

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

SINGLE AUDIT

**FOR THE YEAR ENDED
JUNE 30, 2024**



Rea & associates

www.reacpa.com



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Board of Education
Parma City School District
7377 Chateau Drive
Parma, Ohio 44130

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, 2023 through June 30, 2024. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

April 03, 2025

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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
7377 Chateau Drive
Parma, Ohio 44130

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, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective 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, 2024, and the respective changes in financial position and, where applicable cash flows thereof 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.

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, the budgetary comparison for the general fund, 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

Parma City School District
Independent Auditor's Report
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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 is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Schedule of Expenditures of the 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 January 13, 2025 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
January 13, 2025

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The discussion and analysis of the Parma City School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2024. 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 2024 are as follows:

- Total net position of governmental activities increased by \$10,265,689 and total net position of business-type activities increased by \$275,411 compared to the prior fiscal year.
- Total revenues for fiscal year 2024 were \$186,591,338. Of this total, \$180,899,636 was reported in governmental activities and \$5,691,702 in the business-type activities.
- The School District had \$176,050,228 in expenses related to governmental and business-type activities; only \$39,994,782 of these expenses was offset by program specific charges for services, operating/capital grants or contributions resulting in a net cost of \$136,055,446 for the School District. General revenues (primarily taxes and unrestricted grants and entitlements) of \$146,596,556 were adequate to provide for these programs.

Using this 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 the School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2024?" The statement of net position and the statement of activities answer this question. These statements include *all non-fiduciary assets, liabilities, deferred inflows and outflows of resources, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the 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. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found in this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's net pension liability, net OPEB liability, and budget versus actual schedule for the general fund.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The School District as a Whole

The statement of net position provides the perspective of the School District as a whole. The following table provides a summary of the School District's net position at June 30, 2024 and 2023.

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Assets						
Current assets	\$ 190,316,589	\$ 183,255,988	\$ 3,963,172	\$ 4,184,183	\$ 194,279,761	\$ 187,440,171
Net OPEB asset	10,898,456	14,316,982	-	56,055	10,898,456	14,373,037
Capital assets, net	25,848,435	24,323,116	684,134	740,292	26,532,569	25,063,408
Total assets	<u>227,063,480</u>	<u>221,896,086</u>	<u>4,647,306</u>	<u>4,980,530</u>	<u>231,710,786</u>	<u>226,876,616</u>
Deferred outflows of resources						
Pension	30,557,211	37,490,137	1,536,712	1,462,834	32,093,923	38,454,509
OPEB	6,141,243	3,220,266	603,587	371,334	6,744,830	3,411,344
Total deferred outflows of resources	<u>36,698,454</u>	<u>40,710,403</u>	<u>2,140,299</u>	<u>1,834,168</u>	<u>38,838,753</u>	<u>41,865,853</u>
Liabilities						
Current liabilities	22,864,178	21,080,543	105,683	158,941	22,969,861	21,239,484
Long-term liabilities:						
Due within one year	405,396	740,076	18,784	19,935	424,180	760,011
Net pension liability	152,074,008	153,075,848	2,857,103	3,196,824	154,931,111	156,272,672
Net OPEB liability	9,658,853	7,996,402	878,911	719,973	10,537,764	8,716,375
Other amounts	11,158,192	9,439,668	361,611	354,693	11,519,803	9,794,361
Total liabilities	<u>196,160,627</u>	<u>192,332,537</u>	<u>4,222,092</u>	<u>4,450,366</u>	<u>200,382,719</u>	<u>196,782,903</u>
Deferred inflows of resources						
Property taxes	94,119,224	95,653,253	-	-	94,119,224	95,653,253
PILOTS	1,004,000	1,016,209	-	-	1,004,000	1,016,209
Pension	8,773,012	15,172,364	909,525	813,645	9,682,537	15,487,547
OPEB	17,736,539	22,729,293	1,005,506	1,175,616	18,742,045	23,724,653
Total deferred inflows of resources	<u>121,632,775</u>	<u>134,571,119</u>	<u>1,915,031</u>	<u>1,989,261</u>	<u>123,547,806</u>	<u>135,881,662</u>
Net Position						
Net investment in capital assets	21,491,950	19,900,922	684,134	734,958	22,176,084	20,635,880
Restricted	21,163,584	15,965,940	-	18,427	21,163,584	15,984,367
Unrestricted (deficit)	(96,687,002)	(100,164,029)	(33,652)	(378,314)	(96,720,654)	(100,542,343)
Total net position (deficit)	<u>\$ (54,031,468)</u>	<u>\$ (64,297,167)</u>	<u>\$ 650,482</u>	<u>\$ 375,071</u>	<u>\$ (53,380,986)</u>	<u>\$ (63,922,096)</u>

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2024 and is reported pursuant to Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." The School District has adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

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

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

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

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

Overall, the governmental position of the School District improved, as evidenced by the increase in net position. This is primarily from changes in assumptions and benefit terms of pension and OPEB plans; furthermore, these changes caused the major increases in liabilities and decreases in deferred inflows of resources.

The vast majority of revenue supporting all governmental activities is general revenue. The most significant portions of the general revenue are local property tax and grants and entitlements, which is mostly State foundation funding. The remaining significant revenues for the School District are program revenues, which consist of charges for services and sales provided by the School District, State and Federal grants, and contributions for capital improvements.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

The following table shows the change in net position for fiscal years 2024 and 2023.

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues:						
Charges for services and sales	\$ 5,854,746	\$ 5,649,698	\$ 1,812,464	\$ 2,142,132	\$ 7,667,210	\$ 7,791,830
Operating grants and contributions	27,574,306	20,980,301	3,860,971	3,452,711	31,435,277	24,433,012
Capital grants and contributions	892,295	721,149	-	-	892,295	721,149
General revenues:						
Property taxes	106,570,906	107,030,872	-	-	106,570,906	107,030,872
Grants and entitlements	34,167,431	33,905,591	-	-	34,167,431	33,905,591
Investment earnings	4,238,844	2,153,168	-	-	4,238,844	2,153,168
PILOTs	1,212,876	1,915,759	-	-	1,212,876	1,915,759
Contributions and Donations	-	34,771	-	-	-	34,771
Other	388,232	284,167	18,267	-	406,499	284,167
Total revenues	<u>180,899,636</u>	<u>172,675,476</u>	<u>5,691,702</u>	<u>5,594,843</u>	<u>186,591,338</u>	<u>178,270,319</u>
Expenses						
Program expenses:						
Instruction	103,117,328	102,114,474	-	-	103,117,328	102,114,474
Support services:						
Pupils and instructional staff	20,046,591	20,046,382	-	-	20,046,591	20,046,382
Board of education, administration, fiscal and business	16,775,651	17,188,485	-	-	16,775,651	17,188,485
Operations and maintenance	11,216,602	9,805,509	-	-	11,216,602	9,805,509
Pupil transportation	8,946,425	7,433,192	-	-	8,946,425	7,433,192
Central	2,405,019	2,432,574	-	-	2,405,019	2,432,574
Operation of non-instructional services	4,079,284	3,955,529	-	-	4,079,284	3,955,529
Extracurricular activities	3,946,994	3,552,636	-	-	3,946,994	3,552,636
Interest	100,043	122,551	-	-	100,043	122,551
Enterprise operations	-	-	5,416,291	5,705,710	5,416,291	5,705,710
Total expenses	<u>170,633,937</u>	<u>166,651,332</u>	<u>5,416,291</u>	<u>5,705,710</u>	<u>176,050,228</u>	<u>172,357,042</u>
Increase (decrease) in Net Position before Transfers	<u>10,265,699</u>	<u>6,024,144</u>	<u>275,411</u>	<u>(110,867)</u>	<u>10,541,110</u>	<u>5,913,277</u>
Transfers	-	11,505	-	(11,505)	-	-
Changes in net position	10,265,699	6,035,649	275,411	(122,372)	10,541,110	5,913,277
Net position (deficit) at beginning of year	<u>(64,297,167)</u>	<u>(70,332,816)</u>	<u>375,071</u>	<u>497,443</u>	<u>(63,922,096)</u>	<u>(69,835,373)</u>
Net position (deficit) at end of year	<u>\$ (54,031,468)</u>	<u>\$ (64,297,167)</u>	<u>\$ 650,482</u>	<u>\$ 375,071</u>	<u>\$ (53,380,986)</u>	<u>\$ (63,922,096)</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 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.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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 2024. Property tax revenues were slightly lower in fiscal 2024 compared to fiscal 2023.

Operating grants and contributions saw an increase during the fiscal year due to increased federal grant funding and the classification in fiscal 2024 of certain State of Ohio foundation funding amounts being restricted for specific programs such as special education 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. Interest expense was attributable to the leases payable, financed purchase from direct borrowing, and notes payable. The increase in expenses was the result of changes in assumptions and benefit terms of pension plans, as well as an increase in tuition costs due to pay raises and steps for both certified and classified employees, as well as increased payments of special education to other school districts. In addition, during fiscal 2024, the School District performed some substantial roof maintenance and building maintenance projects which benefitted substantially all functional areas of the School District.

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

	Total Cost of Services 2024	Net Cost of Services 2024	Total Cost of Services 2023	Net Cost of Services 2023
Program expenses:				
Instruction	\$ 103,117,328	\$ 85,531,825	\$ 102,114,474	\$ 88,311,380
Support services:				
Pupils and instructional staff	20,046,591	14,484,082	20,046,382	16,007,771
Board of education, administration, fiscal and business	16,775,651	15,317,353	17,188,485	15,311,362
Operations and maintenance	11,216,602	9,712,698	9,805,509	8,880,931
Pupil transportation	8,946,425	7,475,866	7,433,192	5,924,365
Central	2,405,019	1,811,152	2,432,574	2,331,235
Operation of non-instructional services	4,079,284	(763,194)	3,955,529	280,988
Extracurricular activities	3,946,994	2,642,765	3,552,636	2,129,601
Interest and fiscal charges	100,043	100,043	122,551	122,551
Total expenses	<u>\$ 170,633,937</u>	<u>\$ 136,312,590</u>	<u>\$ 166,651,332</u>	<u>\$ 139,300,184</u>

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 2024. Business-type activities' cash positions have allowed individual business-type activities to absorb additional program expenses over the last several years.

Operating expenses decreased \$286,748 from fiscal 2023 to fiscal 2024 primarily in personal services and cost of sales. In addition, the business-type activities saw an increase in funding from Federal and State grants of \$501,250 from fiscal 2023 to fiscal 2024. Despite lower operating revenues in fiscal 2024, there was an increase in net position due to these factors.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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, thanks to a decrease in expenditures. The decrease in expenditures was primarily related to regular and special instruction and pupils support services due to cost cutting measures being implemented by the School District. The School District also saw a decrease in extracurricular activities expense. One area that the School District did see a larger increase in was pupil transportation costs likely due to inflationary cost pressures. The permanent improvement capital projects fund saw a decrease in fund balance for the fiscal year. The fund balance decreased due to a modest decrease in property tax revenues coupled with increasing cost for facilities maintenance and enhancement projects undertaken by the School District.

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 increased from the original budget basis of estimated revenues primarily due to higher than originally expected property taxes, payments in lieu of taxes, and interest revenues.

During the course of fiscal year 2024, the School District amended its general fund budget several times. Final appropriations for the general fund decreased from the original appropriations due to a decrease in advances out.

Capital Assets and Debt Administration

Capital Assets

During fiscal year 2024, annual depreciation and deletions were outpaced by purchased assets such as construction in progress, and equipment.

For fiscal year 2024, an Ohio law required school districts to set aside three percent of certain revenues for capital improvements, which amounted to \$1,977,052. The School District had offsets exceeding these requirements. See Note 8 to the basic financial statements for additional information on capital assets and Note 13 for additional information on set-asides.

Debt Administration

At June 30, 2024, the School District had \$190,117 in leases payable and a \$3,000,000 tax anticipation note payable. The lease will be paid from the general fund and the tax anticipation note payable will be paid from the permanent improvement fund.

At June 30, 2024, the School District's overall legal debt margin was \$238,279,354 with an unvoted debt margin of \$2,647,548.

See Notes 14 and 15 to the basic financial statements for additional information on the School District's debt obligations.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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. In addition, on November 7, 2023, the School District successfully renewed two emergency levies, which were approved for 10 years beginning in 2025. The levy amounts were approved for \$7,603,000 and \$8,062,500 annually. 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 with 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
CUYAHOGA COUNTY, OHIO**

**STATEMENT OF NET POSITION
JUNE 30, 2024**

	Governmental Activities	Business-type Activities	Total
Assets:			
Equity in pooled cash and cash equivalents	\$ 74,647,962	\$ 3,650,854	\$ 78,298,816
Receivables:			
Property taxes	108,467,903	-	108,467,903
Payment in lieu of taxes	1,004,000	-	1,004,000
Accounts	1,090,356	109,157	1,199,513
Accrued interest	109,135	-	109,135
Intergovernmental	3,820,208	172,545	3,992,753
Prepayments	1,032,544	-	1,032,544
Materials and supplies inventory	144,481	13,732	158,213
Inventory held for resale	-	16,884	16,884
Net OPEB asset (see Note 11)	10,898,456	-	10,898,456
Capital assets:			
Nondepreciable capital assets	7,646,554	-	7,646,554
Depreciable capital assets, net	18,201,881	684,134	18,886,015
Capital assets, net	<u>25,848,435</u>	<u>684,134</u>	<u>26,532,569</u>
Total assets	<u>227,063,480</u>	<u>4,647,306</u>	<u>231,710,786</u>
Deferred outflows of resources:			
Pension (see Note 10)	30,557,211	1,536,712	32,093,923
OPEB (see Note 11)	<u>6,141,243</u>	<u>603,587</u>	<u>6,744,830</u>
Total deferred outflows of resources	<u>36,698,454</u>	<u>2,140,299</u>	<u>38,838,753</u>
Liabilities:			
Accounts payable	877,728	3,735	881,463
Contracts payable	1,248,537	-	1,248,537
Retainage payable	237,678	-	237,678
Accrued wages and benefits payable	11,583,166	80,864	11,664,030
Intergovernmental payable	2,639,329	21,084	2,660,413
Accrued interest payable	6,925	-	6,925
Notes payable	3,000,000	-	3,000,000
Unearned revenue	859,464	-	859,464
Claims payable	2,411,351	-	2,411,351
Long-term liabilities:			
Due within one year	405,396	18,784	424,180
Due in more than one year:			
Net pension liability (see Note 10)	152,074,008	2,857,103	154,931,111
Net OPEB liability (see Note 11)	9,658,853	878,911	10,537,764
Other amounts due in more than one year	<u>11,158,192</u>	<u>361,611</u>	<u>11,519,803</u>
Total liabilities	<u>196,160,627</u>	<u>4,222,092</u>	<u>200,382,719</u>
Deferred inflows of resources:			
Property taxes levied for the next fiscal year	94,119,224	-	94,119,224
Payment in lieu of taxes levied for the next fiscal year	1,004,000	-	1,004,000
Pension (see Note 10)	8,773,012	909,525	9,682,537
OPEB (see Note 11)	<u>17,736,539</u>	<u>1,005,506</u>	<u>18,742,045</u>
Total deferred inflows of resources	<u>121,632,775</u>	<u>1,915,031</u>	<u>123,547,806</u>
Net position:			
Net investment in capital assets	21,491,950	684,134	22,176,084
Restricted for:			
Capital projects	7,338,941	-	7,338,941
OPEB plan	10,898,456	-	10,898,456
State funded programs	1,413,990	-	1,413,990
Federally funded programs	449,497	-	449,497
Student activities	955,744	-	955,744
Other purposes	106,956	-	106,956
Unrestricted (deficit)	<u>(96,687,002)</u>	<u>(33,652)</u>	<u>(96,720,654)</u>
Total net position (deficit)	<u>\$ (54,031,468)</u>	<u>\$ 650,482</u>	<u>\$ (53,380,986)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Expenses	Program Revenues		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
Instruction:				
Regular	\$ 61,152,749	\$ 3,730,570	\$ 2,729,451	\$ 539,099
Special	35,814,789	-	9,276,617	-
Vocational	6,020,001	-	1,060,616	169,679
Adult/continuing	3,000	-	2,170	-
Other	126,789	-	77,301	-
Support services:				
Pupil	16,787,066	73,404	4,442,956	-
Instructional staff	3,259,525	-	1,046,149	-
Board of education	613,694	-	-	-
Administration	11,458,217	-	1,368,427	-
Fiscal	3,328,812	-	-	89,871
Business	1,374,928	-	-	-
Operations and maintenance	11,216,602	93,643	1,377,326	32,935
Pupil transportation	8,946,425	183,851	1,286,708	-
Central	2,405,019	506,082	27,074	60,711
Operation of non-instructional services	4,079,284	208	4,842,270	-
Extracurricular activities	3,946,994	1,266,988	37,241	-
Interest	100,043	-	-	-
Total governmental activities	<u>170,633,937</u>	<u>5,854,746</u>	<u>27,574,306</u>	<u>892,295</u>
Business-type activities:				
Food service	4,871,972	1,097,726	3,860,971	-
Adult education	-	-	-	-
Extended daycare/preschool	<u>544,319</u>	<u>714,738</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>5,416,291</u>	<u>1,812,464</u>	<u>3,860,971</u>	<u>-</u>
Totals	<u>\$ 176,050,228</u>	<u>\$ 7,667,210</u>	<u>\$ 31,435,277</u>	<u>\$ 892,295</u>

General revenues:

Property taxes levied for:
 General purposes
 Capital projects
 Payments in lieu of taxes
 Grants and entitlements not restricted
 to specific programs
 Capital grants and contributions not
 restricted to specific programs
 Investment earnings
 Miscellaneous
 Total general revenues

Change in net position

Net position (deficit) at beginning of year

Net position (deficit) at 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	
\$ (54,153,629)	\$ -	\$ (54,153,629)	
(26,538,172)	-	(26,538,172)	
(4,789,706)	-	(4,789,706)	
(830)	-	(830)	
(49,488)	-	(49,488)	
(12,270,706)	-	(12,270,706)	
(2,213,376)	-	(2,213,376)	
(613,694)	-	(613,694)	
(10,089,790)	-	(10,089,790)	
(3,238,941)	-	(3,238,941)	
(1,374,928)	-	(1,374,928)	
(9,712,698)	-	(9,712,698)	
(7,475,866)	-	(7,475,866)	
(1,811,152)	-	(1,811,152)	
763,194	-	763,194	
(2,642,765)	-	(2,642,765)	
(100,043)	-	(100,043)	
(136,312,590)	-	(136,312,590)	
-	86,725	86,725	
-	-	-	
-	170,419	170,419	
-	257,144	257,144	
(136,312,590)	257,144	(136,055,446)	
101,095,471	-	101,095,471	
5,475,435	-	5,475,435	
1,212,876	-	1,212,876	
33,450,390	-	33,450,390	
717,041	-	717,041	
4,238,844	-	4,238,844	
388,232	18,267	406,499	
146,578,289	18,267	146,596,556	
10,265,699	275,411	10,541,110	
(64,297,167)	375,071	(63,922,096)	
\$ (54,031,468)	\$ 650,482	\$ (53,380,986)	

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024**

	General	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:				
Equity in pooled cash and cash equivalents	\$ 54,228,455	\$ 9,267,557	\$ 5,114,453	\$ 68,610,465
Restricted assets:				
Equity in pooled cash and cash equivalents	40,894	-	-	40,894
Receivables:				
Property taxes	103,171,935	5,295,968	-	108,467,903
Payment in lieu of taxes	1,004,000	-	-	1,004,000
Accounts	720,933	319,852	16,238	1,057,023
Accrued interest	109,135	-	-	109,135
Interfund loans	2,098,017	-	-	2,098,017
Intergovernmental	1,412,320	-	2,407,888	3,820,208
Prepayments	782,324	221,867	28,353	1,032,544
Materials and supplies inventory	144,481	-	-	144,481
Total assets	<u>\$ 163,712,494</u>	<u>\$ 15,105,244</u>	<u>\$ 7,566,932</u>	<u>\$ 186,384,670</u>
Liabilities:				
Accounts payable	\$ 422,992	\$ 496	\$ 419,918	\$ 843,406
Contracts payable	-	1,248,537	-	1,248,537
Retainage payable	-	237,678	-	237,678
Accrued wages and benefits payable	10,581,655	-	1,001,511	11,583,166
Compensated absences payable	278,932	-	-	278,932
Intergovernmental payable	2,439,336	-	192,670	2,632,006
Interfund loans payable	-	-	2,098,017	2,098,017
Accrued interest payable	-	6,925	-	6,925
Notes payable	-	3,000,000	-	3,000,000
Unearned revenue	-	-	859,464	859,464
Total liabilities	<u>13,722,915</u>	<u>4,493,636</u>	<u>4,571,580</u>	<u>22,788,131</u>
Deferred inflows of resources:				
Property taxes levied for the next fiscal year	89,553,490	4,565,734	-	94,119,224
Payment in lieu of taxes levied for the next fiscal year	1,004,000	-	-	1,004,000
Delinquent property tax revenue not available	4,388,876	225,287	-	4,614,163
Intergovernmental revenue not available	-	-	2,396,013	2,396,013
Accrued interest not available	42,255	-	-	42,255
Miscellaneous revenue not available	-	319,852	-	319,852
Charges for services revenue not available	59,714	-	-	59,714
Tuition and fees revenue not available	1,660,993	-	-	1,660,993
Total deferred inflows of resources	<u>96,709,328</u>	<u>5,110,873</u>	<u>2,396,013</u>	<u>104,216,214</u>
Fund balances:				
Nonspendable:				
Materials and supplies inventory	144,481	-	-	144,481
Prepays	782,324	221,867	28,353	1,032,544
Unclaimed monies	40,894	-	-	40,894
Restricted:				
Capital improvements	-	5,278,868	126,699	5,405,567
Non-public schools	-	-	1,336,487	1,336,487
State funded programs	-	-	93,783	93,783
Federally funded programs	-	-	442,830	442,830
Extracurricular	-	-	955,744	955,744
Other purposes	-	-	66,062	66,062
Assigned:				
Student instruction	168,537	-	-	168,537
Student and staff support	610,980	-	-	610,980
Subsequent year's appropriations	20,352,834	-	-	20,352,834
Unassigned (deficit)	<u>31,180,201</u>	<u>-</u>	<u>(2,450,619)</u>	<u>28,729,582</u>
Total fund balances	<u>53,280,251</u>	<u>5,500,735</u>	<u>599,339</u>	<u>59,380,325</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 163,712,494</u>	<u>\$ 15,105,244</u>	<u>\$ 7,566,932</u>	<u>\$ 186,384,670</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2024**

Total governmental fund balances	\$ 59,380,325
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	25,848,435
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.	
Delinquent property taxes receivable	\$ 4,614,163
Tuition and fees receivable	1,660,993
Charges for services receivable	59,714
Miscellaneous revenue receivable	319,852
Accrued interest receivable	42,255
Intergovernmental receivable	<u>2,396,013</u>
Total	9,092,990
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities on the statement of net position.	3,576,940
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.	
Deferred outflows - pension	30,557,211
Deferred inflows - pension	(8,773,012)
Net pension liability	<u>(152,074,008)</u>
Deferred outflows - OPEB	6,141,243
Deferred inflows - OPEB	(17,736,539)
Net OPEB asset	10,898,456
Net OPEB liability	<u>(9,658,853)</u>
Total	(140,645,502)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
Leases payable	(190,117)
Asset retirement obligations	(104,012)
Compensated absences	<u>(10,990,527)</u>
Total	<u>(11,284,656)</u>
Net position of governmental activities	<u><u>\$ (54,031,468)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	General	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:				
Property taxes	\$ 100,481,407	\$ 5,443,687	\$ -	\$ 105,925,094
Intergovernmental	38,810,200	722,616	22,555,424	62,088,240
Investment earnings	4,169,621	26,968	-	4,196,589
Tuition and fees	3,294,163	-	-	3,294,163
Extracurricular	214,248	-	799,351	1,013,599
Rental income	93,643	-	-	93,643
Charges for services	558,450	-	-	558,450
Contributions and donations	86,575	-	8,500	95,075
Payment in lieu of taxes	1,212,876	-	-	1,212,876
Miscellaneous	1,147,094	1,325	6,635	1,155,054
Total revenues	<u>150,068,277</u>	<u>6,194,596</u>	<u>23,369,910</u>	<u>179,632,783</u>
Expenditures:				
Current:				
Instruction:				
Regular	55,196,863	556,888	2,396,621	58,150,372
Special	29,731,181	-	6,139,015	35,870,196
Vocational	5,468,964	-	383,262	5,852,226
Adult/continuing	3,000	-	-	3,000
Other	59,748	-	68,973	128,721
Support services:				
Pupil	12,811,184	-	4,029,030	16,840,214
Instructional staff	1,897,374	-	973,024	2,870,398
Board of education	614,345	-	-	614,345
Administration	10,392,578	-	1,287,011	11,679,589
Fiscal	3,323,286	92,837	-	3,416,123
Business	1,255,909	-	-	1,255,909
Operations and maintenance	9,333,196	34,022	1,199,977	10,567,195
Pupil transportation	8,189,018	-	193,880	8,382,898
Central	2,391,308	62,714	21,949	2,475,971
Operation of non-instructional services	57,719	-	4,007,625	4,065,344
Extracurricular activities	1,913,385	-	808,536	2,721,921
Facilities acquisition and construction	23,667	6,670,690	1,234,189	7,928,546
Capital outlay	127,903	-	-	127,903
Debt service:				
Principal retirement	19,960	-	-	19,960
Interest and fiscal charges	6,036	94,007	-	100,043
Total expenditures	<u>142,816,624</u>	<u>7,511,158</u>	<u>22,743,092</u>	<u>173,070,874</u>
Excess of revenues over (under) expenditures	<u>7,251,653</u>	<u>(1,316,562)</u>	<u>626,818</u>	<u>6,561,909</u>
Other financing sources:				
Sale of capital assets	-	398,193	-	398,193
Inception of lease	127,903	-	-	127,903
Total other financing sources	<u>127,903</u>	<u>398,193</u>	<u>-</u>	<u>526,096</u>
Net change in fund balances	7,379,556	(918,369)	626,818	7,088,005
Fund balances (deficit) at beginning of year	45,900,695	6,419,104	(27,479)	52,292,320
Fund balances at end of year	<u>\$ 53,280,251</u>	<u>\$ 5,500,735</u>	<u>\$ 599,339</u>	<u>\$ 59,380,325</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

Net change in fund balances - total governmental funds \$ 7,088,005

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital asset additions	\$ 3,451,070
Current year depreciation	<u>(1,925,751)</u>
Total	1,525,319

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

Delinquent Property taxes	645,812
Miscellaneous	319,153
Accrued interest	42,255
Tuition and fees	50,275
Charges for services	9,613
Intergovernmental	<u>(198,448)</u>
Total	868,660

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

19,960

The inception of leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net position.

(127,903)

Long-term liabilities for asset retirement obligations are not recorded in the funds, but they are reported on the statement of net position. The amount of the current year change in the liabilities are reported as an expense in the statement of activities.

(26,003)

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

Pension	12,676,643
OPEB	<u>387,168</u>
Total	13,063,811

Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.

Pension	(12,208,377)
OPEB	<u>2,445,586</u>
Total	(9,762,791)

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

(970,966)

An internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental fund expenditures and the related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.

(1,412,393)

Change in net position of governmental activities \$ 10,265,699

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

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024**

	Nonmajor Enterprise Funds	Governmental Activities - Internal Service Fund
Assets:		
Equity in pooled cash and cash equivalents	\$ 3,650,854	\$ 5,996,603
Receivables:		
Accounts	109,157	33,333
Intergovernmental	172,545	-
Materials and supplies inventory	13,732	-
Inventory held for resale	16,884	-
Total current assets	<u>3,963,172</u>	<u>6,029,936</u>
Noncurrent assets:		
Depreciable capital assets, net	684,134	-
Total noncurrent assets	<u>684,134</u>	<u>684,134</u>
Total assets	<u>4,647,306</u>	<u>6,029,936</u>
Deferred outflows of resources:		
Pension	1,536,712	-
OPEB	603,587	-
Total deferred outflows of resources	<u>2,140,299</u>	<u>2,140,299</u>
Total assets and deferred outflows of resources	<u>6,787,605</u>	<u>6,029,936</u>
Liabilities:		
Accounts payable	3,735	34,322
Accrued wages and benefits	80,864	-
Compensated absences	18,784	-
Intergovernmental payable	21,084	7,323
Claims payable	-	2,411,351
Total current liabilities	<u>124,467</u>	<u>2,452,996</u>
Long-term liabilities:		
Compensated absences payable	361,611	-
Net pension liability	2,857,103	-
Net OPEB liability	878,911	-
Total long-term liabilities	<u>4,097,625</u>	<u>4,097,625</u>
Total liabilities	<u>4,222,092</u>	<u>2,452,996</u>
Deferred inflows of resources:		
Pension	909,525	-
OPEB	1,005,506	-
Total deferred inflows of resources	<u>1,915,031</u>	<u>1,915,031</u>
Net position:		
Investment in capital assets	684,134	-
Unrestricted (deficit)	<u>(33,652)</u>	<u>3,576,940</u>
Total net position	<u>\$ 650,482</u>	<u>\$ 3,576,940</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Nonmajor Enterprise Funds	Governmental Activities - Internal Service Fund
Operating revenues:		
Tuition	\$ 714,738	\$ -
Sales	1,097,726	-
Charges for services	-	23,903,233
Other	18,267	1,310
Total operating revenues	1,830,731	23,904,543
Operating expenses:		
Personal services	2,743,867	-
Purchased services	219,522	277,022
Materials and supplies	102,565	-
Cost of sales	2,196,418	-
Depreciation	94,670	-
Claims	-	22,139,099
Other	59,249	2,900,815
Total operating expenses	5,416,291	25,316,936
Operating loss	(3,585,560)	(1,412,393)
Nonoperating revenues (expenses):		
Donated commodities	314,470	-
Federal and State grants	3,546,501	-
Total nonoperating revenues (expenses)	3,860,971	-
Change in net position	275,411	(1,412,393)
Net position at beginning of year	375,071	4,989,333
Net position at end of year	\$ 650,482	\$ 3,576,940

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

	Nonmajor Enterprise Funds	Governmental Activities - Internal Service Fund
Cash flows from operating activities:		
Cash received from customers	\$ 1,813,008	\$ -
Cash received from interfund services provided	- 11,931	23,869,900 1,310
Cash received from other operations	(2,420,039)	-
Cash payments for employees for services	(832,913)	(248,970)
Cash payments for employee benefits	(2,206,841)	-
Cash payments for good and services	(31,258)	(21,709,241)
Cash payments for claims	(59,249)	(2,901,986)
Net cash (used in) operating activities	<u>(3,725,361)</u>	<u>(988,987)</u>
Cash flows from noncapital financing activities:		
Cash received from Federal and State grants	<u>3,377,956</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Principal payments on financed purchase	(5,334)	-
Acquisition of capital assets	<u>(38,512)</u>	<u>-</u>
Net cash (used in) capital and related financing activities	<u>(43,846)</u>	<u>-</u>
Net (decrease) in cash and cash and cash equivalents	<u>(391,251)</u>	<u>(988,987)</u>
Cash and cash equivalents at beginning of year	4,042,105	6,985,590
Cash and cash equivalents at end of year	<u>\$ 3,650,854</u>	<u>\$ 5,996,603</u>
Reconciliation of operating loss to net cash (used in) operating activities:		
Operating loss	\$ (3,585,560)	\$ (1,412,393)
Adjustments:		
Depreciation	94,670	-
Donated commodities used in fiscal year	314,470	-
Changes in assets and liabilities:		
Materials and supplies inventory	(1,004)	-
Inventory held for resale	(1,235)	-
Accounts receivable	544	(33,333)
Accounts payable	(31,825)	34,322
Accrued wages and benefits	8,646	-
Intergovernmental payable	(30,079)	(7,441)
Compensated absences payable	11,101	-
Net OPEB asset	56,055	-
Deferred outflow - pension	(73,878)	-
Deferred outflow - pension	(232,253)	-
Net pension liability	(339,721)	-
Net OPEB liability	158,938	-
Deferred inflow - OPEB	95,880	-
Deferred inflow - OPEB	(170,110)	-
Claims payable	<u>-</u>	<u>429,858</u>
Net cash (used in) operating activities	<u><u>\$ (3,725,361)</u></u>	<u><u>\$ (988,987)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District operates under 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 eighteen instructional/support facilities staffed by 727 noncertified and 811 certificated full-time personnel who provide services to 8,901 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.

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 17 of the basic financial statements.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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.

A. 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.

B. 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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.

Other governmental funds of the School District are used to account for:

Nonmajor special revenue funds - Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than capital projects.

Nonmajor capital projects funds - Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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.

C. 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 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements 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 6). 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, rentals, charges for services, contributions and donations, and other miscellaneous revenues.

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 10 and 11.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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, 2024, but which were levied to finance fiscal year 2025 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, extracurricular activities, charges for services, and miscellaneous revenues. 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 10 and 11).

E. 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.

F. 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.

G. 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 2024, investments were limited to STAR Ohio, a money market account, federal home loan bank (FHLB) securities, U.S. treasury notes and bonds, FHLB discount notes, federal farm credit bank (FFCB) securities, federal national mortgage association (FNMA) securities, commercial paper, negotiable certificates of deposit, municipal bonds, and a Tennessee Valley Authority (TVA) bond.

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
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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 2024, 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 appreciated. STAR Ohio reserves the right to limit the transactions to \$250 million per day.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Investment earnings and other interest revenue credited to the general fund during fiscal year 2024 amounted to \$4,161,816, which includes \$1,525,230 assigned from other School District funds. 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.

H. 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.

I. Materials and Supplies Inventory

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

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2024, 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.

K. 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 (except for intangible right to use lease assets, which are discussed subsequently) 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
CUYAHOGA COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
<i>Tangible assets</i>		
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
<i>Intangible right to use lease assets</i>		
Intangible right to use - equipment	6 years	N/A

The School District is reporting intangible right to use assets related to lease assets. The lease assets include equipment and represent nonfinancial assets which are being utilized for a period of time through leases from another entity. These intangible right to use assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

L. 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.

M. 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.

N. Internal Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Transfers between governmental activities are eliminated on the government-wide financial statements. Internal allocations of overhead expenses from one function to another or within the same function are eliminated on the Statement of Activities. Interfund payments for services provided and used are not eliminated.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

O. 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 "compensated absences payable" in the fund from which the employee will be paid.

P. Leases Payable

The School District serves as lessee in a noncancelable lease which is accounted for as follows. At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Q. 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 leases payable are recognized as a liability on the governmental fund financial statements when due.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

R. 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. Restricted net position for an OPEB plan represents the corresponding restricted asset amount after considering the related deferred outflows and deferred inflows.

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

S. 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.

T. 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 (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 2024 budget.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

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

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

The 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.

U. 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.

V. 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.

W. 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.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2024, the School District has implemented certain paragraphs from GASB Implementation Guide No. 2021-1, certain paragraphs of GASB Statement No. 99, “*Omnibus 2022*”, GASB Statement No. 100, “*Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62*” and Implementation Guide No. 2023-1.

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

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

GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The implementation of GASB Statement No. 100 did not have an effect on the financial statements of the School District.

GASB Implementation Guide 2023-1 provides clarification on issues related to previously established GASB guidance. The implementation of GASB Implementation Guide 2023-1 did not have an effect on the financial statements of the School District.

B. Deficit Fund Balances

Fund balances at June 30, 2024 included the following individual fund deficits:

<u>Nonmajor special revenue funds</u>	<u>Deficit</u>
Neighborhood System of Care	\$ 338
Elementary and Secondary School	
Emergency Relief (ESSER)	1,539,592
Title VI-B	264,448
Vocational Education	49,625
Title I School Improvement	2,510
Limited English Proficiency	3,126
Title I Special Education	512,577
Title IV-A	9,393
Preschool Grants	25,822
Title II-A	43,188
 Total	 <u>\$ 2,450,619</u>

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 - 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.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. 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.

A. Cash on hand

At fiscal year end, the District had \$7,777 in undeposited cash on hand which is included on the financial statements of the District as part of “equity in pooled cash and cash equivalents”.

B. Deposits

At June 30, 2024, the carrying amount of all School District deposits was \$4,068,758 and the bank balance of all School District deposits was \$4,206,509. Of the bank balance, \$500,000 was covered by the FDIC, \$2,061,306 was covered by the Ohio Pooled Collateral System, and \$1,645,203 was exposed to custodial credit risk discussed below because those deposits were uninsured and uncollateralized.

Custodial credit risk is the risk that, in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) 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 fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2024, the School District’s financial institutions was approved for a reduced collateral rate of 60 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

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

Measurement/ Investment type	Measurement Amount	Investment Maturities		Investment Type Percentage of Total
		Due in One Year		
<i>Amortized Cost:</i>				
STAR Ohio	\$ 41,940,357	\$ 41,940,357		56.51%
<i>Fair Value:</i>				
FNMA	496,383	496,383		0.67%
FFCB	1,991,238	1,991,238		2.68%
FHLB	10,905,900	10,905,900		14.69%
FHLB discount notes	3,766,859	3,766,859		5.07%
TVA	1,500,158	1,500,158		2.02%
U.S. Government money market mutual fund	633,861	633,861		0.85%
Negotiable CDs	487,438	487,438		0.66%
U.S. Treasury securities	7,923,391	7,923,391		10.68%
Municipal bond	386,580	386,580		0.52%
Commercial paper	4,190,116	4,190,116		5.65%
Total	\$ 74,222,281	\$ 74,222,281		100.00%

The weighted average maturity of investments is 0.21 years.

The School District's investment in the U.S. Government money market mutual fund is valued using quoted market prices in active markets (Level 1 inputs). The School District's investments in federal agency securities (FHLB, FNMA, FFCB, TVA), negotiable certificates of deposit, U.S. Treasury securities, a municipal bond, and commercial paper are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

Interest Rate Risk: Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District's investment policy addresses interest rate risk by requiring the consideration of cash flow requirements and market conditions in determining the term of an investment, and limiting investment portfolio maturities to five years or less.

Credit Risk: The federal agency securities and U.S. Treasury notes were rated AA+/AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Commercial paper investments were rated A-1 and A-1+ by Standard & Poor's and P-1 by Moody's Investor Services. The municipal bond was rated AAA by Standard & Poor's and Aaa by Moody's Investor Services. Standard & Poor's has assigned STAR Ohio and the U.S. Government money market mutual fund an AAAm money market rating. Ohio Law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy dealing with credit risk.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Concentration of Credit Risk: The School District's investment policy addresses concentration of credit risk by requiring investments to be diversified in order to reduce the risk of loss resulting from the over concentration of assets in a specific type of security, the erosion of fair value, or by default. However, the District's investment policy does not place any limit on the amount that may be invested in any one issuer.

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

The following is a reconciliation of cash and investments as reported in the note disclosure above to cash and investments as reported on the statement of net position as of June 30, 2024:

Cash and investments per note disclosure

Carrying amount of deposits	\$ 4,068,758
Investments	74,222,281
Cash on hand	7,777
Total	<u>\$ 78,298,816</u>

Cash and investments per statement of net position

Governmental activities	\$ 74,647,962
Business-Type Activities	3,650,854
Total	<u>\$ 78,298,816</u>

NOTE 5 - RECEIVABLES

Receivables at June 30, 2024, consisted of taxes, payments in lieu of taxes, accrued interest, accounts (tuition and fees, extracurricular activities, rentals, charges for services, contributions and donations, 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.

Receivables have been disaggregated on the face of the basic financial statements. A summary of the principal items of receivables reported on the statement of net position follows:

	Governmental Activities	Business-Type Activities
Property taxes	\$ 108,467,903	\$ -
Payment in lieu of taxes	1,004,000	-
Accounts	1,090,356	109,157
Accrued interest	109,135	-
Intergovernmental	<u>3,820,208</u>	<u>172,545</u>
Total	<u>\$ 114,491,602</u>	<u>\$ 281,702</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 6 - 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 2024 represents collections of calendar year 2023 taxes. Real property taxes received in calendar year 2023 were levied after April 1, 2023, on the assessed value listed as of January 1, 2023, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

The School District receives property taxes from 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, 2024, are available to finance fiscal year 2024 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2024, 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.

The amount available as an advance at June 30, 2024 and 2023 were:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Major governmental funds:		
General fund	\$ 9,229,569	\$ 8,454,978
Permanent improvement fund	504,947	462,570

The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 6 - PROPERTY TAXES – (Continued)

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

	2023 Second Half Collections		2024 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 2,560,489,370	97.10	\$ 2,568,300,210	97.01
Public utility personal	<u>76,363,660</u>	<u>2.90</u>	<u>79,248,170</u>	<u>2.99</u>
Total	<u><u>\$ 2,636,853,030</u></u>	<u><u>100.00</u></u>	<u><u>\$ 2,647,548,380</u></u>	<u><u>100.00</u></u>
Tax rate per \$1,000 of assessed valuation for:	\$ 71.20		\$ 71.20	

The increase in assessed values caused the tax rate to decrease so that the emergency levies would meet their collection amounts.

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 2024.

NOTE 7 - PAYMENT IN LIEU OF TAXES

The School District is party to Tax Increment Financing 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 8 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

	<u>Balance</u>		<u>Balance</u>	
	<u>June 30, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2024</u>
<u>Governmental Activities</u>				
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 4,500,110	\$ -	\$ -	\$ 4,500,110
Construction in progress	- -	3,146,444	- -	3,146,444
Total capital assets, not being depreciated/amortized	<u>4,500,110</u>	<u>3,146,444</u>	- -	<u>7,646,554</u>
<i>Capital assets, being depreciated/amortized:</i>				
Land improvements	10,026,595	- -	- -	10,026,595
Buildings and improvements	62,923,418	- -	- -	62,923,418
Furniture and equipment	31,078,173	176,723	- -	31,254,896
Vehicles	7,585,193	- -	- -	7,585,193
Intangible right to use:				
Leased equipment	88,674	127,903	- -	216,577
Total capital assets, being depreciated/amortized	<u>111,702,053</u>	<u>304,626</u>	- -	<u>112,006,679</u>
<i>Less: accumulated depreciation/amortization:</i>				
Land improvements	(7,992,467)	(206,713)	- -	(8,199,180)
Buildings and improvements	(54,051,245)	(123,508)	- -	(54,174,753)
Furniture and equipment	(25,775,867)	(875,823)	- -	(26,651,690)
Vehicles	(4,052,968)	(697,106)	- -	(4,750,074)
Intangible right to use:				
Leased equipment	(6,500)	(22,601)	- -	(29,101)
Total accumulated depreciation/amortization	<u>(91,879,047)</u>	<u>(1,925,751)</u>	- -	<u>(93,804,798)</u>
Governmental activities capital assets, net	<u>\$ 24,323,116</u>	<u>\$ 1,525,319</u>	\$ -	<u>\$ 25,848,435</u>

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

Instruction:

Regular	\$ 377,474
Special	1,676
Vocational	40,215

Support services:

Pupil	8,083
Instructional staff	329,806
Administration	22,697
Fiscal	596
Operations and maintenance	338,978
Pupil transportation	617,662
Central	53,177
Extracurricular activities	135,387
Total depreciation/amortization expense	<u>\$ 1,925,751</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 8 - CAPITAL ASSETS – (Continued)

Capital asset activity for the fiscal year ended June 30, 2024, was as follows:

	<u>Balance</u>			<u>Balance</u>
	<u>June 30, 2023</u>	<u>Additions</u>	<u>Deductions</u>	<u>June 30, 2024</u>
Business-Type Activities				
<i>Capital assets, being depreciated/amortized:</i>				
Furniture and equipment	\$ 2,687,619	\$ 38,512	\$ -	\$ 2,726,131
Vehicles	26,780	-	-	26,780
Total capital assets, being depreciated/amortized	<u>2,714,399</u>	<u>38,512</u>	<u>-</u>	<u>2,752,911</u>
<i>Less: accumulated depreciation/amortization:</i>				
Furniture and equipment	(1,972,601)	(91,322)	-	(2,063,923)
Vehicles	(1,506)	(3,348)	-	(4,854)
Total accumulated depreciation/amortization	<u>(1,974,107)</u>	<u>(94,670)</u>	<u>-</u>	<u>(2,068,777)</u>
Business-Type Activities, capital assets, net	<u>\$ 740,292</u>	<u>\$ (56,158)</u>	<u>\$ -</u>	<u>\$ 684,134</u>

NOTE 9 - RISK MANAGEMENT

A. 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, 2024, the School District contracted with Argonaut Insurance Company for the following coverage:

<u>Type of Coverage</u>	<u>Limit</u>	<u>Deductible</u>
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	419,020,019	25,000
Cyber	3,000,000	25,000
Active Shooter/Workplace Violence	5,000,000	N/A

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.

B. 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 2024 plan year of \$1,000,000.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 9 - RISK MANAGEMENT - (Continued)

The claims liability of \$2,411,351 reported in the internal service fund at June 30, 2024, 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 2023 and 2024 were:

	Balance at Beginning <u>of Year</u>	Current <u>Claims</u>	Claims <u>Payment</u>	Balance at End of Year
2024	\$ 1,981,493	\$ 22,139,099	\$ (21,709,241)	\$ 2,411,351
2023	2,848,135	20,806,695	(21,673,337)	1,981,493

C. 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 10 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

The net pension/OPEB liability (asset) represent the 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.

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost-of-living adjustment (COLA) on the first anniversary date of the benefit. Beginning April 1, 2018, new benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. Upon resumption of the COLA, it will be indexed to the percentage increase in the CPI-W, not to exceed 2.5% and with a floor of 0%. In 2023, the Board of Trustees approved a 2.5% cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2024.

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the School District is required to contribute 14.00% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2024, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$3,258,894 for fiscal year 2024. Of this amount, \$231,870 is reported as intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

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NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

Eligible survivors of members who die before service retirement may qualify for monthly benefits. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

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

The School District's contractually required contribution to STRS was \$9,689,560 for fiscal year 2024. Of this amount, \$1,551,772 is reported as intergovernmental payable.

Net 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, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities.

**PARMA CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.607831500%	0.555086450%	
Proportion of the net pension liability current measurement date	<u>0.619949600%</u>	<u>0.560371720%</u>	
Change in proportionate share	<u>0.012118100%</u>	<u>0.005285270%</u>	
Proportionate share of the net pension liability	\$ 34,255,410	\$ 120,675,701	\$ 154,931,111
Pension expense	\$ 3,045,619	\$ 9,116,850	\$ 12,162,469

At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ 1,472,374	\$ 4,399,584	\$ 5,871,958
Changes of assumptions	242,650	10,436,759	10,679,409
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	866,497	1,727,605	2,594,102
Contributions subsequent to the measurement date	<u>3,258,894</u>	<u>9,689,560</u>	<u>12,948,454</u>
Total deferred outflows of resources	<u>\$ 5,840,415</u>	<u>\$ 26,253,508</u>	<u>\$ 32,093,923</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 267,783	\$ 267,783
Net difference between projected and actual earnings on pension plan investments	481,485	361,669	843,154
Changes of assumptions	-	7,979,143	7,979,143
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>9,262</u>	<u>583,195</u>	<u>592,457</u>
Total deferred inflows of resources	<u>\$ 490,747</u>	<u>\$ 9,191,790</u>	<u>\$ 9,682,537</u>

\$12,948,454 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, 2025.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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
2025	\$ 800,766	\$ (702,480)	\$ 98,286
2026	(1,092,792)	(3,470,381)	(4,563,173)
2027	2,357,279	12,089,287	14,446,566
2028	25,521	(544,268)	(518,747)
Total	<u>\$ 2,090,774</u>	<u>\$ 7,372,158</u>	<u>\$ 9,462,932</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 terminations). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

**PARMA CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2023 and June 30, 2022, are presented below:

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

In 2023, mortality rates were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. Ohio Revised Code Section 3309.15 and the Board-adopted Investment Policy govern investment activity at SERS. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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%, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%), or one percentage point higher (8.00%) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$ 50,559,233	\$ 34,255,410	\$ 20,522,542

**PARMA CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 and June 30, 2022, actuarial valuation are presented below:

	June 30, 2023	June 30, 2022
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%	0.00%

For the June 30, 2023 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

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

**PARMA CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 10 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

* Final target weights reflected at October 1, 2022.

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

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

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate
- The following table represents the net pension liability as of June 30, 2023, calculated using the current period discount rate assumption of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption:

	Current Discount Rate		
	1% Decrease	Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$ 185,572,519	\$ 120,675,701	\$ 65,790,751

Assumption and Benefit Changes Since the Prior Measurement Date - The discount rate remained at 7.00% for June 30, 2023 valuation. Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

**PARMA CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 11 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

Plan Description - School Employees Retirement System (SERS)

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 75 purposes, this plan is considered a cost-sharing other postemployment benefit (OPEB) plan. SERS' Health Care Plan provides healthcare benefits to eligible individuals receiving retirement, disability, and survivor benefits, and to their eligible dependents. Members who retire after June 1, 1986, need 10 years of service credit, exclusive of most types of purchased credit, to qualify to participate in SERS' health care coverage. 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% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2024, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the School District's surcharge obligation was \$422,399.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$422,399 for fiscal year 2024. Of this amount, \$422,399 is reported as intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

**PARMA CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

The net OPEB liability/asset was measured as of June 30, 2023, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The 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:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	0.620819800%	0.555086450%	
Proportion of the net OPEB liability/asset current measurement date	<u>0.639642700%</u>	<u>0.560371720%</u>	
Change in proportionate share	<u>0.018822900%</u>	<u>0.005285270%</u>	
Proportionate share of the net OPEB liability	\$ 10,537,764	\$ -	\$ 10,537,764
Proportionate share of the net OPEB asset	\$ -	\$ (10,898,456)	\$ (10,898,456)
OPEB expense	\$ (1,567,778)	\$ (1,029,946)	\$ (2,597,724)

At June 30, 2024, 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	\$ 21,952	\$ 16,990	\$ 38,942
Net difference between projected and actual earnings on OPEB plan investments	81,675	19,452	101,127
Changes of assumptions	3,743,388	1,605,502	5,348,890
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	819,828	13,644	833,472
Contributions subsequent to the measurement date	<u>422,399</u>	<u>-</u>	<u>422,399</u>
Total deferred outflows of resources	<u>\$ 5,089,242</u>	<u>\$ 1,655,588</u>	<u>\$ 6,744,830</u>

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 5,434,711	\$ 1,662,299	\$ 7,097,010
Changes of assumptions	3,173,086	7,190,645	10,363,731
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>1,004,792</u>	<u>276,512</u>	<u>1,281,304</u>
Total deferred inflows of resources	<u><u>\$ 9,612,589</u></u>	<u><u>\$ 9,129,456</u></u>	<u><u>\$ 18,742,045</u></u>

\$422,399 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/asset in the fiscal year ending June 30, 2025.

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:			
2025	\$ (1,839,659)	\$ (3,407,567)	\$ (5,247,226)
2026	(1,520,107)	(1,504,019)	(3,024,126)
2027	(995,319)	(562,961)	(1,558,280)
2028	(573,266)	(762,091)	(1,335,357)
2029	(275,895)	(698,916)	(974,811)
Thereafter	<u>258,500</u>	<u>(538,314)</u>	<u>(279,814)</u>
Total	<u><u>\$ (4,945,746)</u></u>	<u><u>\$ (7,473,868)</u></u>	<u><u>\$ (12,419,614)</u></u>

Actuarial Assumptions - SERS

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

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

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.

**PARMA CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2023 and June 30, 2022 are presented below:

Wage inflation:

Current measurement date	2.40%
Prior measurement date	2.40%

Future salary increases, including inflation:

Current measurement date	3.25% to 13.58%
Prior measurement date	3.25% to 13.58%

Investment rate of return:

Current measurement date	7.00% net of investment expense, including inflation
Prior measurement date	7.00% net of investment expense, including inflation

Municipal bond index rate:

Current measurement date	3.86%
Prior measurement date	3.69%

Single equivalent interest rate, net of plan investment expense, including price inflation:

Current measurement date	4.27%
Prior measurement date	4.08%

Medical trend assumption:

Current measurement date	6.75 to 4.40%
Prior measurement date	7.00 to 4.40%

In 2023, the following mortality assumptions were used:

Healthy Retirees - PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females.

Disabled Retirees - PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females.

Contingent Survivors - PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females.

Actives - PUB-2010 General Amount Weighted Below Median Employee mortality table.

Mortality Projection - Mortality rates are projected using a fully generational projection with Scale MP-2020.

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

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

**PARMA CITY SCHOOL DISTRICT
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FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

The long-term expected rate of return is reviewed as part of the regular experience studies prepared every five years for SERS. The most recent five-year experience study was performed for the period covering fiscal years 2016 through 2020, and was adopted by the Board on April 15, 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a long-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00%, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

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

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

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

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

**PARMA CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

	Current		
	1% Decrease	Discount Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 13,470,275	\$ 10,537,764	\$ 8,225,357
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 7,741,730	\$ 10,537,764	\$ 14,242,885

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 actuarial valuation, compared with June 30, 2022 actuarial valuation, are presented below:

	June 30, 2023		June 30, 2022	
	Initial	Ultimate	Initial	Ultimate
Inflation	2.50%	2.50%		
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%		
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation		
Payroll increases	3.00%	3.00%		
Cost-of-living adjustments (COLA)	0.00%	0.00%		
Discount rate of return	7.00%	7.00%		
Blended discount rate of return	N/A	N/A		
Health care cost trends				
Medical				
Pre-Medicare	7.50%	4.14%	7.50%	3.94%
Medicare	-10.94%	4.14%	-68.78%	3.94%
Prescription Drug				
Pre-Medicare	-11.95%	4.14%	9.00%	3.94%
Medicare	1.33%	4.14%	-5.47%	3.94%

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

**PARMA CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

For the June 30, 2023 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

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

Assumption Changes Since the Prior Measurement Date - The discount rate remained unchanged at 7.00% for the June 30, 2023 valuation.

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

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

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

* Final target weights reflected at October 1, 2022.

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

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

**PARMA CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 11 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	Current		
	1% Decrease	Discount Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$ 9,224,116	\$ 10,898,456	\$ 12,356,628
	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$ 12,424,293	\$ 10,898,456	\$ 9,060,611

NOTE 12 - OTHER EMPLOYEE BENEFITS

A. 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.

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.

**PARMA CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12 - OTHER EMPLOYEE BENEFITS - (Continued)

B. 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 is through MetLife for all eligible employees.

NOTE 13 - 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.

	<u>Capital Improvements</u>
Set-aside balance June 30, 2023	\$ -
Current year set-aside requirement	1,977,052
Current year offsets	<u>(1,977,052)</u>
Total	<u>\$ -</u>
Set-aside balance June 30, 2024	<u>\$ -</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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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 14 - NOTE PAYABLE

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

	Balance			Balance		
	<u>06/30/23</u>	<u>Additions</u>	<u>Reductions</u>	<u>06/30/24</u>	<u>Due in One Year</u>	
Permanent improvement fund:						
Tax anticipation note	\$ 3,945,000	\$ -	\$ (945,000)	\$ 3,000,000	\$ 970,000	

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	Tax Anticipation Note			<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2025	\$ 970,000	\$ 69,666	\$ 1,039,666	
2026	1,000,000	42,381	1,042,381	
2027	1,030,000	14,265	1,044,265	
Total	<u>\$ 3,000,000</u>	<u>\$ 126,312</u>	<u>\$ 3,126,312</u>	

**PARMA CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 15 - LONG-TERM OBLIGATIONS

During fiscal year 2024, the following activity occurred in the School District's long-term obligations.

	Balance June 30, 2023	Additions	Reductions	Balance June 30, 2024	Amounts Due in One Year
Governmental Activities					
Other Long-Term Obligations:					
Lease payable	\$ 82,174	\$ 127,903	\$ (19,960)	\$ 190,117	\$ 40,079
Asset Retirement Obligations	78,009	26,003	-	104,012	-
Compensated absences	10,019,561	2,302,901	(1,053,003)	11,269,459	365,317
Total Other Long-Term Obligations	<u>10,179,744</u>	<u>2,456,807</u>	<u>(1,072,963)</u>	<u>11,563,588</u>	<u>405,396</u>
Net pension liability:					
SERS	30,160,677	1,237,630	-	31,398,307	-
STRS	122,915,171	-	(2,239,470)	120,675,701	-
Total net pension liability	<u>153,075,848</u>	<u>1,237,630</u>	<u>(2,239,470)</u>	<u>152,074,008</u>	<u>-</u>
Net OPEB liability:					
SERS	7,996,402	1,662,451	-	9,658,853	-
Total Governmental Activities	<u>\$ 171,251,994</u>	<u>\$ 5,356,888</u>	<u>\$ (3,312,433)</u>	<u>\$ 173,296,449</u>	<u>\$ 405,396</u>
Business-Type Activities					
Other Long-Term Obligations:					
Financed Purchase from from Direct Borrowing	\$ 5,334	\$ -	\$ (5,334)	\$ -	\$ -
Compensated absences	369,294	12,494	(1,393)	380,395	18,784
Total Other Long-Term Obligations	<u>374,628</u>	<u>12,494</u>	<u>(6,727)</u>	<u>380,395</u>	<u>18,784</u>
Net pension liability:					
SERS	2,715,578	141,525	-	2,857,103	-
STRS	481,246	-	(481,246)	-	-
Total net pension liability	<u>3,196,824</u>	<u>141,525</u>	<u>(481,246)</u>	<u>2,857,103</u>	<u>-</u>
Net OPEB liability:					
SERS	719,973	158,938	-	878,911	-
Total Business-Type Activities	<u>\$ 4,291,425</u>	<u>\$ 312,957</u>	<u>\$ (487,973)</u>	<u>\$ 4,116,409</u>	<u>\$ 18,784</u>

Leases payable will be paid from the general 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, from the auxiliary services, elementary and secondary school emergency relief, title I special education, title IV-A, and title II-A special revenue funds, and from the food service and extended daycare/preschool enterprise funds. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the general fund, from the athletics and music, auxiliary services, student wellness and success, other state grants, elementary and secondary school emergency relief, VI-B, vocational education, title I school improvement, limited English proficiency, title I special education, title IV-A, preschool grants, and title II-A special revenue funds, and from the food service and extended daycare/preschool enterprise funds. For additional information related to the net pension liability and net OPEB liability, see Notes 10 and 11.

The School District's overall legal debt margin was \$238,279,354 with an unvoted debt margin of \$2,647,548 at June 30, 2024.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 15 - LONG-TERM OBLIGATIONS - (Continued)

The School District has an outstanding agreement to lease copiers. The future lease payments were discounted based on the interest rate implicit in the lease or using the School District's incremental borrowing rate. This discount is being amortized using the interest method over the life of the lease. This lease will be paid from the general fund. A summary of the principal and interest amounts for the remaining lease is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Lease Obligations</u>			<u>Total</u>
	<u>Principal</u>	<u>Interest</u>		
2025	\$ 40,079	\$ 10,816		\$ 50,895
2026	42,673	8,221		50,894
2027	45,436	5,458		50,894
2028	37,732	2,655		40,387
2029	24,197	703		24,900
Total	\$ 190,117	\$ 27,853		\$ 217,970

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

NOTE 16 - 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 \$104,012 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.

NOTE 17 - 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 2024, the School District paid \$181,808 to NEOnet. Financial information can be obtained by writing to the Northeast Ohio Network for Educational Technology, 700 Graham Road, Cuyahoga Falls, Ohio 44221.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS – (Continued)

Ohio Schools Council

The Ohio Schools Council (Council) is a jointly governed organization among approximately 281 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 2024, the School District paid \$3,573 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 natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. Constellation New Energy was the supplier and program manager for the period from July 1, 2018 through June 30, 2019 and again from July 1, 2019 through June 30, 2022. The agreement has been extended until June 30, 2025. There are currently 185 participants in the program. The participants make monthly payments based on the previous year's usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). Districts that paid more than their actual usage can use their credit on future billings or request a refund. Districts that did not pay enough on estimated billings are invoiced for the difference on their October or November monthly bill.

NOTE 18 - INTERFUND TRANSACTIONS

Interfund Balances

Interfund balances at June 30, 2023, consist of the following individual fund receivables and payables:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ <u>2,098,017</u>

The primary purpose of interfund balances is to cover costs in specific funds where revenues were not received by June 30. Interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year. Interfund balances between governmental funds are eliminated on the government-wide financial statements.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 19 - 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 year end, the School District's commitments for encumbrances, excluding amounts already reported in payables, were as follows:

<i>Governmental Funds</i>		<i>Proprietary Funds</i>	
<u>Fund Type</u>	Year-End <u>Encumbrances</u>	<u>Fund Type</u>	Year-End <u>Encumbrances</u>
General	\$ 370,868	Food service	\$ 203,984
Permanent improvement	5,222,491	Extended Daycare/Preschool	4,824
Other governmental	<u>3,790,745</u>	Internal Service Fund	<u>787,627</u>
Total	<u>\$ 9,384,104</u>	Total	<u>\$ 996,435</u>

NOTE 20 - CONTINGENCIES

A. 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, 2024, if applicable, cannot be determined at this time.

B. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education and Workforce (ODEW) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year-end. As of the date of this report, ODEW has finalized the impact of enrollment adjustments to the June 30, 2024 Foundation funding. The District had no material Foundation adjustments to report.

C. 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.

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REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - over (under) Actual Amounts
	Original	Final		
Budgetary revenues and other financing sources	\$ 140,020,264	\$ 150,565,586	\$ 150,565,586	\$ -
Budgetary expenditures and other financing uses	144,916,844	143,189,506	143,189,506	-
Net change in fund balance	(4,896,580)	7,376,080	7,376,080	-
Budgetary fund balance at beginning of year (restated)	41,448,868	41,448,868	41,448,868	-
Prior year encumbrances appropriated	1,775,433	1,775,433	1,775,433	-
Budgetary fund balance at end of year	<u>\$ 38,327,721</u>	<u>\$ 50,600,381</u>	<u>\$ 50,600,381</u>	<u>\$ -</u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Fiscal Year (1)	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.619949600%	\$ 34,255,410	\$ 25,121,850	136.36%	76.06%
2023	0.607831500%	32,876,255	22,128,300	148.57%	75.82%
2022	0.589298500%	21,743,406	20,587,329	105.62%	82.86%
2021	0.640959200%	42,394,392	22,428,536	189.02%	68.55%
2020	0.633673440%	37,913,793	21,553,704	175.90%	70.85%
2019	0.639449020%	36,622,428	22,365,504	163.75%	71.36%
2018	0.686268420%	41,003,023	21,602,350	189.81%	69.50%
2017	0.753866800%	55,176,094	23,547,864	234.31%	62.98%
2016	0.717720800%	40,953,845	21,721,798	188.54%	69.16%
2015	0.660865000%	33,446,001	19,258,564	173.67%	71.70%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 3,258,894	\$ (3,258,894)	\$ -	\$ 23,277,814	14.00%
2023	3,517,059	(3,517,059)	-	25,121,850	14.00%
2022	3,097,962	(3,097,962)	-	22,128,300	14.00%
2021	2,882,226	(2,882,226)	-	20,587,329	14.00%
2020	3,139,995	(3,139,995)	-	22,428,536	14.00%
2019	2,909,750	(2,909,750)	-	21,553,704	13.50%
2018	3,019,343	(3,019,343)	-	22,365,504	13.50%
2017	3,024,329	(3,024,329)	-	21,602,350	14.00%
2016	3,296,701	(3,296,701)	-	23,547,864	14.00%
2015	2,862,933	(2,862,933)	-	21,721,798	13.18%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Fiscal Year (1)	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.560371720%	\$ 120,675,701	\$ 75,154,964	160.57%	80.02%
2023	0.555086450%	123,396,417	70,927,014	173.98%	78.88%
2022	0.548183780%	70,090,223	68,204,971	102.76%	87.78%
2021	0.538975290%	130,412,842	65,057,300	200.46%	75.48%
2020	0.543018090%	120,085,188	63,540,114	188.99%	77.40%
2019	0.576639260%	126,790,025	65,413,629	193.83%	77.31%
2018	0.606452010%	144,063,974	66,460,786	216.77%	75.30%
2017	0.638190450%	213,621,580	67,472,071	316.61%	66.80%
2016	0.646673530%	178,721,651	67,642,971	264.21%	72.10%
2015	0.636001860%	154,697,663	65,014,262	237.94%	74.70%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 9,689,560	\$ (9,689,560)	\$ -	\$ 69,211,143	14.00%
2023	10,521,695	(10,521,695)	-	75,154,964	14.00%
2022	9,929,782	(9,929,782)	-	70,927,014	14.00%
2021	9,548,696	(9,548,696)	-	68,204,971	14.00%
2020	9,108,022	(9,108,022)	-	65,057,300	14.00%
2019	8,895,616	(8,895,616)	-	63,540,114	14.00%
2018	9,157,908	(9,157,908)	-	66,460,786	14.00%
2017	9,304,510	(9,304,510)	-	67,472,071	14.00%
2016	9,446,090	(9,446,090)	-	67,642,971	14.00%
2015	9,470,016	(9,470,016)	-		

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT AND TEN FISCAL YEARS

Fiscal Year (1) (2)	School District's Proportion of the Net OPEB Liability	School District's Proportionate Share of the Net OPEB Liability	School District's Covered Payroll	School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2024	0.639642700%	\$ 10,537,764	\$ 25,121,850	41.95%	30.02%
2023	0.620819800%	8,716,375	22,128,300	39.39%	30.34%
2022	0.609650700%	11,538,139	20,587,329	56.04%	24.08%
2021	0.665022700%	14,453,120	22,428,536	64.44%	18.17%
2020	0.648928990%	16,319,200	21,553,704	75.71%	15.57%
2019	0.647316650%	17,958,314	22,365,504	80.29%	13.57%
2018	0.697838970%	18,728,165	21,602,350	86.70%	12.46%
2017	0.762857000%	21,744,246	23,547,864	92.34%	11.49%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 422,399	\$ (422,399)	\$ -	\$ 23,277,814	1.81%
2023	476,829	(476,829)	-	25,121,850	1.90%
2022	401,884	(401,884)	-	22,128,300	1.82%
2021	400,912	(400,912)	-	20,587,329	1.95%
2020	426,755	(426,755)	-	22,428,536	1.90%
2019	501,769	(501,769)	-	21,553,704	2.33%
2018	458,880	(458,880)	-	22,365,504	2.05%
2017	386,744	(386,744)	-	21,602,350	1.79%
2016	381,271	(381,271)	-	23,547,864	1.62%
2015	550,824	(550,824)	-	21,721,798	2.54%

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

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT AND TEN FISCAL YEARS

Fiscal Year (1) (2)	School District's Proportion of the Net OPEB Liability/(Asset)	School District's Proportionate Share of the Net OPEB Liability/(Asset)	School District's Covered Payroll	School District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
2024	0.560371720%	\$ (10,898,456)	\$ 75,154,964	14.50%	168.52%
2023	0.555086450%	(14,373,037)	70,927,014	20.26%	230.73%
2022	0.548183780%	(11,558,005)	68,204,971	16.95%	174.73%
2021	0.538975290%	(9,472,480)	65,057,300	14.56%	182.10%
2020	0.543018090%	(8,993,681)	63,540,114	14.15%	174.74%
2019	0.576639260%	(9,266,006)	65,413,629	14.17%	176.00%
2018	0.606452010%	23,661,519	66,460,786	35.60%	47.10%
2017	0.638190450%	34,130,591	67,472,071	50.58%	37.30%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ -	\$ -	\$ -	\$ 69,211,143	0.00%
2023	-	-	-	75,154,964	0.00%
2022	-	-	-	70,927,014	0.00%
2021	-	-	-	68,204,971	0.00%
2020	-	-	-	65,057,300	0.00%
2019	-	-	-	63,540,114	0.00%
2018	-	-	-	65,413,629	0.00%
2017	-	-	-	66,460,786	0.00%
2016	-	-	-	67,472,071	0.00%
2015	-	-	-	67,642,971	0.00%

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

(2) Information prior to 2017 is not available. Schedule is intended to show information for 10 years.

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 - BUDGETARY PROCESS

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

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

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

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ 7,376,080
Net adjustment for revenue accruals	1,408,711
Net adjustment for expenditure accruals	(1,142,239)
Net adjustment for other sources/uses	(833,084)
Funds budgeted elsewhere	112,724
Adjustments for encumbrances	<u>457,364</u>
GAAP Basis	<u><u>\$ 7,379,556</u></u>

As part of Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting”, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP Basis. These includes a special trust fund, rotary fund, public school support fund, unclaimed monies fund, OHSAA tournament fund (portion which the School District has administrative involvement), and a workers’ compensation fund.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 1 - BUDGETARY PROCESS - (Continued)

Budgetary Prior Period Adjustment

In prior years certain funds that are legally budgeted in separate special revenue funds were considered part of the general fund on a budgetary basis. The School District has elected to report only the legally budgeted general fund in the budgetary schedule; therefore, a restatement to the beginning budgetary balance is required. The restatement of the general fund's budgetary-basis fund balance at June 30, 2023 is as follows:

Budgetary Basis	<u>General Fund</u>
Fund balance at June 30, 2023	\$ 43,406,569
Funds budgeted elsewhere	<u>(1,957,701)</u>
Restated fund balance at June 30, 2023	<u>\$ 41,448,868</u>

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

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

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

Changes in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2015.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- There were no changes in benefit terms from the amounts reported for fiscal year 2018.
- There were no changes in benefit terms from the amounts reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts reported for fiscal year 2021.
- There were no changes in benefit terms from the amounts reported for fiscal year 2022.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50%-5.00% to a range of 5.375%-4.75% and Pre-Medicare were changed from a range of 7.50%-5.00% to a range of 7.25%-4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.
- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375%-4.75% to a range of 5.25%-4.75% and Pre-Medicare were changed from a range of 7.25%-4.75% to a range of 7.00%-4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.
- For fiscal year 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate when from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.
- For fiscal year 2024, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.69% to 3.86%, (b) single equivalent interest rate when from 4.08% to 4.27% and (c) medical trend assumptions went from 7.00% to 4.40% to 6.75% to 4.40%.

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts previously reported for fiscal year 2017.
- For fiscal year 2018, STRS reduced the subsidy multiplier for non-Medicare benefit recipients from 2.1% to 1.9% per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019.
- For fiscal year 2019, STRS increased the subsidy multiplier for non-Medicare benefit recipients from 1.9% to 1.944% per year of service effective January 1, 2019. The non-Medicare frozen subsidy base premium was increased January 1, 2019 and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.
- For fiscal year 2020, STRS increased the subsidy percentage from 1.944% to 1.984% effective January 1, 2020. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed to January 1, 2021.
- For fiscal year 2021, the non-Medicare subsidy percentage was increased effective January 1, 2021 from 1.984% to 2.055% per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2021. The Medicare subsidy percentages were adjusted effective January 1, 2021 to 2.1% for the AMA Medicare plan. The Medicare Part B monthly reimbursement elimination date was postponed indefinitely.
- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2024.

Change in assumptions:

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

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

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2024**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB) - (Continued)

- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.
- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.
- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.
- For fiscal year 2024, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: Pre-Medicare from 7.50% initial - 3.94% ultimate to 7.50% initial - 4.14% ultimate; medical Medicare from -68.78% initial - 3.94% ultimate to -10.94% initial - 4.14% ultimate; prescription drug Pre-Medicare from 9.00% initial - 3.94% ultimate to -11.95% initial - 4.14% ultimate; Medicare from -5.47% initial - 3.94% ultimate to 1.33% initial - 4.14% ultimate.



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
7377 Chateau Drive
Parma, Ohio 44130

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, 2024, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated January 13, 2025.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Parma City School District

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*

Page 2 of 2

Report on Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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
January 13, 2025



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
7377 Chateau Drive
Parma, Ohio 44130

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, 2024. 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, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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.

Parma City School District

Independent Auditor's Report on Compliance for Each Major Federal Program and

Report on Internal Control over Compliance Required by the Uniform Guidance

Page 2 of 3

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of 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

January 13, 2025

Parma City School District
Cuyahoga County, Ohio
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2024

Federal Grantor/ Pass Through Grantor/ Program Title	AL Number	Program Year	Federal Disbursements	Passed Through to Subrecipients
U. S. Department of Education (Passed Through Ohio Department of Education and Workforce):				
Expanding Opportunities for Each Child	84.010A	2024	\$ 29,541	0
Expanding Opportunities for Each Child	84.010A	2023	16,191	0
Title I School Supplemental Improvement	84.010A	2023	5,356	0
Title I School Supplemental Improvement	84.010A	2024	72,808	0
Title I-A Improving Basic Programs	84.010A	2023	350,509	0
Title I-A Improving Basic Programs	84.010A	2024	2,556,498	0
Total Title I-A Improving Basic Programs			3,030,903	0
<i>Special Education Cluster:</i>				
COVID-19: American Rescue Plan IDEA	84.027X	2023	129,442	0
IDEA-B Special Education	84.027A	2024	3,023,294	0
IDEA-B Special Education	84.027A	2023	296,167	0
Total IDEA-B Special Education			3,448,903	0
IDEA Preschool Grant	84.173A	2024	68,181	0
IDEA Preschool Grant	84.173A	2023	9,117	0
Total IDEA Preschool Grant			77,298	0
Total Special Education Cluster			3,526,201	0
21st Century Learning	84.287C	2023	10,428	0
Title III LEP	84.365A	2024	56,825	0
Title III LEP	84.365A	2023	2,456	0
Total Title III LEP			59,281	0
Title II-A - Supporting Effective Instruction	84.367A	2024	301,380	0
Title II-A - Supporting Effective Instruction	84.367A	2023	36,966	0
Total Title II-A - Supporting Effective Instruction			338,346	0
Title IV-A Stronger Connections	84.424F	2024	91,508	0
Title IV-A Student Support and Academic Enrichment	84.424A	2024	159,762	0
Title IV-A Student Support and Academic Enrichment	84.424A	2023	25,826	0
			277,096	0
Career and Technical Education - Basic Grants to States	84.048A	2024	199,621	0
Career and Technical Education - Basic Grants to States	84.048A	2023	33,535	0
Total Career and Technical Education - Basic Grants to States			233,156	0
COVID-19: American Rescue Plan Homeless	84.425W	2024	\$ 51,565	0
COVID-19: American Rescue Plan Homeless	84.425W	2023	200	0
COVID-19: Elementary and Secondary School Emergency Relief Fund III	84.425U	2023	1,111,109	0
COVID-19: Elementary and Secondary School Emergency Relief Fund III	84.425U	2024	8,041,403	0
COVID-19: Elementary and Secondary School Emergency Relief Fund II	84.425D	2024	48,324	0
COVID-19: Elementary and Secondary School Emergency Relief Fund II	84.425D	2023	52,030	0
COVID-19: Elementary and Secondary School Emergency Relief Fund	84.425D	2023	71,468	0
Total Elementary and Secondary School Emergency Relief Fund			9,376,099	0
Total U.S. Department of Education			16,851,510	0
U. S. Department of Agriculture (Passed Through Ohio Department of Education and Workforce):				
<i>Child Nutrition Cluster:</i>				
Non-Cash Assistance:				
School Breakfast Program	10.553	2024	48,884	0
National School Lunch Program	10.555	2024	232,262	0
Cash Assistance:				
School Breakfast Program	10.553	2024	539,954	0
National School Lunch Program	10.555	2024	2,631,403	0
Afterschool Snack Program	10.555	2024	39,580	0
Total Child Nutrition Cluster			3,492,084	0
Total U.S. Department of Agriculture			3,492,084	0
U. S. Department of Treasury (Passed Through Ohio Facilities Construction Commission)				
COVID-19: Coronavirus State and Local Fiscal Recovery Fund	21.027	2023	691,168	0
COVID-19: Coronavirus State and Local Fiscal Recovery Fund	21.027	2023	22,276	0
Total Coronavirus State and Local Fiscal Recovery Fund			713,444	0
Total U.S. Department of Treasury			713,444	0
U. S. Department of Homeland Security (Passed Through Ohio Emergency Management Agency)				
Public Assistance Grant Program	97.036	2023	77,701	0
Total U.S. Department of Homeland Security			77,701	0
Total Federal Assistance			\$ 21,134,739	0

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, 2024

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, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position, 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, 2024

1. SUMMARY OF AUDITOR'S RESULTS

(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)?	No
(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: Elementary and Secondary School Emergency Relief Fund Child Nutrition Cluster School Breakfast Program National School Lunch Program	ALN # 84.425D & 84.425U & 84.425W 10.553 10.555
(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, 2024

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

None were noted

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None were noted

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 4/15/2025

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

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