 1,215,405</u> | <u>\$ 1,440,030</u> | <u>\$ 2,655,435</u> |

\$53,093 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2024.

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

| | <u>SERS</u> | <u>STRS</u> | <u>Total</u> |
|-----------------------------|---------------------|-----------------------|-----------------------|
| Fiscal Year Ending June 30: | | | |
| 2024 | \$ (227,211) | \$ (380,857) | \$ (608,068) |
| 2025 | (214,770) | (362,373) | (577,143) |
| 2026 | (188,285) | (177,820) | (366,105) |
| 2027 | (128,419) | (73,752) | (202,171) |
| 2028 | (89,245) | (96,726) | (185,971) |
| Thereafter | <u>(143,859)</u> | <u>(196,471)</u> | <u>(340,330)</u> |
| Total | <u>\$ (991,789)</u> | <u>\$ (1,287,999)</u> | <u>\$ (2,279,788)</u> |

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.

**NORTH FORK LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

**NORTH FORK LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

| | 1% Decrease | Current Discount Rate | 1% Increase |
|-------------------------------------------------------------|--------------|--------------------------|--------------|
| District's proportionate share of the net OPEB liability | \$ 1,336,361 | \$ 1,075,962 | \$ 865,749 |
| | 1% Decrease | Current Trend Rate | 1% Increase |
| District's proportionate share of the net OPEB liability | \$ 829,760 | \$ 1,075,962 | \$ 1,397,542 |

Actuarial Assumptions - STRS

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

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

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

**NORTH FORK LOCAL SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

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

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

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

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

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

| | 1% Decrease | Current Discount Rate | 1% Increase |
|---------------------------------------------------------|--------------|--------------------------|--------------|
| District's proportionate share of the net OPEB asset | \$ 1,538,073 | \$ 1,660,953 | \$ 1,768,408 |
| | 1% Decrease | Current Trend Rate | 1% Increase |
| District's proportionate share of the net OPEB asset | \$ 1,722,812 | \$ 1,660,953 | \$ 1,582,871 |

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**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

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

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis);
- (e) Investments are reported at fair value (GAAP basis) rather than cost (budget basis); and,
- (f) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

Net Change in Fund Balance

| | <u>General fund</u> |
|-----------------------------------------|---------------------|
| Budget basis | \$ 1,934,721 |
| Net adjustment for revenue accruals | 666,365 |
| Net adjustment for expenditure accruals | (133,697) |
| Net adjustment for other sources/uses | (58,915) |
| Funds budgeted elsewhere * | (5,289) |
| Adjustment for encumbrances | 328,326 |
| GAAP basis | <u>\$ 2,731,511</u> |

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

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 15 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

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

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. ODE adjustments have been finalized, and there is no material impact to these financial statements.

NOTE 16 - SET-ASIDES

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

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

| | <u>Capital Improvements</u> |
|---------------------------------------------|---------------------------------|
| Set-aside balance June 30, 2022 | |
| Current year set-aside requirement | 347,870 |
| Current year qualifying expenditures | (288,395) |
| Current year offsets | <u>(59,475)</u> |
| Total | <u>\$ -</u> |
| Balance carried forward to fiscal year 2024 | <u>\$ -</u> |
| Set-aside balance June 30, 2023 | <u>\$ -</u> |

A schedule of the restricted assets at June 30, 2023 follows:

| | |
|------------------------------------|---------------------|
| Amount restricted for debt service | <u>\$ 1,109,333</u> |
| Total restricted cash | <u>\$ 1,109,333</u> |

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

NOTE 17 - OTHER COMMITMENTS

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

| <u>Fund</u> | <u>Year-End Encumbrances</u> |
|--------------------|----------------------------------|
| General | \$ 281,458 |
| Other governmental | <u>754,764</u> |
| Total | <u>\$ 1,036,222</u> |

NOTE 18 - COVID-19

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

REQUIRED SUPPLEMENTARY INFORMATION

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|----------------------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|
| District's proportion of the net pension liability | 0.074746000% | 0.076164600% | 0.075340900% | 0.075429000% |
| District's proportionate share of the net pension liability | \$ 4,042,845 | \$ 2,810,253 | \$ 4,983,206 | \$ 4,513,049 |
| District's covered payroll | \$ 2,758,579 | \$ 2,647,714 | \$ 2,647,714 | \$ 2,602,207 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 146.56% | 106.14% | 188.21% | 173.43% |
| Plan fiduciary net position as a percentage of the total pension liability | 75.82% | 82.86% | 68.55% | 70.85% |

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--------------|--------------|--------------|--------------|--------------|--------------|
| 0.073700300% | 0.076732300% | 0.075544400% | 0.073148700% | 0.069254000% | 0.069254000% |
| \$ 4,220,953 | \$ 4,584,585 | \$ 5,529,153 | \$ 4,173,936 | \$ 3,504,906 | \$ 4,118,313 |
| \$ 2,471,126 | \$ 2,481,429 | \$ 2,360,729 | \$ 2,202,155 | \$ 2,012,381 | \$ 2,304,241 |
| 170.81% | 184.76% | 234.21% | 189.54% | 174.17% | 178.73% |
| 71.36% | 69.50% | 62.98% | 69.16% | 71.70% | 65.52% |

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|----------------------------------------------------------------------------------------------------|---------------|--------------|---------------|---------------|
| District's proportion of the net pension liability | 0.064145980% | 0.064719911% | 0.061393020% | 0.061079270% |
| District's proportionate share of the net pension liability | \$ 14,259,733 | \$ 8,275,022 | \$ 14,854,926 | \$ 13,507,314 |
| District's covered payroll | \$ 7,443,393 | \$ 7,417,500 | \$ 7,417,500 | \$ 7,291,936 |
| District's proportionate share of the net pension liability as a percentage of its covered payroll | 191.58% | 111.56% | 200.27% | 185.24% |
| Plan fiduciary net position as a percentage of the total pension liability | 78.88% | 87.78% | 75.48% | 77.40% |

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 0.061123390% | 0.058921350% | 0.060581560% | 0.059812720% | 0.060797570% | 0.060797570% |
| \$ 13,439,661 | \$ 13,996,893 | \$ 20,278,474 | \$ 16,530,486 | \$ 14,788,073 | \$ 17,615,456 |
| \$ 6,970,664 | \$ 6,596,507 | \$ 6,462,343 | \$ 6,240,457 | \$ 6,211,838 | \$ 6,578,838 |
| 192.80% | 212.19% | 313.79% | 264.89% | 238.06% | 267.76% |
| 77.31% | 75.30% | 66.80% | 72.10% | 74.70% | 69.30% |

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|----------------------------------------------------------------------|------------------|------------------|------------------|------------------|
| Contractually required contribution | \$ 404,441 | \$ 386,201 | \$ 368,026 | \$ 370,680 |
| Contributions in relation to the contractually required contribution | <u>(404,441)</u> | <u>(386,201)</u> | <u>(368,026)</u> | <u>(370,680)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ 2,888,864 | \$ 2,758,579 | \$ 2,628,757 | \$ 2,647,714 |
| Contributions as a percentage of covered payroll | 14.00% | 14.00% | 14.00% | 14.00% |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|------------------|------------------|------------------|------------------|------------------|------------------|
| \$ 351,298 | \$ 333,602 | \$ 347,400 | \$ 330,502 | \$ 290,244 | \$ 278,916 |
| <u>(351,298)</u> | <u>(333,602)</u> | <u>(347,400)</u> | <u>(330,502)</u> | <u>(290,244)</u> | <u>(278,916)</u> |
| <u>\$ -</u> |
| \$ 2,602,207 | \$ 2,471,126 | \$ 2,481,429 | \$ 2,360,729 | \$ 2,202,155 | \$ 2,012,381 |
| 13.50% | 13.50% | 14.00% | 14.00% | 13.18% | 13.86% |

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|----------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
| Contractually required contribution | \$ 1,187,365 | \$ 1,042,075 | \$ 1,142,222 | \$ 1,038,450 |
| Contributions in relation to the contractually required contribution | <u>(1,187,365)</u> | <u>(1,042,075)</u> | <u>(1,142,222)</u> | <u>(1,038,450)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ 8,481,179 | \$ 7,443,393 | \$ 8,158,729 | \$ 7,417,500 |
| Contributions as a percentage of covered payroll | 14.00% | 14.00% | 14.00% | 14.00% |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--------------------|------------------|------------------|------------------|------------------|------------------|
| \$ 1,020,871 | \$ 975,893 | \$ 923,511 | \$ 904,728 | \$ 873,664 | \$ 807,539 |
| <u>(1,020,871)</u> | <u>(975,893)</u> | <u>(923,511)</u> | <u>(904,728)</u> | <u>(873,664)</u> | <u>(807,539)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 7,291,936 | \$ 6,970,664 | \$ 6,596,507 | \$ 6,462,343 | \$ 6,240,457 | \$ 6,211,838 |
| 14.00% | 14.00% | 14.00% | 14.00% | 14.00% | 13.00% |

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN FISCAL YEARS

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|-------------------------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|
| District's proportion of the net OPEB liability | 0.076634900% | 0.078477900% | 0.078086900% | 0.077376300% |
| District's proportionate share of the net OPEB liability | \$ 1,075,962 | \$ 1,485,259 | \$ 1,697,084 | \$ 1,945,851 |
| District's covered payroll | \$ 2,758,579 | \$ 2,647,714 | \$ 2,647,714 | \$ 2,602,207 |
| District's proportionate share of the net OPEB liability as a percentage of its covered payroll | 39.00% | 56.10% | 64.10% | 74.78% |
| Plan fiduciary net position as a percentage of the total OPEB liability | 30.34% | 24.08% | 18.17% | 15.57% |

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--------------|--------------|--------------|
| 0.074575200% | 0.077723900% | 0.076430740% |
| \$ 2,068,917 | \$ 2,085,905 | \$ 2,178,559 |
| \$ 2,471,126 | \$ 2,481,429 | \$ 2,360,729 |
| 83.72% | 84.06% | 92.28% |
| 13.57% | 12.46% | 11.49% |

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST SEVEN FISCAL YEARS

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|-------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|
| District's proportion of the net OPEB liability/asset | 0.064145980% | 0.064719911% | 0.061393020% | 0.061079270% |
| District's proportionate share of the net OPEB liability/(asset) | \$ (1,660,953) | \$ (1,364,566) | \$ (1,078,982) | \$ (1,011,619) |
| District's covered payroll | \$ 7,443,393 | \$ 7,417,500 | \$ 7,417,500 | \$ 7,291,936 |
| District's proportionate share of the net OPEB liability/asset as a percentage of its covered payroll | -22.31% | -18.40% | -14.55% | -13.87% |
| Plan fiduciary net position as a percentage of the total OPEB liability/asset | 230.73% | 174.73% | 182.10% | 174.70% |

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

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <u>2019</u> | <u>2018</u> | <u>2017</u> |
|--------------|--------------|--------------|
| 0.061123390% | 0.058921350% | 0.060581560% |
| \$ (982,190) | \$ 2,298,894 | \$ 3,239,918 |
| \$ 6,970,664 | \$ 6,596,507 | \$ 6,462,343 |
| -14.09% | 34.85% | 50.14% |
| 176.00% | 47.10% | 37.30% |

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|----------------------------------------------------------------------|-----------------|-----------------|-----------------|-----------------|
| Contractually required contribution | \$ 53,093 | \$ 51,103 | \$ 50,148 | \$ 49,719 |
| Contributions in relation to the contractually required contribution | <u>(53,093)</u> | <u>(51,103)</u> | <u>(50,148)</u> | <u>(49,719)</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ 2,888,864 | \$ 2,758,579 | \$ 2,628,757 | \$ 2,647,714 |
| Contributions as a percentage of covered payroll | 1.84% | 1.85% | 1.91% | 1.88% |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| \$ 60,597 | \$ 51,784 | \$ 41,706 | \$ 38,137 | \$ 52,542 | \$ 41,396 |
| <u>(60,597)</u> | <u>(51,784)</u> | <u>(41,706)</u> | <u>(38,137)</u> | <u>(52,542)</u> | <u>(41,396)</u> |
| <u>\$ -</u> |
| \$ 2,602,207 | \$ 2,471,126 | \$ 2,481,429 | \$ 2,360,729 | \$ 2,202,155 | \$ 2,012,381 |
| 2.33% | 2.10% | 1.68% | 1.62% | 2.39% | 2.06% |

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

| | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|----------------------------------------------------------------------|--------------|--------------|--------------|--------------|
| Contractually required contribution | \$ - | \$ - | \$ - | \$ - |
| Contributions in relation to the contractually required contribution | - | - | - | - |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered payroll | \$ 8,481,179 | \$ 7,443,393 | \$ 8,158,729 | \$ 7,417,500 |
| Contributions as a percentage of covered payroll | 0.00% | 0.00% | 0.00% | 0.00% |

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

| <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--------------|--------------|--------------|--------------|--------------|--------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 63,904 |
| - | - | - | - | - | (63,904) |
| <u>\$ -</u> |
| \$ 7,291,936 | \$ 6,970,664 | \$ 6,596,507 | \$ 6,462,343 | \$ 6,240,457 | \$ 6,211,838 |
| 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 1.00% |

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms :

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

Changes in assumptions :

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

(Continued)

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

PENSION (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

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

Changes in assumptions :

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms :

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

(Continued)

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

Changes in assumptions :

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

(Continued)

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms :

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

Changes in assumptions :

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

(Continued)

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY, OHIO**

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

OTHER POSTEMPLOYMENT BENEFITS (OPEB) (CONTINUED)

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

Changes in assumptions (continued):

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

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

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

| FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title | Assistance Listing Number | Total Federal Expenditures |
|--------------------------------------------------------------------------------------|------------------------------------------|---------------------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | |
| <i>Passed Through Ohio Department of Education</i> | | |
| <u>Child Nutrition Cluster:</u> | | |
| Cash Assistance | | |
| School Breakfast Program | 10.553 | 259,206 |
| Non-Cash Assistance (Food Distribution) | | |
| National School Lunch Program - Food Donations | 10.555 | 58,536 |
| Cash Assistance | | |
| National School Lunch Program | 10.555 | 592,509 |
| COVID-19 - National School Lunch Program | 10.555 | 66,005 |
| Total National School Lunch Program | | <u>717,050</u> |
| Fresh Fruit and Vegetable Program | 10.582 | <u>18,496</u> |
| Total Child Nutrition Cluster | | <u>994,752</u> |
| COVID-19 - State Pandemic Electronic Benefit Transfer (P-EBT) | | |
| Administrative Costs Grant | 10.649 | <u>815</u> |
| Total U.S. Department of Agriculture | | <u>995,567</u> |
| U.S. DEPARTMENT OF EDUCATION | | |
| <i>Passed Through Ohio Department of Education</i> | | |
| <u>Special Education Cluster:</u> | | |
| Special Education Grants to States (IDEA, Part B) | 84.027A | 395,652 |
| COVID-19 - Special Education Grants to States (IDEA, Part B): ARP | 84.027X | 46,483 |
| Total Special Education_Grants to States | | <u>442,135</u> |
| Total Special Education Cluster | | <u>442,135</u> |
| Title I Grants to Local Educational Agencies | 84.010A | 328,970 |
| Title I Grants to Local Educational Agencies: Improving Basic Programs | 84.010A | 65,376 |
| Title I Grants to Local Educational Agencies: Expanding Opportunities for Each Child | 84.010A | 16,272 |
| Title I Grants to Local Educational Agencies | 84.010A | 410,618 |
| Improving Teacher Quality State Grants | 84.367A | 8,499 |
| Improving Teacher Quality State Grants | 84.367A | 49,681 |
| Improving Teacher Quality State Grants | 84.367A | 58,180 |
| Student Support and Academic Enrichment Program | 84.424A | 23,789 |
| Education Stabilization Fund | | |
| COVID-19 Elementary and Secondary School Emergency Relief (ESSER II) | 84.425D | 164,439 |
| COVID-19 - American Rescue Plan - Elementary and Secondary School | | |
| Emergency Relief (ARP ESSER) Fund | 84.425U | 933,880 |
| Total Education Stabilization Fund | | <u>1,098,319</u> |
| Total U.S. Department of Education | | <u>2,033,041</u> |
| Total Expenditures of Federal Awards | | <u>\$3,028,608</u> |

The accompanying notes are an integral part of this schedule.

**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

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

NOTE A – BASIS OF PRESENTATION & SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimis rate of 10% of modified total direct costs to indirect costs. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - CHILD NUTRITION CLUSTER

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

NOTE D – FOOD DONATION PROGRAM

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

NOTE E - TRANSFERS BETWEEN PROGRAM YEARS

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

| Program Title | AL Number | Amt. Transferred |
|---------------------------------|------------------|-----------------------------|
| ARP ESSER | 84.425U | \$ 869,143.59 |
| ARP ESSER: Homeless Students | 84.425W | \$ 16,500.00 |

OHIO AUDITOR OF STATE KEITH FABER



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

North Fork Local School District
Licking County
312 Maple Avenue
Utica, Ohio 43080

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the North Fork Local School District, Licking County, (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 22, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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



Keith Faber
Auditor of State
Columbus, Ohio

March 22, 2024

OHIO AUDITOR OF STATE KEITH FABER



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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

North Fork Local School District
Licking County
312 Maple Avenue
Utica, Ohio 43080

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited North Fork Local School District's, Licking County, (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 North Fork Local School District's major federal programs for the year ended June 30, 2023. North Fork 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, North Fork Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

March 22, 2024

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**NORTH FORK LOCAL SCHOOL DISTRICT
LICKING COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|-----------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|
| (d)(1)(i) | Type of Financial Statement Opinion | Unmodified |
| (d)(1)(ii) | Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)? | No |
| (d)(1)(ii) | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| (d)(1)(iii) | Was there any reported material noncompliance at the financial statement level (GAGAS)? | No |
| (d)(1)(iv) | Were there any material weaknesses in internal control reported for major federal programs? | 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): | Education Stabilization Fund AL# 84.425 Special Education Cluster |
| (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**

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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**NORTH FORK LOCAL SCHOOL DISTRICT
KNOX COUNTY**

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

| Finding Number | Finding Summary | Status | Additional Information |
|-----------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|-------------------------------|
| 2022-001 | 2 CFR § 3474 – Prevailing Wage Reports – the District failed to obtain and review certified payroll reports, as required, when contracting with vendors using Elementary And Secondary School Emergency Relief (ESSER) funds. | Fully Corrected | |

OHIO AUDITOR OF STATE KEITH FABER



NORTH FORK LOCAL SCHOOL DISTRICT

LICKING COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/28/2024

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

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