

**PARMA CITY SCHOOL DISTRICT
CUYAHOGA COUNTY, OHIO**

SINGLE AUDIT

**FOR THE YEAR ENDED
JUNE 30, 2022**



Rea & associates

www.reacpa.com

OHIO AUDITOR OF STATE
KEITH FABER



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Board of Education
Parma City School District
5311 Longwood Avenue
Parma, Ohio 44134

We have reviewed the *Independent Auditor's Report* of the Parma City School District, Cuyahoga County, prepared by Rea & Associates, Inc., for the audit period July 1, 2021 through June 30, 2022. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

March 27, 2023

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Cuyahoga County, Ohio
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Cuyahoga County, Ohio
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Independent Auditor's Report

To the Board of Education
Parma City School District
Cuyahoga County, Ohio
5311 Longwood Avenue
Parma, OH 44134

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Parma City School District, Cuyahoga County, Ohio, (the "School District"), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2022, and the respective changes in financial position and, where applicable cash flows thereof and the budgetary comparison for the general fund for the year then ended in accordance with 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of a Matter

As described in Note 3, the School District restated the net position to account for an overstatement of capital assets as a result of a valuation calculation being completed by an outside company, as well as an overstatement of intergovernmental receivables due to an error in the previous year in estimating the change in the eligibility requirements of certain School District grants. Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's Discussion and Analysis, and pension and other post-employment benefit schedules*, as listed in the table of contents, 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 GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The *Schedule of Expenditures of Federal Awards*, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and are 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 GAAS. 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 February 28, 2023 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Rea & Associates, Inc.

Rea & Associates, Inc.
Mentor, Ohio
February 28, 2023

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Parma City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

The discussion and analysis of Parma City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2022 are as follows:

- Total net position of governmental activities increased by \$39,851,569 and total net position of business-type activities increased by \$2,005,073 compared to fiscal year 2021. The changes in governmental and business-type activities were the result of changes in the net pension liability and the net OPEB liability resulting from changes in assumptions and benefit terms, as well as due to an increase in cash from an increase of property tax assessed valuations from the County.
- During the fiscal year, the School District had an outside valuation company recalculate its capital assets. As a result, it was determined that capital assets had been overstated entity-wide by \$23,315,690 at July 1, 2021. Additionally, the School District modified its approach related to the eligibility requirements of certain School District grants, which ultimately had no effect on fund balance since the overstatement of intergovernmental receivable and overstatement of deferred inflows of unavailable revenue net to one another.

Using this Annual Financial Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Parma City School District as an entire operating entity. The statements begin at a summary level and expand to detailed financial activities.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the entire School District, presenting both an aggregate view of the School District's current finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements present 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 governmental funds with all other nonmajor funds presented in total in one column. In the case of Parma City School District, the general fund and the permanent improvement capital projects fund are the most significant funds.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as an entity looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2022?" The statement of net position and the statement of activities answer this question. These statements include all assets and deferred outflows of resources and all liabilities and deferred inflows of resources (except fiduciary funds) 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.

Parma City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

These two statements report the School District's net position and changes in that 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. Changes to our net position are a direct result of property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, mandated educational programs, State funding, student enrollment, and general inflation.

In the statement of net position and the statement of activities, the School District is divided into two major activities:

- **Governmental Activities** – Most of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, general administration, and self-insurance.
- **Business-Type Activities** – These services are provided on a fee basis to recover all of the expenses of the goods or services provided. The School District's business-type activities are food service, adult continuing education and extended daycare/preschool.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 11. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for its financial transactions; however, these fund financial statements concentrate on the School District's most significant funds. The School District's major governmental funds are the general fund and the permanent improvement capital projects fund.

Governmental Funds Most of the School District's activities are reported in governmental funds, which accounts for flow of money into and out of those funds and the year-end balances available for spending in future years. These funds are reported using 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 the reader determine the amount of 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.

Proprietary Funds The Parma City School District maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The School District uses enterprise funds to account for its food service operations, adult continuing education operations and extended daycare/preschool operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District maintains such a fund for its self-insurance program of health related employee benefits. Because this predominantly benefits governmental rather than business functions, it has been included within governmental activities in the government-wide financial statements.

Fiduciary Funds Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the School District's own programs. These funds use the accrual basis of accounting.

Parma City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

The School District as a Whole

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 fiscal year 2022 compared to fiscal year 2021:

Table 1
Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	Restated 2021	2022	Restated 2021	2022	Restated 2021
Assets						
Current and Other Assets	\$182,582,444	\$158,580,901	\$4,700,022	\$3,498,595	\$187,282,466	\$162,079,496
Net OPEB Asset	11,442,425	9,454,482	115,580	17,998	11,558,005	9,472,480
Capital Assets, Net of Depreciation	25,207,425	26,546,011	747,058	820,830	25,954,483	27,366,841
Total Assets	219,232,294	194,581,394	5,562,660	4,337,423	224,794,954	198,918,817
Deferred Outflows of Resources						
Pension	35,284,894	28,848,392	1,348,922	500,093	36,519,703	29,064,930
OPEB	3,729,810	4,565,685	186,036	263,546	3,756,482	4,639,757
Total Deferred Outflows of Resources	39,014,704	33,414,077	1,534,958	763,639	40,276,185	33,704,687
Liabilities						
Current and Other Liabilities	21,299,395	23,126,298	113,944	109,858	21,413,339	23,236,156
Long-Term Liabilities:						
Due Within One Year	848,462	987,312	36,527	34,991	884,989	1,022,303
Due in More than One Year:						
Net Pension Liability	89,610,689	169,142,462	2,222,940	3,664,772	91,833,629	172,807,234
Net OPEB Liability	10,730,470	13,288,199	807,669	1,164,921	11,538,139	14,453,120
Other Amounts	9,115,390	9,330,530	340,590	388,315	9,455,980	9,718,845
Total Liabilities	131,604,406	215,874,801	3,521,670	5,362,857	135,126,076	221,237,658
Deferred Inflows of Resources						
Property Taxes	95,868,429	91,015,652	0	0	95,868,429	91,015,652
Payments in Lieu of Taxes	1,808,450	899,437	0	0	1,808,450	899,437
Pension	77,291,685	10,001,885	1,949,010	347,491	79,126,582	10,065,821
OPEB	22,006,844	20,388,081	1,129,495	898,344	22,976,975	21,096,951
Total Deferred Inflows of Resources	196,975,408	122,305,055	3,078,505	1,245,835	199,780,436	123,077,861
Net Position						
Net Investment in Capital						
Assets	20,044,140	20,129,910	720,387	772,822	20,764,527	20,902,732
Restricted for:						
Capital Projects	10,102,116	7,034,736	0	0	10,102,116	7,034,736
Other Purposes	4,219,669	2,181,403	0	0	4,219,669	2,181,403
Unrestricted (Deficit)	(104,698,741)	(139,530,434)	(222,944)	(2,280,452)	(104,921,685)	(141,810,886)
Total Net Position	(\$70,332,816)	(\$110,184,385)	\$497,443	(\$1,507,630)	(\$69,835,373)	(\$111,692,015)

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The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2022. 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 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.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability or the net OPEB liability. As explained previously, 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.

The increase to governmental activities resulted from additional cash and cash equivalents. The School District was able to collect additional property tax revenue from an increase in assessed property values coupled with a decrease in regular instruction from changes implemented by the Ohio Department of Education funding formula in addition to cost savings measures from the Administration. These items along with additional intergovernmental receivables from the School District seeking out additional sources of revenues to provide the programs desired by the community, resulted In the positive change to governmental activities.

Total liabilities for governmental activities decreased. This decrease was the result of a significant decrease in the net pension liability resulting from changes in assumptions and benefit terms.

Total deferred outflows and inflows of resources both increased, which was offset by decreases in net pension and OPEB liabilities. These changes resulted from changes in assumptions and benefit terms of the pension systems.

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Table 2 shows the changes in net position for fiscal years 2022 and 2021 for both governmental and business-type activities.

Table 2
Change in Net Position

	Governmental		Business-Type		Total	
	Activities		Activities			
	2022	Restated 2021	2022	Restated 2021	2022	Restated 2021
Revenues						
Program Revenues:						
Charges for Services and Sales	\$4,820,129	\$4,268,715	\$1,129,654	\$450,189	\$5,949,783	\$4,718,904
Operating Grants and Contributions	24,440,491	16,140,709	5,843,766	5,058,126	30,284,257	21,198,835
Capital Grants and Contributions	742,262	764,050	0	0	742,262	764,050
<i>Total Program Revenues</i>	<u>30,002,882</u>	<u>21,173,474</u>	<u>6,973,420</u>	<u>5,508,315</u>	<u>36,976,302</u>	<u>26,681,789</u>
General Revenues:						
Property Taxes	\$109,183,772	\$104,553,147	\$0	\$0	\$109,183,772	\$104,553,147
Grants and Entitlements	35,290,873	49,863,763	0	0	35,290,873	49,863,763
Investment Earnings	(507,504)	89,673	0	0	(507,504)	89,673
Payment in Lieu of Taxes	1,673,471	1,267,542	0	0	1,673,471	1,267,542
Unrestricted Contributions and Donations	10,649	13,486	0	0	10,649	13,486
Gain on Sale of Capital Assets	202,279	39,311	0	0	202,279	39,311
Miscellaneous	1,094,415	1,673,428	76	16,249	1,094,491	1,689,677
<i>Total General Revenues</i>	<u>146,947,955</u>	<u>157,500,350</u>	<u>76</u>	<u>16,249</u>	<u>146,948,031</u>	<u>157,516,599</u>
Total Revenues	<u>176,950,837</u>	<u>178,673,824</u>	<u>6,973,496</u>	<u>5,524,564</u>	<u>183,924,333</u>	<u>184,198,388</u>
Program Expenses						
Instruction	83,332,740	111,494,940	0	0	83,332,740	111,494,940
Support Services:						
Pupils and Instructional Staff	16,116,230	16,804,570	0	0	16,116,230	16,804,570
Board of Education, Administration, Fiscal, and Business	13,559,520	16,721,770	0	0	13,559,520	16,721,770
Operation and Maintenance of Plant	8,651,843	9,913,348	0	0	8,651,843	9,913,348
Pupil Transportation	6,430,577	7,129,677	0	0	6,430,577	7,129,677
Central	2,355,965	2,511,363	0	0	2,355,965	2,511,363
Operation of Non-Instructional Services	3,465,785	4,447,205	0	0	3,465,785	4,447,205
Extracurricular Activities	3,033,579	2,175,309	0	0	3,033,579	2,175,309
Interest and Fiscal Charges	153,029	195,618	0	0	153,029	195,618
Enterprise Operations	0	0	4,968,423	4,872,647	4,968,423	4,872,647
Total Program Expenses	<u>137,099,268</u>	<u>171,393,800</u>	<u>4,968,423</u>	<u>4,872,647</u>	<u>142,067,691</u>	<u>176,266,447</u>
Change in Net Position	39,851,569	7,280,024	2,005,073	651,917	41,856,642	7,931,941
Net Position Beginning of Year	<u>(110,184,385)</u>	<u>(117,464,409)</u>	<u>(1,507,630)</u>	<u>(2,159,547)</u>	<u>(111,692,015)</u>	<u>(119,623,956)</u>
Net Position End of Year	<u>(\$70,332,816)</u>	<u>(\$110,184,385)</u>	<u>\$497,443</u>	<u>(\$1,507,630)</u>	<u>(\$69,835,373)</u>	<u>(\$111,692,015)</u>

Governmental Activities

The unusual nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. As a result of legislation enacted in 1976, the majority of revenue generated by a voted tax levy does not increase as a result of inflation, unless it is an emergency levy. As an example, a

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Management's Discussion and Analysis
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homeowner with a home valued at \$100,000 (Assessed value of \$35,000) and taxed at 1.0 mill would pay \$35 annually in taxes. If three years later the homes were reappraised and increased to \$200,000 (assessed value of \$70,000) the effective tax rate would become .5 mills and the owner would still pay \$35.

The School District, which is dependent upon property taxes, is hampered by a lack of revenue growth and must periodically ask the voters to increase property taxes to maintain a constant level of service. Property taxes made up over half of revenues for governmental activities for the School District in fiscal year 2022. Property tax revenues in fiscal year 2022 increased due to an increase in assessed valuations of property throughout the School District.

Operating grants and contributions saw an increase during the fiscal year due to increased Elementary and Secondary School Emergency Relief funding.

The majority of the School District's expenses are for instruction. Additional support services for pupils and instructional staff; board of education, administration, fiscal and business; operation and maintenance of plant and pupil transportation are the next largest areas of expenses. The remaining amount of program expenses are to facilitate other obligations of the School District, such as support services for central, operation of non-instructional services, extracurricular activities, and interest and fiscal charges. Interest expense was attributable to the outstanding energy conservation loans and notes. The decrease in expenses was the result of a decrease in tuition costs due to higher costs in the prior fiscal year related to new COVID-19 pandemic-related expenses.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, (services supported by tax revenue and unrestricted State entitlements), the total cost of services and the net cost of services.

Table 3
 Governmental Activities

	Total Cost of Services 2022	Net Cost of Services 2022	Total Cost of Services 2021	Restated Net Cost of Services 2021
Instruction	\$83,332,740	\$66,611,206	\$111,494,940	\$101,413,959
Support Services:				
Pupils and Instructional Staff	16,116,230	11,682,823	16,804,570	14,053,468
Board of Education, Administration, Fiscal and Business	13,559,520	11,637,481	16,721,770	15,274,511
Operation and Maintenance of Plant	8,651,843	7,875,725	9,913,348	8,653,338
Pupil Transportation	6,430,577	5,371,569	7,129,677	6,246,657
Central	2,355,965	2,252,504	2,511,363	2,257,835
Operation of Non-Instructional Services	3,465,785	(250,229)	4,447,205	429,843
Extracurricular Activities	3,033,579	1,762,278	2,175,309	1,695,097
Interest and Fiscal Charges	153,029	153,029	195,618	195,618
Total	\$137,099,268	\$107,096,386	\$171,393,800	\$150,220,326

Parma City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Business-Type Activities

Business-type activities include the food service, adult continuing education, and extended daycare/preschool programs.

Overall, net position increased in fiscal year 2022. Business-type activities' cash positions have allowed individual business-type activities to absorb additional program expenses over the last several years.

The slight increase in expenses is related to the inflation of many goods and services.

The School District's Funds

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. The general fund saw an increase in fund balance for the fiscal year. This increase was primarily due to an increase in property tax revenues because of an increase in assessed valuations from the County. In addition, the increase was also from a decrease in tuition costs due to higher costs in the prior fiscal year related to new COVID-19 pandemic-related expenditures. The permanent improvement capital projects fund saw an increase in fund balance for the fiscal year. The fund balance increased due to a decrease in purchased assets from the prior year, as well as from the proceeds of State Road land sold during the fiscal year.

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.

For the general fund, the final budget basis of estimated revenues decreased from the original budget basis of estimated revenues due to lower than originally expected intergovernmental revenues.

During the course of fiscal year 2022, the School District amended its general fund budget several times. Final appropriations for the general fund decreased from the original appropriations due to conservative budgeting of regular and special instruction.

Capital Assets and Debt Administration

Capital Assets

During fiscal year 2022, annual depreciation and deletions outpaced purchased assets such as equipment and transportation vehicles.

For fiscal year 2022, an Ohio law required school districts to set aside three percent of certain revenues for capital improvements, which amounted to \$1,634,916. The School District had offsets exceeding these requirements. See Note 11 to the basic financial statements for additional information on capital assets and Note 17 for additional information on set-asides.

Parma City School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Debt Administration

At June 30, 2022, the School District had \$111,985 and 4,865,000 in loans and notes outstanding, respectively. The debt will be serviced with tax revenue from the March 2000 2.0 mill permanent improvement levy and the May 2005 1.0 mill permanent improvement levy.

In fiscal year 2008, the School District borrowed \$2,511,519 for a HB 264 energy conservation project. The loan will be paid off in fiscal year 2023.

In fiscal year 2017, the School District borrowed \$9,100,000 in a tax revenue anticipation note. The note will be paid off in fiscal year 2027.

At June 30, 2022, the School District's overall legal debt margin was \$237,267,727 with an unvoted debt margin of \$2,636,308. See Notes 18 and 22 to the basic financial statements for additional information on debt.

School District Outlook

The School District reached settlements with OAPSE and PEA. The OAPSE labor contracts runs through June 30, 2025, while the PEA contract runs through July 2025.

On August 1, 2016, the School District was declared in Fiscal Caution by the Ohio Department of Education (ODE). In response to the declaration, the School District developed a financial recovery plan that was accepted by ODE on November 30, 2016. The School District resubmitted a second financial recovery plan to ODE on May 29, 2018. ODE released the School District from Fiscal Caution on December 20, 2019. The School District was able to renew the 2012 fixed sum levy on November 8, 2016. The renewal of the levy, along with the reductions included in the Fiscal Recovery Plan, keeps the School District in a positive general fund cash position through June 30, 2025. The School District remains committed to reducing future deficits by continuing to reduce expenditures and seeking new revenue sources.

Contacting the School District Fiscal Management

This financial report was designed to comply with the most current reporting requirements and is intended to provide our parents, citizens, taxpayers, investors and creditors an understanding of the School District's financial position. Sean Nuccio, CPA, Treasurer/Chief Financial Officer, can be contacted at the Parma City School District, 5311 Longwood Avenue, Parma, Ohio 44134 or by email at nuccios@parmacityschools.org.

Parma City School District
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-Type Activities	Total *
Assets			
Equity in Pooled Cash and Cash Equivalents	\$60,756,827	\$4,556,320	\$65,313,147
Materials and Supplies Inventory	224,629	10,525	235,154
Inventory Held for Resale	0	24,020	24,020
Accrued Interest Receivable	41,032	0	41,032
Accounts Receivable	702,685	109,157	811,842
Intergovernmental Receivable	6,100,805	0	6,100,805
Property Taxes Receivable	110,673,110	0	110,673,110
Payments in Lieu of Taxes Receivable	1,808,450	0	1,808,450
Prepaid Items	2,274,906	0	2,274,906
Net OPEB Asset (See Note 15)	11,442,425	115,580	11,558,005
Nondepreciable Capital Assets	4,686,410	0	4,686,410
Depreciable Capital Assets, Net	20,521,015	747,058	21,268,073
<i>Total Assets</i>	<u>219,232,294</u>	<u>5,562,660</u>	<u>224,794,954</u>
Deferred Outflows of Resources			
Pension	35,284,894	1,348,922	36,519,703
OPEB	3,729,810	186,036	3,756,482
<i>Total Deferred Outflows of Resources</i>	<u>39,014,704</u>	<u>1,534,958</u>	<u>40,276,185</u>
Liabilities			
Accounts Payable	674,424	763	675,187
Accrued Wages and Benefits	9,449,761	78,590	9,528,351
Intergovernmental Payable	3,174,960	34,591	3,209,551
Accrued Interest Payable	13,232	0	13,232
Matured Compensated Absences Payable	273,608	0	273,608
Claims Payable	2,848,135	0	2,848,135
Notes Payable	4,865,000	0	4,865,000
Unearned Revenue	275	0	275
Long-Term Liabilities:			
Due Within One Year	848,462	36,527	884,989
Due In More Than One Year:			
Net Pension Liability (See Note 14)	89,610,689	2,222,940	91,833,629
Net OPEB Liability (See Note 15)	10,730,470	807,669	11,538,139
Other Amounts Due In More Than One Year	9,115,390	340,590	9,455,980
<i>Total Liabilities</i>	<u>131,604,406</u>	<u>3,521,670</u>	<u>135,126,076</u>
Deferred Inflows of Resources			
Property Taxes	95,868,429	0	95,868,429
Payments in Lieu of Taxes	1,808,450	0	1,808,450
Pension	77,291,685	1,949,010	79,126,582
OPEB	22,006,844	1,129,495	22,976,975
<i>Total Deferred Inflows of Resources</i>	<u>196,975,408</u>	<u>3,078,505</u>	<u>199,780,436</u>
Net Position			
Net Investment in Capital Assets	20,044,140	720,387	20,764,527
Restricted for:			
Capital Projects	10,102,116	0	10,102,116
Local Grants	15,090	0	15,090
Student Activities	160,837	0	160,837
Athletics and Music	768,043	0	768,043
Auxiliary Services	713,944	0	713,944
State Grants	726,681	0	726,681
Federal Grants	1,803,868	0	1,803,868
Unclaimed Funds	31,206	0	31,206
Unrestricted (Deficit)	<u>(104,698,741)</u>	<u>(222,944)</u>	<u>(104,921,685)</u>
<i>Total Net Position</i>	<u>(\$70,332,816)</u>	<u>\$497,443</u>	<u>(\$69,835,373)</u>

* After deferred outflows of resources and deferred inflows of resources related to the change in internal proportionate share of pension/OPEB related items have been eliminated.

See accompanying notes to the basic financial statements

Parma City School District
Statement of Activities
For the Fiscal Year Ended June 30, 2022

	Program Revenues			
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Instruction:				
Regular	\$49,657,360	\$1,390,609	\$6,649,336	\$127,058
Special	28,418,998	751,941	6,207,265	0
Vocational	4,967,008	148,526	1,062,496	0
Adult/Continuing	3,000	83	0	0
Student Intervention Services	286,374	0	384,220	0
Support Services:				
Pupils	13,671,320	362,672	2,929,649	0
Instructional Staff	2,444,910	48,990	1,092,096	0
Board of Education	497,395	13,777	0	0
Administration	8,653,130	278,896	1,313,168	0
Fiscal	3,213,263	92,335	0	45,350
Business	1,195,732	25,215	0	153,298
Operation and Maintenance of Plant	8,651,843	243,278	400,335	132,505
Pupil Transportation	6,430,577	169,285	634,849	254,874
Central	2,355,965	70,679	25,117	7,665
Operation of Non-Instructional Services	3,465,785	1,036	3,714,978	0
Extracurricular Activities	3,033,579	1,222,807	26,982	21,512
Interest and Fiscal Charges	153,029	0	0	0
<i>Total Governmental Activities</i>	<u>137,099,268</u>	<u>4,820,129</u>	<u>24,440,491</u>	<u>742,262</u>
Business-Type Activities				
Food Service	4,902,783	401,484	5,843,766	0
Adult Continuing Education	(55,025)	45	0	0
Extended Day Care/Preschool	120,665	728,125	0	0
<i>Total Business-Type Activities</i>	<u>4,968,423</u>	<u>1,129,654</u>	<u>5,843,766</u>	<u>0</u>
<i>Totals</i>	<u>\$142,067,691</u>	<u>\$5,949,783</u>	<u>\$30,284,257</u>	<u>\$742,262</u>

General Revenues

Property Taxes Levied for:
General Purposes
Capital Projects
Grants and Entitlements not
Restricted to Specific Programs
Investment Earnings
Payments in Lieu of Taxes
Unrestricted Contributions and Donations
Gain on Sale of Capital Assets
Miscellaneous

Total General Revenues

Change in Net Position

*Net Position Beginning of Year -
Restated (See Note 3)*

Net Position End of Year

See accompanying notes to the basic financial statements

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Total
(\$41,490,357)	\$0	(\$41,490,357)
(21,459,792)	0	(21,459,792)
(3,755,986)	0	(3,755,986)
(2,917)	0	(2,917)
97,846	0	97,846
(10,378,999)	0	(10,378,999)
(1,303,824)	0	(1,303,824)
(483,618)	0	(483,618)
(7,061,066)	0	(7,061,066)
(3,075,578)	0	(3,075,578)
(1,017,219)	0	(1,017,219)
(7,875,725)	0	(7,875,725)
(5,371,569)	0	(5,371,569)
(2,252,504)	0	(2,252,504)
250,229	0	250,229
(1,762,278)	0	(1,762,278)
(153,029)	0	(153,029)
(107,096,386)	0	(107,096,386)
0	1,342,467	1,342,467
0	55,070	55,070
0	607,460	607,460
0	2,004,997	2,004,997
(107,096,386)	2,004,997	(105,091,389)
103,775,033	0	103,775,033
5,408,739	0	5,408,739
35,290,873	0	35,290,873
(507,504)	0	(507,504)
1,673,471	0	1,673,471
10,649	0	10,649
202,279	0	202,279
1,094,415	76	1,094,491
146,947,955	76	146,948,031
39,851,569	2,005,073	41,856,642
(110,184,385)	(1,507,630)	(111,692,015)
(\$70,332,816)	\$497,443	(\$69,835,373)

Parma City School District

Balance Sheet

Governmental Funds

June 30, 2022

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$41,215,688	\$8,366,539	\$4,347,870	\$53,930,097
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	31,206	0	0	31,206
Materials and Supplies Inventory	224,629	0	0	224,629
Accrued Interest Receivable	41,032	0	0	41,032
Accounts Receivable	701,830	0	855	702,685
Interfund Receivable	3,205,827	0	0	3,205,827
Intergovernmental Receivable	1,451,389	0	4,649,416	6,100,805
Prepaid Items	1,309,404	871,589	93,913	2,274,906
Property Taxes Receivable	105,283,106	5,390,004	0	110,673,110
Payments in Lieu of Taxes Receivables	1,808,450	0	0	1,808,450
<i>Total Assets</i>	<u>\$155,272,561</u>	<u>\$14,628,132</u>	<u>\$9,092,054</u>	<u>\$178,992,747</u>
Liabilities				
Accounts Payable	\$8,063	\$186,300	\$480,061	\$674,424
Accrued Wages and Benefits	8,805,739	0	644,022	9,449,761
Intergovernmental Payable	3,002,501	0	172,459	3,174,960
Accrued Interest Payable	0	11,230	0	11,230
Interfund Payable	0	0	3,205,827	3,205,827
Matured Compensated Absences Payable	267,817	0	5,791	273,608
Notes Payable	0	4,865,000	0	4,865,000
Unearned Revenue	0	0	275	275
<i>Total Liabilities</i>	<u>12,084,120</u>	<u>5,062,530</u>	<u>4,508,435</u>	<u>21,655,085</u>
Deferred Inflows of Resources				
Unavailable Revenue	7,707,383	305,513	3,923,877	11,936,773
Property Taxes	91,226,944	4,641,485	0	95,868,429
Payments in Lieu of Taxes	1,808,450	0	0	1,808,450
<i>Total Deferred Inflows of Resources</i>	<u>100,742,777</u>	<u>4,946,998</u>	<u>3,923,877</u>	<u>109,613,652</u>
Fund Balances				
Nonspendable	1,565,239	871,589	93,913	2,530,741
Restricted	0	3,747,015	2,804,132	6,551,147
Assigned	8,180,545	0	0	8,180,545
Unassigned (Deficit)	32,699,880	0	(2,238,303)	30,461,577
<i>Total Fund Balances</i>	<u>42,445,664</u>	<u>4,618,604</u>	<u>659,742</u>	<u>47,724,010</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$155,272,561</u>	<u>\$14,628,132</u>	<u>\$9,092,054</u>	<u>\$178,992,747</u>

See accompanying notes to the basic financial statements

Parma City School District
*Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2022*

Total Governmental Fund Balances \$47,724,010

*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. 25,207,425

Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:

Delinquent Property Taxes	\$6,264,279	
Intergovernmental	3,923,877	
Tuition and Fees	1,493,773	
Miscellaneous	254,124	
Regular Instruction	720	
Total	11,936,773	11,936,773

In the statement of activities, interest is accrued on outstanding debt, whereas in governmental funds, an interest expenditure is reported when due. (2,002)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Loans Payable	(111,985)	
Asset Retirement Obligations	(78,009)	
Compensated Absences	(9,773,858)	
Total	(9,963,852)	(9,963,852)

The net pension/OPEB assets/liabilities are not due and payable in the current period; therefore, the assets/liabilities and related deferred inflows/outflows are not reported in governmental funds:

Net OPEB Asset	11,442,425	
Deferred Outflows - Pension	35,284,894	
Deferred Outflows - OPEB	3,729,810	
Net Pension Liability	(89,610,689)	
Net OPEB Liability	(10,730,470)	
Deferred Inflows - Pension	(77,291,685)	
Deferred Inflows - OPEB	(22,006,844)	
Total	(149,182,559)	(149,182,559)

The internal service fund is used by management to charge the costs of insurance. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position. 3,947,389

Net Position of Governmental Activities (\$70,332,816)

See accompanying notes to the basic financial statements

Parma City School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2022

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$103,989,019	\$5,437,484	\$0	\$109,426,503
Intergovernmental	37,582,095	742,262	19,610,522	57,934,879
Interest	(510,296)	1,280	1,512	(507,504)
Tuition and Fees	3,128,677	0	0	3,128,677
Extracurricular Activities	28,339	0	937,165	965,504
Rentals	206,168	0	0	206,168
Charges for Services	710,524	2,950	0	713,474
Contributions and Donations	22,026	0	881	22,907
Payments in Lieu of Taxes	1,673,471	0	0	1,673,471
Miscellaneous	796,114	11,157	33,020	840,291
<i>Total Revenues</i>	<u>147,626,137</u>	<u>6,195,133</u>	<u>20,583,100</u>	<u>174,404,370</u>
Expenditures				
Current:				
Instruction:				
Regular	50,510,259	297,085	5,784,513	56,591,857
Special	27,161,786	0	5,231,315	32,393,101
Vocational	5,343,660	0	317,813	5,661,473
Adult/Continuing	3,000	0	0	3,000
Student Intervention Services	0	0	340,085	340,085
Support Services:				
Pupils	13,102,581	0	2,621,195	15,723,776
Instructional Staff	1,772,532	0	1,003,342	2,775,874
Board of Education	499,919	0	0	499,919
Administration	10,168,302	0	1,185,071	11,353,373
Fiscal	3,387,540	106,035	0	3,493,575
Business	897,849	358,436	0	1,256,285
Operation and Maintenance of Plant	8,911,600	309,819	354,349	9,575,768
Pupil Transportation	6,255,131	595,938	127,490	6,978,559
Central	2,573,244	17,923	30,254	2,621,421
Operation of Non-Instructional Services	37,599	0	3,467,354	3,504,953
Extracurricular Activities	2,045,652	50,298	734,636	2,830,586
Capital Outlay	16,821	830,362	0	847,183
Debt Service:				
Principal Retirement	0	216,965	0	216,965
Interest and Fiscal Charges	0	156,907	0	156,907
<i>Total Expenditures</i>	<u>132,687,475</u>	<u>2,939,768</u>	<u>21,197,417</u>	<u>156,824,660</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	14,938,662	3,255,365	(614,317)	17,579,710
Other Financing Sources				
Sale of Capital Assets	53,333	665,000	0	718,333
<i>Net Change in Fund Balances</i>	14,991,995	3,920,365	(614,317)	18,298,043
<i>Fund Balances Beginning of Year</i>	<u>27,453,669</u>	<u>698,239</u>	<u>1,274,059</u>	<u>29,425,967</u>
<i>Fund Balances End of Year</i>	<u>\$42,445,664</u>	<u>\$4,618,604</u>	<u>\$659,742</u>	<u>\$47,724,010</u>

See accompanying notes to the basic financial statements

Parma City School District
*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, 2022*

Net Change in Fund Balances - Total Governmental Funds \$18,298,043

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital additions as expenditures; however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

This is the amount by which depreciation exceeded capital additions in the current period:

Capital Additions	\$1,630,478	
Depreciation	<u>(2,453,010)</u>	
Total		(822,532)

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. (516,054)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Delinquent Property Taxes	(242,731)	
Intergovernmental	2,526,489	
Tuition and Fees	(193,694)	
Miscellaneous	254,124	
Regular Instruction	<u>720</u>	
Total		2,344,908

Repayment of loan principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 216,965

Some expenses reported in the statement of activities, such as accrued interest, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 3,878

Asset retirement obligation 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. 26,003

Compensated absences reported in the statement of activities do not require the use of current financial resources and therefore are not reported as an expenditure in governmental funds. 111,022

An internal service fund used by management to charge the cost of insurance to individual funds is not reported in the expenditures and related internal service fund revenue is eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental and business-type activities. (580,173)

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:

Pension	12,711,588	
OPEB	<u>379,436</u>	
Total		13,091,024

Except for amounts reported as deferred inflows/outflows, changes in the net pension/

OPEB asset/liabilities are reported as pension/OPEB expense in the statement of activities:

Pension	5,966,887	
OPEB	<u>1,711,598</u>	
Total		<u>7,678,485</u>

Change in Net Position of Governmental Activities \$39,851,569

See accompanying notes to the basic financial statements

Parma City School District
Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2022

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenues				
Property Taxes	\$99,075,977	\$103,700,143	\$103,700,143	\$0
Intergovernmental	51,027,591	37,468,490	37,468,490	0
Interest	212,222	243,687	243,687	0
Tuition and Fees	2,599,816	3,133,104	3,133,104	0
Extracurricular Activities	41,942	11,485	11,485	0
Rentals	215,115	206,168	206,168	0
Charges for Services	1,117,529	967,232	967,232	0
Contributions and Donations	24,500	10,649	10,649	0
Payments in Lieu of Taxes	1,673,471	1,673,471	1,673,471	0
Miscellaneous	722,027	522,730	522,777	47
<i>Total Revenues</i>	<u>156,710,190</u>	<u>147,937,159</u>	<u>147,937,206</u>	<u>47</u>
Expenditures				
Current:				
Instruction:				
Regular	69,444,806	52,501,268	52,501,268	0
Special	29,923,840	27,718,641	27,718,641	0
Vocational	5,721,589	5,534,435	5,534,435	0
Adult/Continuing	4,000	3,000	3,000	0
Student Intervention Services	18,102	0	0	0
Support Services:				
Pupils	13,735,304	13,342,844	13,342,844	0
Instructional Staff	2,288,633	1,823,633	1,823,633	0
Board of Education	969,517	701,549	701,549	0
Administration	10,407,720	10,300,611	10,300,611	0
Fiscal	4,109,133	3,341,763	3,341,763	0
Business	1,056,582	951,975	951,975	0
Operation and Maintenance of Plant	9,938,381	9,729,760	9,729,760	0
Pupil Transportation	6,090,404	6,303,676	6,303,676	0
Central	2,983,422	2,731,418	2,731,418	0
Operation of Non-Instructional Services	33,328	37,599	37,599	0
Extracurricular Activities	2,296,358	1,871,148	1,871,148	0
Capital Outlay	64,250	18,421	18,421	0
<i>Total Expenditures</i>	<u>159,085,369</u>	<u>136,911,741</u>	<u>136,911,741</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(2,375,179)</u>	<u>11,025,418</u>	<u>11,025,465</u>	<u>47</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	54,909	53,333	53,333	0
Advances In	500,000	824,281	824,281	0
Advances Out	0	(3,096,835)	(3,145,391)	(48,556)
Transfers In	46,000	6,273	6,273	0
<i>Total Other Financing Sources (Uses)</i>	<u>600,909</u>	<u>(2,212,948)</u>	<u>(2,261,504)</u>	<u>(48,556)</u>
<i>Net Change in Fund Balance</i>	<u>(1,774,270)</u>	<u>8,812,470</u>	<u>8,763,961</u>	<u>(48,509)</u>
<i>Fund Balance Beginning of Year</i>	<u>28,821,819</u>	<u>28,821,819</u>	<u>28,821,819</u>	<u>0</u>
<i>Prior Year Encumbrances Appropriated</i>	<u>1,357,771</u>	<u>1,357,771</u>	<u>1,357,771</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$28,405,320</u>	<u>\$38,992,060</u>	<u>\$38,943,551</u>	<u>(\$48,509)</u>

See accompanying notes to the basic financial statements

Parma City School District
Statement of Fund Net Position
Proprietary Funds
June 30, 2022

	Non-Major Enterprise Funds	Governmental Activities - Internal Service Fund
Assets		
Current Assets:		
Equity in Pooled Cash and Cash Equivalents	\$4,556,320	\$6,795,524
Materials and Supplies Inventory	10,525	0
Inventory Held for Resale	24,020	0
Accounts Receivable	109,157	0
<i>Total Current Assets</i>	<u>4,700,022</u>	<u>6,795,524</u>
Noncurrent Assets:		
Net OPEB Asset	115,580	0
Capital Assets, Net	747,058	0
<i>Total Noncurrent Assets</i>	<u>862,638</u>	<u>0</u>
<i>Total Assets</i>	<u>5,562,660</u>	<u>6,795,524</u>
Deferred Outflows of Resources		
Pension	1,348,922	0
OPEB	186,036	0
<i>Total Deferred Outflows of Resources</i>	<u>1,534,958</u>	<u>0</u>
Liabilities		
Current Liabilities:		
Accounts Payable	763	0
Accrued Wages and Benefits	78,590	0
Intergovernmental Payable	34,591	0
Claims Payable	0	2,848,135
Compensated Absences Payable	15,190	0
Financed Purchase	21,337	0
<i>Total Current Liabilities</i>	<u>150,471</u>	<u>2,848,135</u>
Long-Term Liabilities:		
Net Pension Liability	2,222,940	0
Net OPEB Liability	807,669	0
Compensated Absences Payable	335,256	0
Financed Purchase	5,334	0
<i>Total Long-Term Liabilities</i>	<u>3,371,199</u>	<u>0</u>
<i>Total Liabilities</i>	<u>3,521,670</u>	<u>2,848,135</u>
Deferred Inflows of Resources		
Pension	1,949,010	0
OPEB	1,129,495	0
<i>Total Deferred Inflows of Resources</i>	<u>3,078,505</u>	<u>0</u>
Net Position		
Net Investment in Capital Assets	720,387	0
Unrestricted (Deficit)	(222,944)	3,947,389
<i>Total Net Position</i>	<u>\$497,443</u>	<u>\$3,947,389</u>

See accompanying notes to the basic financial statements

Parma City School District
*Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2022*

	Non-Major Enterprise Funds	Governmental Activities - Internal Service Fund
Operating Revenues		
Intergovernmental	\$182,515	\$0
Tuition	727,975	0
Sales	401,529	0
Charges for Services	150	23,877,636
Miscellaneous	76	0
<i>Total Operating Revenues</i>	<u>1,312,245</u>	<u>23,877,636</u>
Operating Expenses		
Salaries	2,370,405	0
Fringe Benefits	39,191	0
Purchased Services	123,357	128,859
Materials and Supplies	1,852,733	0
Cost of Sales	434,574	0
Depreciation	115,851	0
Claims	0	21,859,204
Other	32,312	2,469,746
<i>Total Operating Expenses</i>	<u>4,968,423</u>	<u>24,457,809</u>
<i>Operating Loss</i>	(3,656,178)	(580,173)
Non-Operating Revenues		
Federal and State Grants	<u>5,661,251</u>	<u>0</u>
<i>Change in Net Position</i>	2,005,073	(580,173)
<i>Net Position Beginning of Year - Restated (See Note 3)</i>	<u>(1,507,630)</u>	<u>4,527,562</u>
<i>Net Position End of Year</i>	<u><u>\$497,443</u></u>	<u><u>\$3,947,389</u></u>

See accompanying notes to the basic financial statements

Parma City School District
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2022

	Non-Major Enterprise Funds	Governmental Activities - Internal Service Fund
Increases (Decreases) in Cash and Cash Equivalents		
Cash Flows from Operating Activities		
Cash Received from Customers	\$1,130,546	\$0
Cash Received from Interfund Services Provided	0	23,877,636
Cash Received From Other Cash Receipts	76	0
Cash Payments to Employees for Services	(2,368,656)	0
Cash Payments for Employee Benefits	(897,784)	0
Cash Payments for Goods and Services	(1,975,327)	(128,859)
Cash Payments for Claims	0	(21,154,426)
Cash Payments for Other Items	(32,312)	(2,469,746)
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(4,143,457)</u>	<u>124,605</u>
Cash Flows from Capital and Related Financing Activities		
Payments for Capital Acquisitions	(42,079)	0
Principal Payments for Financed Purchase	(21,337)	0
<i>Net Cash Used for Capital and Related Financing Activities</i>	<u>(63,416)</u>	<u>0</u>
Cash Flows from Noncapital Financing Activities		
Federal and State Grants	5,661,251	0
<i>Net Increase in Cash and Cash Equivalents</i>	1,454,378	124,605
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>3,101,942</u>	<u>6,670,919</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$4,556,320</u></u>	<u><u>\$6,795,524</u></u>

(continued)

Parma City School District
Statement of Cash Flows
Proprietary Funds (continued)
For the Fiscal Year Ended June 30, 2022

	<u>Non-Major Enterprise Funds</u>	<u>Governmental Activities - Internal Service Fund</u>
Reconciliation of Operating Loss to Net Cash Provided by (Used for) Operating Activities		
Operating Loss	(\$3,656,178)	(\$580,173)
Adjustments:		
Depreciation	115,851	0
(Increase) Decrease in Assets:		
Materials and Supplies Inventory	11,853	0
Inventory Held for Resale	(6,875)	0
Accounts Receivable	892	0
Intergovernmental Receivable	247,081	0
Net OPEB Asset	25,783	0
Decrease in Deferred Outflows:		
Pension	400,577	0
OPEB	46,997	0
Increase (Decrease) in Liabilities:		
Accounts Payable	763	0
Accrued Wages and Benefits	1,749	0
Intergovernmental Payable	1,574	0
Claims Payable	0	704,778
Compensated Absences Payable	(24,852)	0
Net Pension Liability	(12,989)	0
Net OPEB Liability	54,958	0
Decrease in Deferred Inflows:		
Pension	(1,076,730)	0
OPEB	(273,911)	0
<i>Net Cash Provided by (Used for) Operating Activities</i>	<u>(\$4,143,457)</u>	<u>\$124,605</u>

See accompanying notes to the basic financial statements

Parma City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 1 – Description of the School District and Reporting Entity

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and federal agencies. This Board of Education controls the School District's twenty instructional/support facilities staffed by 814 noncertified and 859 certificated full time teaching personnel who provide services to 9,340 students and other community members.

Reporting Entity

A reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Parma City School District, this includes general operations, food service, adult continuing education, preschool and student related activities of the School District. The following activities are also included within the reporting entity.

Nonpublic Schools Within the School District boundaries, Bethany Lutheran, Alihsan, Parma Montessori, Parma Heights Christian Academy and Bethel Christian Academy are operated independently, whereas Holy Family, Incarnate Word Academy, Holy Name High School, St. Anthony of Padua, St. Bridget, St. Charles, St. Columbkille, and Padua Franciscan High School are operated through the Cleveland Catholic Diocese. Current State legislation provides funding to these nonpublic schools. These monies are received and disbursed on behalf of the nonpublic schools by the Treasurer of the School District, as directed by the nonpublic schools. These transactions are reported as a special revenue fund and a governmental activity 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; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes and there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government. The School District has no component units.

The following entities which perform activities within the School District boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

Cities of Parma, Parma Heights and Seven Hills The city governments of Parma, Parma Heights and Seven Hills are separate bodies politic and corporate. A mayor and council are elected independent of any School District relationships and administer the provision of traditional City services. Council acts as the taxing and budgeting authority for these City services.

Parma City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Parent Teacher Association The School District is not involved in the budgeting or management, is not responsible for any debt and has no influence over the organization.

The School District participates in two jointly governed organizations. These organizations are the Northeast Ohio Network for Educational Technology and the Ohio Schools Council. These organizations are discussed in Note 20 of the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

The financial statements of Parma City School District have been prepared in conformity with generally accepted accounting principles (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 more significant of the School District's accounting policies are described as follows.

Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position, 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 activity of the internal service fund is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

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

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

Parma City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Fund Accounting

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

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 liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

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

Permanent Improvement Fund The permanent improvement capital projects fund accounts for and reports restricted property taxes and grants to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary funds.

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

Proprietary Funds Proprietary funds focus on the determination of operating income, changes in net position, financial position and cash flows and are classified as either enterprise or internal service.

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's enterprise funds are used to account for food service operations, adult continuing education operations and extended daycare/preschool operations.

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for the operation of the School District's self-insurance program for employee medical, surgical and prescription benefits.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position. The statement of activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

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

Parma City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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.

Like the government-wide statements, all proprietary funds are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. For proprietary funds, the statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements and the statements presented for proprietary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Measurable means the amount of transaction can be determined. 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, payments in lieu of taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes and payments in lieu of taxes are recognized in the fiscal year for which the taxes are levied (see Note 9). 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 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 year-end: property taxes available as an advance, grants, tuition and fees, other miscellaneous revenues and regular instruction expenditures.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 14 and 15.

Parma City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, payments in lieu of taxes, pension, OPEB plans and unavailable revenue. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 operations. These amounts have been recorded as a deferred inflow 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 delinquent property taxes, intergovernmental revenue, tuition and fees, and other miscellaneous revenues and regular instruction expenditures. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities found on page 17. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position (see Notes 14 and 15).

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liabilities (asset), deferred outflows of resources and deferred inflows of resources related to 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 plans. 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.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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.

Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Individual fund integrity is maintained through the School District records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the financial statements.

During fiscal year 2022, investments were limited to STAR Ohio, a money market account, federal home loan bank securities, negotiable certificates of deposit, U.S. treasury notes, commercial paper, federal farm credit bank securities, U.S. treasury bonds, federal national mortgage association securities, a municipal bond, and federal home loan mortgage corporation securities.

Investments, except for STAR Ohio, are reported at fair value.

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

Parma City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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 fiscal year 2022, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates; however, 24 hours advance notice for deposits and withdrawals of \$100 million or more is encouraged. STAR Ohio reserves the right to limit the transactions to \$250 million per day, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2022 amounted to (\$510,296), which includes (\$122,371) assigned from other School District funds. The fair value of investments declined during fiscal year 2022, resulting in negative investment earnings.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

Restricted Assets

Assets are reported as restricted when limitations on their use change in nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors or laws of other governments or imposed by law through constitutional provision. Restricted assets in the general fund are for unclaimed funds.

Materials and Supplies Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of purchased food and school supplies held for resale, and materials and supplies held for consumption.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2022, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which the services are consumed.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. They generally result from expenditures in the governmental funds. General capital 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. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective enterprise funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The School District was able to estimate the historical cost for the initial reporting of assets by backtrending (i.e., estimating the current replacement cost of the asset to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of \$1,000 for non-grant funds and \$5,000 for grant funds. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not.

Parma City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Land Improvements	20 years	N/A
Buildings and Improvements	20-50 years	10-30 years
Furniture and Equipment	5-15 years	10-15 years
Vehicles	10 years	10 years

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans and unpaid amounts for interfund services are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

Internal Eliminations

Deferred outflows and resources and deferred inflows of resources from the change in internal proportionate share related to pension/OPEB items are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts between governmental and business-type activities. These residual amounts are eliminated in the total column of the entity wide statement of net position.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for classified employees, certified employees and administrators after 14 years of current service with the School District.

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

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employee will be paid.

Parma City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

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

Net Position

Net Position represents the difference between all other elements in a statement of financial position. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales and fees for food service, adult continuing education, extended daycare/preschool programs, and self-insurance. Operating expenses are necessary costs incurred to provide the good or service that are the primary activity of the fund. All revenues and expenses not meeting these definitions are reported as non-operating.

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

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

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by the highest level formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action

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For the Fiscal Year Ended June 30, 2022

(resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance includes the remaining amount that is not restricted or committed. These assigned balances are established by the School District Board of Education. In the general fund, assigned amounts represent intended uses established by the School District Board of Education or by State statute. State statute authorizes the Treasurer to assign fund balance for purchases on order, provided such amounts have been lawfully appropriated. The Board of Education also assigned fund balance for public school support and to cover a gap between estimated revenues and appropriations in the fiscal year 2023 budget.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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

Estimates

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

Unearned Revenue

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. The School District recognizes unearned revenue for intergovernmental revenue from grants received before the eligibility requirements are met.

Budgetary Data

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the School District may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer/Chief Financial Officer has been given the authority to allocate Board appropriations to the function and object levels.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Treasurer/Chief Financial Officer. The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the amended certificate that were in effect at the time the final appropriations were passed by the Board of Education.

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The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated resources by fund. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year. Prior to June 30, the Board passed an amended appropriation measure which matched appropriations to expenditures plus encumbrances in the majority of the categories.

Note 3 – Changes in Accounting Principles and Restatement of Net Position

Changes in Accounting Principles

For fiscal year 2022, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases* and related guidance from (GASB) Implementation Guide No. 2019-3, *Leases*.

GASB Statement 87 enhances the relevance and consistency of information of the government’s leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the School District’s 2022 financial statements. The School District did not have any contracts that met the GASB 87 definition of a lease.

The School District is also implementing *Implementation Guide No. 2020-1*, GASB Statement No. 92, *Omnibus 2020*, and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. Among other items, GASB 97 requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan. These changes were incorporated in the School District’s 2022 financial statements; however, there was no effect on beginning net position/fund balance.

Restatement of Net Position

For fiscal year 2022, the School District modified its approach related to the eligibility requirements of certain School District grants. The modification had no effect on fund balance since the overstatement of intergovernmental receivable by \$140,130 was offset by an equal overstatement of deferred inflows – unavailable revenue. The modification did result in the restatement of net position at July 1, 2021.

Also, the School District had an outside valuation company calculate its capital assets. As a result, it was determined that capital assets had been overstated by \$23,315,690 at July 1, 2021.

The grants modification and the correction of the capital assets balance had the following effects on net position at July 1, 2021:

	Governmental Activities	Business-Type Activities	Total
Net Position at July 1, 2021	(\$86,145,275)	(\$2,090,920)	(\$88,236,195)
Adjustment:			
Intergovernmental Receivable	(140,130)	0	(140,130)
Depreciable Capital Assets, Net	(23,898,980)	583,290	(23,315,690)
Restated Net Position at July 1, 2021	(\$110,184,385)	(\$1,507,630)	(\$111,692,015)

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Note 4 – Accountability

Fund balances at June 30, 2022, included the following individual fund deficits:

Fund	Amount
<i>Special Revenue Funds:</i>	
Neighborhood System of Care	\$338
Elementary and Secondary School Emergency Relief	1,483,966
Title IV-B	46,286
Title VI-B	110,426
Vocational Education	40,012
Limited English Proficiency	2,343
Title I Special Education	511,807
Drug Free Schools	7,771
Preschool Grant	4,488
Title IV-R	30,866

These deficits are the result of the recognition of payables in accordance with generally accepted accounting principles, as well as short-term interfund loans from the general fund needed for operations until the receipt of grant monies. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Note 5 – Budgetary Basis of Accounting

While the School District is 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, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balances – budget (non-GAAP basis) and actual 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 GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
4. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statement. These amounts are included as revenue on the GAAP basis operating statement.
5. Investments are reported at cost (budget basis) as opposed to when the liability is incurred (GAAP basis).

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6. Budgetary revenues and expenditures of the OHSAA tournaments, unclaimed monies, and public school support funds are reclassified to the general fund for GAAP Reporting.
7. Encumbrances are treated as expenditures (budget basis) rather than as a restricted, committed or assigned fund balance.

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

Net Change in Fund Balance	
GAAP Basis	\$14,991,995
Net Adjustment for Revenue Accruals	(211,066)
Net Adjustment for Expenditure Accruals	(1,898,595)
Advances In	824,281
Advances Out	(3,145,391)
Beginning Unrecorded Cash	6,399
Ending Unrecorded Cash	(45,625)
Beginning Fair Value Adjustment for Investments	96,481
Ending Fair Value Adjustment for Investments	708,896
Perspective Differences:	
OHSAA Tournaments	2,568
Unclaimed Monies	(5,922)
Public School Support	(30,303)
Adjustments for Encumbrances	<u>(2,529,757)</u>
Budget Basis	<u><u>\$8,763,961</u></u>

Note 6 – Deposits and Investments

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

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active 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 has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

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 the possession of an outside party. At June 30, 2022, \$2,167,845 of the School District's total bank balance of \$6,595,611 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized.

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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 be protected by:

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

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

Investments

As of June 30, 2022, the School District had the following investments:

Measurement/Investment	Measurement Amount	Maturity	Standard & Poor's Rating	Percent of Total Investments
Net Asset Value Per Share:				
STAR Ohio	\$33,382,302	Less Than One Year	AAAm	N/A
Fair Value - Level 1 Inputs:				
Money Market Account	53,330	Less Than One Year	AAAm	0.09 %
Fair Value - Level 2 Inputs:				
Federal Home Loan Bank Securities	7,027,505	Less Than Three Years	AA+	11.98
Negotiable Certificates of Deposit	5,010,130	Less Than Three Years	N/A	8.54
U.S. Treasury Notes	4,579,805	Less Than Four Years	N/A	7.81
Commercial Paper	3,217,587	Less Than One Year	A-1 or A-1+	5.49
Federal Farm Credit Bank Securities	2,647,904	Less Than Three Years	AA+	4.51
U.S. Treasury Bonds	1,453,770	Less Than Three Years	N/A	2.48
Federal National Mortgage Association Securities	767,059	Less Than Two Years	AA+	1.31
Municipal Bond	273,954	Less Than Two Years	AAA	0.47
Federal Home Loan Mortgage Corporation Securities	243,315	Less Than One Year	AA+	0.41
<i>Total Investments</i>	<u>\$58,656,661</u>			

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The preceding chart identifies the School District's recurring fair value measurements as of June 30, 2022. The School District's money market account is measured at fair value based on quoted market prices (level 1 inputs). The School District's remaining investments measured at fair value are valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers and reference data including market research publications. Market indicators and industry and economic events are also monitored, which could require the need to acquire further market data (Level 2 inputs).

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Interest Rate Risk The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the School District, and that an investment must be purchased with the expectation that it will be held to maturity.

Credit Risk Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. Rated investments of the School District carry ratings as shown in the preceding table. The School District has no investment policy that addresses credit risk.

Note 7 – Fund Balances

Fund balance is 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 the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

Fund Balance	General	Permanent Improvement	Other Governmental Funds	Total
<i>Nonspendable:</i>				
Unclaimed Funds	\$31,206	\$0	\$0	\$31,206
Materials and Supplies Inventory	224,629	0	0	224,629
Prepays Items	1,309,404	871,589	93,913	2,274,906
<i>Total Nonspendable</i>	1,565,239	871,589	93,913	2,530,741
<i>Restricted for:</i>				
Capital Projects	0	3,747,015	126,699	3,873,714
Local Grants	0	0	15,090	15,090
Student Activities	0	0	160,837	160,837
Athletics and Music	0	0	768,043	768,043
Auxiliary Services	0	0	707,612	707,612
State Grants	0	0	725,521	725,521
Federal Grants	0	0	300,330	300,330
<i>Total Restricted</i>	0	3,747,015	2,804,132	6,551,147
<i>Assigned to:</i>				
Purchases on Order:				
Instruction	1,059,240	0	0	1,059,240
Support Services	1,362,939	0	0	1,362,939
Extracurricular Activities	11,602	0	0	11,602
Fiscal Year 2023 Budget	5,341,964	0	0	5,341,964
Public School Support	404,800	0	0	404,800
<i>Total Assigned</i>	8,180,545	0	0	8,180,545
<i>Unassigned (Deficit)</i>	32,699,880	0	(2,238,303)	30,461,577
<i>Total Fund Balances</i>	\$42,445,664	\$4,618,604	\$659,742	\$47,724,010

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Note 8 – Encumbrances

Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At fiscal year end the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

<i>Governmental Funds:</i>		<i>Proprietary Funds:</i>	
General	\$2,529,757	Food Service	\$170,749
Permanent Improvement	909,503	Extended Daycare/Preschool	101,900
Other Governmental Funds	<u>2,205,734</u>	Internal Service Fund	<u>1,899,924</u>
Total	<u><u>\$5,644,994</u></u>	Total	<u><u>\$2,172,573</u></u>

Note 9 – Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2022 represents collections of calendar year 2021 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2021, on the assessed value listed as of January 1, 2021, 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.

Public utility property tax revenue received in calendar year 2022 represents collections of calendar year 2021 taxes. Public utility real and tangible personal property taxes received in calendar year 2022 became a lien December 31, 2020, were levied after April 1, 2021, and are collected in calendar year 2022 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Cuyahoga County. The County Fiscal Officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2022, are available to finance fiscal year 2022 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 and public utility property taxes which are measurable as of June 30, 2022 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 – property taxes.

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The amount available as an advance at June 30, 2022, was \$8,097,396 in the general fund and \$443,006 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2021, was \$7,808,520 in the general fund and \$427,202 in the permanent improvement capital projects fund.

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

The assessed values upon which the fiscal year 2022 taxes were collected are:

	2021 Second Half Collections		2022 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$2,142,925,840	96.96 %	\$2,563,914,350	97.25 %
Public Utility	67,295,690	3.04	72,393,730	2.75
Total	\$2,210,221,530	100.00 %	\$2,636,308,080	100.00 %
Tax rate per \$1,000 of assessed valuation	\$74.90		\$74.50	

The tax rate decreased due to the emergency levies decreasing to keep collection amounts consistent from the increase in assessed valuation.

Note 10 – Tax Abatements

In prior fiscal years, the School District’s property taxes had been reduced under a community reinvestment area agreement entered into by the City of Parma Heights, which has been determined to be an immaterial amount in fiscal year 2022.

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Note 11 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2022, was as follows:

	Restated Balance 7/1/2021	Additions	Deletions	Balance 6/30/2022
Governmental Activities:				
<i>Capital Assets, not being depreciated:</i>				
Land	\$5,009,510	\$0	(\$509,400)	\$4,500,110
Construction in Progress	0	186,300	0	186,300
<i>Total Capital Assets, not being depreciated</i>	<u>5,009,510</u>	<u>186,300</u>	<u>(509,400)</u>	<u>4,686,410</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	9,906,334	340,887	(51,654)	10,195,567
Buildings and Improvements	63,316,959	0	0	63,316,959
Furniture and Equipment	29,492,360	472,523	(36,974)	29,927,909
Vehicles	6,855,102	630,768	0	7,485,870
<i>Total Capital Assets, being depreciated</i>	<u>109,570,755</u>	<u>1,444,178</u>	<u>(88,628)</u>	<u>110,926,305</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(7,716,123)	(239,774)	51,654	(7,904,243)
Buildings and Improvements	(53,669,670)	(434,352)	0	(54,104,022)
Furniture and Equipment	(24,007,010)	(1,002,065)	30,320	(24,978,755)
Vehicles	(2,641,451)	(776,819)	0	(3,418,270)
<i>Total Accumulated Depreciation</i>	<u>(88,034,254)</u>	<u>(2,453,010) *</u>	<u>81,974</u>	<u>(90,405,290)</u>
Total Capital Assets, being depreciated, net	<u>21,536,501</u>	<u>(1,008,832)</u>	<u>(6,654)</u>	<u>20,521,015</u>
Governmental Activities Capital Assets, Net	<u>\$26,546,011</u>	<u>(\$822,532)</u>	<u>(\$516,054)</u>	<u>\$25,207,425</u>

* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$762,774
Special	4,068
Vocational	27,856
Support Services:	
Pupils	5,740
Instructional Staff	34,380
Administration	5,528
Fiscal	568
Business	57,607
Operation and Maintenance of Plant	243,540
Pupil Transportation	774,288
Central	2,146
Extracurricular Activities	<u>534,515</u>
Total Depreciation Expense	<u>\$2,453,010</u>

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	Restated Balance 7/1/2021	Additions	Deletions	Balance 6/30/2022
Business-Type Activities:				
<i>Capital Assets, being depreciated:</i>				
Furniture and Equipment	\$3,038,676	\$42,079	\$0	\$3,080,755
<i>Less Accumulated Depreciation:</i>				
Furniture and Equipment	(2,217,846)	(115,851)	0	(2,333,697)
Business-Type Activities Capital Assets, Net	<u>\$820,830</u>	<u>(\$73,772)</u>	<u>\$0</u>	<u>\$747,058</u>

Note 12 – Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. At June 30, 2022, the School District contracted with Argonaut Insurance Company for the following coverage:

Type of Coverage	Limit	Deductible
Auto Liability	\$1,000,000	N/A
Comprehensive General Liability:		
General Liability	1,000,000	N/A
Personal Injury	1,000,000	N/A
General Aggregate	3,000,000	N/A
Errors and Omissions	1,000,000	\$10,000
School Leaders' Error and Omissions	1,000,000	10,000
Blanket Building and Contents	350,130,060	25,000
Cyber	3,000,000	25,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from last year.

Self-Insurance

The School District provides employee medical, surgical and prescription benefits through a partially self-insured program. The third party administrator, Medical Mutual of Ohio, reviews the claims which are then paid by the School District. The School District has stop loss coverage at \$200,000 per covered person, per year, and a calculated aggregate maximum for the 2022 plan year of \$1,000,000.

The claims liability of \$2,848,135 reported in the internal service fund at June 30, 2022, is based on an estimate provided by the third party administrators and the requirements of GASB Statement No. 30 "Risk Financing Omnibus," which requires that a liability for unpaid claims cost, including estimates of cost relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claims adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in the fund's claims liability amount in 2021 and 2022 were:

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Year	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2021	\$1,750,767	\$19,768,390	\$19,375,800	\$2,143,357
2022	2,143,357	21,859,204	21,154,426	2,848,135

Workers' Compensation

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Note 13 – Receivables

Receivables at June 30, 2022, consisted of taxes, payments in lieu of taxes, accrued interest, accounts (tuition and fees, extracurricular activities, rentals, charges for services, and miscellaneous), interfund and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables except for delinquent property taxes are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

A summary of the principal items of governmental activities intergovernmental receivables follows:

	Amounts
Governmental Activities	
American Rescue Plan Elementary and Secondary School Emergency Relief	\$2,042,414
Ohio Department of Education Foundation Funding Adjustments	1,123,840
Elementary and Secondary School Emergency Relief II	819,518
Title I-A Improving Basic Programs	633,568
Education Connectivity Funding	450,000
Federal Emergency Management Agency Grant	274,842
School Employees Retirement System Refund	254,124
IDEA Part B Special Education	155,926
Title II-A Supporting Effective Instruction	137,212
Medicaid Reimbursement	60,494
21st Century	54,909
Carl D. Perkins Secondary	36,408
Preliminary Scholastic Aptitude Testing Funding	12,931
American Rescue Plan IDEA Part B Special Education	12,574
Expanding Opportunities for Each Child Grant	10,663
Title IV-A Student Support and Academic Enrichment	8,227
American Rescue Plan Homeless Relief II	4,467
American Rescue Plan IDEA Early Childhood Special Education	2,721
Title III Language Instruction for English Learners	2,343
IDEA Early Childhood Special Education	1,767
Parent Mentor Project (State)	1,160
Miscellaneous	697
<i>Total Intergovernmental Receivables</i>	\$6,100,805

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Payments in Lieu of Taxes

The School District is party to Tax Increment Financing (TIF) agreements. Municipalities, townships and counties can enter into TIF agreements which lock in real property at its unimproved value for up to 30 years in a defined TIF district. Some TIF agreements also require the TIF government to allocate service payments to school districts and other governments to help offset the property taxes these governments would have received had the improvements to real property not been exempted. The service payments that the School District receives as part of TIF agreements are presented on the financial statements as Payments in Lieu of Taxes.

Note 14 – Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

The net pension liability and the net OPEB liability (asset) reported on the statement of net position represent liabilities (asset) to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions – between an employer and its employees – of salaries and benefits for employee services. Pensions/OPEB are provided to an employee – on a deferred-payment basis – as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions/OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also include 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 health care to eligible benefit recipients.

Parma City School District
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The proportionate share of each plan’s unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB 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 15 for the required OPEB disclosures.

School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Age 65 with 5 years of service credit; or Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first 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 0.5 percent COLA for calendar year 2021.

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, 2022, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2022, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

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The School District's contractually required contribution to SERS was \$3,097,962 for fiscal year 2022. Of this amount \$196,979 is reported as an intergovernmental payable.

State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost of living increases are not affected by this change. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be 5 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, 2026, when retirement eligibility will be 5 years of qualifying service credit and age 60, or 30 years of service credit at any age.

The DC Plan allows members to place all their member contributions and 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.

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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 that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2022 employer and employee contribution rate of 14 percent was equal to the statutory maximum rates. For fiscal year 2022, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$9,929,782 for fiscal year 2022. Of this amount \$1,385,435 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the Net Pension Liability:			
Current Measurement Date	0.58929850%	0.54818378%	
Prior Measurement Date	<u>0.64095920%</u>	<u>0.53897529%</u>	
Change in Proportionate Share	<u>-0.05166070%</u>	<u>0.00920849%</u>	
Proportionate Share of the Net Pension Liability	\$21,743,406	\$70,090,223	\$91,833,629
Pension Expense	(\$1,638,658)	(\$4,701,215)	(\$6,339,873)

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$2,098	\$2,165,450	\$2,167,548
Changes of assumptions	457,852	19,444,284	19,902,136
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	83,572	1,338,703	1,422,275
School District contributions subsequent to the measurement date	<u>3,097,962</u>	<u>9,929,782</u>	<u>13,027,744</u>
Total Deferred Outflows of Resources	<u>\$3,641,484</u>	<u>\$32,878,219</u>	<u>\$36,519,703</u>

Parma City School District
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For the Fiscal Year Ended June 30, 2022

	SERS	STRS	Total
Deferred Inflows of Resources			
Differences between expected and actual experience	\$563,895	\$439,323	\$1,003,218
Net difference between projected and actual earnings on pension plan investments	11,198,489	60,404,357	71,602,846
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	1,975,530	4,544,988	6,520,518
Total Deferred Inflows of Resources	<u>\$13,737,914</u>	<u>\$65,388,668</u>	<u>\$79,126,582</u>

\$13,027,744 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2023	(\$3,916,209)	(\$12,295,773)	(\$16,211,982)
2024	(3,178,330)	(9,569,077)	(12,747,407)
2025	(2,662,597)	(8,936,302)	(11,598,899)
2026	(3,437,256)	(11,639,079)	(15,076,335)
Total	<u>(\$13,194,392)</u>	<u>(\$42,440,231)</u>	<u>(\$55,634,623)</u>

Actuarial Assumptions – SERS

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

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

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

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Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2021, compared with June 30, 2020, are presented as follows:

	June 30, 2021	June 30, 2020
Inflation	2.4 percent	3.00 percent
Future Salary Increases, including inflation COLA or Ad Hoc COLA	3.25 percent to 13.58 percent 2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	3.50 percent to 18.20 percent 2.5 percent
Investment Rate of Return	7.00 percent net of System expenses	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

Mortality rates for 2021 were based on the PUB-2010 General Employee Amount Weight Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Mortality rates for 2020 were based on the 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 were based upon the 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 were based upon the 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.

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

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

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 Strategy	4.00	3.47
Private Debt/Private Credit	3.00	5.28
Total	100.00 %	

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Discount Rate The total pension liability for 2021 was calculated using the discount rate of 7.00 percent. The discount rate for 2020 was 7.50 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 net pension liability calculated using the discount rate of 7.00 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent), or one percentage point higher (8.00 percent) than the current rate.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$36,175,687	\$21,743,406	\$9,572,032

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation compared to those used in the June 30, 2020, actuarial valuation are presented as follows:

	June 30, 2021	June 30, 2020
Inflation	2.50 percent	2.50 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent	7.45 percent
Payroll Increases	3.00 percent	3.00 percent
Cost of Living Adjustments (COLA)	0.0 percent	0.0 percent

Post-retirement 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, 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, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return *
Domestic Equity	28.00%	7.35%
International Equity	23.00	7.55
Alternatives	17.00	7.09
Fixed Income	21.00	3.00
Real Estate	10.00	6.00
Liquidity Reserves	1.00	2.25
Total	100.00%	

* 10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25 percent, and are 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, 2021, and was 7.45 percent as of June 30, 2020. 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 previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. 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, 2021.

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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$131,252,757	\$70,090,223	\$18,408,015

Changes Between the Measurement Date and the Reporting Date In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. These demographic measures include retirement, salary increase, disability/termination and mortality assumptions. In March 2022, the STRS Board approved benefit plan changes to take effect on July 1, 2022. These changes include a one-time 3 percent cost of living increase (COLA) to be paid to eligible benefit recipients and the elimination of the age 60 requirement for retirement age and service eligibility that was set to take effect in 2026. The effect on the net pension liability is unknown.

Parma City School District
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Note 15 – Defined Benefit OPEB Plans

See Note 14 for a description of the net OPEB liability (asset).

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 health care 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 2022, 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 2022, 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 2022, the School District’s surcharge obligation was \$401,884.

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 \$401,884 for fiscal year 2022, all of which is reported as an intergovernmental payable.

Parma City School District
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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. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for postemployment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to postemployment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2021, 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	0.60965070%	0.54818378%	
Prior Measurement Date	0.66502270%	0.53897529%	
Change in Proportionate Share	-0.05537200%	0.00920849%	
Proportionate Share of the:			
Net OPEB Liability	\$11,538,139	\$0	\$11,538,139
Net OPEB (Asset)	\$0	(\$11,558,005)	(\$11,558,005)
OPEB Expense	(\$570,325)	(\$1,264,998)	(\$1,835,323)

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At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$122,988	\$411,543	\$534,531
Changes of assumptions	1,810,061	738,277	2,548,338
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	267,097	4,632	271,729
School District contributions subsequent to the measurement date	<u>401,884</u>	<u>0</u>	<u>401,884</u>
Total Deferred Outflows of Resources	<u>\$2,602,030</u>	<u>\$1,154,452</u>	<u>\$3,756,482</u>
Deferred Inflows of Resources			
Differences between expected and actual experience	\$5,746,514	\$2,117,634	\$7,864,148
Changes of assumptions	1,580,052	6,895,193	8,475,245
Net difference between projected and actual earnings on OPEB plan investments	250,670	3,203,679	3,454,349
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>2,033,239</u>	<u>1,149,994</u>	<u>3,183,233</u>
Total Deferred Inflows of Resources	<u>\$9,610,475</u>	<u>\$13,366,500</u>	<u>\$22,976,975</u>

\$401,884 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 of the net OPEB liability or an increase to the net OPEB asset in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2023	(\$1,745,547)	(\$3,614,686)	(\$5,360,233)
2024	(1,747,305)	(3,534,507)	(5,281,812)
2025	(1,577,985)	(3,242,469)	(4,820,454)
2026	(1,268,457)	(1,376,476)	(2,644,933)
2027	(769,684)	(455,205)	(1,224,889)
Thereafter	<u>(301,351)</u>	<u>11,295</u>	<u>(290,056)</u>
Total	<u>(\$7,410,329)</u>	<u>(\$12,212,048)</u>	<u>(\$19,622,377)</u>

Actuarial Assumptions – SERS

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

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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, 2021, compared with June 30, 2020, are presented as follows:

	June 30, 2021	June 30, 2020
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation
Municipal Bond Index Rate:		
Measurement Date	1.92 percent	2.45 percent
Prior Measurement Date	2.45 percent	3.13 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation:		
Measurement Date	2.27 percent	2.63 percent
Prior Measurement Date	2.63 percent	3.22 percent
Medical Trend Assumption:		
Medicare	5.125 to 4.40 percent	5.25 to 4.75 percent
Pre-Medicare	6.75 to 4.40 percent	7.00 to 4.75 percent

For 2021, 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.

For 2020, mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120 percent of male rates and 110 percent of female rates. RP-2000 Disabled Mortality Table with 90 percent for male rates and 100 percent for female rates set back five years.

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

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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 2015 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return 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 SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 14.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2021, was 2.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to 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, 2020, 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 1.92 percent at June 30, 2021, and 2.45 percent at June 30, 2020.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (1.27 percent) and higher (3.27 percent) than the current discount rate (2.27 percent). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are one percentage point lower (5.75 percent decreasing to 3.40 percent) and higher (7.75 percent decreasing to 5.40 percent) than the current rate.

	1% Decrease (1.27%)	Current Discount Rate (2.27%)	1% Increase (3.27%)
School District's proportionate share of the net OPEB liability	\$14,297,151	\$11,538,139	\$9,334,044
	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	\$8,883,422	\$11,538,139	\$15,084,027

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Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2021, actuarial valuation and the June 30, 2020, actuarial valuation are presented as follows:

	June 30, 2021	June 30, 2020
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent
Discount Rate of Return	7.00 percent	7.45 percent
Health Care Cost Trends:		
Medical:		
Pre-Medicare	5.00 percent initial, 4 percent ultimate	5.00 percent initial, 4 percent ultimate
Medicare	-16.18 percent initial, 4 percent ultimate	-6.69 percent initial, 4 percent ultimate
Prescription Drug:		
Pre-Medicare	6.50 percent initial, 4 percent ultimate	6.50 percent initial, 4 percent ultimate
Medicare	29.98 initial, 4 percent ultimate	11.87 initial, 4 percent ultimate

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

For 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, 2021, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

The non-Medicare subsidy percentage was increased effective January 1, 2022, from 2.055 percent to 2.1 percent per year of service. 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 calendar year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 14.

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent as of June 30, 2021, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes STRS continues to allocate no employer contributions to the health care fund. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent was used to measure the total OPEB liability as of June 30, 2021.

Parma City School District
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Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rates The following table represents the net OPEB asset as of June 30, 2021, 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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	(\$9,753,171)	(\$11,558,005)	(\$13,065,675)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	(\$13,004,586)	(\$11,558,005)	(\$9,769,178)

Changes Between the Measurement Date and the Reporting Date In February 2022, the Board approved changes to demographic measures that will impact the June 30, 2022, actuarial valuation. The effect on the net OPEB liability (asset) is unknown.

Note 16 – Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators who are on twelve month contracts earn up to twenty-five days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and administrators who are on twelve month contracts upon termination of employment. Teachers and administrators who are not on a twelve month contract do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month of service or fifteen days for each completed year of service, which is prorated to a percent of the employee's contract. There is no limit on the maximum number of sick leave days that may be accumulated.

Upon retirement, certified employees with less than fourteen years of service with the School District are paid a sum equal to one-fourth of their unused sick leave balance times their daily rate up to a maximum accumulation of thirty days. Upon separation, certified employees with fourteen years of service or more with the School District, hired prior to May 1, 1996, receive a lump sum payment for their total accumulated sick leave balance times their daily rate, up to a maximum accumulation of sixty days. Any certified employee with a balance of greater than 150 days also receives an additional ten percent of accrued and unused sick leave above the 150 days. Certified employees with fourteen years of service or more, hired after May 1, 1996 who retire from employment, receive a lump sum payment for one-fourth of their accrued and unused sick leave times their daily rate up to a maximum accumulation of ninety-five days.

Parma City School District
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Classified employees who have retired and classified employees with fourteen years of service or more with the School District are paid a sum upon separation (regardless of whether retiring) equal to the value of the percentages in the following table, to a maximum of 134 days:

Accrued and Unused Sick Days	Maximum Days Paid Upon Separation
0 - 100 days at 30%	30.0
101 - 146 days at 50%	22.5
147 - 197 days at 75%	37.5
198 - 242 days at 100%	44.0
Total	<u>134.0</u>

Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance through MetLife Life. Certified employees working two and one-half hours or more per day and administrators receive \$50,000 term life and accidental death and dismemberment coverage. Classified employees who work four to six hours per day receive \$20,000 coverage, and those who work six hours or more per day receive \$30,000 coverage for term life insurance and accidental death and dismemberment. The Treasurer receives \$100,000 term life and accidental death and dismemberment coverage.

The School District also provides medical/surgical insurance through Medical Mutual of Ohio and prescription drug coverage through Express Scripts and is self-insured (see Note 12); vision insurance is through Medical Mutual of Ohio, and dental insurance through MetLife to all eligible employees.

Note 17 – Set-Asides

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

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

	Capital Improvement
Set-aside Balance as of June 30, 2021	\$0
Current Year Set-aside Requirement	1,634,916
Offsets During the Fiscal Year	<u>(5,421,680)</u>
Totals	<u>(\$3,786,764)</u>
Set-aside Balance Carried	
Forward to Future Fiscal Years	<u>\$0</u>
Set-aside Balance as of June 30, 2022	<u>\$0</u>

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

Parma City School District
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Note 18 – Long-Term Obligations

The original issue date, interest rate, original issue amount and date of maturity of each of the School District’s bonds, loans and notes follows:

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
Energy Conservation Loans: 2008 - Phase X	4.29%	\$2,511,519	July 30, 2022

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

	Principal Outstanding 7/1/2021	Additions	(Reductions)	Principal Outstanding 6/30/2022	Amount Due in One Year
Governmental Activities:					
Energy Conservation Loans:					
2008 - Phase X	\$328,950	\$0	(\$216,965)	\$111,985	\$111,985
Other Long-Term Obligations:					
Asset Retirement Obligations	104,012	0	(26,003)	78,009	0
Compensated Absences	9,884,880	276,015	(387,037)	9,773,858	736,477
Total Other Long-Term Obligations	9,988,892	276,015	(413,040)	9,851,867	736,477
Net Pension Liability:					
SERS	38,977,404	0	(18,756,036)	20,221,368	0
STRS	130,165,058	0	(60,775,737)	69,389,321	0
Total Net Pension Liability	169,142,462	0	(79,531,773)	89,610,689	0
Net OPEB Liability:					
SERS	13,288,199	0	(2,557,729)	10,730,470	0
Total Governmental Activities	\$192,748,503	\$276,015	(\$82,719,507)	\$110,305,011	\$848,462
Business-Type Activities:					
Other Long-Term Obligations:					
Financed Purchase from Direct Borrowing	\$48,008	\$0	(\$21,337)	\$26,671	\$21,337
Compensated Absences	375,298	4,896	(29,748)	350,446	15,190
Total Other Long-Term Obligations	423,306	4,896	(51,085)	377,117	36,527
Net Pension Liability:					
SERS	3,416,988	0	(1,894,950)	1,522,038	0
STRS	247,784	453,118	0	700,902	0
Total Net Pension Liability	3,664,772	453,118	(1,894,950)	2,222,940	0
Net OPEB Liability:					
SERS	1,164,921	0	(357,252)	807,669	0
Total Business-Type Activities	\$5,252,999	\$458,014	(\$2,303,287)	\$3,407,726	\$36,527

The energy conservation loans will be paid from the permanent improvement capital projects fund. The asset retirement obligations will be paid from the general fund and the permanent improvement capital projects fund. The financed purchase from direct borrowing will be paid from the food service enterprise fund. Compensated absences will be paid from the general fund, auxiliary services, elementary and secondary school emergency relief, title VI-B, limited English proficiency, title I special education, drug-free schools, and preschool grants, special revenue funds, and the food service and extended daycare/preschool enterprise funds. There is no

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For the Fiscal Year Ended June 30, 2022

repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the general fund, athletics and music, auxiliary services, student wellness and success, other state grants, elementary and secondary school emergency relief, 21st century, title VI-B, vocational education, title I school improvement, limited English proficiency, title I special education, drug-free schools, preschool grants, title II-A and other federal grants special revenue funds, and the food service and extended daycare/preschool enterprise funds. For additional information related to the net pension liability and net OPEB liability see Notes 14 and 15.

The School District's overall legal debt margin was \$237,267,727 with an unvoted debt margin of \$2,636,308 at June 30, 2022. Principal and interest requirements to retire the debt outstanding at June 30, 2022, are as follows.

In July 2007, the School District issued a HB 264 energy conservation loan in the amount of \$2,511,519. The proceeds were used to renovate school facilities in order to improve energy conservation measures.

Fiscal Year Ending June 30,	Energy Conservation Loans	
2023	Principal	Interest
2023	\$111,985	\$2,402

During fiscal year 2021, the School District entered into a financed purchase agreement from direct borrowing to finance \$64,010 to purchase milk coolers through the Ohio Schools Council. The interest rate of this financed purchase is 0.00 percent, and the financed purchase will mature during fiscal year 2024.

	Business-Type Activities
	Principal
2023	\$21,337
2024	5,334
Total	\$26,671

Note 19 – Asset Retirement Obligations

The Governmental Accounting Standard Board’s (GASB) Statement No. 83, *Certain Asset Retirement Obligations*, provides guidance related to asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. The Bureau of Underground Storage Tank Regulations (BUSTR) regulates petroleum and hazardous substances stored in underground storage tanks. These regulations are included in Ohio Administrative Code Section 1301-7-9 and require a School District classified as an “owner” or “operator” to remove from the ground any underground storage tank (UST) that is not in use for a year or more. A permit must first be obtained for that year it is not being used. Once the UST is removed, the soil in the UST cavity and excavated material must be tested for contamination. This asset retirement obligation (ARO) of \$78,009 associated with the School District’s underground storage tanks was estimated by the School District. The remaining useful life of these USTs are zero years. The School District maintains insurance related to any potential pollution remediation associated with the USTs.

Parma City School District
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For the Fiscal Year Ended June 30, 2022

Note 20 – Jointly Governed Organizations

Northeast Ohio Network for Educational Technology

The Northeast Ohio Network for Educational Technology (NEOnet) is the computer service organization or Data Acquisition Site (DAS) used by the School District. NEOnet is a jointly governed organization among numerous school districts, three career centers, two cities, and two educational service centers. The Metropolitan Regional Service Council acts as the fiscal agent for the consortium. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The Board of Directors consists of member district superintendents and treasurers. The manager/director is a permanent, non-voting member of the board of directors. Each school district's control is limited to its representation on the board. The Board of Directors exercise total control over the operations of the association including budgeting, appropriating, contracting and designating management. All association revenues are generated from charges for services and State funding. The School District does not retain an ongoing financial interest or an ongoing financial responsibility in NEOnet. Payments to NEOnet are made from the general fund. In fiscal year 2022, the School District paid \$212,375 to NEOnet. Financial information can be obtained by writing to the Northeast Ohio Network for Educational Technology, 700 Graham Road, Cuyahoga Falls, Ohio 44221.

Ohio Schools Council

The Ohio Schools Council (Council) is a jointly governed organization among approximately 250 members. The jointly governed organization was created by school districts for the purpose of saving money through volume purchases. Each district supports the Council by paying an annual participation fee. Each school district member's superintendent serves as a representative of the Assembly. The Assembly elects five of the Council's Board members and the remaining four are representatives of the Greater Cleveland School Superintendents' Association. The Council operates under a nine-member Board of Directors (the Board). The Board is the policy making authority of the Council. The Board meets monthly September to June. The Board appoints an Executive Director who is responsible for receiving and disbursing funds, investing available funds, preparing financial reports for the Board and Assembly and carrying out such other responsibilities as designated by the Board. The degree of control exercised by any participating school district is limited to its representation on the Board. In fiscal year 2022, the School District paid \$2,500 to the Council in membership fees. Financial information can be obtained by contacting William Zelei, the Executive Director of the Ohio Schools Council at 6393 Oak Tree Boulevard, Suite 377, Independence, Ohio 44131.

The School District participates in the Council's natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. Dominion East Ohio and Columbia Gas of Ohio have been selected as the suppliers and program managers for the period from July 1, 2021 through June 30, 2022. There are more than 150 participants in the program, including the School District. The participants make monthly payments based on estimated usage and estimated prices. Each September, these estimated payments are compared to their actual usage and actual prices for the year (July to June). Districts that paid more in estimated billings than their actual billings are issued credits on future billings beginning in September until the credits are exhausted and districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

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Note 21 – Contingencies

Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, in the opinion of management, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2022, if applicable, cannot be determined at this time.

School Foundation

In fiscal year 2022, School District foundation funding was based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional ODE adjustments for fiscal year 2022 are finalized.

Litigation

The School District is party to legal proceedings. The School Board is of the opinion that the ultimate disposition of the current proceedings will not have a material effect, if any, on the financial condition of the School District.

Note 22 – Note Payable

The School District’s note activity, including amounts outstanding and interest rate is as follows:

	Principal Outstanding 7/1/2021	Additions	(Reductions)	Principal Outstanding 6/30/2022
Permanent Improvement Capital Projects Fund:				
2017 Tax Revenue Anticipation Note	\$5,760,000	\$0	(\$895,000)	\$4,865,000

In November of 2016, the School District issued a tax anticipation note in the amount of \$9,100,000 for the purpose of paying costs of general permanent improvements. The tax anticipation note will be repaid over 10 years, with a 2.77 percent interest rate. The tax anticipation note will be paid from the permanent improvement capital projects fund. Principal and interest payments to retire the tax anticipation note are as follows:

Fiscal Year Ending June 30,	Tax Anticipation Note	
	Principal	Interest
2023	\$920,000	\$122,018
2024	945,000	96,188
2025	970,000	69,666
2026	1,000,000	42,381
2027	1,030,000	14,265
Total	\$4,865,000	\$344,518

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Note 23 – Interfund Transactions

Interfund Balances

Interfund balances at June 30, 2022, consist of the following individual fund receivables and payables:

Interfund Payable	Interfund Receivable General
<i>Governmental Activities:</i>	
Other Governmental Funds:	
Neighborhood System of Care	\$338
Other State Grants	1,160
Elementary and Secondary School Emergency Relief	2,032,530
21st Century	47,281
Title VI-B	165,363
Vocational Education	60,555
Limited English Proficiency	1,849
Title I Special Education	323,587
Title IV-A	7,033
Preschool Grant	4,238
Title II-A	137,381
Other Federal Grants	424,512
Total	\$3,205,827

Interfund payables in the special revenue funds are due to the timing of the receipt of grant monies received by the various funds. All balances are expected to be paid back next fiscal year.

Internal Balances – Change in Proportionate Share

The School District uses an internal proportionate share to allocate its net pension/OPEB liabilities (asset) and corresponding deferred outflows/inflows of resources and pension/OPEB expense to its various funds. This allocation creates a change in internal proportionate share. The effects of the internal proportionate share are eliminated from the pension/OPEB deferred outflows/inflows of resources in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts between governmental and business-type activities. These residual amounts are eliminated in the total column of the entity wide statement of net position, thus allowing the total column to present the change in proportionate share for the School District as a whole.

Balances related to the internal proportionate share for pension and OPEB at June 30, 2022, were as follows:

	Pension		OPEB	
	Deferred Outflows	Deferred Inflows	Deferred Outflows	Deferred Inflows
Governmental Activities	\$105,149	\$8,964	\$155,024	\$4,340
Business-Type Activities:				
Food Service	8,964	22,410	4,340	27,700
Extended Daycare/Preschool	0	82,739	0	127,324
Total Business-Type Activities	8,964	105,149	4,340	155,024
Total	\$114,113	\$114,113	\$159,364	\$159,364

Parma City School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2022

Note 24 – COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. Ohio's state of emergency ended in June, 2021 while the national state of emergency continues. During fiscal year 2022, the School District received COVID-19 funding. The School District's investment portfolio fluctuates with market conditions, and due to market volatility, the amount of gains or losses that will be realized in subsequent periods, if any, cannot be determined. The financial impact of COVID-19 and the continuing recovery measures will impact subsequent periods of the School District. The impact on the School District's future operating costs, revenues, and additional recovery from funding, either federal or state, cannot be estimated.

Required Supplementary Information

Parma City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
School Employees Retirement System of Ohio
*Last Nine Fiscal Years (1) **

	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.58929850%	0.64095920%	0.63367344%
School District's Proportionate Share of the Net Pension Liability	\$21,743,406	\$42,394,392	\$37,913,793
School District's Covered Payroll	\$20,587,329	\$22,428,536	\$21,553,704
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	105.62%	189.02%	175.90%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.86%	68.55%	70.85%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2014 is not available. An additional column will be added each fiscal year.

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.63944902%	0.68626842%	0.75386680%	0.71772080%	0.66086500%	0.66086500%
\$36,622,428	\$41,003,023	\$55,176,094	\$40,953,845	\$33,446,001	\$39,299,520
\$22,365,504	\$21,602,350	\$23,547,864	\$21,721,798	\$19,258,564	\$16,926,033
163.75%	189.81%	234.31%	188.54%	173.67%	232.18%
71.36%	69.50%	62.98%	69.16%	71.70%	65.52%

Parma City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
School Employees Retirement System of Ohio
*Last Six Fiscal Years (1) **

	2022	2021	2020
School District's Proportion of the Net OPEB Liability	0.60965070%	0.66502270%	0.64892899%
School District's Proportionate Share of the Net OPEB Liability	\$11,538,139	\$14,453,120	\$16,319,200
School District's Covered Payroll	\$20,587,329	\$22,428,536	\$21,553,704
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	56.04%	64.44%	75.71%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.08%	18.17%	15.57%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each fiscal year.

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

See accompanying notes to the required supplementary information

2019	2018	2017
0.64731665%	0.69783897%	0.76285700%
\$17,958,314	\$18,728,165	\$21,744,246
\$22,365,504	\$21,602,350	\$23,547,864
80.29%	86.70%	92.34%
13.57%	12.46%	11.49%

Parma City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
State Teachers Retirement System of Ohio
*Last Nine Fiscal Years (1) **

	2022	2021	2020
School District's Proportion of the Net Pension Liability	0.54818378%	0.53897529%	0.54301809%
School District's Proportionate Share of the Net Pension Liability	\$70,090,223	\$130,412,842	\$120,085,188
School District's Covered Payroll	\$68,204,971	\$65,057,300	\$63,540,114
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	102.76%	200.46%	188.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.50%	77.30%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2014 is not available. An additional column will be added each fiscal year.

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

See accompanying notes to the required supplementary information

2019	2018	2017	2016	2015	2014
0.57663926%	0.60645201%	0.63819045%	0.64667353%	0.63600186%	0.63600186%
\$126,790,025	\$144,063,974	\$213,621,580	\$178,721,651	\$154,697,663	\$184,274,844
\$65,413,629	\$66,460,786	\$67,472,071	\$67,642,971	\$65,014,262	\$68,404,123
193.83%	216.77%	316.61%	264.21%	237.94%	269.39%
77.30%	75.30%	66.80%	72.10%	74.70%	69.30%

Parma City School District
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)
State Teachers Retirement System of Ohio
*Last Six Fiscal Years (1) **

	2022	2021	2020
School District's Proportion of the Net OPEB Liability (Asset)	0.54818378%	0.53897529%	0.54301809%
School District's Proportionate Share of the Net OPEB Liability (Asset)	(\$11,558,005)	(\$9,472,480)	(\$8,993,681)
School District's Covered Payroll	\$68,204,971	\$65,057,300	\$63,540,114
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-16.95%	-14.56%	-14.15%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	174.70%	182.10%	174.70%

(1) Although this schedule is intended to reflect information for ten years, information prior to fiscal year 2017 is not available. An additional column will be added each fiscal year.

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

See accompanying notes to the required supplementary information

2019	2018	2017
0.57663926%	0.60645201%	0.63819045%
(\$9,266,006)	\$23,661,519	\$34,130,591
\$65,413,629	\$66,460,786	\$67,472,071
-14.17%	35.60%	50.58%
176.00%	47.10%	37.30%

Parma City School District
Required Supplementary Information
Schedule of School District Contributions
School Employees Retirement System of Ohio
Last Ten Fiscal Years

	2022	2021	2020	2019
Net Pension Liability:				
Contractually Required Contribution	\$3,097,962	\$2,882,226	\$3,139,995	\$2,909,750
Contributions in Relation to the Contractually Required Contribution	<u>(3,097,962)</u>	<u>(2,882,226)</u>	<u>(3,139,995)</u>	<u>(2,909,750)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$22,128,300	\$20,587,329	\$22,428,536	\$21,553,704
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>13.50%</u>
Net OPEB Liability:				
Contractually Required Contribution (2)	\$401,884	\$400,912	\$426,755	\$501,769
Contributions in Relation to the Contractually Required Contribution	<u>(401,884)</u>	<u>(400,912)</u>	<u>(426,755)</u>	<u>(501,769)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>1.82%</u>	<u>1.95%</u>	<u>1.90%</u>	<u>2.33%</u>
Total Contributions as a Percentage of Covered Payroll (2)	<u>15.82%</u>	<u>15.95%</u>	<u>15.90%</u>	<u>15.83%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

(2) Includes Surcharge

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014	2013
\$3,019,343	\$3,024,329	\$3,296,701	\$2,862,933	\$2,669,237	\$2,342,563
(3,019,343)	(3,024,329)	(3,296,701)	(2,862,933)	(2,669,237)	(2,342,563)
\$0	\$0	\$0	\$0	\$0	\$0
\$22,365,504	\$21,602,350	\$23,547,864	\$21,721,798	\$19,258,564	\$16,926,033
13.50%	14.00%	14.00%	13.18%	13.86%	13.84%
\$458,880	\$386,744	\$381,271	\$550,824	\$358,563	\$349,305
(458,880)	(386,744)	(381,271)	(550,824)	(358,563)	(349,305)
\$0	\$0	\$0	\$0	\$0	\$0
2.05%	1.79%	1.62%	2.54%	1.86%	2.06%
15.55%	15.79%	15.62%	15.72%	15.72%	15.90%

Parma City School District
Required Supplementary Information
Schedule of School District Contributions
State Teachers Retirement System of Ohio
Last Ten Fiscal Years

	2022	2021	2020	2019
Net Pension Liability:				
Contractually Required Contribution	\$9,929,782	\$9,548,696	\$9,108,022	\$8,895,616
Contributions in Relation to the Contractually Required Contribution	<u>(9,929,782)</u>	<u>(9,548,696)</u>	<u>(9,108,022)</u>	<u>(8,895,616)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School District Covered Payroll (1)	\$70,927,014	\$68,204,971	\$65,057,300	\$63,540,114
Pension Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>
Net OPEB Liability (Asset):				
Contractually Required Contribution	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
OPEB Contributions as a Percentage of Covered Payroll	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total Contributions as a Percentage of Covered Payroll	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>	<u>14.00%</u>

(1) The School District's covered payroll is the same for Pension and OPEB.

See accompanying notes to the required supplementary information

2018	2017	2016	2015	2014	2013
\$9,157,908	\$9,304,510	\$9,446,090	\$9,470,016	\$8,451,854	\$8,892,536
(9,157,908)	(9,304,510)	(9,446,090)	(9,470,016)	(8,451,854)	(8,892,536)
\$0	\$0	\$0	\$0	\$0	\$0
\$65,413,629	\$66,460,786	\$67,472,071	\$67,642,971	\$65,014,262	\$68,404,123
14.00%	14.00%	14.00%	14.00%	13.00%	13.00%
\$0	\$0	\$0	\$0	\$650,143	\$684,041
0	0	0	0	(650,143)	(684,041)
\$0	\$0	\$0	\$0	\$0	\$0
0.00%	0.00%	0.00%	0.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Parma City School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

Net Pension Liability

Changes in Assumptions – SERS

Beginning in fiscal year 2022, an assumption of 2.0 percent was used for COLA or Ad Hoc Cola. For fiscal years 2018 through 2021, an assumption of 2.5 percent was used. Prior to 2018, an assumption of 3 percent was used.

Amounts reported in 2022 incorporate changes in assumptions used by SERS in calculating the total pension liability in the latest actuarial valuation. These assumptions compared with those used in prior years are presented as follows:

	Fiscal Year 2022	Fiscal Years 2021-2017	Fiscal Year 2016 and Prior
Wage Inflation	2.4 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.0 percent net of system expenses	7.50 percent net of investments expense, including inflation	7.75 percent net of investments expense, including inflation

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

Amounts report for 2017 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions – STRS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by STRS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal years 2018-2021 and fiscal year 2017 and prior are presented as follows:

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll Increases	3 percent	3 percent	3.5 percent
Cost of Living Adjustments (COLA)	0.0 percent, effective July 1, 2017	0.0 percent, effective July 1, 2017	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA commences on fifth anniversary of retirement date.

Parma City School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

Beginning with fiscal year 2018, 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. 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. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

For fiscal year 2017 and prior actuarial valuation, mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set back two years through age 89 and no set back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89, and no set back from age 90 and above.

Net OPEB Liability (Asset)

Changes in Assumptions – SERS

Beginning with fiscal year 2022, amounts reported incorporate changes in assumptions and changes in benefit terms used by SERS in calculating the total OPEB liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 and prior are presented as follows:

	2022	2021 and Prior
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation		
Wage Increases	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
Investment Rate of Return	7.00 percent net of investment expense, including inflation	7.50 percent net of investment expense, including inflation

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 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 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

Parma City School District
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2022

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)*, and the long term expected rate of return was reduced from 7.75 percent to 7.45 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.

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.

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

Changes in Benefit Terms – STRS

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 were scheduled to be discontinued beginning January 2020.

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 were scheduled to be discontinued beginning January 1, 2020.

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 2021, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 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 2022, there was no change to the claims costs process. Claim curves were updated to reflect the projected fiscal year ending June 30, 2022, premium based on June 30, 2021, enrollment distribution. The non-Medicare subsidy percentage was increased effective January 1, 2022, from 2.055 percent to 2.1 percent per year of service. 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 calendar year 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Education
Parma City School District
Cuyahoga County, Ohio
5311 Longwood Avenue
Parma, OH 44134

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, business-type activities, each major fund, and the aggregate remaining fund information of Parma City School District, Cuyahoga County, Ohio (the “School District”) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated February 28, 2023, in which we noted the School District restated beginning net position to account for an overstatement of capital assets as a result of a valuation calculation being completed by an outside company, as well as an overstatement of intergovernmental receivables due to an error in the previous year in estimating the change in the eligibility requirements of certain School District grants.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be material weaknesses

Report on Compliance and Other Matters

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

School District's Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rea & Associates, Inc.

Rea & Associates, Inc.
Mentor, Ohio
February 28, 2023

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Education
Parma City School District
Cuyahoga County, Ohio
5311 Longwood Avenue
Parma, OH 44134

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Parma City School District's, Cuyahoga County, Ohio (the "School District") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2022. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the 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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Rea & Associates, Inc.

Rea & Associates, Inc.
Mentor, Ohio
February 28, 2023

Parma City School District
Cuyahoga County, Ohio
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2022

Federal Grantor/ Pass Through Grantor/ Program Title	ALN Number	Program Year	Federal Disbursements	Passed Through to Subrecipients
U. S. Department of Education				
(Passed Through Ohio Department of Education):				
Title I-A Improving Basic Programs	84.010A	2021	\$ 420,525	\$ 0
Title I-A Improving Basic Programs	84.010A	2022	2,602,959	0
Title I Non-competitive School Supplemental Improvement	84.010A	2021	14,962	0
Title I Non-competitive School Supplemental Improvement	84.010A	2022	40,155	0
Expanding Opportunities	84.010A	2022	25,281	0
Total Title I-A Improving Basic Programs			3,103,882	0
<i>Special Education Cluster:</i>				
COVID-19: American Rescue Plan IDEA-B Special Education	84.027X	2022	83,736	0
IDEA-B Special Education	84.027A	2021	71,335	0
IDEA-B Special Education	84.027A	2022	1,851,169	0
Total IDEA-B Special Education			2,006,240	0
COVID-19: American Rescue Plan IDEA-B Preschool Grant	84.173X	2022	34,201	0
IDEA Preschool Grant	84.173A	2021	52,503	0
IDEA Preschool Grant	84.173A	2022	17,797	0
Total IDEA Preschool Grant			104,501	0
<i>Total Special Education Cluster</i>				
			2,110,741	0
21st Century Learning	84.287A	2021	4,767	0
21st Century Learning	84.287A	2022	325,957	0
Total 21st Century Learning			330,724	0
Title III LEP	84.365A	2021	33,295	0
Title III LEP	84.365A	2022	31,650	0
Total Title III LEP			64,945	0
Title II-A - Supporting Effective Instruction	84.367A	2021	101,907	0
Title II-A - Supporting Effective Instruction	84.367A	2022	375,552	0
Total Title II-A - Supporting Effective Instruction			477,459	0
Title IV-A Student Support and Academic Enrichment	84.424A	2021	26,569	0
Title IV-A Student Support and Academic Enrichment	84.424A	2022	112,930	0
Total IV-A Student Support and Academic Enrichment			139,499	0
Career and Technical Education - Basic Grants to States	84.048A	2021	10,954	0
Career and Technical Education - Basic Grants to States	84.048A	2022	214,528	0
Total Career and Technical Education - Basic Grants to States			225,482	0
COVID-19: ESSER	84.425D	2021	6,336	0
COVID-19: ESSER	84.425D	2022	35,399	0
COVID-19: ESSER II	84.425D	2022	5,669,522	0
COVID-19: ARP ESSER	84.425U	2022	3,618,706	0
COVID-19: ARP Homeless round II	84.425U	2022	20,019	0
Total Elementary and Secondary School Emergency Relief Fund			9,349,982	0
Total U.S. Department of Education			15,802,714	0
U. S. Department of Treasury				
COVID-19: Coronavirus Relief Fund	21.019	2021	1,443	0
Total U.S. Department of Treasury			1,443	0

See accompanying notes to this schedule

Parma City School District
Cuyahoga County, Ohio
Schedule of Expenditures of Federal Awards (Continued)
For the Fiscal Year Ended June 30, 2022

Federal Grantor/ Pass Through Grantor/ Program Title	ALN Number	Program Year	Federal Disbursements	Passed Through to Subrecipients
U. S. Department of Agriculture (Passed Through Ohio Department of Education):				
<i>Child Nutrition Cluster:</i>				
<i>Non-Cash Assistance:</i>				
School Breakfast Program	10.553	2022	51,557	0
National School Lunch Program	10.555	2022	299,062	0
<i>Cash Assistance:</i>				
Summer Food Service Program for Children	10.559	2022	361,510	0
School Breakfast Program	10.553	2022	654,446	0
National School Lunch Program	10.555	2022	3,613,879	0
COVID-19: National School Lunch Program	10.555	2022	182,326	0
<i>Total Child Nutrition Cluster</i>			5,162,780	0
COVID-19: Pandemic EBT Administrative Costs	10.649	2022	3,063	0
Total U.S. Department of Agriculture			5,165,843	0
U.S. Federal Communications Commission (Direct)				
COVID-19: Emergency Connectivity Fund	32.009	2022	1,136,000	0
Total U.S. Federal Communications Commission			1,136,000	0
Total Federal Assistance			\$ 22,106,000	\$ -

See accompanying notes to this schedule

Parma City School District
Cuyahoga County, Ohio
Notes to the Schedule of Expenditures of Federal Awards
2 CFR 200.510(b)(6)
For the Fiscal Year Ended June 30, 2022

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Parma City School District (the School District) under programs of the federal government for the year ended June 30, 2022. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

Parma City School District
Cuyahoga County, Ohio
Schedule of Findings and Questioned Costs
2 CFR Section 200.515
June 30, 2022

1. SUMMARY OF AUDITOR'S RESULTS
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(d) (1) (i)	Type of Financial Statement Opinion	Unmodified
(d) (1) (ii)	Were there any material control 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)?	None Reported
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material control weaknesses in internal control reported for major federal programs?	No
(d) (1) (iv)	Were there any significant deficiencies in internal control reported for major federal programs?	None Reported
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unmodified
(d) (1) (vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d) (1) (vii)	Major Programs (list): COVID-19 Education Stabilization Fund & COVID-19 ARP-Education Stabilization Fund COVID-19: Emergency Connectivity Fund Title I	ALN # 84.425D, 84.425U 32.009 84.010A
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$750,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	No

Parma City School District
Cuyahoga County, Ohio
Schedule of Findings and Questioned Costs (Continued)
2 CFR Section 200.515
June 30, 2022

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

Finding Number 2022-001
Material Weakness – Internal Controls over Financial Reporting

Criteria: The AICPA establishes auditing standards generally accepted in the United States that certified public accountants and government auditors must follow in conducting audits of state and local governments. SAS No. 122 establishes standards, responsibilities and guidance for auditors during a financial statement audit engagement for identifying and evaluating a client’s internal control over financial reporting. This new standard requires the audit to report in writing to management and the governing body any control deficiencies found during the audit that are considered significant deficiencies and/or material weaknesses. To this end, SAS No. 122 lists specific control deficiencies that should be regarded as at least a significant deficiency and a strong indicator of a material weakness in internal control.

Condition Found: There were material audit adjustments made to the financial statements presented for audit.

Cause: There were transactions improperly excluded from Accounts Payable within the Permanent Improvement Fund. In addition, these expenses were not capitalized as assets within Governmental Activities.

Effect: The condition noted above resulted in an understatement of Accounts Payable of \$186,300 and Capital Outlay of \$186,300 in the Permanent Improvement Fund, and an understatement of Accounts Payable of \$186,300 and Construction-In-Progress of \$186,300 in the Governmental Activities.

Recommendations: To ensure the School District’s financial statements and notes to the financial statements are complete and accurate, the School District should adopt procedures to identify and correct errors and omissions.

Management Response: See Corrective Action Plan

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None were noted



Parma City School District

Finance / Treasurer's Office

5311 Longwood Avenue, Parma, Ohio 44134
Phone: 440.885.2324 Fax: 440.885-8492

www.parmacityschools.org/finance

**CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
June 30, 2022**

Finding Number:	2022-001
Planned Corrective Action:	The District will better monitor accounts payable transactions to properly record the transactions in the financial statements.
Anticipated Completion Date:	02/28/2023
Responsible Contact Person:	Sean Nuccio

Finance / Treasurer's Office Administration
Sean Nuccio | Treasurer/CFO
Pam Bartkowski | Administrative Assistant
Geno McGuinness | Assistant Treasurer
Sheri Bartko | Payroll Supervisor

District Administration
Charles Smialek, Ph.D. | Superintendent
Sean Nuccio | Treasurer/CFO

Board of Education
Steven Vaughn | President
Cynthia Lee Bratz | Vice-President
Jack C. Krise, Jr.
Mark Ruda
Angela N. Schwark

An Equal Opportunity Employer





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**Parma City School District
Cuyahoga County, Ohio**
*Summary Schedule of Prior Audit Findings
June 30, 2022*

Finding Number	Finding Summary	Status	Additional Information
2021-001	Material Weakness – Internal Control over Financial Reporting	Not Corrected	Additional invoices that should have been included in the accounts payable were determined to be excluded during the current fiscal year.

PCSD PCSD

Finance / Treasurer’s Office Administration
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Pam Bartkowski | Administrative Assistant
Geno McGuinness | Assistant Treasurer
Sheri Bartko | Payroll Supervisor

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OHIO AUDITOR OF STATE KEITH FABER



PARMA CITY SCHOOL DISTRICT

CUYAHOGA 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 4/6/2023

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

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