OHIO AUDITOR OF STATE
KEITH FABER

STOW-MUNROE FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY
JUNE 30, 2023

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SUMMIT COUNTY
JUNE 30, 2023

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65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

INDEPENDENT AUDITOR'S REPORT

Stow-Munroe Falls City School District
Summit County
4350 Allen Road
Stow, OH 44224

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Stow-Munroe Falls City School District, Summit County, Ohio as of June 30, 2023, and the respective changes in financial position thereof and the budgetary comparison for the General 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 October 31, 2025, 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
Ohio Auditor of State

Tiffany L Ridenbaugh

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

October 31, 2025

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

Financial Highlights

Key financial highlights for 2023 are as follows:

- Net position increased $6,589,411 from 2022.
- Capital assets increased $1,562,956 during fiscal year 2023.
- Outstanding debt increased during fiscal year 2023 from the issuance of $2.5 million in certificates of participation.

Using this Annual Report

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

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Stow-Munroe Falls City School District, the general and permanent improvement funds are the most significant funds.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

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

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

The School District as a Whole

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

Table 1
Net Position

	Governmental Activities		
	2023	Restated 2022	Change
Assets			
Current & Other Assets	$ 63,211,760	$ 63,933,735	$ (721,975)
Net Pension/OPEB Asset	6,138,136	5,177,734	960,402
Capital Assets	24,236,980	22,674,024	1,562,956
Total Assets	93,586,876	91,785,493	1,801,383
Deferred Outflows of Resources			
Deferred Charges	27,603	31,325	(3,722)
Pension & OPEB	17,826,869	19,283,370	(1,456,501)
Total Deferred Outflows of Resources	17,854,472	19,314,695	(1,460,223)
Liabilities			
Current & Other Liabilities	9,896,619	9,940,712	(44,093)
Long-Term Liabilities:			
Due Within One Year	1,875,440	1,547,734	327,706
Due In More Than One Year:			
Pension & OPEB	71,208,066	47,008,802	24,199,264
Other Amounts	14,362,182	13,783,502	578,680
Total Liabilities	97,342,307	72,280,750	25,061,557
Deferred Inflows of Resources			
Property Taxes	35,632,947	40,983,467	(5,350,520)
Pension & OPEB	17,029,640	42,988,928	(25,959,288)
Total Deferred Inflows of Resources	52,662,587	83,972,395	(31,309,808)
Net Position			
Net Investment in Capital Assets	16,041,137	16,146,328	(105,191)
Restricted	5,771,723	2,479,388	3,292,335
Unrestricted	(60,376,406)	(63,778,673)	3,402,267
Total Net Position	$ (38,563,546)	$ (45,152,957)	$ 6,589,411

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

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

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

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

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

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

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

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

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

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

Long-term liabilities increased due to the debt issuance during the fiscal year.

There was a significant change in net pension/OPEB liability/asset for the School District. These fluctuations are due to changes in the actuarial liabilities/assets and related accruals that are passed through to the School District's financial statements All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and net pension liability (NPL)/net OPEB liability (NOL)/net OPEB asset (NOA) and are described in more detail in their respective notes.

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In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2023 and 2022.

Table 2
Changes in Net Position

	Governmental Activities		
	2023	2022	Change
Revenues			
Program Revenues			
Charges for Services	$ 2,989,295	$ 2,138,742	$ 850,553
Operating Grants	4,924,046	11,301,445	(6,377,399)
Total Program Revenues	7,913,341	13,440,187	(5,526,846)
General Revenues			
Property Taxes	52,625,934	39,744,894	12,881,040
Grants & Entitlements	21,257,566	18,546,725	2,710,841
Payments in Lieu of Taxes	415,806	450,781	(34,975)
Other	1,765,474	219,127	1,546,347
Total General Revenues	76,064,780	58,961,527	17,103,253
Total Revenues	83,978,121	72,401,714	11,576,407
Program Expenses			
Instruction:			
Regular	31,490,833	29,304,552	2,186,281
Special	12,003,067	9,459,289	2,543,778
Vocational	2,449,306	2,223,532	225,774
Student Intervention Services	117,472	-	117,472
Other	397,430	203,705	193,725
Support Services:			
Pupils	5,149,725	4,260,980	888,745
Instructional Staff	1,964,213	1,366,525	597,688
Board of Education	525,682	296,796	228,886
Administration	4,784,462	3,972,069	812,393
Fiscal	1,491,535	1,473,536	17,999
Business	464,154	324,322	139,832
Operation and Maintenance of Plant	7,627,608	6,285,501	1,342,107
Pupil Transportation	3,465,305	3,122,079	343,226
Central	1,255,226	1,741,666	(486,440)
Operation of Non-Instructional Services:			
Food Service Operations	1,640,267	2,323,072	(682,805)
Community Services	266,761	283,934	(17,173)
Extracurricular Activities	2,033,433	1,617,049	416,384
Interest and Fiscal Charges	262,231	320,532	(58,301)
Total Expenses	77,388,710	68,579,139	8,809,571
Change in Net Position	6,589,411	3,822,575	2,766,836
Net Position Beginning of Year	(45,152,957)	(48,392,942)	3,239,985
Restatement - See Note 2	-	(582,590)	582,590
Net Position End of Year	$ (38,563,546)	$ (45,152,957)	$ 6,589,411

The increase in charges for services related to food service and correlating decrease in operating grants are primarily due to the COVID-19 pandemic grant funding that offered free breakfast and lunches for all students statewide, which was discontinued at the end of the prior fiscal year. General revenues increased in fiscal year 2023 as property tax revenue increased due to collection for the November 2022 new operations levy that the School District passed. Investment earnings also increased during the fiscal year due to adverse market conditions in the prior year resulting in a loss on investments.

Overall, program expenses increased significantly. The changes in program expenses are primarily associated to changes in the School District's proportionate share of the net pension liability, net OPEB liability/asset and related accruals. As previously indicated, these items are explained in detail within their respective notes.

Governmental Funds

The School District's major funds are accounted for using the modified accrual basis of accounting.

The general fund's fund balance increased during the year due to increase in foundation revenue.

The fund balance of the permanent improvement decreased primarily due to the increase in expenditures for the roof replacement project.

General Fund Budgeting Highlights

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

The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

Original Budget Compared to Final Budget

Final budget revenue increased over the original budget due to a increase in budgeted property taxes. Final budget appropriations remained the same as the original appropriations.

Final Budget Compared to Actual Results

Actual budget basis revenue and other financing sources were lower than the final budget basis revenue and other financing sources, as property taxes and intergovernmental revenue did not meet expectations.

Final expenditure appropriations and other financing uses and the actual expenditures and other financing uses exceeded final appropriations due to an increase in instruction.

Capital Assets and Debt Administration

Capital Assets

In fiscal year 2023, capital assets increased due to additions for a new roof. See Note 7 for more information about the capital assets of the School District.

Debt

Outstanding debt increased in fiscal year 2023 due to debt issuance of certificates of participation and the increase in the net pension liability. See Note 8 for additional details.

Current Financial Related Activities

As the preceding information shows, the School District relies heavily upon State Foundation and property tax monies. The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast. The financial future of the School District is not without its challenges though. These issues stem from issues that are local and at the State level. The local challenges will continue to exist, as the School District must rely heavily on property taxes to fund its operations. State level challenges continue to evolve as the State of Ohio neglects to deal with the unconstitutionality of the State's educational funding system.

The School District is currently facing two challenges. One challenge is the future of the State funding. On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional. The Ohio General Assembly was directed to enact a school-funding mechanism that is to be thorough and efficient. The School District is unable to determine what effect, if any, this decision will have on future funding from the State.

Due to unsettled issues in the school funding, and the COVID-19 pandemic, management is required to plan carefully and prudently to provide the resources to meet student needs over the next several fiscal years.

In conclusion, the School District's system of budgeting and internal controls is well regarded. All of the School District's financial abilities will be needed to meet the challenges of the future.

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: Mr. Patrick Goclano, Treasurer, at Stow-Munroe Falls City School District, 4350 Allen Road, Stow, Ohio 44224.

Stow-Munroe Falls City School District
Summit County, Ohio
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	$ 14,615,169
Accounts Receivable	187,828
Accrued Interest Receivable	25,611
Intergovernmental Receivable	528,477
Property Taxes Receivable	47,792,502
Prepaid Items	62,173
Net OPEB Asset	6,138,136
Non-Depreciable Capital Assets	1,033,659
Depreciable Capital Assets, net	23,203,321
Total Assets	93,586,876
Deferred Outflows of Resources	
Deferred Charges on Refunding	27,603
Pension	16,230,917
OPEB	1,595,952
Total Deferred Outflows of Resources	17,854,472
Liabilities	
Accounts Payable	329,699
Accrued Wages and Benefits	6,698,022
Contracts Payable	282,823
Intergovernmental Payable	1,506,576
Accrued Interest Payable	87,359
Matured Compensated Absences Payable	444,090
Unearned Revenue	548,050
Long-Term Liabilities:	
Due Within One Year	1,875,440
Due In More Than One Year:	
Net Pension Liability	67,322,469
Net OPEB Liability	3,885,597
Other Amounts Due in More Than One Year	14,362,182
Total Liabilities	97,342,307
Deferred Inflows of Resources	
Property Taxes Levied for the Next Year	35,632,947
Pension	7,214,591
OPEB	9,815,049
Total Deferred Inflows of Resources	52,662,587
Net Position	
Net Investment in Capital Assets	16,041,137
Restricted for:	
Capital Outlay	2,616,330
Food Service	969,712
Student Activities	441,458
State Programs	405,965
Other Purposes	1,338,258
Unrestricted	(60,376,406)
Total Net Position	$ (38,563,546)

See accompanying notes to the basic financial statements.

Stow-Munroe Falls City School District
Summit 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, Contributions and Interest	Governmental Activities
Governmental Activities				
Instruction:				
Regular	$ 31,490,833	$ 270,402	$ 914,463	$ (30,305,968)
Special	12,003,067	786,248	942,234	(10,274,585)
Vocational	2,449,306	35,259	-	(2,414,047)
Student Intervention Services	117,472	-	-	(117,472)
Other	397,430	-	-	(397,430)
Support Services:				
Pupils	5,149,725	53,936	551,517	(4,544,272)
Instructional Staff	1,964,213	-	625,215	(1,338,998)
Board of Education	525,682	-	-	(525,682)
Administration	4,784,462	-	367,680	(4,416,782)
Fiscal	1,491,535	-	18,212	(1,473,323)
Business	464,154	-	-	(464,154)
Operation and Maintenance of Plant	7,627,608	-	-	(7,627,608)
Pupil Transportation	3,465,305	-	-	(3,465,305)
Central	1,255,226	577	16,200	(1,238,449)
Operation of Non-Instructional Services:				
Food Service Operations	1,640,267	920,231	1,090,521	370,485
Community Services	266,761	-	369,436	102,675
Extracurricular Activities	2,033,433	922,642	28,568	(1,082,223)
Interest and Fiscal Charges	262,231	-	-	(262,231)
Total	$ 77,388,710	$ 2,989,295	$ 4,924,046	(69,475,369)

General Revenues	
Property Taxes Levied for:	
General Purposes	49,693,135
Capital Outlay	2,932,799
Grants and Entitlements not Restricted to Specific Programs	21,257,566
Payments in Lieu of Taxes	415,806
Investment Earnings	106,900
Miscellaneous	1,658,574
Total General Revenues	76,064,780
Change in Net Position	6,589,411
Net Position Beginning of Year (Restated, See Note 2)	(45,152,957)
Net Position End of Year	$ (38,563,546)

See accompanying notes to the basic financial statements.

Stow-Munroe Falls City School District
Summit County, Ohio
Balance Sheet
Governmental Funds
June 30, 2023

	General	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Investments	$ 6,166,444	$ 5,806,157	$ 2,642,568	$ 14,615,169
Accounts Receivable	122,713	-	65,115	187,828
Accrued Interest Receivable	25,611	-	-	25,611
Interfund Receivable	1,775	-	-	1,775
Intergovernmental Receivable	17,112	-	511,365	528,477
Property Taxes Receivable	45,134,175	2,658,327	-	47,792,502
Prepaid Items	62,173	-	-	62,173
Total Assets	$ 51,530,003	$ 8,464,484	$ 3,219,048	$ 63,213,535
Liabilities				
Accounts Payable	$ 204,852	$ 5,725	$ 119,122	$ 329,699
Accrued Wages and Benefits	6,325,958	-	372,064	6,698,022
Contracts Payable	-	282,823	-	282,823
Intergovernmental Payable	1,429,439	-	77,137	1,506,576
Interfund Payable	-	-	1,775	1,775
Matured Compensated Absences Payable	444,090	-	-	444,090
Unearned Revenue	-	-	548,050	548,050
Total Liabilities	8,404,339	288,548	1,118,148	9,811,035
Deferred Inflows of Resources				
Property Taxes Levied for the Next Year	33,582,421	2,050,526	-	35,632,947
Unavailable - Delinquent Property Estate Tax	444,787	23,729	-	468,516
Unavailable - Intergovernmental Revenue	-	-	399,301	399,301
Unavailable - Accrued Interest	25,611	-	-	25,611
Total Deferred Inflows of Resources	34,052,819	2,074,255	399,301	36,526,375
Fund Balances				
Nonspendable	69,296	-	-	69,296
Restricted	-	5,493,538	1,875,156	7,368,694
Committed	278,344	608,143	203,656	1,090,143
Assigned	1,671,772	-	-	1,671,772
Unassigned	7,053,433	-	(377,213)	6,676,220
Total Fund Balance	9,072,845	6,101,681	1,701,599	16,876,125
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 51,530,003	$ 8,464,484	$ 3,219,048	$ 63,213,535

See accompanying notes to the basic financial statements.

Stow-Munroe Falls City School District
Summit County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2023

Total Governmental Fund Balances		$ 16,876,125
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		24,236,980
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Intergovernmental	$ 399,301	
Delinquent Property Taxes	468,516	
Accrued Interest Receivable	25,611	893,428
Accrued interest payable is not due and payable in the current period and therefore not reported in the funds.		(87,359)
Unamortized loss on refunding represents deferred outflows, which do not use current financial resources and, therefore, are not reported in the funds.		27,603
The net pension liability and net OPEB liability are not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB Asset	6,138,136	
Deferred Outflows - Pension	16,230,917	
Deferred Outflows - OPEB	1,595,952	
Net Pension Liability	(67,322,469)	
Net OPEB Liability	(3,885,597)	
Deferred Inflows - Pension	(7,214,591)	
Deferred Inflows - OPEB	(9,815,049)	(64,272,701)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(2,065,000)	
Unamortized Bond Premium	(537,391)	
Tax Anticipation Note	(4,995,000)	
Financed Purchase	(1,123,567)	
Lease Payable	(424,209)	
Certificates of Participation	(2,500,000)	
Compensated Absences	(4,592,455)	(16,237,622)
Net Position of Governmental Activities		$ (38,563,546)

See accompanying notes to the basic financial statements.

Stow-Munroe Falls City School District
Summit County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2023

	General	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	$ 49,652,937	$ 2,934,540	$ -	$ 52,587,477
Intergovernmental	21,142,889	114,255	4,955,737	26,212,881
Investment Income	67,735	28,869	-	96,604
Tuition and Fees	1,072,999	-	-	1,072,999
Extracurricular Activities	266,352	-	726,862	993,214
Charges for Services	-	-	923,081	923,081
Contributions and Donations	422	-	39,140	39,562
Payments in Lieu of Taxes	415,806	-	-	415,806
Miscellaneous	1,536,919	1,759	107,305	1,645,983
Total Revenues	74,156,059	3,079,423	6,752,125	83,987,607
Expenditures				
Current:				
Instruction:				
Regular	30,348,205	133,741	862,163	31,344,109
Special	11,341,769	-	961,881	12,303,650
Vocational	2,485,207	-	-	2,485,207
Student Intervention Services	117,472	-	-	117,472
Other	223,709	-	-	223,709
Support Services:				
Pupils	4,933,033	-	478,108	5,411,141
Instructional Staff	1,225,842	-	512,809	1,738,651
Board of Education	524,009	-	-	524,009
Administration	4,877,457	-	338,440	5,215,897
Fiscal	1,401,897	35,057	11,926	1,448,880
Business	406,169	-	-	406,169
Operation and Maintenance of Plant	5,652,293	133,836	-	5,786,129
Pupil Transportation	3,833,101	15,719	-	3,848,820
Central	933,015	299,654	-	1,232,669
Operation of Non-Instructional Services:				
Food Service Operations	-	-	1,693,425	1,693,425
Community Services	3,379	-	230,600	233,979
Extracurricular Activities	1,322,346	-	657,915	1,980,261
Capital Outlay	142,315	4,133,516	122,424	4,398,255
Debt Service:				
Principal Retirement	143,241	940,010	-	1,083,251
Interest and Fiscal Charges	8,724	318,541	-	327,265
Total Expenditures	69,923,183	6,010,074	5,869,691	81,802,948
Excess of Revenues Over (Under) Expenditures	4,232,876	(2,930,651)	882,434	2,184,659
Other Financing Sources (Uses)				
Certificates of Participation Issued	-	2,500,000	-	2,500,000
Proceeds from Sale of Capital Assets	12,591	-	-	12,591
Inception of Capital Lease	-	169,941	-	169,941
Transfers In	-	-	132,000	132,000
Transfers Out	(132,000)	-	-	(132,000)
Total Other Financing Sources (Uses)	(119,409)	2,669,941	132,000	2,682,532
Net Change in Fund Balances	4,113,467	(260,710)	1,014,434	4,867,191
Fund Balances Beginning of Year, Restated (See Note 2)	4,959,378	6,362,391	687,165	12,008,934
Fund Balances End of Year	$ 9,072,845	$ 6,101,681	$ 1,701,599	$ 16,876,125

See accompanying notes to the basic financial statements.

Stow-Munroe Falls City School District
Summit 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		$ 4,867,191
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	$ 3,777,735	
Current Year Depreciation	(2,212,660)	1,565,075
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		(2,119)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Intergovernmental	(70,830)	
Property Taxes	38,457	
Accrued Interest	10,296	(22,077)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	225,000	
Tax Anticipation Note	505,000	
Financed Purchase	236,107	
Lease Purchase	117,144	1,083,251
Debt proceeds issued in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues.		
Certificates of Participation	(2,500,000)	
Inception of Lease	(169,941)	(2,669,941)
In the statement of activities, interest is accrued on outstanding bonds, and bond premium and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	660	
Amortization of Premium on Bonds	68,096	
Amortization of Refunding Loss	(3,722)	65,034
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	6,195,286	
OPEB	197,396	6,392,682
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB asest/liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(6,685,772)	
OPEB	1,557,015	(5,128,757)
Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences		439,072
Change in Net Position of Governmental Activities		$ 6,589,411

See accompanying notes to the basic financial statements.

Stow-Munroe Falls City School District
Summit County, Ohio
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2023

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
Revenues				
Property Taxes	$ 43,430,706	$ 46,063,514	$ 41,774,334	$ (4,289,180)
Intergovernmental	21,943,405	23,273,633	21,106,521	(2,167,112)
Investment Income	140,649	149,175	139,677	(9,498)
Tuition and Fees	1,065,138	1,129,707	1,024,515	(105,192)
Extracurricular Activities	191,414	203,018	184,114	(18,904)
Payments in Lieu of Taxes	432,293	458,499	415,806	(42,693)
Miscellaneous	391,079	414,787	736,095	321,308
Total Revenues	67,594,684	71,692,333	65,381,062	(6,311,271)
Expenditures				
Current:				
Instruction:				
Regular	29,272,195	29,272,195	30,983,648	(1,711,453)
Special	10,876,545	10,876,545	11,512,463	(635,918)
Vocational	2,344,157	2,344,157	2,481,212	(137,055)
Student Intervention Services	93,360	93,360	98,818	(5,458)
Other	207,499	207,499	219,631	(12,132)
Support Services:				
Pupils	4,668,771	4,668,771	4,796,697	(127,926)
Instructional Staff	1,225,900	1,225,900	1,297,574	(71,674)
Board of Education	349,246	349,246	588,627	(239,381)
Administration	4,516,798	4,516,798	4,780,971	(264,173)
Fiscal	1,343,419	1,343,419	1,422,219	(78,800)
Business	359,273	359,273	380,279	(21,006)
Operation and Maintenance of Plant	5,458,487	5,458,487	5,777,627	(319,140)
Pupil Transportation	3,624,606	3,624,606	3,836,528	(211,922)
Central	935,607	935,607	990,307	(54,700)
Operation of Non-Instructional Services:				
Community Services	3,192	3,192	3,379	(187)
Extracurricular Activities	1,211,270	1,211,270	1,282,089	(70,819)
Capital Outlay	189,586	189,586	200,672	(11,086)
Debt Service:				
Principal Retirement	81,784	81,784	86,566	(4,782)
Interest and Fiscal Charges	2,249	2,249	2,381	(132)
Total Expenditures	66,763,944	66,763,944	70,741,688	(3,977,744)
Excess of Revenues Over (Under) Expenditures	830,740	4,928,389	(5,360,626)	(10,289,015)
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	12,982	13,769	12,487	(1,282)
Refund of Prior Year Expenditures	396	420	381	(39)
Transfers Out	(124,709)	(124,709)	(132,000)	(7,291)
Total Other Financing Sources (Uses)	(111,331)	(110,520)	(119,132)	(8,612)
Net Change in Fund Balance	719,409	4,817,869	(5,479,758)	(10,297,627)
Fund Balance Beginning of Year	8,873,286	8,873,286	8,873,286	-
Prior Year Encumbrances Appropriated	888,649	888,649	888,649	-
Fund Balance End of Year	$ 10,481,344	$ 14,579,804	$ 4,282,177	$ (10,297,627)

See accompanying notes to the basic financial statements.

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT

The Stow-Munroe Falls City School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District operates under an elected Board of Education consisting of five members and is responsible for providing public education to residents of the School District.

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 School District. For the School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's Governing Board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; or (3) the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. 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 School District has no component units. The basic financial statements of the reporting entity include only those of the School District (the primary government).

Within the School District boundaries is a non-public school, Holy Family School, which is operated through the Cleveland Diocese. Current State legislation provides funding to this non-public school. These monies are received and disbursed on behalf of the non-public school by the Treasurer of the School District, as directed by the non-public school. This activity is reflected in a nonmajor governmental fund for financial reporting purposes.

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

Related Organization

Stow-Munroe Falls Public Library - The Stow-Munroe Falls Public Library (the "Library") is a related organization to the School District. The School District's Board of Education is responsible for appointing all the trustees of the Library; however, the School District's Board of Education cannot influence the Library's operation nor does the Library represent a potential financial benefit or burden to the School District. Although the School District serves as the taxing authority and may issue tax related debt on behalf of the Library, including the determination of the rate and duration, the School District must place the levy on the ballot. The Library may issue debt and determines its own budget.

Jointly Governed Organizations

Northeast Ohio Network for Educational Technology (NEOnet) - NEOnet was established as a jointly governed organization among sixteen school districts and the Summit County Educational Service Center that was formed July 1, 1995. NEOnet was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to improve administrative and instructional functions of member districts. NEOnet has since been restructured and organized as a council of governments (COG) under Ohio Revised Code 3301.075 and Chapter 167. The new COG is called the Metropolitan Regional Service Council. The Council serves several program functions for the nineteen school district members, such as NEOnet information technology center (ITC) functions and as a collaborative purchasing agent. The Council is self supporting and conducts its fiscal services in house with a licensed treasurer.

The Council employs an Executive Director who works cooperatively with a seven-member Board of Directors consisting of four superintendents, the ESC superintendent, one member of the treasurers' committee and one member of the technology committee. The degree of control exercised by any participating school district is limited to its representation on the assembly, which elects the board of directors, who exercises total control over the operation of NEOnet including budgeting, appropriating, contracting and designating management. All revenues are generated from State funding and an annual fee per student to participating districts. The Metropolitan Regional Services Council and NEOnet are located at 700 Graham Road, Cuyahoga Falls, Ohio 44221.

Six District Educational Compact - The Six District Educational Compact is a jointly governed organization to provide for the vocational and special education needs of the students of six participating school districts. The six member board consists of the superintendent from each of the participating school districts. Students may attend any vocational or special education class offered by any of the six districts. If a student elects to attend a class offered by a school district other than the school district in which the student resides, the school district of residence pays an instructional fee to the school district that offered the class. Hudson City School District serves as the fiscal agent for this agreement, collecting and distributing payments. All revenues are generated from charges for services.

Ohio Schools Council Association - The Ohio Schools Council Association (Council) is a jointly governed organization comprised of one hundred and twenty one member districts. The mission of the Council is to identify, plan and provide services to member districts that can be more effectively achieved by cooperative endeavors of member districts than by an individual district operating on its own. Each district supports the Council by paying an annual participation fee. The Council's Board consists of nine superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. Financial information can be obtained by contacting David Cottrell, the Executive Director of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

The School District participates in the Council's prepaid natural gas program which was implemented during fiscal year 2000. This program allows school districts to purchase natural gas at reduced rates, if the school districts will commit to participating in the program for a twelve year period. The participants make monthly payments based upon estimated usage. Annually, these estimated payments are compared to actual usage and any necessary adjustments are made.

The City of Hamilton, a municipal corporation and political subdivision duly organized and existing under the laws of the State of Ohio, issued $89,450,000 in debt to purchase twelve years of natural gas from CMS Energy Corporation for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates its agreement, the district is entitled to recover the amount, if any, of its contributions to the operating fund which are not encumbered for its share of program administrative costs.

Public Entity Risk Pools

Stark County Schools Council of Government Health Benefits Program - The Stark County Schools Council of Government Health Benefits Program (the "Consortium") is a shared risk pool, with participants from all over Ohio and provides medical/surgical, dental, life insurance and dismemberment insurance. The Consortium is governed by an assembly which consists of one representative from each participant (usually the superintendent or designee). The assembly elects officers for two year terms to serve as the Board of Directors. The assembly exercises control over the operation of the Consortium. All Consortium revenues are generated from charges for services. Financial information can be obtained by writing to Stark County Educational Service Center, 6057 Strip Ave. NW, North Canton, Ohio 44720.

Ohio Schools' Council Workers' Compensation Group Rating Program - The Ohio Schools' Council Workers' Compensation Group Rating Program (the "Plan") is an insurance purchasing pool (see Note 9.). The plan is intended to reduce premiums for the participants. The Worker's Compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the School 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 School District's significant accounting policies are described below.

Basis of Presentation and Measurement Focus

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

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government.

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 School District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Certain indirect costs are included in program expense reported for individual functions and activities. 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 School District. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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

Fund Financial Statements - Fund financial statements report detailed information about the School 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.

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources 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.

Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The School District does not have proprietary or fiduciary 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 are the School District’s major governmental funds:

> ***General fund*** - The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.
>
> ***Permanent improvement fund*** - This fund is used to account for all transactions related to the acquiring, constructing, or improving of such permanent improvements as authorized by Chapter 5705 of the Ohio Revised Code

Other governmental funds of the School 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 and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

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.

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Outflows 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, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 10 and 11 for deferred outflows of resources related to the School District's net pension liability and net OPEB liability/asset, respectively. In addition, deferred outflows of resources include a deferred charge on debt refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, 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. For the

School District unavailable revenue includes, but is not limited to, delinquent property taxes, accrued interest and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 10 and 11 for deferred inflows of resources related to the School District's net pension liability and net OPEB liability/asset, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

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

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

Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budget documents within an established timetable. The major documents prepared are the alternative tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. All funds are required to be budgeted and appropriated. The legal level of budgetary control is 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 for the general fund, the School District has elected to present the budgetary statement comparison at the fund and function level of expenditures.

The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the fiscal year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The amounts reported as the original budgeted revenues in the budgetary statements reflect the amounts in the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted revenues in the budgetary statement reflect the amounts in the amended certificate of estimated resources that was in effect at the time the final appropriations were passed by the Board of Education. The amounts reported as the original budgeted expenditures reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted expenditures represent the final appropriation amounts passed by the Board during the fiscal year.

Cash and Investments

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

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

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

Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

Investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as "equity in pooled cash and investments." Investments with an original maturity of more than three months that are not made from the pool are reported as "investments."

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest in the general fund amounted to $67,735, which includes $38,909 assigned from other School District funds.

Inventory

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

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintained a capitalization threshold of $5,000 for its general capital assets during fiscal year 2023. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets, except land and construction in progress, are depreciated/amortized. 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:

Description	Governmental Activities Estimated Lives
Land improvements	15 - 20 years
Buildings and improvements	10 - 40 years
Furniture, fixtures and equipment	5 - 20 years
Vehicles	8 - 15 years

The School District is reporting intangible right to use assets related to leased equipment and building space. 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.

Interfund Balances

Interfund loans that are used to cover negative cash balances or are due to another fund for services provided are classified as "interfund receivables/payables". These amounts are eliminated in the governmental activities columns of the statement of net position.

Compensated Absences

GASB Statement No. 16, "*Accounting for Compensated Absences*", specifies the method used to accrue liabilities for leave benefits. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that is probable that benefits will result in termination (severance) payments. The liability is an estimate based on the School District's past experience of making termination (severance) payments.

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 additional salary related payments.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

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 once incurred, are paid in a timely manner and in full from current financial resources and are reported as obligations of the funds. However, claims and judgments, compensated absences, and special termination benefits 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. Long-term loans are recognized as a liability on the governmental 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.

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.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School 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 School District Board of Education (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted 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 School 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 School 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.

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 School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represent amounts restricted for a special trust fund and other local grants.

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

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 transfers between governmental funds are eliminated for reporting in the government-wide statement of activities.

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.

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. During fiscal year 2023, the School District did not incur any transactions that would be classified as an extraordinary item or special item.

Unamortized Bond Premiums and Deferred Charges on Refunding

Bond premiums 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. A reconciliation between the bonds face value and the amount reported on the statement of net position is presented in Note 8.

For refundings resulting in the defeasance of debt, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as a deferred outflow or inflow of resources on the statement of net position.

Prepaids

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 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 fiscal year in which services are consumed.

Implementation of New Accounting Principles

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

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

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

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

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

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

Restatement of Fund Balance/Net Position

The School District's fiscal year 2022 financial statements were restated to correct errors identified in capital assets and cash. A summary of changes in net position and fund balance for the fiscal year ended June 30, 2022 is as follows:

	Governmental Activities
Net Position, June 30, 2022	$ (44,570,367)
Capital Asset Adjustment	(405,082)
Cash Reconciliation Adjustment	(177,508)
Restated Net Position, July 1, 2023	$ (45,152,957)

	General	Permanent Improvement	Nonmajor Governmental Funds
Fund Balance, June 30, 2022	$ 5,125,048	$ 6,372,391	$ 689,003
Cash Reconciliation Adjustment	(165,670)	(10,000)	(1,838)
Restated Fund Balance, July 1, 2023	$ 4,959,378	$ 6,362,391	$ 687,165

NOTE 3 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

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

3. Written repurchase agreements in the securities listed above provided that the fair 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. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations,

provided that investments in securities described in this division are made only through eligible institutions;

6. The State Treasurer's investment pool (STAR Ohio);

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

8. Certain banker's acceptance for a period not to exceed 180 days and commercial paper notes for a period not to exceed 270 days from the purchase date and in an amount not to exceed 40 percent of the interim monies available for investment at any one time.

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

Cash on Hand - At fiscal year-end, the School District had $1,050 in undeposited cash on hand in various Board-approved change and petty cash accounts which is included as part of "equity in pooled cash and cash equivalents."

Deposits – At fiscal year-end, $2,497,891 of the School District's bank balance of $6,919,442 was exposed to custodial credit risk because this amount was uninsured and uncollateralized. Although the securities were held by the pledging financial institutions' trust department in the School District's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

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

- Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2023, the School District's financial institutions were approved for a reduced collateral rate of 50% through the OPCS.

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

S&P Global Rating	Investment	Measurement Amount	Investment Maturities: 12 Months or Less	12 - 36 Months	More Than 36 Months	Percent of Total
	Net Asset Value (NAV):					
AAAm	STAROhio	$ 4,539,409	$ 4,539,409	$ -	$ -	53.40%
AAAm	Money Market	1,385	1,385	-	-	0.02%
	Fair Value:					
AA+	US Treasury Notes	239,893	-	239,893	-	2.82%
A-1+	US Treasury Bills	538,192	538,192	-	-	6.33%
AA+	Federal Home Loan Mortgage Corp.	402,508	-	402,508	-	4.73%
AA+	Federal Farm Credit Bank	96,861	-	-	96,861	1.14%
AA+	Federal Home Loan Bank	758,963	147,789	465,995	145,179	8.93%
N/A	Negotiable Certificates of Deposit	1,924,113	729,837	1,194,276	-	22.63%
	Totals	$ 8,501,324	$ 5,956,612	$ 2,302,672	$ 242,040	100.00%

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The above table identifies the School District's recurring fair value measurements as of June 30, 2023. The School District's investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data (Level 2 inputs).

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District's policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the School District.

STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2023, is 39 days.

Credit Risk: The School District's investments at June 30, 2023 are rated as shown above by S&P Global Ratings. The School District's policy on Credit Risk allows only for those investments as stated within the Ohio Revised Code.

Concentration of Credit Risk: The School District places no limit on the amount the district may invest in any one issuer.

NOTE 4 - INTERFUND ACTIVITY

Interfund Loans

Interfund loans receivable/payable consisted of $1,775 from the general fund to other nonmajor governmental funds to cover expenditures until expected revenues were received. All interfund loans will be repaid in fiscal year 2024 with monies to be received from reimbursable expenditures incurred during fiscal year 2023. Interfund balances between governmental funds are eliminated on the government-wide statement of net position.

Transfers

During the year, the general fund transferred $75,000 to the building fund and $57,000 to the athletics fund to cover various programs accounted for in accordance with budgetary authorizations. Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

NOTE 5 - PROPERTY TAXES

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

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

The School District receives property taxes from Summit and Portage Counties. The County Fiscal Officer and County Auditor, respectively, periodically advance to the School District their 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 to be advanced can vary based on the date the tax bills are sent.

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

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

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

	2022 Second Half Collections		2023 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	$1,129,203,900	98.47%	$ 1,144,896,060	98.40%
Public Utility Personal Property	17,507,080	1.53%	18,601,400	1.60%
	$ 1,146,710,980	100.00%	$ 1,163,497,460	100.00%
Tax rate per $1,000 assessed valuation	$ 51.49		$ 58.19	

NOTE 6 - RECEIVABLES

Receivables at June 30, 2023, consisted of taxes, accounts, accrued interest, interfund and intergovernmental. 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.

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NOTE 7 - CAPITAL ASSETS

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

	Restated Balance 7/1/2022	Additions	Reductions	Balance 6/30/2023
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 641,017	$ -	$ -	$ 641,017
Construction in Progress	1,094,228	1,836,045	(2,537,631)	392,642
Total Capital Assets, Not Being Depreciated	1,735,245	1,836,045	(2,537,631)	1,033,659
Capital Assets, Being Depreciated/Amortized:				
Land Improvements	3,247,047	-	-	3,247,047
Buildings and Improvements	40,707,184	3,734,350	-	44,441,534
Furniture, Fixtures and Equipment	9,669,334	242,747	(492)	9,911,589
Vehicles	6,320,126	332,283	(507,294)	6,145,115
Intangible Right to Use:				
Buildings	167,110	169,941	-	337,051
Equipment	292,988	-	-	292,988
Total Capital Assets, Being Depreciated/Amortized	60,403,789	4,479,321	(507,786)	64,375,324
Less Accumulated Depreciation/Amortization:				
Land Improvements	(2,273,377)	(179,874)	-	(2,453,251)
Buildings and Improvements	(27,774,912)	(1,088,386)	-	(28,863,298)
Furniture, Fixtures and Equipment	(5,573,606)	(584,686)	86	(6,158,206)
Vehicles	(3,749,943)	(238,219)	505,581	(3,482,581)
Intangible Right to Use:				
Buildings	(34,574)	(62,898)	-	(97,472)
Equipment	(58,598)	(58,597)	-	(117,195)
Total Accumulated Depreciation/Amortization	(39,465,010)	(2,212,660)	505,667	(41,172,003)
Total Capital Assets Being Depreciated/Amortized, Net	20,938,779	2,266,661	(2,119)	23,203,321
Governmental Activities Capital Assets, Net	$ 22,674,024	$ 4,102,706	$(2,539,750)	$ 24,236,980

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

Governmental Activities:		
Instruction:		
Regular	$	499,580
Special		1,464
Vocational		6,064
Support Services:		
Pupil		1,882
Instructional Staff		7,737
Board of Education		1,673
Administration		627
Fiscal		12,338
Business		627
Operation and Maintenance of Plant		1,248,842
Pupil Transportation		282,307
Central		30,949
Other Non-Instructional Services		2,719
Extracurricular Activities		96,194
Food Service Operations		19,657
Total Depreciation/Amortization	$	2,212,660

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NOTE 8 - LONG-TERM OBLIGATIONS

During the fiscal year 2023, the following changes occurred in the governmental activities long-term obligations.

	Outstanding 6/30/2022	Additions	Reductions	Outstanding 6/30/2023	Amounts Due in One Year
Long Term Obligations:					
General Obligation Bonds:					
2020 Refunding, 3.00-4.00%					
Term Bonds	$ 2,290,000	$ -	$ 225,000	$ 2,065,000	$ 230,000
Bond Premium	246,520	-	29,289	217,231	-
Total General Obligation Bonds	2,536,520	-	254,289	2,282,231	230,000
Direct Borrowings					
2017 Buses	86,566	-	86,566	-	-
2020 Buses	132,464	-	65,270	67,194	67,194
Energy Conservation	1,140,644	-	84,271	1,056,373	87,701
	1,359,674	-	236,107	1,123,567	154,895
Direct Placements					
Tax Anticipation Notes	5,500,000	-	505,000	4,995,000	510,000
Tax Anticipation Notes Premium	358,967	-	38,807	320,160	-
Certificates of Participation, Series 2022	-	2,500,000	-	2,500,000	145,000
Total Direct Borrowing/Placements	5,858,967	2,500,000	543,807	7,815,160	655,000
Other Long-Term Obligations:					
Lease Payable	371,412	169,941	117,144	424,209	125,654
Net Pension Liability	41,611,105	25,711,364	-	67,322,469	-
Net OPEB Liability	5,397,697	-	1,512,100	3,885,597	-
Compensated Absences	5,204,663	546,504	1,158,712	4,592,455	709,891
Total Other Long-Term Obligations	52,584,877	26,427,809	2,787,956	76,224,730	835,545
Total Governmental Activities Long-Term Liabilities	$ 62,340,038	$ 28,927,809	$ 3,822,159	$ 87,445,688	$ 1,875,440

Series 2020 Refunding Bonds

On November 10, 2020, the School District issued $2,530,000 in general obligation refunding bonds to currently refund the series 2015 energy conservation bonds. The bonds bear interest rates ranging from 3.00% to 4.00%. These bonds mature December 1, 2030. These bonds are retired from the general fund and the permanent improvement fund.

The net carrying amount of the old debt exceeded the reacquisition price by $37,372. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt.

The following is a summary of future annual debt service requirements for maturity for the general obligation refunding bonds:

Fiscal	2020 General Obligation Refunding Bonds		
Year Ending	Principal	Interest	Total
2024	$ 230,000	$ 63,950	$ 293,950
2025	235,000	56,975	291,975
2026	245,000	49,775	294,775
2027	255,000	42,275	297,275
2028	265,000	34,475	299,475
2029 - 2031	835,000	43,650	878,650
Total	$ 2,065,000	$ 291,100	$ 2,356,100

Financed Purchase Obligations

During fiscal year 2017, the School District entered into a financed purchase with Huntington Bank for 6 new school buses. This obligation had an interest rate of 2.75% and matured on September 1, 2022. This obligation was retired from the general fund and matured in fiscal year 2023.

During fiscal year 2020, the School District entered into a financed purchase with Santander Bank for 4 new school buses. This obligation bears an interest rate of 2.95% and matures on September 15, 2023. This obligation is retired from the permanent improvement fund.

During fiscal year 2018, the School District entered into a financed purchase with Huntington Bank for energy conservation improvements. This obligation bears an interest rate of 4.07% and matures on July 1, 2032. This obligation is retired from the permanent improvement fund.

Certificates of Participation

During fiscal year 2023, the School District entered into a certificate of participation agreement with the Buckeye Leasing Services for the construction of a new athletic field house. As part of the agreement, Board of Education of the Stow-Munroe Falls City School District, as lessor, deposited $2,500,000 with the trustee, the Huntington National Bank. The land is being leased back to the School District as part of this agreement, which is being held as collateral by the lessor. The initial term of the Series 2022 lease ends on June 30, 2023, however the School District has the right to renew the Leases for successive one-year terms, each ending June 30, except the final Lease Term, which ends on December 1, 2034. The lease carries an interest rate of 5 to 5.50 percent. The School District's obligation to pay rent during each renewal period and certification of sufficiency of those appropriations, the lease term will be renewed by the Board for successive renewal periods, each of one year or less, through December 1, 2034, the aggregate of rent is designed to be sufficient in both time and amount to pay when due the principal of and interest on the Series 2022 Certificates. At June 30, 2023, $2,299,985 of the proceeds remain unspent. The Series 2022 Certificates are subject to mandatory sinking fund redemption at a redemption price of 100% of the principal amount to be redeemed, plus accrued interest to the date of redemption, on December 1 in the years and in the respective principal amounts as $245,000 and $255,000 in 2032 and 2033, respectively.

The financed purchase agreements and certificates of participation are considered direct borrowings. Direct borrowings have terms negotiated directly between the School District and the lender and are not offered for public sale. The buses and improvements are collateral for the debt as, in the event of default or

"Nonappropriation of Funds", the Bank shall have all legal and equitable rights to take possession of the buses and improvements. The financed purchase agreements have no significant finance-related terms related to events of default, termination events, or subjective acceleration clauses except to state that there shall be no right under any circumstances to accelerate the maturities of rent payments or otherwise declare any rent not then past due or in default to be immediately due and payable.

The following is a summary of future annual debt service requirements for maturity for the financed purchase obligations:

Fiscal	Financed Purchase Obligations		
Year Ending	Principal	Interest	Total
2024	154,895	44,979	199,874
2025	91,271	39,425	130,696
2026	94,985	35,710	130,695
2027	98,851	31,844	130,695
2028	102,874	27,821	130,695
2029 - 2033	580,691	72,787	653,478
Total	$ 1,123,567	$ 252,566	$ 1,376,133

Fiscal	Certificates of Participation		
Year Ending	Principal	Interest	Total
2024	145,000	123,500	268,500
2025	165,000	115,750	280,750
2026	170,000	106,950	276,950
2027	180,000	97,325	277,325
2028	190,000	87,150	277,150
2029 - 2033	1,125,000	274,469	1,399,469
2034 - 2035	525,000	27,956	552,956
Total	$ 2,500,000	$ 833,100	$ 3,333,100

Leases Payable

The School District has entered into lease agreements for the use of right to use modular building space and copier equipment. Due to the implementation of GASB Statement No. 87, the School District will report an intangible capital asset and corresponding liability for the future scheduled payments under the leases. The lease payments are paid from the General fund, the Permanent Improvement fund, and the ESSER fund (a nonmajor governmental fund). Lease payments have been reclassified and shown as debt service expenditures. The expenditures for these leases will be reflected as function expenditures on a budgetary basis.

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

Purpose of Lease	Commencement Fiscal Year	Years	End Date	Payment Method
Modular builiding space	2021	5	2026	Monthly
Copier equipment	2022	5	2026	Monthly
Modular building space	2023	5	2028	Monthly

The following is a summary of future annual debt service requirements for maturity for the leases payable:

Fiscal	Leases Payable		
Year Ending	Principal	Interest	Total
2024	$ 125,654	$ 11,008	$ 136,662
2025	129,476	7,186	136,662
2026	127,224	3,256	130,480
2027	35,786	766	36,552
2028	6,069	23	6,092
Total	$ 424,209	$ 22,239	$ 446,448

Tax Anticipation Notes

On October 7, 2021, the School District issued $5,500,000 in tax anticipation notes to finance various permanent improvements. The notes are payable only from the receipts of the voted permanent improvement property tax levy. The notes bear interest rates ranging from 2.00% to 3.00% with interest payments due on April 1 and October 1 of each fiscal year until final maturity at October 1, 2031. Debt service payments are made from the permanent improvement fund. At June 30, 2023, $1,404,559 of the note proceeds remain unspent.

The following is a summary of future annual debt service requirements for maturity for the tax anticipation note:

Fiscal	Tax Anticipation Notes		
Year Ending	Principal	Interest	Total
2024	510,000	106,750	616,750
2025	520,000	96,450	616,450
2026	530,000	85,950	615,950
2027	545,000	75,200	620,200
2028	555,000	64,200	619,200
2029 - 2032	2,335,000	130,675	2,465,675
Total	$ 4,995,000	$ 559,225	$ 5,554,225

There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are primarily made from the general fund. For additional information related to the net pension liability and net OPEB liability see Notes 10 and 11. Compensated absences will be paid from the fund from which the employee is paid.

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the School District shall never exceed 9% of the total assessed valuation of the School District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the School 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 School District. The assessed valuation used in determining the School 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 School 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 $102,649,771, an unvoted debt margin of $1,163,497 and an energy conservation debt margin of $10,471,477.

NOTE 9 - RISK MANAGEMENT

Comprehensive

The School District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no settlements paid in excess of insurance in the past three years nor has insurance coverage been significantly reduced from the prior year.

Employee Group Life, Medical, Dental, and Vision Insurance

The School District participates in the Stark County Schools Council of Governments Health Benefits Program ("the Council"), a shared risk pool, to provide employee medical/surgical/dental and vision benefits. The Council is a risk sharing pool created pursuant to State statute for the purpose of carrying out a cooperative program for the provision and administration of health care benefits. The Assembly is the legislative decision-making body of the Council. The Assembly is comprised of the superintendents or executive officers of the members, who have been appointed by the respective governing body of each member.

The intent of the insurance pool is to achieve a reduced, stable and competitive rate for the School District by grouping with other members of the Health Benefits Program. The experience of all participating districts is calculated as one and a common premium rate is applied to all member districts.

Rates are set through an annual calculation process. The School District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating districts. The employees share the cost of the monthly premium with the Board.

Claims are paid for all participants regardless of claims flow. Upon termination, all School District claims would be paid without regard to the School District's account balance. The Stark County Schools Council of Government Board of Directors has the right to return monies to an exiting school district subsequent to the settlement of all expenses and claims.

Workers' Compensation

The School District participates in the Ohio Schools Council Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 1). The intent of the GRP is to achieve the benefits of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The worker's compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its worker's compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings is then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "equity pooling fund". This "equity pooling" arrangement insures that each participant share equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Sheakley Uniservice, Inc. provides administrative, cost control and actuarial services to the GRP.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 11 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the

System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2023, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2023, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was $1,489,865 for fiscal year 2023. Of this amount, $215,095 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. Effective August 1, 2017 – July 1, 2019, any member could retire with reduced benefits who had (1) five years of service credit and age 60; (2) 27 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Effective August 1, 2019 – July 1, 2021, any member may retire with reduced benefits who has (1) five years of service credit and age 60; (2) 28 years of service credit and age 55; or (3) 30 years of service credit regardless of age. Eligibility changes will continue to be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

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

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

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

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

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

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

The School District's contractually required contribution to STRS was $4,705,421 for fiscal year 2023. Of this amount, $799,071 is reported as an intergovernmental payable.

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.2703921%	0.23705471%	
Prior Measurement Date	0.2767757%	0.24557432%	
Change in Proportionate Share	-0.0063836%	-0.00851961%	
Proportionate Share of the Net Pension Liability	$ 14,624,908	$ 52,697,561	$ 67,322,469
Pension Expense	$ 915,941	$ 5,769,831	$ 6,685,772

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

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 592,321	$ 674,596	$ 1,266,917
Net Difference between Projected and Actual Earnings on Pension Plan Investments	-	1,833,760	1,833,760
Changes of Assumptions	144,308	6,306,314	6,450,622
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	61,714	422,618	484,332
School District Contributions Subsequent to the Measurement Date	1,489,865	4,705,421	6,195,286
Total Deferred Outflows of Resources	$ 2,288,208	$ 13,942,709	$ 16,230,917
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 96,009	$ 201,586	$ 297,595
Net Difference between Projected and Actual Earnings on Pension Plan Investments	510,343	-	510,343
Changes of Assumptions	-	4,746,842	4,746,842
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	164,022	1,495,789	1,659,811
Total Deferred Inflows of Resources	$ 770,374	$ 6,444,217	$ 7,214,591

$6,195,286 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$ 38,931	$ (145,295)	$ (106,364)
2025	(130,032)	(553,505)	(683,537)
2026	(729,036)	(1,852,519)	(2,581,555)
2027	848,106	5,344,390	6,192,496
Total	$ 27,969	$ 2,793,071	$ 2,821,040

Actuarial Assumptions - SERS

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

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

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

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

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

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategies	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	100.00 %	

Discount Rate The total pension liability for 2022 was calculated using the discount rate of 7.00 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	$ 21,527,166	$ 14,624,908	$ 8,809,849

Actuarial Assumptions - STRS

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

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

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

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

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

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

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

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	$ 79,606,830	$ 52,697,561	$ 29,940,650

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

NOTE 11 - DEFINED BENEFIT OPEB PLANS

See Note 10 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2023, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2023, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2023, the School District's surcharge obligation was $197,396, which is reported as an intergovernmental payable. The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was equal to its surcharge obligation for fiscal year 2023.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.2767499%	0.23705471%	
Prior Measurement Date	0.2852028%	0.24557432%	
Change in Proportionate Share	-0.0084529%	-0.00851961%	
Proportionate Share of the Net OPEB Liability (Asset)	$ 3,885,597	$ (6,138,136)	
OPEB Expense	$ (394,421)	$ (1,162,594)	$ (1,557,015)

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

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	$ 32,665	$ 88,984	$ 121,649
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	20,195	106,851	127,046
Changes of Assumptions	618,054	261,460	879,514
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	218,110	52,237	270,347
School District Contributions Subsequent to the Measurement Date	197,396	-	197,396
Total Deferred Outflows of Resources	$ 1,086,420	$ 509,532	$ 1,595,952
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	$ 2,485,515	$ 921,835	$ 3,407,350
Changes of Assumptions	1,595,065	4,352,537	5,947,602
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	354,929	105,168	460,097
Total Deferred Inflows of Resources	$ 4,435,509	$ 5,379,540	$ 9,815,049

$197,396 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction/addition to the net OPEB liability/asset in the fiscal year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2024	$ (809,825)	$ (1,425,949)	$ (2,235,774)
2025	(764,967)	(1,404,524)	(2,169,491)
2026	(665,002)	(688,454)	(1,353,456)
2027	(451,315)	(268,957)	(720,272)
2028	(322,138)	(357,486)	(679,624)
Thereafter	(533,238)	(724,638)	(1,257,876)
Total	$ (3,546,485)	$ (4,870,008)	$ (8,416,493)

Actuarial Assumptions - SERS

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

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

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

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

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

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

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	2.00 %	(0.33) %
US Equity	24.75	5.72
Non-US Equity Developed	13.50	6.55
Non-US Equity Emerging	6.75	8.54
Fixed Income/Global Bonds	19.00	1.14
Private Equity	11.00	10.03
Real Estate/Real Assets	16.00	5.41
Multi-Asset Strategies	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	100.00 %	

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

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

Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (6.00 percent decreasing to 3.40 percent) and higher (8.00 percent decreasing to 5.40 percent) than the current rate (7.00 percent decreasing to 4.40 percent).

	1% Decrease	Current Discount Rate	1% Increase
School District 's Proportionate Share of the Net OPEB Liability	$ 4,825,971	$ 3,885,597	$ 3,126,461

	1% Decrease	Current Trend Rate	1% Increase
School District 's Proportionate Share of the Net OPEB Liability	$ 2,996,493	$ 3,885,597	$ 5,046,912

Actuarial Assumptions – STRS

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

	June 30, 2022	June 30, 2021
Projected Salary Increases	Varies by service from 2.50 percent to 8.50 percent	Varies by age from 2.50 percent to 12.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent	3.00 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	5.00 percent initial 4.00 percent ultimate
Medicare	-68.78 percent initial 3.94 percent ultimate	-16.18 percent initial 4.00 percent ultimate
Prescription Drug		
Pre-Medicare	9.00 percent initial 3.94 percent ultimate	6.50 percent initial 4.00 percent ultimate
Medicare	-5.47 percent initial 3.94 percent ultimate	29.98 percent initial 4.00 percent ultimate

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

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

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

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

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

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

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

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

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

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

	1% Decrease	Current Discount Rate	1% Increase
School District 's Proportionate Share of the Net OPEB (Asset)	$ (5,674,545)	$ (6,138,136)	$ (6,535,240)

	1% Decrease	Current Trend Rate	1% Increase
School District 's Proportionate Share of the Net OPEB (Asset)	$ (6,366,740)	$ (6,138,136)	$ (5,849,579)

NOTE 12 – FUND BALANCE

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

	General	Permanent Improvement	Other Governmental Funds	Total
Nonspendable for:				
Prepaids	$ 62,173	$ -	$ -	$ 62,173
Unclaimed Monies	7,123	-	-	7,123
Total Nonspendable	69,296	-	-	69,296
Restricted for:				
Food Service	-	-	996,821	996,821
State Funded Programs	-	-	373,870	373,870
Extracurricular Activities	-	-	441,458	441,458
Local Grants	-	-	52,581	52,581
Other Purposes	-	-	10,426	10,426
Capital Outlay	-	5,493,538	-	5,493,538
Total Restricted	-	5,493,538	1,875,156	7,368,694
Committed for:				
Severance	278,344	-	-	278,344
Capital Outlay	-	-	203,656	203,656
Capital Improvements	-	608,143	-	608,143
Total Committed	278,344	608,143	203,656	1,090,143
Assigned for:				
Instruction	271,582	-	-	271,582
Support Services	470,781	-	-	470,781
Capital Outlay	58,388	-	-	58,388
Public School Support	108,085	-	-	108,085
Other Purposes	762,936	-	-	762,936
Total Assigned	1,671,772	-	-	1,671,772
Unassigned	7,053,433	-	(377,213)	6,676,220
Total Fund Balance	$ 9,072,845	$ 6,101,681	$ 1,701,599	$ 16,876,125

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

	Deficit
Non-Major Governmental Funds	
ESSER	$ 153,836
Title VI-B	144,744
Title I	78,633
Total	$ 377,213

Deficits in these non-major special revenue funds are due to adjustments for accrued liabilities. The general fund is liable for any deficits in these funds and provides transfers when cash is required, rather than when accruals occur.

NOTE 13 - 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:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).

2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

3. Encumbrances are treated as expenditures (budget) rather than as an assignment or commitment of fund balance (GAAP).

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

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

Net Change in Fund Balance

GAAP Basis	$	4,113,467
Net Adjustment for Revenue Accruals		(7,954,689)
Net Adjustment for Expenditure Accruals		170,212
Funds Budgeted Elsewhere **		(805,103)
Adjustment for Encumbrances		(1,003,645)
Budget Basis	$	(5,479,758)

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

NOTE 14 - CONTINGENCIES

Grants

The School 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 general fund or other applicable funds; however, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the School District at June 30, 2023.

School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (DEW) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, DEW adjustments for fiscal year 2023 are finalized.

Litigation

The School District is a party to legal proceedings. Management of the School District is of the opinion that the outcome of any such legal proceeding will not have a material adverse effect, if any, on the financial condition of the School District.

NOTE 15 - SET-ASIDES

The School 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 fiscal 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 fiscal 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.

	Capital Improvement Reserve
Set Aside Restricted Balance June 30, 2022	$ -
Current Year Set-Aside Requirement	1,086,511
Current Year Qualifying Expenditures	(2,552,620)
Total	$ (1,466,109)
Balance Carried Forward to Fiscal Year 2024	$ -
Set Aside Balance June 30, 2023	$ -

NOTE 16 - OTHER COMMITMENTS

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at fiscal year end may be reported as part of restricted, committed or assigned classifications of fund balance. At fiscal year end, the School District's commitments for encumbrances in the governmental funds consisted of $821,715 in the general fund $750 in the permanent improvement fund and $795,010 in the nonmajor governmental funds.

Required Supplementary Information

Stow-Munroe Falls City School District
Summit County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years

	2023	2022	2021	2020
School Employees Retirement System (SERS)				
School District's Proportion of the Net Pension Liability	0.27039210%	0.27677570%	0.26976900%	0.26698470%
School District's Proportionate Share of the Net Pension Liability	$ 14,624,908	$ 10,212,221	$ 17,843,090	$ 15,974,163
School District's Covered Payroll	$ 10,921,371	$ 9,623,986	$ 9,542,757	$ 9,214,267
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	133.91%	106.11%	186.98%	173.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.82%	82.86%	68.55%	70.85%
State Teachers Retirement System (STRS)				
School District's Proportion of the Net Pension Liability	0.23705471%	0.24557432%	0.24235087%	0.24064021%
School District's Proportionate Share of the Net Pension Liability	$ 52,697,561	$ 31,398,884	$ 58,540,287	$ 53,216,136
School District's Covered Payroll	$ 30,610,414	$ 30,481,807	$ 29,646,107	$ 28,304,293
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	172.16%	103.01%	197.80%	188.01%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	78.90%	87.78%	75.48%	77.40%

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

See accompanying notes to the required supplementary information.

2019	2018	2017	2016	2015	2014
0.25392850%	0.29126430%	0.26656490%	0.26848000%	0.27675100%	0.27675100%
$ 14,542,956	$ 17,402,399	$ 19,510,091	$ 15,319,729	$ 14,006,211	$ 16,457,494
$ 8,045,800	$ 9,558,143	$ 8,359,921	$ 8,082,640	$ 8,039,921	$ 8,015,145
180.75%	182.07%	233.38%	189.54%	174.21%	205.33%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%
0.23354717%	0.24731980%	0.24077678%	0.23713628%	0.23200257%	0.23200257%
$ 51,351,779	$ 58,751,349	$ 80,595,246	$ 65,537,532	$ 56,431,054	$ 67,220,303
$ 26,701,086	$ 27,330,150	$ 25,429,314	$ 24,741,200	$ 23,704,254	$ 22,812,646
192.32%	214.97%	316.94%	264.89%	238.06%	294.66%
77.31%	75.30%	66.80%	72.10%	74.70%	69.30%

See accompanying notes to the required supplementary information.

Stow-Munroe Falls City School District
Summit County, Ohio
Required Supplementary Information
Schedule of School District Contributions - Pension
Last Ten Fiscal Years

	2023	2022	2021	2020
School Employees Retirement System (SERS)				
Contractually Required Contribution	$ 1,489,865	$ 1,528,992	$ 1,347,358	$ 1,335,986
Contributions in Relation to the Contractually Required Contribution	(1,489,865)	(1,528,992)	(1,347,358)	(1,335,986)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School District's Covered Payroll	$ 10,641,893	$ 10,921,371	$ 9,623,986	$ 9,542,757
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
State Teachers Retirement System (STRS)				
Contractually Required Contribution	$ 4,705,421	$ 4,285,458	$ 4,267,453	$ 4,150,455
Contributions in Relation to the Contractually Required Contribution	(4,705,421)	(4,285,458)	(4,267,453)	(4,150,455)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School District's Covered Payroll	$ 33,610,150	$ 30,610,414	$ 30,481,807	$ 29,646,107
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

2019		2018		2017		2016		2015		2014	
$	1,243,926	$	1,086,183	$	1,338,140	$	1,170,389	$	1,065,292	$	1,114,333
	(1,243,926)		(1,086,183)		(1,338,140)		(1,170,389)		(1,065,292)		(1,114,333)
$	-	$	-	$	-	$	-	$	-	$	-
$	9,214,267	$	8,045,800	$	9,558,143	$	8,359,921	$	8,082,640	$	8,039,921
	13.50%		13.50%		14.00%		14.00%		13.18%		13.86%
$	3,962,601	$	3,738,152	$	3,826,221	$	3,560,104	$	3,463,768	$	3,081,553
	(3,962,601)		(3,738,152)		(3,826,221)		(3,560,104)		(3,463,768)		(3,081,553)
$	-	$	-	$	-	$	-	$	-	$	-
$	28,304,293	$	26,701,086	$	27,330,150	$	25,429,314	$	24,741,200	$	23,704,254
	14.00%		14.00%		14.00%		14.00%		14.00%		13.00%

See accompanying notes to the required supplementary information.

Stow-Munroe Falls City School District
Summit County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
Last Seven Fiscal Years (1)

	2023	2022	2021
School Employees Retirement System (SERS)			
School District's Proportion of the Net OPEB Liability	0.27674990%	0.28520280%	0.28040210%
School District's Proportionate Share of the Net OPEB Liability	$ 3,885,597	$ 5,397,697	$ 6,094,055
School District's Covered Payroll	$ 10,921,371	$ 9,623,986	$ 9,542,757
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	35.58%	56.09%	63.86%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.34%	24.08%	18.17%
State Teachers Retirement System (STRS)			
School District's Proportion of the Net OPEB Liability (Asset)	0.23705471%	0.24557432%	0.24235087%
School District's Proportionate Share of the Net OPEB Liability (Asset)	$ (6,138,136)	$ (5,177,734)	$ (4,259,315)
School District's Covered Payroll	$ 30,610,414	$ 30,481,807	$ 29,646,107
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	20.05%	16.99%	14.37%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	230.73%	174.73%	182.10%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

2020	2019	2018	2017
0.27340270%	0.25822110%	0.29325740%	0.26940328%
$ 6,875,503	$ 7,163,751	$ 7,870,258	$ 7,678,990
$ 9,214,267	$ 8,045,800	$ 9,558,143	$ 8,359,921
74.62%	89.04%	82.34%	91.85%
15.57%	13.57%	12.46%	11.49%
0.24064021%	0.23354717%	0.24731980%	0.24077678%
$ (3,985,579)	$ (3,752,864)	$ 9,649,506	$ 12,876,805
$ 28,304,293	$ 26,701,086	$ 27,330,150	$ 25,429,314
14.08%	14.06%	35.31%	50.64%
174.70%	176.00%	47.10%	37.30%

See accompanying notes to the required supplementary information.

Stow-Munroe Falls City School District
Summit County, Ohio
Required Supplementary Information
Schedule of School District Contributions - OPEB
Last Ten Fiscal Years

	2023	2022	2021	2020
School Employees Retirement System (SERS)				
Contractually Required Contribution (1)	$ 197,396	$ 182,122	$ 182,344	$ 182,328
Contributions in Relation to the Contractually Required Contribution	$ (197,396)	$ (182,122)	$ (182,344)	$ (182,328)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School District's Covered Payroll	$ 10,641,893	$ 10,921,371	$ 9,623,986	$ 9,542,757
OPEB Contributions as a Percentage of Covered Payroll (1)	1.85%	1.67%	1.89%	1.91%
State Teachers Retirement System (STRS)				
Contractually Required Contribution	$ -	$ -	$ -	$ -
Contributions in Relation to the Contractually Required Contribution	-	-	-	-
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
School District's Covered Payroll	$ 33,610,150	$ 30,610,414	$ 30,481,807	$ 29,646,107
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

See accompanying notes to the required supplementary information.

	2019	2018	2017	2016	2015	2014
	$ 211,991	$ 182,444	$ 149,154	$ 133,183	$ 203,950	$ 146,928
	$ (211,991)	$ (182,444)	$ (149,154)	$ (133,183)	$ (203,950)	$ (146,928)
	$ -	$ -	$ -	$ -	$ -	$ -
	$ 9,214,267	$ 8,045,800	$ 9,558,143	$ 8,359,921	$ 8,082,640	$ 8,039,921
	2.30%	2.27%	1.56%	1.59%	2.52%	1.83%
	$ -	$ -	$ -	$ -	$ -	$ 237,043
	-	-	-	-	-	(237,043)
	$ -	$ -	$ -	$ -	$ -	$ -
	$ 28,304,293	$ 26,701,086	$ 27,330,150	$ 25,429,314	$ 24,741,200	$ 23,704,254
	0.00%	0.00%	0.00%	0.00%	0.00%	1.00%

See accompanying notes to the required supplementary information.

NOTE 1 - NET PENSION LIABILITY

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

Changes in Assumptions - SERS

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

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

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

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

Changes in Benefit Terms - SERS

For fiscal year 2023, cost-of-living adjustments were increased from 2.00 percent to 2.50 percent.

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

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

Changes in Assumptions – STRS

For fiscal year 2023, the Retirement Board approved several changes to the actuarial assumptions. The salary increases were where changed from 12.50 percent at age 20 to 2.50 percent at age 65 to varying by service from 2.50 percent to 8.50 percent. The healthy and disabled mortality assumptions were updated to the Pub-2010 mortality tables with generational improvement scale MP-2020.

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

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

Changes in Benefit Terms - STRS

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

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions – SERS

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

Municipal Bond Index Rate:

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

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

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

Pre-Medicare Trend Assumption

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

Medicare Trend Assumption

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

Changes in Benefit Terms - SERS

There have been no changes to the benefit provisions.

Changes in Assumptions – STRS

For fiscal year 2023, the healthy and disabled mortality assumptions were updated to the RPub-2010 mortality tables with generational improvement scale MP-2020. Rates of retirement, termination and disability were modified to better reflect anticipated future experience.

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

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

For fiscal year 2022, the discount rate was adjusted to 7.00 percent from 7.45 percent for the June 30, 2021 valuation.

For fiscal year 2021, valuation year per capita health care costs were updated. Health care cost trend rates ranged from -5.23 percent to 9.62 percent initially for fiscal year 2020 and changed for fiscal year 2021 to a range of -6.69 percent to 11.87 percent, initially.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent. Valuation year per capita health care costs were updated. Health care cost trend rates ranged from 6.00 percent to 11 percent initially and a 4.50 percent ultimate rate for fiscal year 2018 and changed for fiscal year 2019 to a range of -5.23 percent to 9.62 percent, initially and a 4.00 ultimate rate.

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

Changes in Benefit Terms – STRS

For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.100 percent. 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 current year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

For fiscal year 2021, there were no changes to the claims costs process. Claim curves were updated to reflect the projected fiscal year 2021 premium based on June 30, 2020 enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984 percent to 2.055 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1 percent for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.

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

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

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

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STOW-MUNROE FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Ohio Department of Education & Workforce				
Child Nutrition Cluster				
School Breakfast Program	10.553	44834-3L60-2023	$ 96,589	$ -
COVID-19 National School Lunch Program	10.555	44834-3L70-2023	135,895	-
National School Lunch Program	10.555	44834-3L70-2023	598,923	121,949
Total Child Nutrition Cluster			831,407	121,949
Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs	10.649	44834-3HF0-2023	3,135	-
Total U.S. Department of Agriculture			834,542	121,949
U.S. DEPARTMENT OF EDUCATION				
Passed Through Ohio Department of Education & Workforce				
Special Education Cluster:				
Special Education - Grants to States	84.027A	44834-3M20-2022	138,556	-
Special Education - Grants to States	84.027A	44834-3M20-2023	1,196,461	-
Special Education Preschool Grants	84.173A	44834-3M20-2023	2,175	-
Total Special Education Cluster			1,337,192	-
Title I-A				
Improving Basic Programs	84.010A	44834-3M00-2022	132,413	-
Improving Basic Programs	84.010A	44834-3M00-2023	347,064	-
Total Title I-A			479,477	-
Title II-A				
Supporting Effective Instruction	84.367A	44834-3Y60-2022	22,904	-
Supporting Effective Instruction	84.367A	44834-3Y60-2023	102,286	-
Total Title II-A			125,190	-
Title III				
Language Instruction for English Learners	84.365A	44834-3Y30-2022	5,748	-
Language Instruction for English Learners	84.365A	44834-3Y30-2023	14,688	-
Total Title III			20,436	-
Title IV-A				
Student Support and Academic Enrichment	84.424A	44834-3H10-2022	600	-
Student Support and Academic Enrichment	84.424A	44834-3H10-2023	14,431	-
Total Title IV-A			15,031	-
Elementary and Secondary School Emergency Relief (ESSER)				
COVID-19 Elementary and Secondary School Emergency Relief Fund (ESSER)	84.425D	44834-3HS0-2023	2,424	-
COVID-19 Elementary and Secondary School Emergency Relief (ESSER II)	84.425D	44834-3HS0-2023	29,095	-
COVID-19 Elementary and Secondary School Emergency Relief (ESSER III)	84.425U	44834-3HS0-2023	384,703	-
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	44834-3HS0-2023	890,307	-
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	44834-3HS0-2023	110,431	-
Total Elementary and Secondary School Emergency Relief (ESSER)			1,416,960	-
Total U.S. Department of Education			3,394,286	-
Total Expenditures of Federal Awards			$ 4,228,828	$ 121,949

STOW-MUNROE FALLS CITY SCHOOL DISTRICT
SUMMIT COUNTY

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

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with Ohio Department of Education and Workforce (DEW) consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2023 to 2024 programs:

Program Title	AL Number	Amount Transferred
Title I Grants to Local Educational Agencies	84.010	$ 133,926
Title IIA Supporting Effective Instruction	84.367A	$ 7,130
Title IV-A Student Support and Academic Enrichment	84.424A	$ 2,510
IDEA B- Special Education	84.027A	$ 11,172
ESCE- Expanding Opportunities for Each Child Non-Competitive Grant	84.010A	$ 54,649
ARP ESSER- American Rescue Plan Elementary and Secondary School Emergency Relief	84.425U	$ 95,723
ARP Homeless	84.425W	$ 14,321

OHIO AUDITOR OF STATE
KEITH FABER

65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

Stow-Munroe Falls City School District
Summit County
4350 Allen Road
Stow, OH 44224

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Stow-Munroe Falls City School District, Summit County, Ohio (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 31, 2025.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control that we consider to be a material weakness and a significant deficiency.

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. We consider the deficiencies described in the accompanying schedule of findings as item 2023-001 to be a material weakness.

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. We consider the deficiencies described in the accompanying schedule of findings as item 2023-002 to be a significant deficiency.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings as items 2023-001 and 2023-002.

District's Response to Findings

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

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
Ohio Auditor of State

Tiffany L Ridenbaugh

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

October 31, 2025

65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

Stow-Munroe Falls City School District
Summit County
4350 Allen Road
Stow, OH 44224

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Stow-Munroe Falls City School District’s, Summit County (the District), compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Stow-Munroe Falls City School District’s major federal programs for the year ended June 30, 2023. Stow-Munroe Falls City 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, Stow-Munroe Falls City 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.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with Uniform Guidance and which is described in the accompanying schedule of findings as item 2023-003. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance**.** We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2023-003 to be a material weakness.

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

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

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

KEITH FABER
Ohio Auditor of State

Tiffany L Ridenbaugh

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

October 31, 2025

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

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

1. Bank Reconciliation Process

FINDING NUMBER – 2023-001

Material Weakness

Sound accounting practices require that when designing the District's system of internal control and the specific control activities, management should ensure adequate security of assets and records, and verify the existence and valuation of assets and liabilities and periodically reconcile them to the accounting records.

The reconciliation of cash (bank) balances to accounting system records (book) is the most basic and primary control process performed. Lack of completing an accurate and timely reconciliation may allow for accounting errors, theft and fraud to occur without timely detection.

The Treasurer is responsible for reconciling the book (fund) balance to the total bank balance on a monthly basis, and the Board of Education is responsible for reviewing the reconciliations and related support.

Although Bank to Book reconciliations were prepared for each month of fiscal year 2023, the bank reconciliation process was not reviewed and completed in a timely manner, resulting in significant delays in compiling the District's annual report and filing in the Hinkle System for review under audit. Failure to reconcile monthly increases the possibility that the District will not be able to identify, assemble, analyze, classify, and record its transactions correctly or to document compliance with finance related legal and contractual requirements. Further, the lack of timely, accurate monthly reconciliations increases the risk of theft/fraud over the cash cycle and could lead to inaccurate reporting in the annual financial statements.

The Treasurer should record all transactions and prepare timely monthly bank to book cash reconciliations. Variances and reconciling items should be investigated, documented and corrected. In addition, the Board of Education should review the monthly cash reconciliations including the related support (such as reconciling items) and document the reviews.

The District should evaluate and enhance the processes and procedures for the preparation and review of the monthly bank reconciliation process to help ensure the bank to book reconciliation is completed timely and accurately.

Official's Response: Refer to Corrective Action Plan

2. Ohio Rev. Code § 5705.41(B) - Expenditures Exceeding Appropriations

FINDING NUMBER – 2023-002

Noncompliance and Significant Deficiency

Ohio Rev. Code § 5705.41(B) prohibits a subdivision or taxing authority unit from making any expenditure of money unless it has been appropriated in accordance with the Ohio Revised Code.

Due to inadequate policies and procedures in approving and reviewing budget versus actual information, the District's General Fund and District Managed Activity Fund had expenditures in excess of appropriations totaling $3,910,727 and $105,220, respectively, as of June 30, 2023.

Failure to have adequate appropriations in place at the time expenditures are made could cause expenditures to exceed available resources, further resulting in deficit spending practices.

The Board of Education should closely monitor expenditures and appropriations and make the necessary appropriation amendments, if possible, to reduce the likelihood of expenditures exceeding appropriations. Additionally, the Treasurer should deny payment requests exceeding appropriations when appropriations are inadequate to cover the expenditures.

Official's Response: Refer to Corrective Action Plan

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

CFR § 200.404 Reasonable Costs

Finding Number:	**2023-003**
Assistance Listing Number and Title:	**AL # 84.425 Education Stabilization Fund – Elementary and Secondary Education**
Federal Award Identification Number / Year:	**2023**
Federal Agency:	**U.S. Department of Education**
Compliance Requirement:	**2 CFR § 200.404**
Pass-Through Entity:	**Ohio Department of Education & Workforce**
Repeat Finding from Prior Audit?	**No**

Noncompliance and Material Weakness

2 CFR § 200.404 states that a cost is reasonable if it does not exceed an amount that a prudent person would incur under the circumstances prevailing when the decision was made to incur the cost.

In determining the reasonableness of a given cost, consideration must be given to the following:

(a) Whether the cost is generally recognized as ordinary and necessary for the recipient's or subrecipient's operation or the proper and efficient performance of the Federal award;

(b) The restraints or requirements imposed by such factors as sound business practices; arm's-length bargaining; Federal, State, local, tribal, and other laws and regulations; and terms and conditions of the Federal award;

(c) Market prices for comparable costs for the geographic area;
(d) Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the recipient or subrecipient, its employees, its students or membership (if applicable), the public at large, and the Federal Government; and
(e) Whether the cost represents a deviation from the recipient's or subrecipient's established written policies and procedures for incurring costs.

The District used Federal American Rescue Plan Elementary and Secondary School Emergency Relief (ESSER) grant funding in the amount of $8,648 for airfare for three employees to attend a three-day professional development conference in Rwanda, Africa. Because there were options for professional development conferences with similar content that did not require overseas travel, this expenditure does not meet the prudent person test and the cost of the airfare is deemed excessive in relation to the guidelines above.

Furthermore, the use of Federal funding for unallowable expenditure such as this indicates a lack of effective controls over compliance with Federal Allowable Cost/Cost Principle requirements.

District management should review all grant award documents in order to execute policies and procedures which help ensure compliance with grant requirements including reasonableness of all expenditures.

Official's Response: Refer to Corrective Action Plan

DISTRICT OFFICE
4350 Allen Rd., Stow, Ohio 44224
330-688-5445
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Finding Number	Finding Summary	Status	Additional Information
2022-001 Initially reported as 2020-003	Ohio Rev. Code §5705.41(B) – Expenditures Exceeding Appropriations	Not Corrected	Finding repeated as 2023-001
2022-002 Initially reported as 2020-005	Ohio Rev. Code §5705.40 – Supplementing Appropriations	Fully Corrected	
2022-003 Initially reported as 2021-003	Ohio Revised Code §5705.10 – Negative Fund Balances	Fully Corrected	
2022-004 Initial year reported	Ohio Administrative Code 117-2-02(C)(1) – Appropriations in accounting system did not agree to appropriations approved by legislation	Not Corrected	Repeated in the Management Letter
2022-005 Initial year reported	Ohio Revised Code §5705.36 (A)(4) Appropriations in excess of actual resources	Fully corrected	
2022-006 Initial year reported	Various material financial statement misclassifications	Not Corrected	Repeated in the Management Letter
2022-007 Initial year reported	2 CFR §3474.1 Questioned cost for unsupported Special Education (IDEA, Part B) expenditure adjustment	Fully Corrected	
2022-008 Initial year reported	2 CFR §200.510(b) Schedule of Expenditures of Federal Awards errors	Not corrected	Repeated in the Management Letter

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STOW-MUNROE FALLS
CITY SCHOOLS
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Finding Number:	2023-001
Planned Corrective Action:	The treasurer will start to board approve the bank reconciliation as part of his board report.
Anticipated Completion Date:	12/31/2025
Responsible Contact Person:	Patrick Goclano, Treasurer

Finding Number:	2023-002
Planned Corrective Action:	Appropriations are updated at the end of the year, and moving forward, any adjustments needed will be made throughout the school year, not just at the end of the fiscal year.
Anticipated Completion Date:	11/7/2025
Responsible Contact Person:	Patrick Goclano, Treasurer

Finding Number:	2023-003
Planned Corrective Action:	Grants are looked at for compliance and ensures proper spending and documentation.
Anticipated Completion Date:	11/7/2025
Responsible Contact Person:	Patrick Goclano, Treasurer

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OHIO AUDITOR OF STATE
KEITH FABER

STOW-MUNROE FALLS CITY SCHOOL DISTRICT

SUMMIT 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 12/2/2025

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