OHIO AUDITOR OF STATE
KEITH FABER

MARLINGTON LOCAL SCHOOL DISTRICT
STARK COUNTY
JUNE 30, 2022

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STARK COUNTY
JUNE 30, 2022

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OHIO AUDITOR OF STATE
KEITH FABER

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INDEPENDENT AUDITOR'S REPORT

Marlington Local School District
Stark County
10320 Moulin Avenue Northeast
Alliance, Ohio 44601

To the Board of Education:

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Marlington Local School District, Stark County, Ohio as of June 30, 2022, and the respective changes in financial position thereof and the budgetary comparison for the General for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2023, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

March 22, 2023

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The management's discussion and analysis of Marlington Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the financial statements and notes to those respective statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2022 are as follows:

- Total revenues increased from fiscal year 2021 by $3,621,990. This increase is largely due to increases in grant revenues as well as property tax revenues.
- Total program expenses decreased from fiscal year 2021 by $3,762,437, or 12.80 percent. This decrease is largely due to a decrease in instructional costs related to State Teachers Retirement System (STRS) other postemployment benefit (OPEB) expenses.
- Total revenues exceeded total program expenses by $10,067,976, resulting in an increase in the School District's net position, ending the fiscal year with a net position of $8,775,993.
- The School District continues to receive funds from a 2.0 mill renewal permanent improvement levy which was passed in November 2013 for a continuing period of time. The levy had previously been on a five year cycle. This levy currently generates approximately $615,000 per fiscal year and is an important funding source for capital expenditures for School District infrastructure, buses, and select technology.
- The School District remains in a House Bill 264 Program through PlugSmart to invest in energy conservation initiatives. To participate in the program, the School District invested current funds as well as leveraged a long-term borrowing to offset the costs of the program. The long-term energy savings of the program is estimated to pay back the invested costs over 12.6 years.
- The School District continues to receive property taxes from a public utility asset associated with the Nexus Pipeline in fiscal year 2022. The majority of the funds are associated with the general fund with a small portion associated with the permanent improvement fund. The School District currently has elected to transfer the receipts associated with the general fund to a capital projects fund for the purpose of renovating school buildings.

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes pertaining to those statements. The statements are organized so the reader can understand the Marlington Local School District as a financial whole, or complete operating entity.

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

Reporting the School District as a Whole

Statement of Net Position and Statement of Activities

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially during fiscal year 2022?" The statement of net position and statement of activities answer this question. These statements include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting, similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses, regardless of when cash is received or paid.

These two statements report the School District's net position and changes in that net position. The amount of net position, the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is one measure of the School District's financial health, or financial position. The 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. Assessing the overall health of the School District involves many factors. Non-financial factors may include the School District's performance, demographic and socioeconomic factors and willingness of the community to support the School District. On the other hand, financial factors may include the School District's financial position, liquidity and solvency and fiscal capacity.

In the statement of net position and the statement of activities, all of the School District's activities are classified as governmental. All of the School District's programs and services are reported here including instruction, support services, operation of non-instructional services, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the permanent improvement capital projects fund.

Governmental Funds

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

Fiduciary Funds

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

The School District as a Whole

You may recall that the statement of net position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for fiscal year 2022 compared to 2021.

Table 1
Net Position
Governmental Activities

	2022	Restated 2021	Change
Assets			
Current and Other Assets	$32,769,839	$29,356,990	$3,412,849
Capital Assets, Net	20,540,609	17,704,372	2,836,237
Net OPEB Asset	1,780,515	1,470,644	309,871
Total Assets	55,090,963	48,532,006	6,558,957
Deferred Outflows of Resources			
Pension	5,965,053	4,826,362	1,138,691
OPEB	755,504	702,187	53,317
Total Deferred Outflows of Resources	6,720,557	5,528,549	1,192,008
Liabilities			
Current Liabilities	3,608,458	3,205,772	(402,686)
Long-Term Liabilities:			
Due Within One Year	964,682	975,162	10,480
Due in More Than One Year:			
Net Pension Liability	14,456,328	26,507,131	12,050,803
Net OPEB Liability	1,940,834	2,096,430	155,596
Other Amounts	5,424,322	5,967,350	543,028
Total Liabilities	26,394,624	38,751,845	12,357,221
Deferred Inflows of Resources			
Property Taxes	11,707,544	12,801,300	1,093,756
Pension	11,560,539	703,621	(10,856,918)
OPEB	3,372,820	3,095,772	(277,048)
Total Deferred Inflows of Resources	26,640,903	16,600,693	(10,040,210)
Net Position			
Net Investment in Capital Assets	16,070,617	15,473,311	597,306
Restricted	4,531,494	2,293,836	2,237,658
Unrestricted (Deficit)	(11,826,118)	(19,059,130)	7,233,012
Total Net Position	$8,775,993	($1,291,983)	$10,067,976

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2022. Governmental Accounting Standards Board (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 health care to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Overall, the position of the School District increased, as evidenced by the increase in net position. This is largely because of an increase in property taxes receivable as well as an increase in capital assets due to the completion of the Lexington/Washington upgrade project.

Table 2 shows the changes in net position for fiscal years 2022 and 2021.

Table 2
Changes in Net Position
Governmental Activities

	2022	Restated 2021	Change
Revenues			
Program Revenues:			
Charges for Services and Sales	$1,121,908	$3,030,600	($1,908,692)
Operating Grants, Contributions, and Interest	5,243,893	6,604,951	(1,361,058)
Total Program Revenues	6,365,801	9,635,551	(3,269,750)
General Revenues:			
Property Taxes	18,208,999	12,085,506	6,123,493
Grants and Entitlements	10,902,346	9,527,474	1,374,872
Investment Earnings	(24,935)	47,873	(72,808)
Miscellaneous	244,037	777,854	(533,817)
Total General Revenues	29,330,447	22,438,707	6,891,740
Total Revenues	$35,696,248	$32,074,258	$3,621,990

(continued)

Table 2
Changes in Net Position
Governmental Activities (continued)

	2022	Restated 2021	Change
Program Expenses			
Instruction:			
Regular	$8,816,193	$12,894,741	$4,078,548
Special	3,827,415	4,307,114	479,699
Vocational	551,612	522,548	(29,064)
Support Services:			
Pupils	1,306,075	1,474,903	168,828
Instructional Staff	1,257,258	971,862	(285,396)
Board of Education	18,184	15,907	(2,277)
Administration	1,817,681	2,080,641	262,960
Fiscal	962,400	814,358	(148,042)
Business	173,340	157,176	(16,164)
Operation and Maintenance of Plant	2,686,913	2,216,878	(470,035)
Pupil Transportation	1,818,345	1,746,240	(72,105)
Central	93,187	87,118	(6,069)
Operation of Non-Instructional Services	1,079,888	1,012,068	(67,820)
Extracurricular Activities	1,136,580	1,055,597	(80,983)
Interest and Fiscal Charges	83,201	33,558	(49,643)
Total Program Expenses	25,628,272	29,390,709	3,762,437
Change in Net Position	10,067,976	2,683,549	7,384,427
Net Position Beginning of Year	(1,291,983)	(3,975,532)	2,683,549
Net Position End of Year	$8,775,993	($1,291,983)	$10,067,976

The largest component of the decrease in program expenses results from decreases in pension and OPEB expenses, the most significant increase being related to STRS pension expenses. The School District's pension expense related to STRS decreased from an expense of $2,245,569 for fiscal year 2021 to a negative expense of $227,025 for fiscal year 2022.

Program revenues in fiscal year 2022 decreased significantly compared to fiscal year 2021 due to a decrease in charges for services and sales related to tuition received during the fiscal year.

Governmental Activities

The School District has carefully planned its financial existence by forecasting its revenues and expenses over the next five years. Although the School District relies heavily upon local property taxes to support its operations, the School District does actively solicit and receive additional grant and entitlement funds to help offset some operating costs.

The majority of the School District's expenses are for instruction. Support services for operation and maintenance of plant, administration, pupil transportation, pupils, extracurricular activities, operation of non-instructional services, and instructional staff are the next largest areas of expenses. The remaining amount of program expenses are to facilitate other obligations of the School District.

The statement of activities shows the total net cost of program services. Table 3 shows the total cost of services for governmental activities and the net cost of those services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Net Cost of Services
Governmental Activities

	Total Cost of Services 2022	Net Cost of Services 2022	Total Cost of Services 2021	Net Cost of Services 2021
Governmental Activities:				
Instruction:				
Regular	$8,816,193	$7,995,087	$12,894,741	$10,089,168
Special	3,827,415	2,127,310	4,307,114	1,963,602
Vocational	551,612	234,167	522,548	260,643
Support Services:				
Pupils	1,306,075	1,125,052	1,474,903	542,906
Instructional Staff	1,257,258	629,826	971,862	717,279
Board of Education	18,184	17,617	15,907	14,217
Administration	1,817,681	1,740,733	2,080,641	1,768,684
Fiscal	962,400	934,952	814,358	720,270
Business	173,340	173,069	157,176	156,093
Operation and Maintenance of Plant	2,686,913	2,591,535	2,216,878	1,411,783
Pupil Transportation	1,818,345	1,523,914	1,746,240	1,511,953
Central	93,187	81,801	87,118	68,989
Operation of Non-Instructional Services	1,079,888	(645,756)	1,012,068	(183,867)
Extracurricular Activities	1,136,580	649,963	1,055,597	679,880
Interest and Fiscal Charges	83,201	83,201	33,558	33,558
Total	$25,628,272	$19,262,471	$29,390,709	$19,755,158

Both the total cost of services and net cost of services decreased from the prior fiscal year. As one can see, the vast majority of program expenses are not covered by program revenues. Instead, the reliance upon general revenues, including tax revenues and grants and entitlements for governmental activities, is crucial.

School District's Funds

Information regarding the School District's major funds can be found beginning on page 16. These funds are accounted for using the modified accrual basis of accounting. Total governmental funds had expenditures outpacing revenues. The net change in fund balance for the fiscal year was most significant in the general fund which increased primarily as a result of the increase in property taxes revenue.

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 fund to be budgeted is the main operating fund of the School District, the general fund.

During the course of fiscal year 2022, the School District amended its general fund budget numerous times, none significant. The School District uses an operational unit budget process and has in place systems that are designed to tightly control expenditures but provide flexibility for program based decision and management.

For the general fund, the final budget basis estimated revenues were lower than the original budget basis estimated revenues. The actual revenues were higher than the final budget basis estimated revenues but lower than the original budget basis estimated revenues. The difference was mainly due to higher than expected property tax and miscellaneous revenues.

Final budget basis appropriations for expenditures and other financing uses were lower than the original budget basis appropriations for expenditures and other financing uses due to decreased appropriations for operational costs. Actual expenditures and other financing uses were lower than the original and final budget basis appropriations due to lower than expected fiscal and operational costs.

The general fund's unencumbered ending cash balance totaled $7,171,209, which was higher than the final budgeted balance.

Capital Assets and Debt Administration

Capital Assets

All capital assets, except land and construction in progress, are reported net of depreciation. There was an increase in capital assets during the fiscal year. This was primarily due to construction in progress and new asset additions including building renovations, a keyless entry system, and network upgrades exceeding annual depreciation. More detailed information is presented in Note 8 to the basic financial statements.

Debt Administration

During fiscal year 2015, the School District issued $779,685 in energy conservation bonds, which will be used for the modification and remodeling of School District buildings to conserve energy. These bonds will be paid from the general fund and will mature in fiscal year 2025.

During fiscal year 2020, the School District incurred new debt with the City of Alliance to pay for their share of project costs associated with obtaining city water to the School District's main campus. The project was between the City of Alliance and the EPA.

During fiscal year 2021, the School District entered into a base lease and lease-purchase agreement for $4,700,000 relating to the remodeling of existing elementary buildings.

The School District's overall legal debt margin was $47,238,481 with an unvoted debt margin of $524,872 as of June 30, 2022. More detailed information is presented in Note 14 to the basic financial statements.

Current Financial Related Activities

The School District has carefully managed its general fund budget in order to optimize the dollars available for educating the students it serves and to minimize the levy millage amounts needed periodically from the community's citizens. The School District continues to be concerned with maintaining adequate revenue while controlling costs. Inflationary increases in costs associated with education, as well as the age of the School District's buildings and the continuous need to invest in technology infrastructure and technology equipment for its staff and students will continue to be a budget balancing act for the School District.

In fiscal year 2022, the School District received approximately $1.1 million in Coronavirus Relief funding from federal grants. The funding is to assist with loss of learning and other support services associated with managing and minimizing the impact on students and staff associated with the COVID-19 pandemic.

The contract between the School District and its certified staff was renewed in fiscal year 2022 and the new contract will expire on June 30, 2024. The contract between the School District and its classified staff was renegotiated in the spring of 2022 and the new contract went into effect July 1, 2022, and will expire June 30, 2024.

The School District will make prudent use of the 2.0 mill renewal permanent improvement levy the community passed for a continuing period of time which currently generates approximately $615,000 per fiscal year in revenue for the School District. Passage of the levy was reflective of consistent community support in regards to passage of this and previous renewal levies.

The School District has an 8.5 mill operating levy that expired at the end of calendar year 2019. The School District obtained approval of the renewal of that levy in November 2019. The District also has an additional 8.5 mill operating levy that expired at the end of calendar year 2022. A renewal for this levy was on the ballot in November 2022 and was passed by the voters.

Due to the age of the current facilities, an increased need for repairs and capital expenditures has been realized. Historically, each year these proposed expenditures are monitored and prioritized to fit into the annual budget. With the additional public utility tax revenue associated with the Nexus Pipeline beginning in calendar year 2020, it is the current intent of the Board of Education to allocate these funds to a separate capital projects fund to renovate school facilities. To date, the Board of Education has approved projects for remodeling and repairs of the three existing elementary buildings.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Robert Foss, Treasurer, 10320 Moulin Avenue Northeast, Alliance, Ohio 44601-9797.

Basic
Financial
Statements

Marlington Local School District
Statement of Net Position
June 30, 2022

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	$12,518,787
Accounts Receivable	2,000
Accrued Interest Receivable	20,514
Intergovernmental Receivable	1,016,982
Inventory Held for Resale	12,918
Materials and Supplies Inventory	294,212
Prepaid Items	37,137
Property Taxes Receivable	18,867,289
Nondepreciable Capital Assets	2,696,863
Depreciable Capital Assets, Net	17,843,746
Net OPEB Asset	1,780,515
Total Assets	55,090,963
Deferred Outflows of Resources	
Pension	5,965,053
OPEB	755,504
Total Deferred Outflows of Resources	6,720,557
Liabilities	
Accounts Payable	583,037
Contracts Payable	680
Accrued Wages Payable	2,450,803
Accrued Interest Payable	6,135
Matured Leases Payable	4,718
Matured Interest Payable	359
Intergovernmental Payable	562,726
Long-Term Liabilities:	
Due Within One Year	964,682
Due In More Than One Year:	
Net Pension Liability (See Note 11)	14,456,328
Net OPEB Liability (See Note 12)	1,940,834
Other Amounts	5,424,322
Total Liabilities	26,394,624
Deferred Inflows of Resources	
Property Taxes	11,707,544
Pension	11,560,539
OPEB	3,372,820
Total Deferred Inflows of Resources	26,640,903
Net Position	
Net Investment in Capital Assets	16,070,617
Restricted for:	
Capital Outlay	3,002,959
District Managed Student Activities	137,422
Special Instruction	13,490
Scholarships	672,480
Other Purposes	705,143
Unrestricted (Deficit)	(11,826,118)
Total Net Position	$8,775,993

See accompanying notes to the basic financial statements

Marlington Local School District

Statement of Activities

For the Fiscal Year Ended June 30, 2022

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions, and Interest	Governmental Activities
Governmental Activities				
Instruction:				
Regular	$8,816,193	$263,991	$557,115	($7,995,087)
Special	3,827,415	92,820	1,607,285	(2,127,310)
Vocational	551,612	14,568	302,877	(234,167)
Support Services:				
Pupils	1,306,075	27,320	153,703	(1,125,052)
Instructional Staff	1,257,258	17,319	610,113	(629,826)
Board of Education	18,184	567	0	(17,617)
Administration	1,817,681	55,820	21,128	(1,740,733)
Fiscal	962,400	27,448	0	(934,952)
Business	173,340	271	0	(173,069)
Operation and Maintenance of Plant	2,686,913	52,197	43,181	(2,591,535)
Pupil Transportation	1,818,345	45,541	248,890	(1,523,914)
Central	93,187	2,386	9,000	(81,801)
Operation of Non-Instructional Services	1,079,888	54,932	1,670,712	645,756
Extracurricular Activities	1,136,580	466,728	19,889	(649,963)
Interest and Fiscal Charges	83,201	0	0	(83,201)
Totals	$25,628,272	$1,121,908	$5,243,893	(19,262,471)

General Revenues	
Property Taxes Levied for:	
General Purposes	18,208,999
Grants and Entitlements not Restricted to Specific Programs	10,902,346
Investment Earnings	(24,935)
Miscellaneous	244,037
Total General Revenues	29,330,447
Change in Net Position	10,067,976
Net Position Beginning of Year - Restated (See Note 3)	(1,291,983)
Net Position End of Year	$8,775,993

See accompanying notes to the basic financial statements

Marlington Local School District
Balance Sheet
Governmental Funds
June 30, 2022

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Investments	$7,934,912	$1,230,732	$3,353,143	$12,518,787
Accounts Receivable	2,000	0	0	2,000
Accrued Interest Receivable	20,514	0	0	20,514
Interfund Receivable	246,223	0	0	246,223
Intergovernmental Receivable	207,514	0	809,468	1,016,982
Inventory Held for Resale	0	0	12,918	12,918
Materials and Supplies Inventory	293,021	0	1,191	294,212
Prepaid Items	37,137	0	0	37,137
Property Taxes Receivable	18,048,409	818,880	0	18,867,289
Total Assets	$26,789,730	$2,049,612	$4,176,720	$33,016,062
Liabilities				
Accounts Payable	$80,680	$172,035	$330,322	$583,037
Contracts Payable	680	0	0	680
Accrued Wages Payable	2,164,504	0	286,299	2,450,803
Interfund Payable	0	0	246,223	246,223
Matured Lease Payable	4,718	0	0	4,718
Matured Interest Payable	359	0	0	359
Intergovernmental Payable	503,964	0	58,762	562,726
Total Liabilities	2,754,905	172,035	921,606	3,848,546
Deferred Inflows of Resources				
Property Taxes	11,155,535	552,009	0	11,707,544
Unavailable Revenue	5,560,017	205,739	64,026	5,829,782
Total Deferred Inflows of Resources	16,715,552	757,748	64,026	17,537,326
Fund Balances				
Nonspendable	330,223	0	1,191	331,414
Restricted	0	1,119,829	1,583,298	2,703,127
Committed	143,508	0	1,673,699	1,817,207
Assigned	800,189	0	0	800,189
Unassigned (Deficit)	6,045,353	0	(67,100)	5,978,253
Total Fund Balances (Deficit)	7,319,273	1,119,829	3,191,088	11,630,190
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$26,789,730	$2,049,612	$4,176,720	$33,016,062

See accompanying notes to the basic financial statements

Marlington Local School District

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2022

Total Governmental Fund Balances		$11,630,190
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		20,540,609
Other long-term assets are not available to pay for current-period expenditures and therefore are reported as unavailable revenue in the funds:		
Delinquent Property Taxes	5,578,279	
Intergovernmental	92,419	
Tuition and Fees	159,084	
Total		5,829,782
In the statement of activities, interest is accrued on outstanding bonds; whereas in governmental funds, an interest expenditure is reported when due.		(6,135)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
Energy Conservation Bonds	(212,187)	
Long-Term Loan Payable	(379,649)	
Lease Payable	(195,805)	
Compensated Absences	(1,519,363)	
Lease Purchase Agreement	(4,062,000)	
Asset Retirement Obligation	(20,000)	
Total		(6,389,004)
The net pension/OPEB asset/liabilities are not due and payable in the current period; therefore, the asset/liabilities and related deferred inflows/outflows are not reported in the funds:		
Net OPEB Asset	1,780,515	
Deferred Outflows - Pension	5,965,053	
Deferred Outflows - OPEB	755,504	
Net Pension Liability	(14,456,328)	
Net OPEB Liability	(1,940,834)	
Deferred Inflows - Pension	(11,560,539)	
Deferred Inflows - OPEB	(3,372,820)	
Total		(22,829,449)
Net Position of Governmental Activities		$8,775,993

See accompanying notes to the basic financial statements

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

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	$12,800,545	$615,824	$0	$13,416,369
Intergovernmental	11,663,547	55,757	4,398,162	16,117,466
Interest	(36,445)	0	11,510	(24,935)
Tuition and Fees	576,585	0	0	576,585
Extracurricular Activities	118,883	0	340,833	459,716
Contributions and Donations	2,636	0	16,153	18,789
Customer Sales and Services	20,635	0	56,247	76,882
Rentals	50	0	0	50
Miscellaneous	202,920	37,289	3,828	244,037
Total Revenues	25,349,356	708,870	4,826,733	30,884,959
Expenditures				
Current:				
Instruction:				
Regular	9,256,947	60,307	559,163	9,876,417
Special	3,267,129	0	1,040,256	4,307,385
Vocational	511,480	0	101,714	613,194
Support Services:				
Pupils	968,119	0	446,998	1,415,117
Instructional Staff	617,085	92,231	622,980	1,332,296
Board of Education	18,184	0	0	18,184
Administration	1,949,633	0	21,128	1,970,761
Fiscal	955,287	9,459	0	964,746
Business	9,525	15,662	122,271	147,458
Operation and Maintenance of Plant	1,914,702	149,359	315,278	2,379,339
Operation and Maintenance of Plant - Intergovernmental	14,602	0	0	14,602
Pupil Transportation	1,646,030	0	162,433	1,808,463
Central	83,877	0	9,000	92,877
Operation of Non-Instructional Services	22,231	0	1,159,032	1,181,263
Extracurricular Activities	802,885	0	337,104	1,139,989
Capital Outlay	0	171,204	3,258,670	3,429,874
Debt Service:				
Principal Retirement	179,163	0	638,000	817,163
Interest and Fiscal Charges	12,138	0	72,940	85,078
Total Expenditures	22,229,017	498,222	8,866,967	31,594,206
Excess of Revenues Over (Under) Expenditures	3,120,339	210,648	(4,040,234)	(709,247)
Other Financing Sources (Uses)				
Transfers In	0	0	2,008,152	2,008,152
Transfers Out	(2,008,152)	0	0	(2,008,152)
Total Other Financing Sources (Uses)	(2,008,152)	0	2,008,152	0
Net Change in Fund Balances	1,112,187	210,648	(2,032,082)	(709,247)
Fund Balances Beginning of Year, Restated (See Note 3)	6,207,086	909,181	5,223,170	12,339,437
Fund Balances End of Year	$7,319,273	$1,119,829	$3,191,088	$11,630,190

See accompanying notes to the basic financial statements

Marlington Local School District

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds		($709,247)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period:		
Capital Outlay	3,469,908	
Current Year Depreciation	(885,535)	
Total		2,584,373
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:		
Delinquent Property Taxes	4,792,630	
Intergovernmental	9,984	
Tuition and Fees	8,675	
Total		4,811,289
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Energy Conservation Bonds	81,493	
Financed Purchases	679,611	
Leases Payable	56,059	
Total		817,163
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Accrued Interest	1,877	
Compensated Absences	(26,393)	
Long-Term Loan Payable	14,602	
Total		(9,914)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows:		
Pension	2,046,167	
OPEB	65,043	
Total		2,111,210
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB asset/liabilities are reported as pension/OPEB expense in the statement of activities:		
Pension	286,409	
OPEB	176,693	
Total		463,102
Change in Net Position of Governmental Activities		$10,067,976

See accompanying notes to the basic financial statements

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

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Property Taxes	$11,711,680	$10,354,435	$11,698,904	$1,344,469
Intergovernmental	11,861,439	11,900,677	11,714,069	(186,608)
Interest	63,955	51,239	39,883	(11,356)
Tuition and Fees	2,828,597	1,513,268	587,135	(926,133)
Extracurricular Activities	145	128	13,237	13,109
Contributions and Donations				0
Customer Sales and Services	31,521	27,868	20,635	(7,233)
Rentals	0	0	50	50
Miscellaneous	134,087	118,695	170,267	51,572
Total Revenues	26,631,424	23,966,310	24,244,180	277,870
Expenditures				
Current:				
Instruction:				
Regular	10,908,045	9,423,593	9,383,920	39,673
Special	3,593,441	3,702,819	3,423,105	279,714
Vocational	537,917	539,993	524,472	15,521
Support Services:				
Pupils	1,119,725	1,159,379	1,148,815	10,564
Instructional Staff	888,033	753,616	788,709	(35,093)
Board of Education	23,056	23,071	18,534	4,537
Administration	2,201,514	2,118,873	1,932,665	186,208
Fiscal	1,617,911	1,618,287	937,910	680,377
Business	9,628	14,960	12,576	2,384
Operation and Maintenance of Plant	2,072,658	2,205,297	2,019,675	185,622
Operation and Maintenance of Plant - Intergovernmental	14,602	14,602	14,602	0
Pupil Transportation	1,621,499	1,832,844	1,801,594	31,250
Central	104,965	103,513	86,064	17,449
Extracurricular Activities	879,121	864,683	605,422	259,261
Capital Outlay	1,952	1,022	0	1,022
Debt Service:				
Principal	174,445	174,445	174,445	0
Interest	11,779	11,779	11,779	0
Total Expenditures	25,780,291	24,562,776	22,884,287	1,678,489
Excess of Revenues Over (Under) Expenditures	851,133	(596,466)	1,359,893	1,956,359
Other Financing Sources (Uses)				
Transfers Out	(1,540,930)	(1,640,000)	(2,138,152)	(498,152)
Net Change in Fund Balance	(689,797)	(2,236,466)	(778,259)	1,458,207
Fund Balance Beginning of Year	7,237,175	7,237,175	7,237,175	0
Prior Year Encumbrances Appropriated	712,293	712,293	712,293	0
Fund Balance End of Year	$7,259,671	$5,713,002	$7,171,209	$1,458,207

See accompanying notes to the basic financial statements

Marlington Local School District

Statement of Fiduciary Net Position

Custodial Fund

June 30, 2022

Assets	
Equity in Pooled Cash and Investments	$169
Liabilities	
Accounts Payable	$169

See accompanying notes to the basic financial statements

Marlington Local School District

Statement of Changes in Fiduciary Net Position

Custodial Fund

June 30, 2022

	Scholarship
Additions	
Extracurricular Activities	$11,132
Deductions	
Distributions to Ohio High School Athletic Association	11,063
Change in Net Position	69
Net Position Beginning of Year	0
Net Position End of Year	$69

See accompanying notes to the basic financial statements

Note 1 – Description of the School District and Reporting Entity

The Marlington Local 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 is a local district as defined by Section 3311.03 of the Ohio Revised Code. The School District is governed by a five-member Board of Education (the Board) elected by its citizens, which is responsible for the provision of public education to residents of the School District. The School District employs 126 non-certified and 165 certified employees to provide services to approximately 1,879 students in grades K through 12 and various community groups.

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 Marlington Local School District, this includes the agencies and departments that provide the following services: general operations, food service and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; 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 burden on, the primary government. The School District has no component units.

The School District is associated with the Stark/Portage Area Computer Consortium, the Stark County Tax Incentive Review Council, and the Alliance Tax Incentive Review Council, which are jointly governed organizations; and the Stark County Schools Council of Governments Health Benefit Plan and the Stark County Schools Council of Governments Workers' Compensation Group Rating Program, which are insurance purchasing pools. These organizations are presented in Notes 16 and 17 to the basic financial statements.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the Marlington Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described as follows.

Basis of Presentation

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the School District that are governmental and those that are considered business-type. The School District, however, has no business-type activities.

The statement of net position presents the financial condition of the governmental 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. 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 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 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. Fiduciary funds are reported by type.

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 School District has two categories of funds: governmental and fiduciary.

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

> ***General Fund*** The general fund is the operating fund of the School District and is used to account for and report all financial resources except those required to be accounted for or 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 fund is used to account for and report restricted property tax revenue used for the acquisition, construction, or improvement of capital assets for the School District.

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

Fiduciary Fund Type Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement that has certain characteristics. Custodial funds are used to report fiduciary activities that are not required to be reported in a trust fund. The School District's custodial fund accounts for amounts held for the benefit of the Ohio High School Athletic Association.

Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets, liabilities, and deferred outflows/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 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 (e.g., revenues and other financing sources) and uses (e.g., 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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary and fiduciary 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. In fiduciary funds, a liability to the beneficiaries of fiduciary activity is recognized when an event has occurred that compels the government to disburse fiduciary resources. Fiduciary fund liabilities other than those to beneficiaries are recognized using the economic resources measurement focus.

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

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the 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 Nonexchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of year-end.

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

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

Unearned Revenue Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not yet been met because such amounts have not yet been earned.

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 11 and 12.

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, pension, OPEB plans, leases and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2022, but which were levied to finance fiscal year 2023 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. The deferred inflow for leases is related to the leases receivable and is being recognized as lease revenue in a systematic and rational manner over the term of the lease. 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 grants, and tuition and fees. 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 11 and 12).

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

Cash and Investments

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

During fiscal year 2022, investments were limited to a money market account, Federal Farm Credit Bank Notes, US Treasury Notes and negotiable certificates of deposits reported at fair value, commercial paper and State Treasury Asset Reserve of Ohio (STAR Ohio). The fair value of investments related to School District funds declined during fiscal year 2022 resulting in negative investment earnings of ($24,935).

The School District's commercial paper is measured at amortized cost as it is a highly liquid debt instrument with a remaining maturity at the time of purchase of less than one year.

Under existing Ohio statues, all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2022 amounted to ($36,445) which includes ($15,462) assigned from other School District funds.

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

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

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. Investments that are not part of the cash management pool with an initial maturity of more than three months are reported as investments.

Inventory

Inventories are presented at the lower of cost or market value and donated commodities are presented at their entitlement value. Inventories are presented on a first-in, first-out basis and are expended/expensed when used. Inventories consist of materials and supplies held for consumption and donated and purchased food held for resale.

Prepaid Items

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

Capital Assets

All capital assets (except for intangible right-to-use lease assets which are discussed below) of the School District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the 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 capitalization threshold is five thousand dollars. 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.

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

Description	Governmental Activities Estimated Lives
Land Improvements	10-20 years
Buildings and Improvements	50 years
Furniture, Fixtures and Equipment	5-20 years
Vehicles	10 years

The School District is reporting intangible right to use assets related to leased equipment. 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, these intangible 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.

Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are classified as "interfund receivables/payables." Interfund balance amounts are eliminated in the governmental activities column of the statement of net position.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for all 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 all employees age 50 or greater with at least 10 years of service and all employees with 15 years of service at any age.

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

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employee who has accumulated unpaid leave is paid. There were no such resignations or retirements for fiscal year 2022; therefore, Matured Compensated Absences Payable was not reported.

Pensions/Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB liability (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 plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension/OPEB plans report investments at fair value.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds; however, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current 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. Bonds and leases are recognized as a liability on the fund financial statements when due.

Internal Activity

Transfers between governmental funds are eliminated on the government-wide financial statements. Internal events that are 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. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Fund Balance

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

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance 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 a School District official delegated that authority by resolution 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 adult education and public school support.

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.

Net Position

Net position represents the difference between all other elements in the statement of net 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 their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes includes food service, instruction and extracurricular activities.

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

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.

Budgetary Data

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, 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 amounts that the Board of Education 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 has been authorized to allocate Board appropriations to the function and object level within each fund.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the amended certificate that was 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 revenues. 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 years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

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

Change in Accounting Principle

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

GASB Statement 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the School District's 2022 financial statements. The School District recognized $251,864 in leases payable at July 1, 2021 which was offset by the intangible asset, right to use lease - buildings.

The School District is also implementing Implementation Guide No. 2020-1, GASB Statement No. 92 – Omnibus 2020, and GASB Statement No. 97 -- Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. These changes were incorporated in the School District's 2022 financial statements; however, there was no effect on beginning net position/fund balance.

For fiscal year 2022, the School District modified its approach related to the eligibility requirements of certain School District grants resulting in the following restatements to fund balance/net position at July 1, 2021.

Restatement of Fund Balance/Net Position

The grant receivable restatement had the following effect on fund balance as of June 30, 2021:

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Fund Balance June 30, 2021	$6,207,086	$909,181	$5,307,761	$12,424,028
Adjustments:				
Intergovernmental Receivable	0	0	(84,591)	(84,591)
Restated Fund Balance June 30, 2021	$6,207,086	$909,181	$5,223,170	$12,339,437

The grant receivable restatement had the following effect on net position as of June 30, 2021:

	Governmental Activities
Net Position June 30, 2021	($1,105,175)
Adjustments:	
Intergovernmental Receivable	(186,808)
Restated Net Position June 30, 2021	($1,291,983)

Note 4 – Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of revenues, expenditures and changes in fund balance - budget (non-GAAP basis) and actual 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 GAAP basis are:

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

2. Investments are reported at cost (budget basis) rather than at fair value (GAAP basis).

3. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).

4. Budgetary revenues and expenditures of the public school support, termination benefits, and welfare funds are reclassified to the general fund for GAAP reporting.

5. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed or assigned fund balance (GAAP basis).

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

Net Change in Fund Balance	
GAAP Basis	$1,112,187
Net Adjustment for Revenue Accruals	(1,441,964)
Beginning Fair Value Adjustments for Investments	67,950
Ending Fair Value Adjustments for Investments	(8,216)
Net Adjustment for Expenditure Accruals	280,948
Perspective Differences:	
Public School Support	2,545
Termination Benefits	17,308
Welfare	(1,987)
Encumbrances	(807,030)
Budget Basis	($778,259)

Note 5 – Accountability

At June 30, 2022, the following funds had deficit fund balances:

	Amount
Other Governmental Funds:	
Title I	$35,672
Title II-A	4,770
Title IV-A	4,226
Cares Act Funding	22,432

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

Note 6 – Deposits and Investments

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

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

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

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, 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); and

8. Certain bankers' acceptances (for a period not to exceed one hundred eighty days) and commercial paper notes (for a period not to exceed two hundred seventy days) in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met. The investment in commercial paper notes of a single issuer shall not exceed in the aggregate five percent of interim moneys available for investment at the time of purchase.

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

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

Investments

Investments are reported at fair value or amortized cost. As of June 30, 2022, the School District had the following investments and maturities:

Measurement/Investment	Measurement Amount	Maturities	Standard &Poor's Rating	Percent of Total Investments
Fair Value - Level 1 Inputs:				
Money Market	$29,680	Less than one year	N/A	0.61 %
Fair Value - Level 2 Inputs:				
Federal Farm Credit Bank Notes	119,624	Less than two years	AA+	2.45
US Treasury Notes	167,838	Less than two years	AA+	3.44
Negotiable Certificates of Deposits	1,470,919	Less than two years	N/A	30.16
Amortized Cost:				
Commercial Paper	99,311	Less than one year	A-1	2.04
Net Asset Value Per Share:				
STAR Ohio	2,988,915	35.3 Days	AAAm	N/A
Total	$4,876,287			

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

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

Credit Risk Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District has no investment policy that addresses credit risk.

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

Note 7 – Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2022 represents collections of calendar year 2021 taxes. Real property taxes received in calendar year 2022 were levied after April 1, 2021 on the assessed value listed as of January 1, 2021, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

The School District receives property taxes from Stark County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2022, are available to finance fiscal year 2022 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2022, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2022 was $1,520,334 in the general fund and $61,132 in the permanent improvement fund. The amount available as an advance at June 30, 2021, was $418,693 in the general fund and $22,779 in the permanent improvement fund. The difference was in the timing and collection by the County Auditor.

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

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

	2021 Second-Half Collections		2022 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	$384,481,150	81.16 %	$445,153,870	84.81 %
Public Utilitiy Personal	89,257,930	18.84	79,718,140	15.19
Total	$473,739,080	100.00 %	$524,872,010	100.00 %
Tax rate per $1,000 of assessed valuation	$56.90		$56.90	

Note 8 – Capital Assets

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

	Restated Balance 6/30/21	Additions	Deductions	Balance 6/30/22
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	$2,696,863	$0	$0	$2,696,863
Construction in Progress	1,895,770	3,083,319	(4,979,089)	0
Total Capital Assets, not being Depreciated	4,592,633	3,083,319	(4,979,089)	2,696,863
Capital Assets, being Depreciated:				
Land Improvements	3,435,523	0	0	3,435,523
Buildings and Improvements	16,150,345	4,985,489	0	21,135,834
Furniture, Fixtures and Equipment	4,145,612	179,375	(5,295)	4,319,692
Vehicles	2,939,513	200,814	0	3,140,327
Intangible Right to Use Lease - Equipment	251,864	0	0	251,864
Total Capital Assets, being Depreciated	26,922,857	5,365,678	(5,295)	32,283,240
Less Accumulated Depreciation:				
Land Improvements	(2,154,289)	(101,752)	0	(2,256,041)
Buildings and Improvements	(7,379,636)	(351,534)	0	(7,731,170)
Furniture, Fixtures and Equipment	(2,155,102)	(168,238)	5,295	(2,318,045)
Vehicles	(1,870,227)	(213,638)	0	(2,083,865)
Intangible Right to Use Lease - Equipment	0	(50,373)	0	(50,373)
Total Accumulated Depreciation	(13,559,254)	(885,535) *	5,295	(14,439,494)
Total Capital Assets, being Depreciated, net	13,363,603	4,480,143	0	17,843,746
Governmental Activities Capital Assets, Net	$17,956,236	$7,563,462	($4,979,089)	$20,540,609

* Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular	$159,869	
Special	1,022	
Vocational	6,939	
Support Services:		
Instructional Staff	26,954	
Administration	15,324	
Business	26,544	
Operation and Maintenance of Plant	413,083	
Pupil Transportation	205,222	
Central	310	
Operation of Non-Instructional Services	12,711	
Extracurricular Activities	17,557	
Total Depreciation Expense	$885,535	**

** Of the current year depreciation total of $885,535, $50,373 is presented as general government expense on the Statement of Activities related to the School District's intangible asset of copiers, which is included as an Intangible Right to Use Lease. With the implementation of Governmental Accounting Standards Board Statement No. 87, *Leases*, a lease meeting the criteria of this statement requires the lessee to recognize the lease liability and an intangible right to use asset.

Note 9 – Receivables

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

A summary of the principal items of intergovernmental receivable follows:

	Amount
Governmental Activities:	
ESSER Grant	$412,392
Bus Purchase Program Grant	135,000
Title I Grant	130,924
Title VI-B Grant	61,183
Migrant Children Grant	39,549
Medicaid Reimbursement	14,118
Deisel Fuel Tax	14,019
SERS Refund	13,923
Title II-A Grant	13,875
Title IV-A	9,544
Preschool Grant	7,001
State Foundation Adjustments	162,344
Unemployment	3,110
Total Governmental Activities	$1,016,982

Note 10 – Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2022, the School District contracted with Liberty Mutual Insurance for the following coverages:

Type of Coverage	Coverage	Deductible
Liability	$1,000,000/$2,000,000	$0
School Leaders Errors/Ommissions	$1,000,000/$1,000,000	$2,500
Law Enforcement Liability	$1,000,000/$1,000,000	$2,500
Sexual Misconduct/Molestation	$1,000,000/$1,000,000	$2,500
Employers Stop Gap Liability	$1,000,000/$1,000,000/$1,000,000	$0
Employee Benefits Liability	$1,000,000/$3,000,000	$1,000
Excess Liability/Umbrella	$10,000,000/$10,000,000	$10,000
Fleet Insurance	$1,000,000 liability	$250/$500
Property Insurance	$78,607,486	$5,000
Violent Event Response Coverage	$1,000,000	$0
Crime	$100,000	$1,000

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

Workers' Compensation

The School District participates in a workers compensation program jointly sponsored by the Ohio Association of School Business Officials (OASBO) and the Ohio School Board Association (OSBA), known as SchoolComp. CompManagement, Incorporated (CMI) is the program's third party administrator. SchoolComp serves to group its members' risks for the purpose of obtaining a favorable experience rating to determine its premium liability to the Ohio Bureau of Workers' Compensation (OBWC) and the Ohio Workers' Compensation Fund. This may be accomplished through participation in a group rating program or through group retrospective rating. The School District has chosen to participate in the group retrospective rating program for fiscal year 2022. Participation in SchoolComp is restricted to members who meet enrollment criteria and are jointly in good standing with OASBO and OSBA. OASBO and OSBA are certified sponsors recognized by OBWC.

Note 11 – Defined Benefit Pension Plans

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

Net Pension Liability/Net OPEB Liability (Asset)

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

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

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.

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

The proportionate share of each plan's unfunded benefits is presented as a *net OPEB asset* or long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 12 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire 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 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. New benefit recipients must wait until the fourth anniversary of their benefit for COLA eligibility. The COLA is added each year to the base benefit amount on the anniversary date of the benefit. The COLA is indexed to the percentage increase in the CPI-W, not to exceed 2.5 percent and with a floor of 0 percent. A three-year COLA suspension was in effect for all benefit recipients for the years 2018, 2019, and 2020. The Retirement Board approved a 0.5 percent COLA for calendar year 2021. A 2.5% COLA was approved for calendar year 2022.

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

Fund, and Health Care Fund). For the fiscal year ended June 30, 2022, the allocation to pension, death benefits, and Medicare B was 14 percent. For fiscal year 2022, the Retirement Board did not allocate any employer contributions to the Health Care Fund.

The School District's contractually required contribution to SERS was $527,298 for fiscal year 2022. Of this amount $65,585, is reported as an *intergovernmental* payable.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

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

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

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

The School District's contractually required contribution to STRS was $1,518,869 for fiscal year 2022. Of this amount $277,528, is reported as an *intergovernmental* payable.

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

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

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.099165000%	0.084447920%	
Prior Measurement Date	0.094644300%	0.083678250%	
Change in Proportionate Share	0.004520700%	0.000769670%	
Proportionate Share of the Net Pension Liability	$3,658,902	$10,797,426	$14,456,328
Pension Expense	($59,384)	($227,025)	($286,409)

At June 30, 2022, 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	$353	$333,588	$333,941
Changes of assumptions	77,046	2,995,400	3,072,446
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	166,730	345,769	512,499
School District contributions subsequent to the measurement date	527,298	1,518,869	2,046,167
Total Deferred Outflows of Resources	$771,427	$5,193,626	$5,965,053
Deferred Inflows of Resources			
Differences between expected and actual experience	$94,890	$67,678	$162,568
Net difference between projected and actual earnings on pension plan investments	1,884,441	9,305,315	11,189,756
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	54,436	153,779	208,215
Total Deferred Inflows of Resources	$2,033,767	$9,526,772	$11,560,539

$2,046,167 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	($413,564)	($1,490,279)	($1,903,843)
2024	(349,614)	(1,251,323)	(1,600,937)
2025	(448,052)	(1,285,129)	(1,733,181)
2026	(578,408)	(1,825,284)	(2,403,692)
Total	($1,789,638)	($5,852,015)	($7,641,653)

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.

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

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

	June 30, 2021	June 30, 2020
Inflation	2.40 percent	3.00 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	2.00 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement	2.50 percent
Investment Rate of Return	7.00 percent net of System expenses	7.50 percent net of investment expense, including inflation
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)

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

Mortality rates for 2020 were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120 percent of male rates, and 110 percent of female rates. Mortality among disabled members were based upon the RP-2000 Disabled Mortality Table, 90 percent for male rates and 100 percent for female rates, set back five years is used for the period after disability retirement.

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

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

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

Discount Rate The total pension liability for 2021 was calculated using the discount rate of 7.00 percent. The discount rate for 2020 was 7.5 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	\$6,087,513	\$3,658,902	\$1,610,747

Actuarial Assumptions – STRS

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

	June 30, 2021	June 30, 2020
Inflation	2.50 percent	2.50 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment rate of return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Discount rate of return	7.00 percent	7.45 percent
Payroll increases	3.00 percent	3.00 percent
Cost-of-living adjustments (COLA)	0.00 percent	0.00 percent,

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

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

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

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

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

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 2021, and was 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2021. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2021.

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net pension liability	$20,219,538	$10,797,426	$2,835,762

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

Note 12 – Defined Benefit OPEB Plans

See Note 11 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2022, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2022, this amount was $25,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2022, the School District's surcharge obligation was $65,043.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was $65,043 for fiscal year 2022, which is reported as an *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 Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2022, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability (asset) was measured as of June 30, 2021, and the total OPEB liability (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:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.102549500%	0.084447920%	
Prior Measurement Date	0.096461800%	0.083678250%	
Change in Proportionate Share	0.006087700%	0.000769670%	
Proportionate Share of the:			
Net OPEB Liability	$1,940,834	$0	$1,940,834
Net OPEB (Asset)	$0	($1,780,515)	($1,780,515)
OPEB Expense	($25,064)	($151,629)	($176,693)

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$20,688	$63,398	$84,086
Changes of assumptions	304,471	113,732	418,203
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	181,358	6,814	188,172
School District contributions subsequent to the measurement date	65,043	0	65,043
Total Deferred Outflows of Resources	$571,560	$183,944	$755,504
Deferred Inflows of Resources			
Differences between expected and actual experience	$966,622	$326,222	$1,292,844
Changes of assumptions	265,781	1,062,207	1,327,988
Net difference between projected and actual earnings on OPEB plan investments	42,165	493,528	535,693
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	156,370	59,925	216,295
Total Deferred Inflows of Resources	$1,430,938	$1,941,882	$3,372,820

$65,043 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 in the year ending June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2023	($222,751)	($513,599)	($736,350)
2024	(223,046)	(501,250)	(724,296)
2025	(210,831)	(467,111)	(677,942)
2026	(175,398)	(208,171)	(383,569)
2027	(78,696)	(69,490)	(148,186)
Thereafter	(13,699)	1,683	(12,016)
Total	($924,421)	($1,757,938)	($2,682,359)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation dated June 30, 2021, compared with June 30, 2020, are presented below:

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

For 2021, mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives were based on PUB-2010 General Amount Weighted Below Median Employee mortality table.

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

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

The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2015 through 2020, and was adopted by the Board in 2021. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.00 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The SERS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2021, was 2.63 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to become insufficient to make all projected future benefit payments of current System members by SERS actuaries. The Municipal Bond Index Rate is used in the determination of the SEIR for both the June 30, 2020 and the June 30, 2021 total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 1.92 percent at June 30, 2021 and 2.45 percent at June 30, 2020.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) and higher (3.27%) than the current discount rate (2.27%). Also shown is what SERS' 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.

	1% Decrease (1.27%)	Current Discount Rate (2.27%)	1% Increase (3.27%)
School District's proportionate share of the net OPEB liability	$2,404,927	$1,940,834	$1,570,082

	1% Decrease (5.75% decreasing to 3.40%)	Current Trend Rate (6.75% decreasing to 4.40%)	1% Increase (7.75% decreasing to 5.40%)
School District's proportionate share of the net OPEB liability	$1,494,283	$1,940,834	$2,537,288

Actuarial Assumptions – STRS

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

	June 30, 2021	June 30, 2020
Projected Salary Increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent	3.00 percent
Discount Rate of Return	7.00 percent	7.45 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	5.00 percent initial, 4.00 percent ultimate	5.00 percent initial, 4.00 percent ultimate
Medicare	-16.18 percent initial, 4.00 percent ultimate	-6.69 percent initial, 4.00 percent ultimate
Prescription Drug		
Pre-Medicare	6.50 percent initial, 4.00 percent ultimate	6.50 percent initial, 4.00 percent ultimate
Medicare	29.98 percent initial, 4.00 percent ultimate	11.87 percent initial, 4.00 percent ultimate

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

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

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

The non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055 percent to 2.1 percent per year of service. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D Subsidy was updated to reflect it is expected to be negative in CY 2022. The Part B monthly reimbursement elimination date was postponed indefinitely.

The STRS health care plan follows the same asset allocation and long-term expected real rate of return for each major asset class as the pension plan, see Note 11.

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

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, 2021, calculated using the current period discount rate assumption of 7.00 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
School District's proportionate share of the net OPEB asset	($1,502,480)	($1,780,515)	($2,012,772)

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	($2,003,361)	($1,780,515)	($1,504,946)

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

Note 13 – Other Employee Benefits

Compensated Absences

The criteria for determining vacation, personal and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn five to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Upon retirement, payment is made to certified and classified employees for one-fourth of accrued, but unused sick leave credit up to a maximum 70 and 71 days, respectively.

In addition to severance, certified employees meeting certain criteria are entitled to an incentive bonus of $15,000. Employees retiring the first time they are eligible to retire based on STRS eligibility will receive the bonus. Classified employees with at least 20 years of service to the School District are eligible for an additional severance of up to $5,000 in addition to payment for accrued sick leave. During fiscal year 2022, one employee qualified for the bonus.

Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Stark County Schools Council of Governments Health Benefits Program. Coverage in the amount of $60,000 and $50,000 is provided to all certified and classified employees, respectively.

Insurance Benefits

The School District also provides medical/surgical insurance, prescription drug, and dental insurance through the Stark County Schools Council of Governments to all eligible employees. Employees have the option of choosing a traditional comprehensive plan with 80 percent co-payment of major medical expenses after deductibles or a Preferred Provider Organization (Medical Mutual or Aultcare) plan with 90 percent co-pay of major medical expenses after deductibles.

Note 14 – Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2022 were as follows:

	Restated Amount Outstanding 6/30/21	Additions	Deletions	Amount Outstanding 6/30/22	Amounts Due in One Year
Governmental Activities:					
Net Pension Liability:					
SERS	$6,259,973	$0	$2,601,071	$3,658,902	$0
STRS	20,247,158	0	9,449,732	10,797,426	0
Total Net Pension Liability	26,507,131	0	12,050,803	14,456,328	0
Net OPEB Liability:					
SERS	2,096,430	0	155,596	1,940,834	0
Energy Conservation Bonds (2.3%)	293,680	0	81,493	212,187	83,405
Lease Purchase Agreement	4,700,000	0	638,000	4,062,000	649,000
Lease Purchase Agreement	41,611	0	41,611	0	0
Lease Payable	251,864	0	56,059	195,805	57,276
Long-Term Loan Payable	394,251	0	14,602	379,649	14,602
Asset Retirement Obligation	20,000	0	0	20,000	0
Compensated Absences	1,492,970	338,541	312,148	1,519,363	160,399
Total Governmental Activities	$35,797,937	$338,541	$13,350,312	$22,786,166	$964,682

During fiscal year 2015, the School District issued $779,685 in energy conservation bonds, which will be used for the modification and remodeling of School District buildings to conserve energy. These bonds will be paid from the general fund and will mature in fiscal year 2025. At June 30, 2022, $3,692 of the bond proceeds were unspent.

On March 5, 2021, the School District entered into a $4,700,000 base lease and lease-purchase agreement with Consumers National Bank for the construction, improvement, furnishing and equipping of project facilities related to renovating and improving the elementary schools. The initial term of the lease expires on June 30, 2021, with the right to renew for successive one-year terms (with a final partial-year term through June 1, 2028). The lease payments will be paid from property taxes received from the Nexus pipeline revenues in the capital improvement capital projects fund. The lease proceeds were issued through a series of lease agreements and trust indentures in accordance with Section 3313.375 of the Ohio Revised Code. The lease proceeds have been designated to be “qualified tax exempt obligations” within the meaning of 265(b)(3) of the Ohio Revised Code. In accordance with the lease terms, the project assets are leased to Consumers National Bank, and then subleased back to the School District. The lease proceeds were issued through a series of annual leases with an initial lease term of one year which includes the right to renew for seven successive one-year terms through fiscal year 2028 subject to annual appropriations. To satisfy the trustee agreements, the School District is required to make semi-annual base rent payments, subject to the lease terms and appropriations. The base rent includes an interest component of 1.69 percent. The School District has the option to purchase the renovations on any lease payment date by paying the amount necessary to defease the indenture. As of June 30, 2022, all proceeds had been spent. Principal and interest requirements to retire the lease purchase agreement outstanding at June 30, 2022 are as follows:

	Lease Purchase Agreement	
	Principal	Interest
2023	$649,000	$65,919
2024	660,000	54,900
2025	671,000	43,704
2026	683,000	32,313
2027	694,000	20,720
2028 - 2032	705,000	8,948
	$4,062,000	$226,504

Long-term loan payable represents a long-term contractual agreement with the City of Alliance. During fiscal year 2017, the School District entered into a water service agreement with the City of Alliance to provide the School District with potable water services via the design and construction of a water main line. The School District agreed to be responsible for its portion of the project costs. During fiscal year 2020, the project was finalized and the School District's portion is 58.06 percent, or $438,057. The School District will make semi-annual payments of $7,301 to the City of Alliance.

There is no repayment schedule for the net pension liability or the net OPEB liability; however, employer pension and OPEB plan contributions are made from the general fund and food service, IDEA part B, Title I, and improving teacher quality special revenue funds. The asset retirement obligation will be paid from the general fund. Compensated absences will be paid from the general fund and food service, IDEA part B, Title I, and improving teacher quality special revenue funds.

The School District's overall legal debt margin was $47,238,481 with an unvoted debt margin of $524,872 as of June 30, 2022. Principal and interest requirements to retire the energy conservation bonds outstanding at June 30, 2022 are as follows:

	Energy Conservation Bonds		Long-term Loan Payable
	Principal	Interest	Principal
2023	$83,405	$4,466	$14,602
2024	85,355	2,516	14,602
2025	43,427	508	14,602
2026	0	0	14,602
2027	0	0	14,602
2028 - 2032	0	0	73,010
2033 - 2037	0	0	73,010
2038 - 2042	0	0	73,010
2043 - 2047	0	0	73,010
2048 - 2049	0	0	14,599
	$212,187	$7,490	$379,649

The School District has outstanding agreement to lease copiers. Due to the implementation of GASB Statement 87, these leases plus existing prior year capital leases have met the criteria of leases thus requiring them to be recorded by the School District. 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. A summary of the principal and interest amounts for the remaining leases is as follows:

Fiscal Year Ending June 30	Principal	Interest
2023	$57,276	$3,648
2024	58,520	2,404
2025	59,791	1,133
2026	20,218	91
Total	$195,805	$7,276

Note 15 – 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 the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at year-end and carried forward to be used for the same purpose in future years.

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

	Capital Acquisition
Set-aside Restricted Balance as of June 30, 2021	$0
Current Year Set-aside Requirement	340,045
Permanent Improvement Levy Offset	(560,639)
Qualifying Disbursements	(10,595)
Totals	($231,189)
Set-aside Restricted Balance as of June 30, 2022	$0
Set-aside Balance Carried Forward to Fiscal Year 2023	$0

Although the School District had a qualifying offset and disbursements 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.

Note 16 – Jointly Governed Organizations

Stark/Portage Area Computer Consortium The Stark/Portage Area Computer Consortium (SPARCC) is a jointly governed organization created as a regional council of governments pursuant to State statutes made up of public school districts and educational service centers from Stark, Portage, and Carroll Counties. The primary function of SPARCC is to provide data processing services to its member districts with the major emphasis being placed on accounting, inventory control and payroll services. Other areas of service provided by SPARCC include student scheduling, registration, grade reporting, and test scoring. Each member district pays an annual fee for the services provided by SPARCC.

SPARCC is governed by a board of directors comprised of each Superintendent within SPARCC. The Stark County Educational Service Center serves as the fiscal agent of SPARCC and receives funding from the State Department of Education. Each district has one vote in all matters and each member district's control over budgeting and financing of SPARCC is limited to its voting authority and any representation it may have on the board of directors. The continued existence of SPARCC is not dependent on the School District's continued participation and no equity interest exists. Marlington Local School District paid $148,471 to SPARCC during fiscal year 2022 for services. Financial information can be obtained by writing the Stark/Portage Area Computer Consortium, 6057 Strip Avenue NW, North Canton, Ohio 44720.

Stark County Tax Incentive Review Council The Stark County Tax Incentive Review Council (TIRC) is a jointly governed organization, created as an advisory council pursuant to State statutes. TIRC has 24 members, consisting of three members appointed by the County Commissioners, four members appointed by municipal corporations, ten members appointed by township trustees, one member from the county auditor's office and six members appointed by boards of education located within the enterprise zones of Stark County. The TIRC reviews and evaluates the performance of each Enterprise Zone Agreement.

This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the council can make written recommendations to the legislative authority that approved the agreement. There is no cost associated with being a member of this Council. The continued existence of the TIRC is not dependent upon the School District's continued participation and no measurable equity interest exists.

Alliance Tax Incentive Review Council The Alliance Tax Incentive Review Council (ATIRC) is a jointly governed organization, created as an advisory council pursuant to State statutes. ATIRC has various members, including the School District's Superintendent. The ATIRC reviews and evaluates the performance of Enterprise Zone Agreements. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the council can make written recommendations to the legislative authority that approved the agreement. There is no cost associated with being a member of the ATIRC. The continued existence of the ATIRC is not dependent upon the School District's continued participation and no measurable equity interest exists.

Note 17 – Insurance Purchasing Pools

Stark County Schools Council of Governments Health Benefit Plan The Stark County Schools Council of Governments Health Benefit Plan (Consortium) is a shared risk pool created pursuant to State statute for the purpose of administering health care benefits. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve on the Board of Directors. The assembly exercises control over the operation of the Consortium. All Consortium revenues are generated from charges for services.

Stark County Schools Council of Governments Workers' Compensation Group Rating Program The Stark County Schools Council of Government Workers' Compensation Group Rating Program has created a group insurance pool for the purpose of creating a group rating plan for workers' compensation. The governing body is comprised of the superintendents and representatives who have been appointed by the respective governing body of each member.

The intent of the pool is to achieve a reduced rate for the School District with other members of the group. The injury claim history of all participating members is used to calculate a common rate for the group. An annual fee is paid to Comp Management, Incorporated to administer the group and to manage any injury claims. Premium savings created by the group are prorated to each member entity annually based on the percentage created by comparing its payroll to the total payroll of the group.

Note 18 – Contingencies

Litigation

The School District is not party to legal proceedings.

Grants

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

School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education (ODE) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. The fiscal year 2022 adjustment resulted in a payable to the School District in the amount of $6,091.

Lease

The Board of Education entered into seven “Paid-Up” Oil and Gas Leases effective July 27, 2011 and continuing through July 27, 2021 with the Chesapeake Oil Company. In consideration of the execution of the leases, the School District received lease payments of $260,380. The School District has a total of 177.55 acres subject to the lease provisions which call for payments to the lessor of royalties, less all taxes, assessments, and adjustments on production from the leasehold in the amount of 12.5 percent for oil or gas. The total carrying value of the land leased is $618,500. As of the date of financial statements, the value of any potential royalties cannot be determined and the School District has not received any financial compensation beyond the lease payments.

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 fiscal year-end, the amount of encumbrances expected to be honored upon performance by the vendor in the next fiscal year were as follows:

General	$807,030
Permanent Improvement	221,806
Other Governmental Funds	420,346
Total	$1,449,182

Note 20 – Fund Balance

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

Fund Balances	General	Permanent Improvement	Other Governmental Funds	Total
Nonspendable:				
Materials and Supplies Inventory	$293,021	$0	$1,191	$294,212
Prepaid Items	37,137	0	0	37,137
Unclaimed Monies	65	0	0	65
Total Nonspendable	330,223	0	1,191	331,414
Restricted for:				
Capital Outlay	0	1,119,829	3,692	1,123,521
District Managed Student Activities	0	0	137,422	137,422
Scholarships	0	0	672,480	672,480
Instruction	0	0	13,490	13,490
Other Purposes	0	0	756,214	756,214
Total Restricted	0	1,119,829	1,583,298	2,703,127
Committed to:				
Capital Outlay	0	0	1,673,699	1,673,699
Employee Retirements	143,508	0	0	143,508
Total Committed	143,508	0	1,673,699	1,817,207
Assigned to:				
Fiscal Year 2023 Appropriations	95,975	0	0	95,975
Purchases on Order:				
Instruction	259,371	0	0	259,371
Support Services	375,094	0	0	375,094
Adult Education	3,335	0	0	3,335
Welfare	9,896	0	0	9,896
Public School Support	56,518	0	0	56,518
Total Assigned	800,189	0	0	800,189
Unassigned (Deficit)	6,045,353	0	(67,100)	5,978,253
Total Fund Balances (Deficit)	$7,319,273	$1,119,829	$3,191,088	$11,630,190

Note 21 – Interfund Transactions

Interfund Transfers

Interfund transfers made during fiscal year 2022 consisted of a transfer from the general fund to the capital projects fund in the amount of $2,008,152 to support construction in progress and capital outlay expenditures.

Interfund Balances

Interfund balances at June 30, 2022, consisted of the following:

	Interfund Balances June 30, 2022	
	Receivables	Payables
General	$246,223	$0
Other Governmental Funds:		
Title I Migrant Children	0	1,957
Title VI-B IDEA	0	61,183
Title I	0	41,146
Title IV-A Student Support	0	3,660
Preschool Grant	0	7,001
Cares Act Funding	0	127,507
Title II-A	0	3,769
Total Other Governmental Funds	0	246,223
Total Governmental Funds	$246,223	$246,223

As of June 30, 2022, all interfund balances outstanding are anticipated to be repaid in one year. Advances were originally made to cover negative cash balances in various funds.

Note 22 –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 $20,000 associated with the School District's underground storage tanks was estimated by the School District. The UST is fully depreciated. The School District maintains insurance related to any potential pollution remediation associated with the USTs.

Note 23 – COVID-19

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

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

	2022	2021	2020	2019
School District's Proportion of the Net Pension Liability	0.099165000%	0.094644300%	0.098635300%	0.096976700%
School District's Proportionate Share of the Net Pension Liability	$3,658,902	$6,259,973	$5,901,523	$5,554,036
School District's Covered Payroll	$3,371,121	$3,300,457	$3,375,889	$3,297,052
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	108.54%	189.67%	174.81%	168.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.86%	68.55%	70.85%	71.36%

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

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

See accompanying notes to the Required Supplementary Information

2018	2017	2016	2015	2014
0.099945000%	0.102395200%	0.107867400%	0.105747000%	0.105747000%
$5,971,494	$7,494,384	$6,155,019	$5,351,795	$6,288,435
$3,358,007	$3,198,914	$3,224,560	$3,363,481	$3,120,038
177.83%	234.28%	190.88%	159.11%	201.55%
69.50%	62.98%	69.16%	71.70%	65.52%

Marlington Local School District, Ohio

Required Supplementary Information

Schedule of the School District's Proportionate Share of the Net OPEB Liability

School Employees Retirement System of Ohio

*Last Six Fiscal Years (1) **

	2022	2021	2020	2019
School District's Proportion of the Net OPEB Liability	0.102549500%	0.096461800%	0.101293000%	0.098846700%
School District's Proportionate Share of the Net OPEB Liability	$1,940,834	$2,096,430	$2,547,305	$2,742,275
School District's Covered Payroll	$3,371,121	$3,300,457	$3,375,889	$3,297,052
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	57.57%	63.52%	75.46%	83.17%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	24.08%	18.17%	15.57%	13.57%

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

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

See accompanying notes to the Required Supplementary Information

2018	2017
0.101517800%	0.103804000%
$2,724,471	$2,958,798
$3,358,007	$3,198,914
81.13%	92.49%
12.46%	11.49%

Marlington Local School District, Ohio

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

	2022	2021	2020	2019
School District's Proportion of the Net Pension Liability	0.084447920%	0.083678250%	0.081356260%	0.083158650%
School District's Proportionate Share of the Net Pension Liability	$10,797,426	$20,247,158	$17,991,448	$18,284,721
School District's Covered Payroll	$10,365,529	$10,210,514	$9,601,879	$9,497,021
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	104.17%	198.30%	187.37%	192.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	87.80%	75.50%	77.40%	77.31%

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

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

See accompanying notes to the Required Supplementary Information

2018	2017	2016	2015	2014
0.082949660%	0.086418390%	0.088609790%	0.089774320%	0.089774320%
$19,704,870	$28,926,840	$24,489,154	$21,836,221	$26,011,164
$9,432,943	$9,152,943	$9,227,800	$9,173,547	$9,576,546
208.89%	316.04%	265.38%	238.03%	271.61%
75.30%	66.80%	72.10%	74.70%	69.30%

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

	2022	2021	2020	2019
School District's Proportion of the Net OPEB Liability (Asset)	0.084447920%	0.083678250%	0.081356260%	0.083158650%
School District's Proportionate Share of the Net OPEB Liability (Asset)	($1,780,515)	($1,470,644)	($1,347,456)	($1,336,275)
School District's Covered Payroll	$10,365,529	$10,210,514	$9,601,879	$9,497,021
School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	-17.18%	-14.40%	-14.03%	-14.07%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability (Asset)	174.73%	182.13%	174.74%	176.00%

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

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

See accompanying notes to the Required Supplementary Information

2018	2017
0.082949660%	0.086418390%
$3,236,389	$4,621,678
$9,432,943	$9,152,943
34.31%	50.49%
47.10%	37.30%

Marlington Local School District, Ohio

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

	2022	2021	2020	2019
Net Pension Liability:				
Contractually Required Contribution	$527,298	$471,957	$462,064	$455,745
Contributions in Relation to the Contractually Required Contribution	(527,298)	(471,957)	(462,064)	(455,745)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$3,766,414	$3,371,121	$3,300,457	$3,375,889
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	13.50%
Net OPEB Liability:				
Contractually Required Contribution (2)	$65,043	$67,252	$53,690	$79,695
Contributions in Relation to the Contractually Required Contribution	(65,043)	(67,252)	(53,690)	(79,695)
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	1.73%	1.99%	1.63%	2.36%
Total Contributions as a Percentage of Covered Payroll (2)	15.73%	15.99%	15.63%	15.86%

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

See accompanying notes to the Required Supplementary Information

2018	2017	2016	2015	2014	2013
$445,102	$470,121	$447,848	$424,997	$440,616	$408,725
(445,102)	(470,121)	(447,848)	(424,997)	(440,616)	(408,725)
$0	$0	$0	$0	$0	$0
$3,297,052	$3,358,007	$3,198,914	$3,224,560	$3,363,481	$3,120,038
13.50%	14.00%	14.00%	13.18%	13.10%	13.10%
$71,946	$55,777	$52,687	$83,788	$58,758	$58,145
(71,946)	(55,777)	(52,687)	(83,788)	(58,758)	(58,145)
$0	$0	$0	$0	$0	$0
2.18%	1.66%	1.65%	2.60%	1.75%	1.86%
15.68%	15.66%	15.65%	15.78%	14.85%	14.96%

Marlington Local School District, Ohio

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

	2022	2021	2020	2019
Net Pension Liability:				
Contractually Required Contribution	$1,518,869	$1,451,174	$1,429,472	$1,344,263
Contributions in Relation to the Contractually Required Contribution	(1,518,869)	(1,451,174)	(1,429,472)	(1,344,263)
Contribution Deficiency (Excess)	$0	$0	$0	$0
School District Covered Payroll (1)	$10,849,064	$10,365,529	$10,210,514	$9,601,879
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
Net OPEB Liability (Asset):				
Contractually Required Contribution	$0	$0	$0	$0
Contributions in Relation to the Contractually Required Contribution	0	0	0	0
Contribution Deficiency (Excess)	$0	$0	$0	$0
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

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

See accompanying notes to the Required Supplementary Information

2018	2017	2016	2015	2014	2013
$1,329,583	$1,320,612	$1,281,412	$1,291,892	$1,192,549	$1,244,951
(1,329,583)	(1,320,612)	(1,281,412)	(1,291,892)	(1,192,549)	(1,244,951)
$0	$0	$0	$0	$0	$0
$9,497,021	$9,432,943	$9,152,943	$9,227,800	$9,173,547	$9,576,546
14.00%	14.00%	14.00%	14.00%	13.00%	13.00%
$0	$0	$0	$0	$91,735	$95,765
0	0	0	0	(91,735)	(95,765)
$0	$0	$0	$0	$0	$0
0.00%	0.00%	0.00%	0.00%	1.00%	1.00%
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

Net Pension Liability

Changes in Assumptions – SERS

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

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

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Wage Inflation	2.40 percent	3.00 percent	3.25 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent	3.50 percent to 18.20 percent	4.00 percent to 22.00 percent
Investment Rate of Return	7.00 percent net of system expenses	7.50 percent net of investment expenses, including inflation	7.75 percent net of investment expenses, including inflation

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

Amounts reported for 2018 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females. Amounts reported for fiscal year 2017 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Assumptions - STRS

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

	Fiscal Year 2022	Fiscal Years 2021-2018	Fiscal Year 2017 and Prior
Inflation	2.50 percent	2.50 percent	2.75 percent
Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65	12.50 percent at age 20 to 2.50 percent at age 65	12.25 percent at age 20 to 2.75 percent at age 70
Investment rate of return	7.00 percent, net of investment expenses, including inflation	7.45 percent, net of investment expenses, including inflation	7.75 percent, net of investment expenses, including inflation
Payroll increases	3.00 percent	3.00 percent	3.50 percent
Cost-of-living adjustments (COLA)	0.00 percent, effective July 1, 2017	0.00 percent, effective July 1, 2017	2.00 percent simple applied as follows: for members retiring before August 1, 2013, 2.00 percent per year; for members retiring August 1, ,2013, or later, 2.00 percent COLA commences on fifth anniversary of retirement date.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees are based on the RP-2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

Net OPEB Liability (Asset)

Changes in Assumptions – SERS

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

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

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

Municipal Bond Index Rate:	
Fiscal year 2022	1.92 percent
Fiscal year 2021	2.45 percent
Fiscal year 2020	3.13 percent
Fiscal year 2019	3.62 percent
Fiscal year 2018	3.56 percent
Fiscal year 2017	2.92 percent
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	
Fiscal year 2022	2.27 percent
Fiscal year 2021	2.63 percent
Fiscal year 2020	3.22 percent
Fiscal year 2019	3.70 percent
Fiscal year 2018	3.63 percent
Fiscal year 2017	2.98 percent

Changes in Assumptions – STRS

For fiscal year 2018, the discount rate was increased from 3.26 percent to 4.13 percent based on the methodology defined under GASB *Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB)* and the long term expected rate of return was reduced from 7.75 percent to 7.45 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

For fiscal year 2019, the discount rate was increased from the blended rate of 4.13 percent to the long-term expected rate of return of 7.45 percent.

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

Changes in Benefit Terms – STRS

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 1, 2020.

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

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

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

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

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MARLINGTON LOCAL SCHOOL DISTRICT
STARK COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

FEDERAL GRANTOR / ***Pass Through Grantor*** / **Program / Cluster Title**	**Federal AL Number**	**Pass Through Entity Identifying Number**	**Provided Through to Subrecipients**	**Total Federal Expenditures**	**Total Federal Non-Cash Expenditures**
U.S. DEPARTMENT OF AGRICULTURE					
Passed Through Ohio Department of Education					
School Breakfast Program	10.553	049882-3L70-2022		$385,303	
National School Lunch Program	10.555	049882-3L60-2022		472,763	$96,569
COVID-19 National School Lunch Program	10.555	049882-3L60-2022		49,336	
Summer Food Service Program for Children	10.559	049882-3GE0-2021		155,890	
Total Child Nutrition Cluster				1,063,292	96,569
Total U.S. Department of Agriculture				**1,063,292**	**96,569**
U.S. DEPARTMENT OF THE TREASURY					
Passed Through Ohio Department of Education					
COVID-19 Coronavirus Relief Fund	21.019	049882-5CV1-2021		5,975	
Total U.S. Department of the Treasury				**5,975**	
U.S. DEPARTMENT OF EDUCATION					
Passed Through Ohio Department of Education					
Title I Grants to Local Educational Agencies	84.010	049882-3M00-2021		81,515	
Title I Grants to Local Educational Agencies	84.010	049882-3M00-2022		388,811	
Total Title I Grants to Local Educational Agencies				470,326	
Migrant Educational State Grant Program	84.011	049882-3EH0-2021		22,972	
Migrant Educational State Grant Program	84.011	049882-3EH0-2022		111,777	
Total Migrant Educational State Grant Program				134,749	
Special Education Grants to States	84.027	049882-3M20-2021		84,476	
Special Education Grants to States	84.027	049882-3M20-2022		427,967	
COVID-19 Special Education Grants to States	84.027	049882-3IA0-2022		77,873	
COVID-19 Special Education Preschool Grants	84.173	049882-3IA0-2022		7,001	
Total Special Education Cluster				597,317	
English Language Acquisition State Grants	84.365A	049882-3Y70-2022	$5,108	5,108	
Supporting Effective Instruction State Grants	84.367	049882-3Y60-2021		13,129	
Supporting Effective Instruction State Grants	84.367	049882-3Y60-2022		37,569	
Total Supporting Effective Instruction State Grants				50,698	
Student Support and Academic Enrichment Program	84.424	049882-3HI0-2021		5,779	
Student Support and Academic Enrichment Program	84.424	049882-3HI0-2022		33,628	
Total Student Support and Academic Enrichment Program				39,407	
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	049882-3HS0-2022		10,942	
COVID-19 Elementary and Secondary School Emergency Relief Fund - ARP	84.425U	049882-3HS0-2022		992,442	
COVID-19 Elementary and Secondary School Emergency Relief Fund - ARP Homeless	84.425U	049882-3HZ0-2022		1,649	
Total Elementary and Secondary School Emergency Relief Fund				1,005,033	
Total U.S. Department of Education			**5,108**	**2,302,638**	
Total Expenditures of Federal Awards			**$5,108**	**$3,371,905**	**$96,569**

The accompanying notes are an integral part of this schedule.

MARLINGTON LOCAL SCHOOL DISTRICT
STARK COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2022

NOTE A – BASIS OF PRESENTATION

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

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - SUBRECIPIENTS

The District passes certain federal awards received from the Ohio Department of Education to the Stark County Educational Service Center (subrecipient). As Note B describes, the District reports expenditures of Federal awards to subrecipients when paid in cash.

As a pass through entity, the District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE E - CHILD NUTRITION CLUSTER

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

NOTE F – FOOD DONATION PROGRAM

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

NOTE G - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with the Ohio Department of Education's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2022 to 2023 programs:

Program Title	AL Number	Amount Transferred
Title I Grants to Local Educational Agencies	84.010	$110,703
COVID-19 Special Education Grants to States	84.027	$16,690
Supporting Effective Instruction State Grants	84.367	$13,195
COVID-19 Elementary and Secondary School Emergency Relief Fund - ARP	84.425U	$2,529,491
COVID-19 Elementary and Secondary School Emergency Relief Fund - ARP Homeless	84.425U	$5,963

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

Marlington Local School District
Stark County
10320 Moulin Avenue Northeast
Alliance, Ohio 44601

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States *(Government Auditing Standards)*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Marlington Local School District, Stark County, (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 22, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Keith Faber
Auditor of State
Columbus, Ohio

March 22, 2023

OHIO AUDITOR OF STATE
KEITH FABER

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

Marlington Local School District
Stark County
10321 Moulin Avenue Northeast
Alliance, Ohio 44601

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Marlington Local School District's, Stark County, (District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of) Marlington Local School District's major federal programs for the year ended June 30, 2022. Marlington Local School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Marlington Local School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

March 22, 2023

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MARLINGTON LOCAL SCHOOL DISTRICT
STARK COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2022

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Child Nutrition Cluster Elementary and Secondary School Emergency Relief Fund
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR § 200.520?**	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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Marlington Local School District
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
2 CFR 200.511(b)
June 30, 2022

Finding Number	Finding Summary	Status	Additional Information
2021-001	Noncompliance with Prevailing Wage Rate Requirements	Finding No Longer Valid	No competitively bid projects were paid with federal grant monies

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OHIO AUDITOR OF STATE
KEITH FABER

MARLINGTON LOCAL SCHOOL DISTRICT

STARK COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 3/28/2023