



OHIO AUDITOR OF STATE
KEITH FABER



**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY
JUNE 30, 2024**

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STARK COUNTY
JUNE 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Alliance City School District
Stark County
200 Glamorgan St.
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 Alliance City School District, Stark County, Ohio (District), as of and for the year ended June 30, 2024, 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 Alliance City School District, Stark County, Ohio as of June 30, 2024, and the respective changes in financial position 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, required budgetary comparison schedules, 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 February 21, 2025, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

February 21, 2025

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**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

The management's discussion and analysis of Alliance City School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2024 are as follows:

- In total, net position increased \$2,273,902.
- General revenues accounted for \$35,649,389 in revenue or 66.10% of all governmental activities revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$18,284,037 or 33.90% of total governmental activities revenues of \$53,933,426.
- The District had \$51,659,524 in expenses related to governmental activities; only \$18,284,037 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$35,649,389 were adequate to provide for these programs.
- The District's major governmental funds are the general fund, the Elementary and Secondary School Emergency Relief (ESSER) fund, and the permanent improvement fund. The general fund had \$40,748,455 in revenues and other financing sources and \$38,899,137 in expenditures. The general fund's fund balance increased \$1,849,318 from \$12,162,644 to \$14,011,962.
- The ESSER fund had \$5,665,118 in revenues and \$6,004,475 in expenditures. The fund deficit increased from \$143,258 to \$482,615.
- The permanent improvement fund had \$1,238,731 in revenues and \$235,952 in expenditures. Fund balance increased from \$1,456,677 to \$2,459,456.

Using the Basic Financial Statements

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

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

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

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

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 12. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the District's most significant funds, the major funds.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the modified accrual basis of 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 District's general government operations and the basic services it provides. Governmental fund information helps to 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.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information

The required supplementary information provides detailed information regarding the District's proportionate share of the net pension liability and net OPEB liability/asset of the retirement systems and a ten year schedule of District's contributions to the retirement systems to fund pension and OPEB obligations.

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

The District as a Whole

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

	Net Position		
	Governmental Activities <u>2024</u>	Governmental Activities <u>2023</u>	<u>Change</u>
<u>Assets</u>			
Current and other assets	\$ 36,177,894	\$ 33,847,217	\$ 2,330,677
Net OPEB asset	2,837,575	3,702,828	(865,253)
Capital assets, net	<u>44,442,101</u>	<u>43,888,094</u>	<u>554,007</u>
Total assets	<u>83,457,570</u>	<u>81,438,139</u>	<u>2,019,431</u>
<u>Deferred Outflows of Resources</u>			
Pension & OPEB	<u>10,406,669</u>	<u>11,351,415</u>	<u>(944,746)</u>
Total deferred outflows of resources	<u>10,406,669</u>	<u>11,351,415</u>	<u>(944,746)</u>
<u>Liabilities</u>			
Current liabilities	6,454,295	5,962,475	491,820
Long-term liabilities:			
Due within one year	2,783,484	380,704	2,402,780
Due in more than one year:			
Net pension & OPEB liability	43,040,440	43,397,086	(356,646)
Other amounts	<u>5,166,320</u>	<u>7,078,766</u>	<u>(1,912,446)</u>
Total liabilities	<u>57,444,539</u>	<u>56,819,031</u>	<u>625,508</u>
<u>Deferred Inflows of Resources</u>			
Property taxes and PILOTs levied for next year	9,488,540	9,274,863	213,677
Pension & OPEB	<u>7,564,726</u>	<u>9,603,128</u>	<u>(2,038,402)</u>
Total deferred inflows of resources	<u>17,053,266</u>	<u>18,877,991</u>	<u>(1,824,725)</u>
<u>Net Position</u>			
Net investment in capital assets	43,614,349	42,156,850	1,457,499
Restricted	7,472,060	5,500,517	1,971,543
Unrestricted	<u>(31,719,975)</u>	<u>(30,564,835)</u>	<u>(1,155,140)</u>
Total net position	<u>\$ 19,366,434</u>	<u>\$ 17,092,532</u>	<u>\$ 2,273,902</u>

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

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

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

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

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

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

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

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

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

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2024, the District's liabilities and deferred inflows of resources are less than assets and deferred outflows of resources by \$19,366,434.

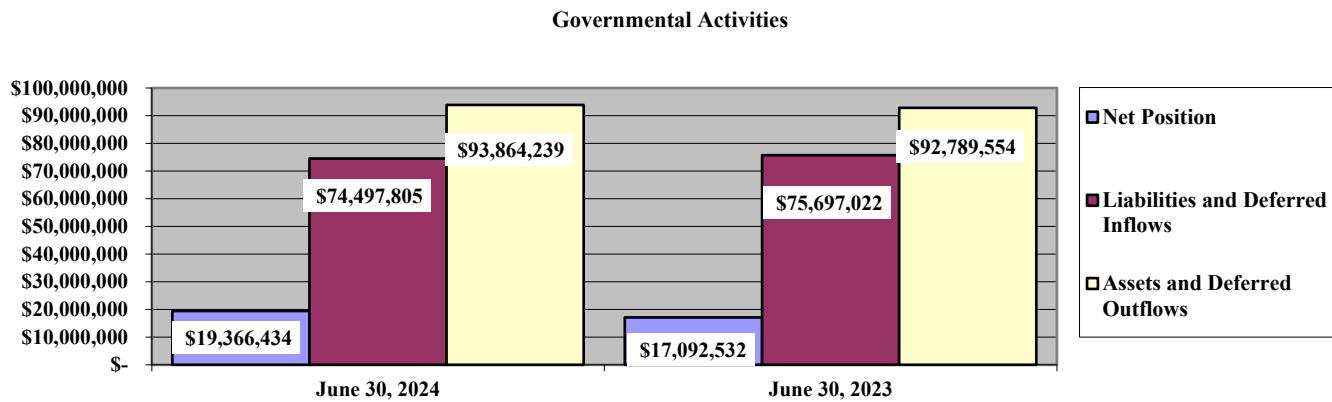
Capital assets reported on the government-wide statements represented 53.25% of total assets. Capital assets include land, construction in progress, buildings and improvements, furniture and equipment, vehicles, and intangible right to use assets. The District's net investment in capital assets for governmental activities at June 30, 2024 was \$43,614,349. These capital assets are used to provide services to students and are not available for future spending. Although the District's investment in capital assets is reported net of the outstanding balances of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

A portion of the District's net position, \$7,472,060, represents resources that are subject to external restriction on how they may be used. The remaining balance governmental activities of unrestricted net position is a deficit of \$31,719,975, which is caused by the reporting of the net pension and OPEB liability described above.

The graph below shows the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position at June 30, 2024 and June 30, 2023.



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

Change in Net Position			
	Governmental Activities 2024	Governmental Activities 2023	<u>Change</u>
<u>Revenues</u>			
Program revenues:			
Charges for services and sales	\$ 1,659,066	\$ 1,330,743	\$ 328,323
Operating grants and contributions	16,516,421	15,517,906	998,515
Capital grants and contributions	<u>108,550</u>	<u>169,810</u>	<u>(61,260)</u>
Total program revenues	<u>18,284,037</u>	<u>17,018,459</u>	<u>1,265,578</u>
General revenues:			
Property taxes	9,519,417	9,842,522	(323,105)
Grants and entitlements	24,980,165	23,884,397	1,095,768
Investment earnings	1,075,810	496,208	579,602
Other	<u>73,997</u>	<u>230,681</u>	<u>(156,684)</u>
Total general revenues	<u>35,649,389</u>	<u>34,453,808</u>	<u>1,195,581</u>
Total revenues	<u>53,933,426</u>	<u>51,472,267</u>	<u>2,461,159</u>

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**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

Change in Net Position (Continued)

<u>Expenses</u>	Governmental Activities <u>2024</u>	Governmental Activities <u>2023</u>	<u>Change</u>
Program expenses:			
Instruction:			
Regular	\$ 17,849,002	\$ 16,774,178	\$ 1,074,824
Special	8,535,630	7,525,239	1,010,391
Vocational	1,533,546	1,514,543	19,003
Adult/continuing	56,290	66,949	(10,659)
Other	927,922	1,238,546	(310,624)
Support services:			
Pupil	3,807,596	3,138,423	669,173
Instructional staff	1,733,830	1,936,380	(202,550)
Board of education	102,978	165,713	(62,735)
Administration	4,025,025	3,553,967	471,058
Fiscal	798,359	717,253	81,106
Business	599,313	616,044	(16,731)
Operations and maintenance	5,027,441	4,352,621	674,820
Pupil transportation	1,820,223	1,645,336	174,887
Central	475,386	505,575	(30,189)
Operations of non-instructional services:			
Food service operations	2,486,590	2,185,362	301,228
Community Services	140,953	229,208	(88,255)
Extracurricular activities	1,517,173	1,175,980	341,193
Interest and fiscal charges	<u>222,267</u>	<u>78,914</u>	<u>143,353</u>
Total expenses	<u>51,659,524</u>	<u>47,420,231</u>	<u>4,239,293</u>
Change in net position	2,273,902	4,052,036	(1,778,134)
Net position at beginning of year	<u>17,092,532</u>	<u>13,040,496</u>	<u>4,052,036</u>
Net position at end of year	<u>\$ 19,366,434</u>	<u>\$ 17,092,532</u>	<u>\$ 2,273,902</u>

The net position of the District's governmental activities increased \$2,273,902. Total governmental expenses of \$51,659,524 were offset by program revenues of \$18,284,037 and general revenues of \$35,649,389. Program revenues supported 35.39% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes and unrestricted grants and entitlements. These two revenue sources represent 63.97% of total governmental revenue. Real estate property is reappraised every six years, with the next reappraisal in 2024. The overall increase in revenues was \$2,461,159 or 4.78%. The District received additional restricted and unrestricted grant aid from both State and Federal sources in fiscal year 2024; restricted grants are included in operating grants and contributions, and unrestricted grants are reported as general revenues. These two items accounted for most the increase in revenues.

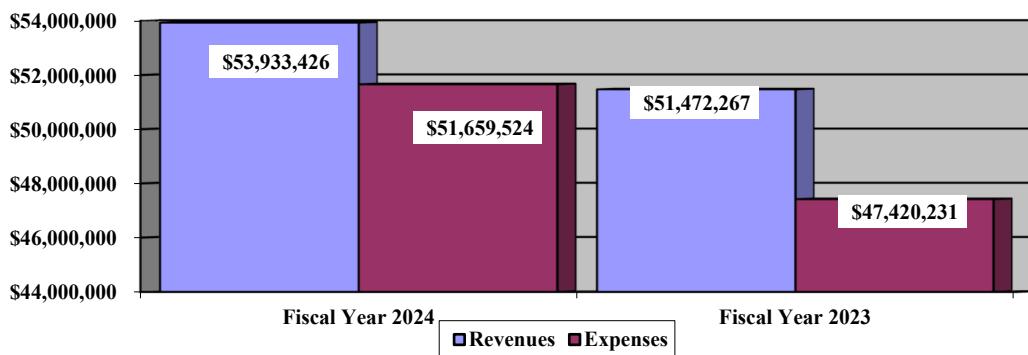
Expenses of the governmental activities increased \$4,239,293 or 8.94%. This is due in part to normal wages and salary increases, as well as an increase in fringe benefits costs, including employee health insurance premiums and retirement system contributions. In addition, general inflationary increases contributed to higher costs of purchased services and supplies and materials.

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2024 and 2023.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services for fiscal years 2024 and 2023. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

	Total Cost of Services <u>2024</u>	Net Cost of Services <u>2024</u>	Total Cost of Services <u>2023</u>	Net Cost of Services <u>2023</u>
Program expenses				
Instruction:				
Regular	\$ 17,849,002	\$ 11,268,326	\$ 16,774,178	\$ 11,031,259
Special	8,535,630	3,651,628	7,525,239	3,242,890
Vocational	1,533,546	957,952	1,514,543	1,044,454
Adult/Continuing	56,290	56,290	66,949	60,150
Other	927,922	330,402	1,238,546	432,227
Support services:				
Pupil	3,807,596	2,114,069	3,138,423	1,919,710
Instructional staff	1,733,830	1,027,039	1,936,380	1,247,952
Board of education	102,978	102,978	165,713	165,713
Administration	4,025,025	3,763,961	3,553,967	3,300,991
Fiscal	798,359	787,768	717,253	689,242
Business	599,313	599,313	616,044	615,919
Operations and maintenance	5,027,441	5,027,441	4,352,621	4,247,689
Pupil transportation	1,820,223	1,656,326	1,645,336	1,359,115
Central	475,386	404,600	505,575	407,109
Operations of non-instructional services:				
Food service operations	2,486,590	524,885	2,185,362	(136,678)
Other non-instructional services	140,953	2,447	229,208	24,744
Extracurricular activities	1,517,173	991,206	1,175,980	726,972
Interest and fiscal charges	222,267	108,856	78,914	22,314
Total	\$ 51,659,524	\$ 33,375,487	\$ 47,420,231	\$ 30,401,772

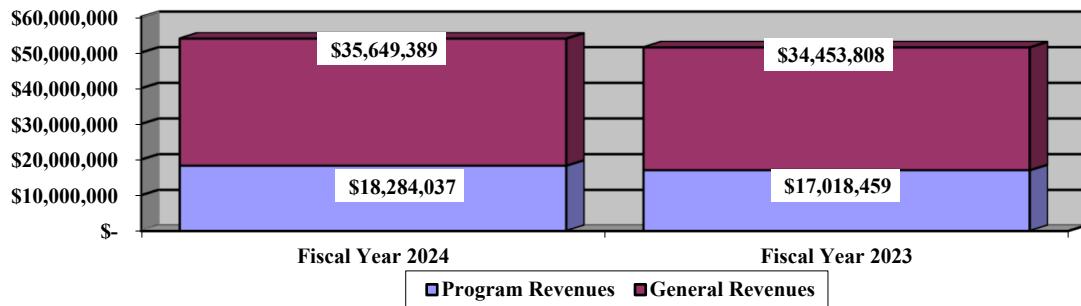
**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

The dependence upon tax revenues during fiscal year 2024 for governmental activities is apparent, as 56.27% of instruction activities are supported through taxes and other general revenues. In fiscal year 2024, 64.61% of total governmental activities program expenses were supported by general revenues. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio as a whole, are the primary support for the District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2024 and 2023.

Governmental Activities - General and Program Revenues



The District's governmental funds reported a combined fund balance of \$17,810,699, which is higher than last year's total balance of \$16,342,611. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2024 and June 30, 2023.

	Fund Balance June 30, 2024	Fund Balance June 30, 2023	Change	Percentage Change
General	\$ 14,011,962	\$ 12,162,644	\$ 1,849,318	15.20 %
Elementary and Secondary School Emergency Relief	(482,615)	(143,258)	(339,357)	236.89 %
Permanent improvement	2,459,456	1,456,677	1,002,779	68.84 %
Nonmajor governmental	<u>1,821,896</u>	<u>2,866,548</u>	<u>(1,044,652)</u>	<u>(36.44) %</u>
Total	<u>\$ 17,810,699</u>	<u>\$ 16,342,611</u>	<u>\$ 1,468,088</u>	<u>8.98 %</u>

The District's general fund balance increased \$1,849,318 during fiscal year 2024.

The table that follows assists in illustrating the revenues of the general fund.

	2024 Amount	2023 Amount	Change	Percentage Change
Revenues				
Taxes	\$ 8,601,699	\$ 8,611,307	\$ (9,608)	(0.11) %
Tuition and fees	1,120,973	833,095	287,878	34.56 %
Earnings on investments	976,836	464,148	512,688	110.46 %
Other	176,083	305,843	(129,760)	(42.43) %
Intergovernmental	<u>29,449,977</u>	<u>27,831,041</u>	<u>1,618,936</u>	<u>5.82 %</u>
Total	<u>\$ 40,325,568</u>	<u>\$ 38,045,434</u>	<u>\$ 2,280,134</u>	<u>5.99 %</u>

Revenues of the general fund increased \$2,280,134 or 5.99%. Earnings on investments increased dramatically due to fluctuations in the fair value of District investments, and higher interest rates during fiscal year 2024. Another significant increase was intergovernmental revenue, which resulted from the District's increased allocation of State aid.

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

The table that follows assists in illustrating the expenditures of the general fund.

	2024 Amount	2023 Amount	Change	Percentage Change
<u>Expenditures</u>				
Instruction	\$ 20,173,315	\$ 18,266,549	\$ 1,906,766	10.44 %
Support services	16,601,474	21,777,011	(5,175,537)	(23.77) %
Operation of non-instructional services	748	465	283	60.86 %
Extracurricular activities	1,053,062	668,011	385,051	57.64 %
Capital outlay	534,452	994,086	(459,634)	(46.24) %
Debt service	<u>536,086</u>	<u>185,353</u>	<u>350,733</u>	189.22 %
Total	<u>\$ 38,899,137</u>	<u>\$ 41,891,475</u>	<u>\$ (2,992,338)</u>	(7.14) %

Expenditures of the general fund decreased \$2,992,338 or 7.14%. Support services and capital outlay expenditures were dramatically higher in the prior year as a result of capital improvements financed with general fund money in fiscal year 2023. Otherwise, expenditures generally increased as explained on page 10.

General Fund Budgeting Highlights

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

The District uses site-based budgeting, which is designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, original and final budgeted revenues and other financing sources were \$41,561,046 and \$51,062,716, respectively. Actual revenues and other financing sources were \$39,996,371, which is \$11,066,345 lower than the final budget.

General fund original appropriations and other financing uses were \$54,301,478. This was decreased slightly to \$53,159,393 in the final budget. The actual budget basis expenditures and other financing uses of \$39,875,216 were \$13,284,177 less than the final budget.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2024, the District had \$44,442,101 invested in land, construction in progress, buildings and improvements, furniture and equipment, vehicles, and intangible right to use assets.

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

The following table shows June 30, 2024 balances compared to June 30, 2023.

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

	<u>Governmental Activities</u>	
	<u>2024</u>	<u>2023</u>
Land	\$ 2,322,643	\$ 2,322,643
Construction in progress	4,540,226	8,527,043
Buildings and improvements	34,482,083	30,397,109
Furniture, equipment, and vehicles	2,540,104	2,193,187
Intangible right to use	<u>557,045</u>	<u>448,112</u>
Total	<u>\$ 44,442,101</u>	<u>\$ 43,888,094</u>

The overall increase in capital assets is attributable to current year additions of \$2,761,384 exceeding depreciation/amortization expense of \$2,207,377. The District completed several capital projects in fiscal year 2024, moving them from construction in progress to the buildings and improvements asset class.

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

Debt Administration

At June 30, 2024, the District had \$3,378,851 in general obligation bonds, energy conservation bonds, notes, and leases outstanding. Of this total, \$2,571,138 is due within one year and \$807,713 is due in greater than one year. See Note 9 in the notes to the basic financial statements for additional information on the District's debt administration.

The following table summarizes the debt outstanding at June 30, 2024 and 2023.

Outstanding Debt, at June 30

	<u>Governmental Activities</u>	<u>2024</u>	<u>Governmental Activities</u>	<u>2023</u>
General obligation bonds	\$ 20,000	\$ 40,000		
Energy Conversion Bonds	2,259,263	2,262,419		
Notes payable	692,544	533,331		
Leases payable	364,915	449,049		
SBITAs payable	<u>42,129</u>	-		
Total	<u>\$ 3,378,851</u>		<u>\$ 3,284,799</u>	

Additions to debt in fiscal year 2024 included SBITAs payable in the amount of \$71,889 and notes payable for a financed purchase of equipment in the amount of \$350,998. See Note 9 in the notes to the basic financial statements for additional information on the District's debt administration.

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

Current Financial Related Activities

The Board of Education and administration closely monitor revenues and expenditures. The financial future of the District relies heavily on the State's educational funding system. This funding system changes after each election. Due to the ever changing school funding system management is required to plan carefully to provide the resources to meet student needs into the future. The District has challenges locally as well; property tax revenue fluctuates greatly from refunds, delinquencies and decreased taxable values. Losses of tangible personal property tax and reimbursement from the State will continue to place a financial strain on the District.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact: Kirk Heath, Treasurer of the Alliance City School District, 200 Glamorgan St., Alliance, OH 44601 or heathki@alliancecityschools.org.

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

	Governmental Activities
Assets:	
Equity in pooled cash, cash equivalents and investments	\$ 19,954,257
Investments held with trustee	2,324,062
Receivables:	
Property taxes	11,567,624
Accounts	45,445
Accrued interest	45,607
Intergovernmental	2,168,374
Prepayments	72,525
Net OPEB asset	2,837,575
Capital assets:	
Not depreciated/amortized	6,862,869
Depreciated/amortized, net	37,579,232
Capital assets, net	<u>44,442,101</u>
Total assets	<u>83,457,570</u>
Deferred outflows of resources:	
Pension	8,625,034
OPEB	<u>1,781,635</u>
Total deferred outflows of resources	<u>10,406,669</u>
Liabilities:	
Accounts payable	180,669
Contracts payable	174,828
Accrued wages and benefits payable	4,504,457
Matured compensated absences payable	45,759
Intergovernmental payable	185,448
Pension obligation payable	671,885
Accrued interest payable	30,953
Unearned revenue	660,296
Long-term liabilities:	
Due within one year	2,783,484
Due in more than one year:	
Net pension liability	40,301,425
Net OPEB liability	2,739,015
Other amounts due in more than one year	<u>5,166,320</u>
Total liabilities	<u>57,444,539</u>
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	9,488,540
Pension	2,889,512
OPEB	<u>4,675,214</u>
Total deferred inflows of resources	<u>17,053,266</u>
Net position:	
Net investment in capital assets	43,614,349
Restricted for:	
Capital projects	2,668,878
OPEB	2,837,575
Classroom facilities maintenance	151,748
State funded programs	18,656
Food service operations	1,170,874
Extracurricular activities	236,971
Locally funded programs	387,358
Unrestricted (deficit)	<u>(31,719,975)</u>
Total net position	<u>\$ 19,366,434</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	
Governmental activities:					
Instruction:					
Regular	\$ 17,849,002	\$ 549,819	\$ 6,030,857	\$ -	\$ (11,268,326)
Special	8,535,630	609,371	4,274,631	-	(3,651,628)
Vocational	1,533,546	2,851	464,193	108,550	(957,952)
Adult/continuing	56,290	-	-	-	(56,290)
Other	927,922	-	597,520	-	(330,402)
Support services:					
Pupil	3,807,596	19,059	1,674,468	-	(2,114,069)
Instructional staff	1,733,830	571	706,220	-	(1,027,039)
Board of education	102,978	-	-	-	(102,978)
Administration	4,025,025	246	260,818	-	(3,763,961)
Fiscal	798,359	98	10,493	-	(787,768)
Business	599,313	-	-	-	(599,313)
Operations and maintenance	5,027,441	-	-	-	(5,027,441)
Pupil transportation	1,820,223	-	163,897	-	(1,656,326)
Central	475,386	426	70,360	-	(404,600)
Operation of non-instructional services:					
Food service operations	2,486,590	66,186	1,895,519	-	(524,885)
Other non-instructional services	140,953	-	138,506	-	(2,447)
Extracurricular activities	1,517,173	410,439	115,528	-	(991,206)
Interest and fiscal charges	222,267	-	113,411	-	(108,856)
Totals	\$ 51,659,524	\$ 1,659,066	\$ 16,516,421	\$ 108,550	\$ (33,375,487)

General revenues:

Property taxes levied for:	
General purposes	8,455,200
Capital outlay	1,064,217
Grants and entitlements not restricted to specific programs	24,980,165
Investment earnings	1,075,810
Miscellaneous	73,997
Total general revenues	<u>35,649,389</u>
Change in net position	2,273,902
Net position at beginning of year	<u>17,092,532</u>
Net position at end of year	<u>\$ 19,366,434</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

	General	Elementary and Secondary School Emergency Relief	Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash, cash equivalents and investments	\$ 14,477,232	\$ -	\$ 2,497,759	\$ 2,979,266	\$ 19,954,257
Investments held with trustee	2,324,062	-	-	-	2,324,062
Receivables:					
Property taxes	10,272,104	-	1,295,520	-	11,567,624
Accounts	39,300	-	-	6,145	45,445
Accrued interest	45,607	-	-	-	45,607
Intergovernmental	40,955	1,307,816	-	819,603	2,168,374
Prepayments	72,525	-	-	-	72,525
Due from other funds	635,002	-	-	-	635,002
Total assets	<u>\$ 27,906,787</u>	<u>\$ 1,307,816</u>	<u>\$ 3,793,279</u>	<u>\$ 3,805,014</u>	<u>\$ 36,812,896</u>
Liabilities:					
Accounts payable	\$ 124,035	\$ -	\$ -	\$ 56,634	\$ 180,669
Contracts payable	-	-	76,298	98,530	174,828
Accrued wages and benefits payable	3,089,754	829,926	-	584,777	4,504,457
Matured compensated absences payable	45,759	-	-	-	45,759
Intergovernmental payable	146,260	24,081	-	15,107	185,448
Pension obligation payable	482,561	92,475	-	96,849	671,885
Due to other funds	-	361,334	-	273,668	635,002
Unearned revenue	-	-	-	660,296	660,296
Total liabilities	<u>3,888,369</u>	<u>1,307,816</u>	<u>76,298</u>	<u>1,785,861</u>	<u>7,058,344</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	8,427,680	-	1,060,860	-	9,488,540
Delinquent property tax revenue not available	1,547,046	-	196,665	-	1,743,711
Intergovernmental revenue not available	-	482,615	-	197,257	679,872
Accrued interest not available	31,730	-	-	-	31,730
Total deferred inflows of resources	<u>10,006,456</u>	<u>482,615</u>	<u>1,257,525</u>	<u>197,257</u>	<u>11,943,853</u>
Fund balances:					
Nonspendable:					
Prepayments	72,525	-	-	-	72,525
Unclaimed monies	10,497	-	-	-	10,497
Restricted:					
Debt service	2,324,062	-	-	-	2,324,062
Capital improvements	-	-	2,459,456	12,757	2,472,213
Classroom facilities maintenance	-	-	-	151,748	151,748
Food service operations	-	-	-	1,222,160	1,222,160
Non-public schools	-	-	-	18,656	18,656
Extracurricular activities	-	-	-	236,971	236,971
Scholarships	-	-	-	305,238	305,238
Other purposes	-	-	-	71,623	71,623
Committed:					
District technology	148,600	-	-	-	148,600
Career technology	387,771	-	-	-	387,771
Instructional materials	237,972	-	-	-	237,972
Assigned:					
Student instruction	65,138	-	-	-	65,138
Student and staff support	742,542	-	-	-	742,542
Extracurricular activities	10,740	-	-	-	10,740
Subsequent year's appropriations	9,309,734	-	-	-	9,309,734
Workers' compensation	88,638	-	-	-	88,638
Faculty trust	11,753	-	-	-	11,753
Unassigned (deficit)	<u>601,990</u>	<u>(482,615)</u>	<u>-</u>	<u>(197,257)</u>	<u>(77,882)</u>
Total fund balances	<u>14,011,962</u>	<u>(482,615)</u>	<u>2,459,456</u>	<u>1,821,896</u>	<u>17,810,699</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 27,906,787</u>	<u>\$ 1,307,816</u>	<u>\$ 3,793,279</u>	<u>\$ 3,805,014</u>	<u>\$ 36,812,896</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

Total governmental fund balances	\$ 17,810,699
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	44,442,101
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.	
Property taxes receivable	\$ 1,743,711
Accrued interest receivable	31,730
Intergovernmental receivable	<u>679,872</u>
Total	2,455,313
Unamortized premiums on bonds issued are not recognized in the funds.	(263)
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.	(30,953)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.	
Deferred outflows - pension	8,625,034
Deferred inflows - pension	(2,889,512)
Net pension liability	(40,301,425)
Deferred outflows - OPEB	1,781,635
Deferred inflows - OPEB	(4,675,214)
Net OPEB asset	2,837,575
Net OPEB liability	<u>(2,739,015)</u>
Total	(37,360,922)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	
General obligation bonds	(2,279,000)
Leases payable	(364,915)
Subscriptions payable	(42,129)
Compensated absences	(4,570,953)
Notes payable	<u>(692,544)</u>
Total	<u>(7,949,541)</u>
Net position of governmental activities	<u>\$ 19,366,434</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

	General	Elementary and Secondary School Emergency Relief	(Formerly Nonmajor) Permanent Improvement	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:					
Property taxes	\$ 8,601,699	\$ -	\$ 1,083,457	\$ -	\$ 9,685,156
Intergovernmental	29,449,977	5,665,118	55,970	5,818,091	40,989,156
Investment earnings	976,836	-	99,304	87,955	1,164,095
Tuition and fees	1,120,973	-	-	-	1,120,973
Extracurricular	74,330	-	-	379,251	453,581
Charges for services	17,960	-	-	66,552	84,512
Contributions and donations	20,418	-	-	171,852	192,270
Miscellaneous	63,375	-	-	8,200	71,575
Total revenues	40,325,568	5,665,118	1,238,731	6,531,901	53,761,318
Expenditures:					
Current:					
Instruction:					
Regular	10,767,077	4,672,177	-	1,341,177	16,780,431
Special	7,512,578	38,480	-	1,076,272	8,627,330
Vocational	1,497,832	-	-	47,611	1,545,443
Adult/continuing	52,841	-	-	-	52,841
Other	342,987	558,857	-	37,955	939,799
Support services:					
Pupil	2,885,098	700,437	-	269,759	3,855,294
Instructional staff	1,035,951	11,436	-	686,682	1,734,069
Board of education	103,304	-	-	-	103,304
Administration	3,778,057	-	-	286,770	4,064,827
Fiscal	763,239	-	18,828	21,435	803,502
Business	529,326	-	-	-	529,326
Operations and maintenance	5,201,821	-	217,124	430,393	5,849,338
Pupil transportation	1,953,676	23,088	-	-	1,976,764
Central	351,002	-	-	118,156	469,158
Operation of non-instructional services:					
Food service operations	-	-	-	2,534,813	2,534,813
Other non-instructional services	748	-	-	142,162	142,910
Extracurricular activities	1,053,062	-	-	434,658	1,487,720
Facilities acquisition and construction	111,565	-	-	148,710	260,275
Capital outlay	422,887	-	-	-	422,887
Debt service:					
Principal retirement	325,679	-	-	-	325,679
Interest and fiscal charges	210,407	-	-	-	210,407
Total expenditures	38,899,137	6,004,475	235,952	7,576,553	52,716,117
Excess of revenues over (under) expenditures	1,426,431	(339,357)	1,002,779	(1,044,652)	1,045,201
Other financing sources (uses):					
Financed purchase transaction	350,998	-	-	-	350,998
Subscription transaction	71,889	-	-	-	71,889
Total other financing sources (uses)	422,887	-	-	-	422,887
Net change in fund balances	1,849,318	(339,357)	1,002,779	(1,044,652)	1,468,088
Fund balances (deficit), as previously reported	12,162,644	(143,258)	-	4,323,225	16,342,611
Adjustment - changes in major funds	-	-	1,456,677	(1,456,677)	-
Fund balances (deficit) at beginning of year, as adjusted	12,162,644	(143,258)	1,456,677	2,866,548	16,342,611
Fund balances (deficit) at end of year	\$ 14,011,962	\$ (482,615)	\$ 2,459,456	\$ 1,821,896	\$ 17,810,699

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

Net change in fund balances - total governmental funds	\$ 1,468,088
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.	
Capital asset additions	\$ 2,761,384
Current year depreciation/amortization	<u>(2,207,377)</u>
Total	554,007
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property taxes	(165,739)
Earnings on investments	<u>(330)</u>
Intergovernmental	<u>338,177</u>
Total	172,108
Repayment of debt principal is an expenditure in the governmental funds but the repayment reduces long-term liabilities on the statement of net position.	
	325,679
Issuances of long-term debt, including financed purchase and subscription transactions, are reported as other financing sources in the funds; however, in the statement of activities, they are not reported as financing sources since they increase liabilities on the statement of net position.	
	(422,887)
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in more interest being reported in the statement of activities:	
Increase in accrued interest payable	(15,016)
Amortization of bond premiums	<u>3,156</u>
Total	(11,860)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	
Pension	3,759,712
OPEB	<u>121,643</u>
Total	3,881,355
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability/asset are reported as pension/OPEB expense in the statement of activities.	
Pension	(3,652,470)
OPEB	<u>356,164</u>
Total	(3,296,306)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
	<u>(396,282)</u>
Change in net position of governmental activities	<u>\$ 2,273,902</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Alliance City School District (the “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 District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

The District participates in a jointly governed organization and two public entity risk pools. These organizations are the Stark/Portage Area Computer Consortium (SPARCC), the Stark County Schools Council of Governments Health Benefit Plan and the Stark County Schools Council of Governments Workers’ Compensation Group Rating Plan. They are presented in Notes 14 and 15.

B. Fund Accounting

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

ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO

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

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

GOVERNMENTAL FUNDS

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

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

Elementary and Secondary School Emergency Relief (ESSER) fund - The ESSER fund is used to account for and report the proceeds of specific revenue sources that are restricted to expenditure for specified purposes.

Permanent Improvement fund - The Permanent Improvement fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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

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

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

C. Basis of Presentation and Measurement Focus

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

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

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

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

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

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

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

The custodial fund is reported using the economic resources measurement focus.

D. Basis of Accounting

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, 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 6).

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

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

Deferred Outflows of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. See Notes 12 and 13 for deferred outflows of resources related to net pension liability/asset and net OPEB liability/asset, respectively.

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2024, but which were levied to finance fiscal year 2025 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

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

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

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

E. Budgets

The District is required by State statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable is as follows:

1. On October 25, 2005, the Stark County Budget Commission voted to waive the requirement that school districts adopt a tax budget, as required by section 5705.28 of the Ohio Revised Code, by January 15 and the filing by January 20. The Budget Commission now requires an alternate tax budget be submitted by January 20 which no longer requires specific Board approval.
2. By no later than January 20, the adopted budget is filed with the Stark County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to July 1, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The certificate of estimated resources may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary schedule reflect the amounts set forth in the original and final certificate of estimated resources issued for fiscal year 2024.

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

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

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. The legal level of budgetary control was established at the fund level of expenditures. Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriation total.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 2024. All amounts reported in the budgetary schedule reflect the original and final appropriations plus all modifications legally enacted by the Board.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be re-appropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

F. Cash and Investments

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

During fiscal year 2024, investments were limited to federal agency securities, negotiable certificates of deposit (CDs), U.S. Government money market funds, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

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

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

Under existing Ohio statutes, all investment earnings are assigned to the general fund except for those specifically related to the auxiliary services fund, food service fund, and permanent improvement fund individually authorized by Board resolution. Interest revenue credited to the general fund during fiscal year 2024, including the change in fair value of investments, amounted to \$976,836 which includes \$71,334 assigned from other District funds.

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

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

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

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

G. Capital Assets

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

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

All reported capital assets except land and construction in progress are depreciated/amortized. Improvements are depreciated over the remaining useful lives of the related capital assets. Intangible right to use assets arise from lease or SBITA transactions and are amortized over the shorter of the lease/subscription term or the useful life of the leased asset. Depreciation/amortization is computed using the straight-line method over the following useful lives:

<u>Asset Class</u>	<u>Estimated Lives</u>
Buildings and improvements	5 - 50 years
Furniture and equipment	5 - 15 years
Vehicles	5 - 10 years
Intangible right to use - leased equipment	5 years
Intangible right to use - leased buildings and improvements	3 years
Intangible right to use - SBITA software	3 years

H. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable/payable" or "due to/from other funds". These amounts are eliminated in the governmental activities column on the statement of net position.

I. Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB No. 16, *Accounting for 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.

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 that the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at year-end taking into consideration any limits specified in the School District's termination policies.

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

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

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

On the governmental fund 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 funds from which the employee will be paid.

J. Accrued Liabilities and Long-Term Obligations

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

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

K. Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable.

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

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

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

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

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

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

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

L. Net Position

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

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

M. Prepayments

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

N. Estimates

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

O. Interfund Activity

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

P. Unamortized Bond Premium and Deferred Charges on Refundings

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds. On the governmental fund financial statements, bond premiums are recognized in the current period.

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

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

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

A reconciliation between the bond's face value and the amount reported on the statement of net position is presented in Note 9.

Q. Parochial and Private Schools

Within the District's boundaries, Regina Coeli is operated through the Youngstown Catholic Diocese. Current State legislation provides funding to these schools. These monies are received and disbursed on behalf of these schools by the Treasurer of the District, as directed by the schools. The fiduciary responsibility of the District for these monies is reflected in a nonmajor governmental fund for financial reporting purposes.

R. Pensions/Other Postemployment Benefits (OPEB)

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

S. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2024.

T. Fair Value

The 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.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

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

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

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

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

GASB Statement No. 100 is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The effects of GASB Statement No. 100 have been incorporated into the fiscal year 2024 financial statements.

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

B. Deficit Fund Balances

In addition to the deficit in the ESSER fund, fund balances at June 30, 2024 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Public School Preschool	\$ 19,146
Miscellaneous State Grants	1,235
Title VI-B	54,544
Vocational Education	13,471
Title I-A, School Improvement	7,263
Title I, Disadvantaged Children	75,495
IDEA Preschool Grant for the Handicapped	1,380
Title II-A	12,257
Miscellaneous Federal Grants	3,517
Title IV-A	8,949

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

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

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

A. Deposits with Financial Institutions

At June 30, 2024, the carrying amount of all District deposits was \$358,227 and the bank balance of all District deposits was \$444,835. Of the bank balance, \$250,000 was covered by the FDIC and \$194,835 was potentially exposed to custodial credit risk as discussed below because those deposits were uninsured and could be uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the District to a successful claim by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by: (1) eligible securities pledged to the District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured; or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

B. Cash on Hand

At June 30, 2024, the District had \$175 of undeposited cash on hand.

C. Funds Held by Trustee

Huntington National Bank acts as trustee for the District. The money is held in a trustee account in a sinking fund for the repayment of bonds on December 1, 2024. Collateral is held on direct deposit with the Federal Reserve. This is recorded in the general fund and is reported as "investments held with trustee" on the basic financial statements.

D. Investments

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

Measurement/ Investment type	Measurement Value	Investment Maturities				
		6 months or or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Fair value:						
Federal agency securities	\$ 5,257,492	\$ 1,987,596	\$ 2,447,676	\$ -	\$ -	\$ 822,220
Negotiable CDs	65,075	-	-	-	65,075	-
U.S. Government money market	998	998	-	-	-	-
Net Asset Value:						
STAR Ohio	<u>14,272,290</u>	<u>14,272,290</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 19,595,855</u>	<u>\$ 16,260,884</u>	<u>\$ 2,447,676</u>	<u>\$ -</u>	<u>\$ 65,075</u>	<u>\$ 822,220</u>

The weighted average maturity of investments is 0.29 years.

The District's investments measured at fair value are valued using quoted market prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Interest Rate Risk: Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The District's investments in the federal agency securities were rated AA+ and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The U.S. Government money market and STAR Ohio carry a rating of AAA by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The District has no investment policy dealing with investment credit risk beyond the requirements in State statutes.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in the District's name.

The District has no investment policy dealing with investment custodial credit risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the treasurer or qualified trustee.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2024:

<u>Measurement/ Investment type</u>	<u>Measurement Value</u>	<u>% of Total</u>
Fair value:		
Federal agency securities	\$ 5,257,492	26.83%
Negotiable CDs	65,075	0.33%
U.S. Government money market	998	0.01%
Net Asset Value:		
STAR Ohio	<u>14,272,290</u>	<u>72.83%</u>
Total	<u>\$ 19,595,855</u>	<u>100.00%</u>

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

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

<u>Cash and investments per note</u>
Carrying amount of deposits
Investments
Investments held with trustee
Cash on hand
Total

\$ 358,227
19,595,855
2,324,062
175
\$ 22,278,319

<u>Cash and investments per financial statements</u>
Governmental activities

\$ 22,278,319

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 5 - INTERFUND TRANSACTIONS

Due to/from other funds at June 30, 2024, as reported on the fund financial statements, consist of the following:

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General fund	Elementary and Secondary School Emergency Relief	\$ 361,334
General fund	Nonmajor governmental funds	273,668

The primary purpose of the due to/from other funds is to cover negative cash balances in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. Due to/from other funds are eliminated on the government-wide statement of net position.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2024 represent the collection of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed values as of January 1, 2023, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2024 represent the collection of calendar year 2024 taxes. Public utility real and personal property taxes received in calendar year 2024 became a lien on December 31, 2022, were levied after April 1, 2023, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The District receives property taxes from Stark, Columbiana, and Mahoning Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2024 are available to finance fiscal year 2024 operations.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2024 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 6 - PROPERTY TAXES - (Continued)

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

	2023 Second Half Collections		2024 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/residential and other real estate	\$ 282,964,030	90.53	\$ 286,442,080	89.71
Public utility personal	<u>29,601,990</u>	<u>9.47</u>	<u>32,847,900</u>	<u>10.29</u>
Total	<u><u>\$ 312,566,020</u></u>	<u><u>100.00</u></u>	<u><u>\$ 319,289,980</u></u>	<u><u>100.00</u></u>
Tax rate per \$1,000 of assessed valuation	\$ 58.20		\$ 58.00	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2024 consisted of property taxes, accounts (billings for user charged services and student fees), intergovernmental grants and entitlements, and accrued interest. 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. Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year.

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 8 - CAPITAL ASSETS

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

	<u>Balance</u>			<u>Balance</u>
	<u>06/30/23</u>	<u>Additions</u>	<u>Deductions</u>	<u>06/30/24</u>
<i>Capital assets, not being depreciated/amortized:</i>				
Land	\$ 2,322,643	\$ -	\$ -	\$ 2,322,643
Construction in progress	<u>8,527,043</u>	<u>174,828</u>	<u>(4,161,645)</u>	<u>4,540,226</u>
Total capital assets, not being depreciated/amortized	<u>10,849,686</u>	<u>174,828</u>	<u>(4,161,645)</u>	<u>6,862,869</u>
<i>Capital assets, being depreciated:</i>				
Buildings and improvements	62,255,633	5,663,888	-	67,919,521
Furniture and equipment	4,973,394	450,244	-	5,423,638
Vehicles	2,649,125	351,492	(141,595)	2,859,022
Intangible right to use - equipment	402,640	-	-	402,640
Intangible right to use - buildings and improvements	71,409	-	-	71,409
Intangible right to use - SBITA software	<u>-</u>	<u>282,577</u>	<u>-</u>	<u>282,577</u>
Total capital assets, being depreciated/amortized	<u>70,352,201</u>	<u>6,748,201</u>	<u>(141,595)</u>	<u>76,958,807</u>
<i>Less: accumulated depreciation/amortization</i>				
Buildings and improvements	(31,858,524)	(1,578,914)	-	(33,437,438)
Furniture and equipment	(3,876,329)	(187,956)	-	(4,064,285)
Vehicles	(1,553,003)	(266,863)	141,595	(1,678,271)
Intangible right to use - equipment	(6,101)	(73,207)	-	(79,308)
Intangible right to use - buildings and improvements	(19,836)	(23,803)	-	(43,639)
Intangible right to use - SBITA software	<u>-</u>	<u>(76,634)</u>	<u>-</u>	<u>(76,634)</u>
Total accumulated depreciation/amortization	<u>(37,313,793)</u>	<u>(2,207,377)</u>	<u>141,595</u>	<u>(39,379,575)</u>
Governmental activities capital assets, net	<u>\$ 43,888,094</u>	<u>\$ 4,715,652</u>	<u>\$ (4,161,645)</u>	<u>\$ 44,442,101</u>

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

Instruction:

Regular	\$ 1,304,284
Vocational	48,163
Adult/continuing	3,317

Support services:

Instructional staff	22,087
Administration	3,233
Business	74,507
Operations and maintenance	426,298
Pupil transportation	259,069
Central	10,006
Extracurricular activities	43,716
Food service operations	<u>12,697</u>
Total	<u>\$ 2,207,377</u>

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 9 - LONG-TERM OBLIGATIONS

A. The District's long-term obligations activity during the year consisted of the following:

	Balance Outstanding 06/30/23	Additions	Reductions	Balance Outstanding 06/30/24	Amounts Due in One Year
Governmental activities:					
<i>General obligation bonds:</i>					
2009 qualified school construction bonds	\$ 40,000	\$ -	\$ (20,000)	\$ 20,000	\$ 20,000
<i>Total general obligation bonds</i>	<u>40,000</u>	<u>-</u>	<u>(20,000)</u>	<u>20,000</u>	<u>20,000</u>
<i>Direct placement/borrowing:</i>					
2010 energy conservation improvement bonds	2,259,000	-	-	2,259,000	2,259,000
2016 notes payable - financed purchase	533,331	-	(66,667)	466,664	66,667
2023 notes payable - financed purchase	-	350,998	(125,118)	225,880	109,064
<i>Total direct placement/borrowing</i>	<u>2,792,331</u>	<u>350,998</u>	<u>(191,785)</u>	<u>2,951,544</u>	<u>2,434,731</u>
Compensated absences	4,174,671	741,210	(344,928)	4,570,953	212,346
Leases payable	449,049	-	(84,134)	364,915	96,091
Subscriptions payable	-	71,889	(29,760)	42,129	20,316
Net pension liability	40,966,695	-	(665,270)	40,301,425	-
Net OPEB liability	2,430,391	308,624	-	2,739,015	-
<i>Total governmental activities</i>	<u>\$ 50,853,137</u>	<u>\$ 1,472,721</u>	<u>\$ (1,335,877)</u>	<u>\$ 50,989,981</u>	<u>\$ 2,783,484</u>
Add: Unamortized premium on bonds	3,419	-	(3,156)	263	
<i>Total on statement of net position</i>	<u>\$ 50,856,556</u>	<u>\$ 1,472,721</u>	<u>\$ (1,339,033)</u>	<u>\$ 50,990,244</u>	

Compensated absences, net pension liability, and net OPEB liability will be paid from the fund from which the employee's salaries are paid, which primarily consist of the general fund and the food service fund (a nonmajor governmental fund).

B. 2010 Limited Tax General Obligation Energy Conservation Improvement Bonds

On August 3, 2010, the District issued term bonds in the amount of \$2,259,000 with an interest rate of 5.70 percent. The bonds were issued for the purpose of improvements to school buildings for energy conservation. The bonds were issued for a fourteen year period with a final maturity at December 1, 2024.

The bonds were issued with a premium of \$44,186, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method.

These bonds mature on December 1, 2024. The District is required to make annual interest and sinking fund payments over a fifteen year period to Huntington Bank, the Trustee, which will pay the annual interest. The sinking fund payments began in fiscal year 2011 and are paid from the general fund. They are accumulated in a trust account with Huntington Bank and are reported as "investments held with trustee" on the financial statements.

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

C. 2016 Unlimited Tax General Obligation Classroom Facilities and Site Acquisition Refunding Bonds

On February 2, 2016, the District issued \$4,357,879 in voted general obligation bonds, which included serial and capital appreciation (deep discount) bonds in the amount of \$3,580,000 and \$777,879, respectively. The bonds advance refunded \$4,385,000 of outstanding 2007 Classroom Facilities and Site Acquisition Refunding General Obligation Bonds. The bonds were issued for a seven year period with final maturity at December 31, 2022. At the date of refunding, \$4,587,260 (including premium and after underwriting fees, and other issuance costs) was received to pay off old debt. The refunded bonds were called on June 1, 2016.

These refunding bonds were issued with a premium of \$229,381, which is reported as an increase to bonds payable. The amount is being amortized to interest expense over the life of the bonds using the straight-line method.

The refunding resulted in a difference between the net carrying amount of the debt and the acquisition price of \$124,894. The issuance resulted in a difference (savings) between the cash flows required to service the old debt and the cash flows required to service the new debt of \$420,970. The issuance resulted in an economic gain of \$407,090.

The \$4,357,879 bond issue consists of serial and capital appreciation bonds. The serial bonds were issued with a varying interest rate of 1.00 - 2.50 percent.

D. 2009 Qualified School Construction Bonds

On December 17, 2009, the District issued \$255,000 of general obligation bonds with an interest rate of 1.79 percent. The bonds were issued for the purpose of various construction and renovation projects throughout the District. The bonds were issued for a fifteen year period with a final maturity of September 15, 2024.

E. 2016 Notes Payable - Financed Purchase

In fiscal year 2017, the District entered into a note financing arrangement with Consumers National Bank (the "Bank") for the construction, equipping and improving of the project facilities. The District receives an annual interest subsidy on the agreement. Payments are made from the general fund, with the final payment due December 1, 2030.

In the event of default, as defined by agreement, the amounts payable by the District may become due. If payments are not made, the Bank may retake possession of the leased property and may sell, sublease the leased property or demand all remaining sums of the project fund be returned. The Bank may exercise any other rights, remedy or privilege that may be available under the State laws to enforce the terms of the lease or recover damages for the breach of the contract. The District will be held liable for amounts payable.

The land and existing improvements subject to the agreement are owned by the District and are leased to the Bank pursuant to the ground lease. The proceeds from the agreement were used to pay costs of construction, equipping and improving of the project facilities not included in the property.

F. 2023 Notes Payable - Financed Purchase

In fiscal year 2024, the District entered into a note financing arrangement to acquire smart boards. Annual payments are due each August 1 of 2023 through 2025, and are paid from the general fund.

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

G. Leases Payable

During fiscal year 2023, the District entered into two lease agreements for the right to use copiers and the right to use a football stadium. The copier lease has a term of 66 months, ending on November 30, 2028, and payments are due monthly. The stadium lease has a term of 36 months, ending on August 31, 2025, and payments are due annually.

H. Subscriptions Payable

During fiscal year 2024, the District entered into subscription agreements for the right to use software. The term of each subscription is 3 years, and payments are due annually. Payments are made from the general fund.

I. The following is a summary of the future debt service requirements to maturity for the District's long-term debt obligations:

Fiscal Year Ended June 30,	General Obligation Bonds			Energy Conservation Improvement Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 20,000	\$ 179	\$ 20,179	\$ 2,259,000	\$ 64,382	\$ 2,323,382
Total	\$ 20,000	\$ 179	\$ 20,179	\$ 2,259,000	\$ 64,382	\$ 2,323,382

Fiscal Year Ended June 30,	Notes Payable			Leases Payable		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 175,731	\$ 34,384	\$ 210,115	\$ 96,091	\$ 16,631	\$ 112,722
2026	183,483	23,812	207,295	76,007	11,715	87,722
2027	66,666	12,690	79,356	79,896	7,826	87,722
2028	66,666	9,870	76,536	83,983	3,739	87,722
2029	66,666	7,050	73,716	28,938	303	29,241
2030 - 2033	133,332	5,640	138,972	-	-	-
Total	\$ 692,544	\$ 93,446	\$ 785,990	\$ 364,915	\$ 40,214	\$ 405,129

Fiscal Year Ended June 30,	Subscriptions Payable		
	Principal	Interest	Total
2025	\$ 20,316	\$ 3,090	\$ 23,406
2026	21,813	1,600	23,413
Total	\$ 42,129	\$ 4,690	\$ 46,819

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

J. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excludes tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effect of these debt limitations at June 30, 2024 is a voted debt margin of \$28,736,098 and an unvoted debt margin of \$319,290.

NOTE 10 - OTHER EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits components are derived from negotiated agreements and State laws. Administrative and 260-day employees are entitled to vacation ranging from 5 to 25 days.

All non-seasonal and non-part time employees are entitled to a sick leave credit equal to 1¼ days for each month of service. The sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is based on a formula. The formula is 0.6 percent of final contract salary times 65 days times (Accumulated sick days (maximum 120) divided by 120).

NOTE 11 - RISK MANAGEMENT

A. Property and Liability

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has contracted with The Liberty Mutual Insurance Company for property, general liability, fleet, equipment, boilers, umbrella, and inland marine insurance. The School District carries a \$230,881,453 blanket building and personal property policy with a \$50,000 deductible on wind/hail/water; \$50,000 deductible flood; earth movement 5% deductible (minimum \$25,000 deductible) and \$10,000 deductible on all other perils. Vehicles have a \$5,000 deductible for comprehensive and a \$5,000 deductible for collision. Automobile liability has a \$1,000,000 combined single limit of liability with no deductible.

General liability has a \$1,000,000 each-occurrence limit and a \$2,000,000 General Aggregate limit with no deductible. School leaders errors and omissions liability has a \$1,000,000 each wrongful act limit and \$1,000,000 aggregate limit with a \$2,500 One "Wrongful Act" deductible and a \$100,000 Aggregate Defense Expense Amount-Non-Monetary Relief limit with a \$2,500 deductible for each wrongful act. The District has an umbrella liability with a \$10,000,000 Each Occurrence limit, \$10,000,000 General Aggregate limit and \$10,000,000 Products-Completed Operations Aggregate Limit with \$10,000 Self-Insured Retention- Each Occurrence.

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

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 11 - RISK MANAGEMENT - (Continued)

B. Workers' Compensation

The District participates in the Stark County Schools' Council of Government Workers' Compensation Group Rating Plan, an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP.

Each participant pays its worker's compensation premium to the State Bureau of Workers' Compensation based on the rate for the group rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the GRP.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

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

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

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The District's contractually required contribution to SERS was \$1,032,484 for fiscal year 2024. Of this amount, \$99,002 is reported as a liability.

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

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

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

The District's contractually required contribution to STRS was \$2,727,228 for fiscal year 2024. Of this amount, \$451,240 is reported as a liability.

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

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities.

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

	SERS	STRS	Total
Proportion of the net pension liability prior measurement date	0.169666900%	0.143003190%	
Proportion of the net pension liability current measurement date	<u>0.160739900%</u>	<u>0.145901130%</u>	
Change in proportionate share	<u>-0.008927000%</u>	<u>0.002897940%</u>	
Proportionate share of the net pension liability	\$ 8,881,708	\$ 31,419,717	\$ 40,301,425
Pension expense	\$ 911,536	\$ 2,740,934	\$ 3,652,470

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2024, the 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	\$ 381,757	\$ 1,145,499	\$ 1,527,256
Changes of assumptions	62,913	2,587,584	2,650,497
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	83,356	604,213	687,569
Contributions subsequent to the measurement date	<u>1,032,484</u>	<u>2,727,228</u>	<u>3,759,712</u>
Total deferred outflows of resources	<u><u>\$ 1,560,510</u></u>	<u><u>\$ 7,064,524</u></u>	<u><u>\$ 8,625,034</u></u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 69,721	\$ 69,721
Net difference between projected and actual earnings on pension plan investments	124,835	94,167	219,002
Changes of assumptions	-	1,947,706	1,947,706
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>352,824</u>	<u>300,259</u>	<u>653,083</u>
Total deferred inflows of resources	<u><u>\$ 477,659</u></u>	<u><u>\$ 2,411,853</u></u>	<u><u>\$ 2,889,512</u></u>

\$3,759,712 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025.

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:			
2025	\$ 23,293	\$ (191,838)	\$ (168,545)
2026	(464,162)	(1,026,935)	(1,491,097)
2027	484,616	3,216,774	3,701,390
2028	<u>6,620</u>	<u>(72,558)</u>	<u>(65,938)</u>
Total	<u><u>\$ 50,367</u></u>	<u><u>\$ 1,925,443</u></u>	<u><u>\$ 1,975,810</u></u>

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

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

Wage inflation:

Current measurement date	2.40%
Prior measurement date	2.40%

Future salary increases, including inflation:

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

COLA or ad hoc COLA:

Current measurement date	2.00%
Prior measurement date	2.00%

Investment rate of return:

Current measurement date	7.00% net of system expenses
Prior measurement date	7.00% net of system expenses

Discount rate:

Current measurement date	7.00%
Prior measurement date	7.00%

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

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

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

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

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

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

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

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 13,108,946	\$ 8,881,708	\$ 5,321,064

Actuarial Assumptions - STRS

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

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

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

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

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

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

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

* Final target weights reflected at October 1, 2022.

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

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

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

	Current Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
District's proportionate share of the net pension liability	\$ 48,316,571	\$ 31,419,717	\$ 17,129,603

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

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

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

Plan Description - School Employees Retirement System (SERS)

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2024, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the District's surcharge obligation was \$121,643.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contractually required contribution to SERS was \$121,643 for fiscal year 2024, which is reported as a liability.

Plan Description - State Teachers Retirement System (STRS)

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

**ALLIANCE CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

The net OPEB liability/asset was measured as of June 30, 2023, and the total OPEB liability/asset used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability/asset was based on the District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB			
liability/asset prior measurement date	0.173103500%	0.143003190%	
Proportion of the net OPEB			
liability/asset current measurement date	<u>0.166258400%</u>	<u>0.145901130%</u>	
Change in proportionate share	<u>-0.006845100%</u>	<u>0.002897940%</u>	
Proportionate share of the net			
OPEB liability	\$ 2,739,015	\$ -	\$ 2,739,015
Proportionate share of the net			
OPEB (asset)	\$ -	\$ (2,837,575)	\$ (2,837,575)
OPEB expense	\$ (210,809)	\$ (145,355)	\$ (356,164)

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 5,707	\$ 4,423	\$ 10,130
Net difference between projected and actual earnings on OPEB plan investments	21,232	5,062	26,294
Changes of assumptions	926,143	418,015	1,344,158
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	256,655	22,755	279,410
Contributions subsequent to the measurement date	<u>121,643</u>	<u>-</u>	<u>121,643</u>
Total deferred outflows of resources	<u>\$ 1,331,380</u>	<u>\$ 450,255</u>	<u>\$ 1,781,635</u>

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 1,412,614	\$ 432,809	\$ 1,845,423
Changes of assumptions	777,903	1,872,196	2,650,099
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	<u>134,547</u>	<u>45,145</u>	<u>179,692</u>
Total deferred inflows of resources	<u><u>\$ 2,325,064</u></u>	<u><u>\$ 2,350,150</u></u>	<u><u>\$ 4,675,214</u></u>

\$121,643 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2025.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2025	\$ (325,462)	\$ (828,118)	\$ (1,153,580)
2026	(306,947)	(400,440)	(707,387)
2027	(198,250)	(147,293)	(345,543)
2028	(129,015)	(199,687)	(328,702)
2029	(103,487)	(182,742)	(286,229)
Thereafter	<u>(52,166)</u>	<u>(141,615)</u>	<u>(193,781)</u>
Total	<u><u>\$ (1,115,327)</u></u>	<u><u>\$ (1,899,895)</u></u>	<u><u>\$ (3,015,222)</u></u>

Actuarial Assumptions - SERS

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

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

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

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

Wage inflation:

Current measurement date	2.40%
Prior measurement date	2.40%

Future salary increases, including inflation:

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

Investment rate of return:

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

Municipal bond index rate:

Current measurement date	3.86%
Prior measurement date	3.69%

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

Current measurement date	4.27%
Prior measurement date	4.08%

Medical trend assumption:

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

In 2023, the following mortality assumptions were used:

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

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

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

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

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

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

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

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates - The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability, what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.27%) and higher (5.27%) than the current discount rate (4.27%). Also shown is what the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (5.75% decreasing to 3.40%) and higher (7.75% decreasing to 5.40%) than the current rate (6.75% decreasing to 4.40%).

	Current		
	1% Decrease	Discount Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 3,501,246	\$ 2,739,015	\$ 2,137,967
	1% Decrease	Current	1% Increase
District's proportionate share of the net OPEB liability	\$ 2,012,260	\$ 2,739,015	\$ 3,702,066

Actuarial Assumptions - STRS

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

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

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

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

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

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

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

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

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

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

* Final target weights reflected at October 1, 2022.

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

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

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

	Current		
	1% Decrease	Discount Rate	1% Increase
District's proportionate share of the net OPEB asset	\$ 2,401,636	\$ 2,837,575	\$ 3,217,232
	1% Decrease	Current Trend Rate	1% Increase
	\$ 3,234,850	\$ 2,837,575	\$ 2,359,065

NOTE 14 - JOINTLY GOVERNED ORGANIZATION

Stark/Portage Area Computer Consortium (SPARCC) is a jointly governed organization created as a regional council of governments made up of public school districts and county boards of education 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 the Consortium. The Stark County Educational Services Center serves as the fiscal agent of the consortium 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 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.

NOTE 15 - PUBLIC ENTITY RISK POOLS

A. Risk Sharing Pool

The District is a member of the Stark County Schools Council of Governments Health Benefit Plan (the Council), through which a cooperative Health Benefit Program was created for the benefit of its members. The Health Benefit Program (the "Program") is an employee health benefit plan which covers the participating members' employees. The Council acts as a fiscal agent for the cash funds paid into the program by the participating school districts. These funds are pooled together for the purpose of paying health benefit claims for employees and their covered dependents, administrative expenses of the program, and premiums for stop-loss insurance coverage. The District accounts for the premiums paid as expenditures in the general or applicable fund.

B. Insurance Purchasing Pool

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

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 16 - CONTINGENCIES

A. Grants

The 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the District at June 30, 2024, if applicable, cannot be determined at this time.

B. Litigation

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

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education and Workforce (ODEW) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year-end. ODEW has finalized the impact of enrollment adjustments to the June 30, 2024 Foundation funding for the District, which resulted in a liability and is included as an intergovernmental payable on the financial statements.

NOTE 17 - SET-ASIDES

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

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2023	\$ -
Current year set-aside requirement	584,358
Current year offsets	<u>(1,142,243)</u>
Total	<u>\$ (557,885)</u>
Balance carried forward to fiscal year 2025	<u>\$ -</u>
Set-aside balance June 30, 2024	<u>\$ -</u>

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 18 - OTHER COMMITMENTS

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General	\$ 822,855
Elementary and Secondary School Emergency Relief	2,547
Permanent improvement	786,617
Nonmajor governmental funds	<u>119,014</u>
Total	<u><u>\$ 1,731,033</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - over (under) Actual Amounts
	Original	Final		
Budgetary revenues and other financing sources	\$ 41,561,046	\$ 51,062,716	\$ 39,996,371	\$ (11,066,345)
Budgetary expenditures and other financing uses	<u>54,301,478</u>	<u>53,159,393</u>	<u>39,875,216</u>	<u>(13,284,177)</u>
Net change in fund balance	(12,740,432)	(2,096,677)	121,155	2,217,832
Budgetary fund balance at beginning of year	10,407,851	10,407,851	10,407,851	-
Prior year encumbrances appropriated	3,007,651	3,007,651	3,007,651	-
Budgetary fund balance at end of year	<u>\$ 675,070</u>	<u>\$ 11,318,825</u>	<u>\$ 13,536,657</u>	<u>\$ 2,217,832</u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - over (under) Actual Amounts
	Original	Final		
Budgetary revenues and other financing sources	\$ 10,000,000	\$ 10,000,000	\$ 5,997,496	\$ (4,002,504)
Budgetary expenditures and other financing uses	<u>6,924,464</u>	<u>7,323,711</u>	<u>5,749,776</u>	<u>(1,573,935)</u>
Net change in fund balance	3,075,536	2,676,289	247,720	(2,428,569)
Budgetary fund balance (deficit) at beginning of year	(626,972)	(626,972)	(626,972)	-
Prior year encumbrances appropriated	<u>252</u>	<u>252</u>	<u>252</u>	<u>-</u>
Budgetary fund balance (deficit) at end of year	<u><u>\$ 2,448,816</u></u>	<u><u>\$ 2,049,569</u></u>	<u><u>\$ (379,000)</u></u>	<u><u>\$ (2,428,569)</u></u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Fiscal Year (1)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.16073990%	\$ 8,881,708	\$ 6,355,843	139.74%	76.06%
2023	0.16966690%	9,176,906	6,007,400	152.76%	75.82%
2022	0.16424850%	6,060,293	5,761,679	105.18%	82.86%
2021	0.15617620%	10,329,823	5,596,700	184.57%	68.55%
2020	0.15630680%	9,352,110	5,387,607	173.59%	70.85%
2019	0.14321760%	8,202,337	4,935,852	166.18%	71.36%
2018	0.14271930%	8,527,163	4,526,893	188.37%	69.50%
2017	0.13761930%	10,072,463	4,862,971	207.13%	62.98%
2016	0.13716180%	7,826,585	4,965,865	157.61%	69.16%
2015	0.13034300%	6,596,585	4,420,664	149.22%	71.70%

Fiscal Year	Contributions in Relation to the Contractually Required Contributions		Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
Fiscal Year	Contractually Required Contributions	Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 1,032,484	\$ (1,032,484)	\$ -	\$ 7,374,886	14.00%
2023	889,818	(889,818)	-	6,355,843	14.00%
2022	841,036	(841,036)	-	6,007,400	14.00%
2021	806,635	(806,635)	-	5,761,679	14.00%
2020	783,538	(783,538)	-	5,596,700	14.00%
2019	727,327	(727,327)	-	5,387,607	13.50%
2018	666,340	(666,340)	-	4,935,852	13.50%
2017	633,765	(633,765)	-	4,526,893	14.00%
2016	680,816	(680,816)	-	4,862,971	14.00%
2015	654,501	(654,501)	-	4,965,865	13.18%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Fiscal Year (1)	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2024	0.14590113%	\$ 31,419,717	\$ 19,798,107	158.70%	80.02%
2023	0.14300319%	31,789,789	18,583,743	171.06%	78.88%
2022	0.14053794%	17,969,038	17,588,164	102.17%	87.78%
2021	0.14403611%	34,851,614	17,611,200	197.89%	75.48%
2020	0.14271769%	31,561,159	16,686,286	189.14%	77.40%
2019	0.14193511%	31,208,344	16,413,571	190.14%	77.31%
2018	0.13825869%	32,843,648	15,459,886	212.44%	75.30%
2017	0.13779957%	46,125,669	14,134,171	326.34%	66.80%
2016	0.13507878%	37,331,824	14,471,986	257.96%	72.10%
2015	0.14116927%	34,337,252	14,788,400	232.19%	74.70%

Fiscal Year	Contributions in Relation to the Contractually Required Contributions		Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 2,727,228	\$ (2,727,228)	\$ -	\$ 19,480,200	14.00%
2023	2,771,735	(2,771,735)	-	19,798,107	14.00%
2022	2,601,724	(2,601,724)	-	18,583,743	14.00%
2021	2,462,343	(2,462,343)	-	17,588,164	14.00%
2020	2,465,568	(2,465,568)	-	17,611,200	14.00%
2019	2,336,080	(2,336,080)	-	16,686,286	14.00%
2018	2,297,900	(2,297,900)	-	16,413,571	14.00%
2017	2,164,384	(2,164,384)	-	15,459,886	14.00%
2016	1,978,784	(1,978,784)	-	14,134,171	14.00%
2015	2,026,078	(2,026,078)	-	14,471,986	14.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT AND TEN FISCAL YEARS

Fiscal Year (1) (2)	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2024	0.16625840%	\$ 2,739,015	\$ 6,355,843	43.09%	30.02%
2023	0.17310350%	2,430,391	6,007,400	40.46%	30.34%
2022	0.16951400%	3,208,193	5,761,679	55.68%	24.08%
2021	0.16253400%	3,532,396	5,596,700	63.12%	18.17%
2020	0.16007100%	4,025,449	5,387,607	74.72%	15.57%
2019	0.14547890%	4,035,978	4,935,852	81.77%	13.57%
2018	0.14450330%	3,878,089	4,526,893	85.67%	12.46%
2017	0.13926326%	3,969,518	4,862,971	81.63%	11.49%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ 121,643	\$ (121,643)	\$ -	\$ 7,374,886	1.65%
2023	126,158	(126,158)	-	6,355,843	1.98%
2022	92,250	(92,250)	-	6,007,400	1.54%
2021	84,975	(84,975)	-	5,761,679	1.47%
2020	106,640	(106,640)	-	5,596,700	1.91%
2019	124,112	(124,112)	-	5,387,607	2.30%
2018	104,093	(104,093)	-	4,935,852	2.11%
2017	77,260	(77,260)	-	4,526,893	1.71%
2016	69,615	(69,615)	-	4,862,971	1.43%
2015	106,983	(106,983)	-	4,965,865	2.15%

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

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

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST EIGHT AND TEN FISCAL YEARS

Fiscal Year (1) (2)	District's Proportion of the Net OPEB Liability/(Asset)	District's Proportionate Share of the Net OPEB Liability/(Asset)	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
2024	0.14590113%	\$ (2,837,575)	\$ 19,798,107	14.33%	168.52%
2023	0.14300319%	(3,702,828)	18,583,743	19.93%	230.73%
2022	0.14053800%	(2,963,128)	17,588,164	16.85%	174.73%
2021	0.14403600%	(2,531,430)	17,611,200	14.37%	182.10%
2020	0.14271800%	(2,363,753)	16,686,286	14.17%	174.70%
2019	0.14193511%	(2,280,752)	16,413,571	13.90%	176.00%
2018	0.13825869%	5,394,344	15,459,886	34.89%	47.10%
2017	0.13779957%	7,369,557	14,134,171	52.14%	37.30%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2024	\$ -	\$ -	\$ -	\$ 19,480,200	0.00%
2023	-	-	-	19,798,107	0.00%
2022	-	-	-	18,583,743	0.00%
2021	-	-	-	17,588,164	0.00%
2020	-	-	-	17,611,200	0.00%
2019	-	-	-	16,686,286	0.00%
2018	-	-	-	16,413,571	0.00%
2017	-	-	-	15,459,886	0.00%
2016	-	-	-	14,134,171	0.00%
2015	-	-	-	14,471,986	0.00%

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

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

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 1 - BUDGETARY PROCESS

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

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

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

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

Net Change in Fund Balance

	<u>General fund</u>	<u>ESSER Fund</u>
Budget basis	\$ 121,155	\$ 247,720
Net adjustment for revenue and other financing sources accruals	643,455	(332,378)
Net adjustment for expenditure and other financing uses accruals	306,604	(272,365)
Funds budgeted elsewhere	(156,777)	-
Adjustments for encumbrances	<u>934,881</u>	<u>17,666</u>
GAAP Basis	<u><u>\$ 1,849,318</u></u>	<u><u>\$ (339,357)</u></u>

As part of Governmental Accounting Standards Board Statement No. 54, “Fund Balance Reporting”, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund. This includes the uniform school supplies fund, customer service fund, public school support fund, District agency fund, and the adult education fund.

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

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

Change in assumptions:

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

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

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

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2015.
- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2024.

Changes in assumptions:

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

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

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

Change in assumptions:

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

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

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

- For fiscal year 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50%-18.20% to 3.25%-13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate went from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.
- For fiscal year 2024, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.69% to 3.86%, (b) single equivalent interest rate went from 4.08% to 4.27% and (c) medical trend assumptions went from 7.00% to 4.40% to 6.75% to 4.40%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

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

**ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY, OHIO**

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

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

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate was increased from 3.26% to 4.13% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB), (b) the long term expected rate of return was reduced from 7.75% to 7.45%, (c) valuation year per capita health care costs were updated, and the salary scale was modified, (d) the percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased and (e) the assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability/asset since the prior measurement date: (a) the discount rate was increased from the blended rate of 4.13% to the long-term expected rate of return of 7.45% based on the methodology defined under GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans (OPEB) and (b) decrease in health care cost trend rates from 6.00%-11.00% initial; 4.50% ultimate down to Medical Pre-Medicare 6.00% and Medicare 5.00% initial; 4.00% ultimate and Prescription Drug Pre-Medicare 8.00% and Medicare (5.23%) initial; 4.00% ultimate.
- For fiscal year 2020, health care cost trend rates were changed to the following: medical pre-Medicare from 6.00% initial - 4.00% ultimate down to 5.87% initial - 4.00% ultimate; medical Medicare from 5.00% initial - 4.00% ultimate down to 4.93% initial - 4.00% ultimate; prescription drug pre-Medicare from 8.00% initial - 4.00% ultimate down to 7.73% initial - 4.00% ultimate and (5.23%) initial - 4.00% ultimate up to 9.62% initial - 4.00% ultimate.
- For fiscal year 2021, health care cost trend rates were changed to the following: medical pre-Medicare from 5.87% initial - 4.00% ultimate down to 5.00% initial - 4.00% ultimate; medical Medicare from 4.93% initial - 4.00% ultimate down to -6.69% initial - 4.00% ultimate; prescription drug pre-Medicare from 7.73% initial - 4.00% ultimate down to 6.50% initial - 4.00% ultimate; prescription drug Medicare from 9.62% initial - 4.00% ultimate up to 11.87% initial - 4.00% ultimate.
- For fiscal year 2022, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00%, (b) the discount rate of return was reduced from 7.45% to 7.00% and (c) health care cost trend rates were changed to the following: medical Medicare from -6.69% initial - 4.00% ultimate down to -16.18% initial - 4.00% ultimate; prescription drug Medicare from 11.87% initial - 4.00% ultimate up to 29.98% initial - 4.00% ultimate.
- For fiscal year 2023, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) projected salary increase went from 12.50% at age 20 to 2.50% at age 65 to varies by services from 2.50% to 8.50% and (b) health care cost trend rates were changed to the following: Pre-Medicare from 5.00% initial - 4.00% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from -16.18% initial - 4.00% ultimate to -68.78% initial - 3.94% ultimate; prescription drug Pre-Medicare from 6.50% initial - 4.00% ultimate to 9.00% initial - 3.94% ultimate; Medicare from 29.98% initial - 4.00% ultimate to -5.47% initial - 3.94% ultimate.
- For fiscal year 2024, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: Pre-Medicare from 7.50% initial - 3.94% ultimate to 7.50% initial - 4.14% ultimate; medical Medicare from -68.78% initial - 3.94% ultimate to -10.94% initial - 4.14% ultimate; prescription drug Pre-Medicare from 9.00% initial - 3.94% ultimate to -11.95% initial - 4.14% ultimate; Medicare from -5.47% initial - 3.94% ultimate to 1.33% initial - 4.14% ultimate.

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ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

FEDERAL GRANTOR <i>Pass Through Grantor</i> <i>Program / Cluster Title</i>	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures	Total Federal Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE					
<i>Passed Through Ohio Department of Education and Workforce</i>					
Child Nutrition Cluster:					
National School Breakfast Program	10.553	043497-3L70-2024		461,149	
National School Lunch Program	10.555	043497-3L60-2024		1,187,595	132,292
Summer Food Service Program for Children	10.559	043497-3GE0-2024		72,342	
Total Child Nutrition Cluster				1,721,086	132,292
Total U.S. Department of Agriculture				1,721,086	132,292
U.S. DEPARTMENT OF EDUCATION					
<i>Passed Through Federal Communications Commission</i>					
Emergency Connectivity Fund Program	32.009	Not Available		5,010	
<i>Passed Through Ohio Department of Education and Workforce</i>					
Title I-A Improving Basic Programs	84.010	043497-3M00-2023		267,506	
Title I-A Improving Basic Programs	84.010	043497-3M00-2024		1,223,559	
Expanding Opportunities for Each Child Non-Competitive Grant	84.010A	043497-3M00-2023		7,793	
Expanding Opportunities for Each Child Non-Competitive Grant	84.010A	043497-3M00-2024		40,160	
Title-I Non-Competitive Supplemental School Improvements	84.010A	043497-3M00-2023		11,292	
Title-I Non-Competitive Supplemental School Improvements	84.010A	043497-3M00-2024		83,705	
Total Title I Grants to Local Educational Agencies				1,634,015	
Special Education Cluster:					
Special Education Grants to States	84.027	043497-3M20-2023		98,583	
Special Education Grants to States	84.027	043497-3M20-2024		734,104	
COVID-19 ARP IDEA Part B Special Education	84.027X	043497-3IA0-2023		8,958	
Special Education Preschool Grants	84.173	043497-3C50-2022		2,702	
Special Education Preschool Grants	84.173	043497-3C50-2023		14,179	
Total Special Education Cluster				858,526	
Improving Teacher Quality State Grants	84.367	043497-3Y60-2023		16,194	
Improving Teacher Quality State Grants	84.367	043497-3Y60-2024		124,838	
Total Improving Teacher Quality State Grants				141,032	
Career and Technical Education - Basic Grants to States - Secondary	84.048	043497-3L90-2023		20,439	
Career and Technical Education - Basic Grants to States - Secondary	84.048	043497-3L90-2024		141,545	
Total Career and Technical Education - Basic Grants to States				161,984	
Student Support and Academic Enrichment Program	84.424	043497-3H10-2023		20,302	
Student Support and Academic Enrichment Program	84.424	043497-3H10-2024		110,589	
Stronger Connections Grant	84.424F	043497-3H10-2024		110,842	
Total Student Support and Academic Enrichment Program				241,733	
Comprehensive Literacy State Development Subgrant	84.371C	043497-3HL0-2023		17,001	
Comprehensive Literacy State Development Subgrant	84.371C	043497-3HL0-2024		91,618	
Total Comprehensive Literacy State Development Subgrant				108,619	
COVID-19 Elementary and Secondary School Emergency Relief II	84.425D	043497-3HS0-2023		407,656	
COVID-19 ARP Elementary and Secondary School Emergency Relief	84.425U	043497-3HS0-2023		5,268,984	
COVID-19 ARP Elementary and Secondary School Emergency Relief - Homeless Children	84.425W	Not Available		55,470	
Total Elementary and Secondary School Emergency Relief				5,732,110	
Total U.S. Department of Education				8,883,029	
Total Expenditures of Federal Awards				\$10,604,115	\$132,292

The accompanying notes are an integral part of this schedule.

**ALLIANCE CITY 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, 2024**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Alliance City School District (the District) under programs of the federal government for the year ended June 30, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with DEW's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2024 to 2025 programs:

<u>Program Title</u>	<u>AL Number</u>	<u>Amt. Transferred</u>
Title I Grants to Local Educational Agencies	84.010	\$ 99,693
Improving Teacher Quality State Grant	84.367	\$ 29,923
Student Support and Academic Enrichment Program	84.424	\$ 17,805
Special Education Grants to States	84.027	\$ 71,640
Special Education Preschool Grants	84.173	\$ 1,188
Comprehensive Literacy State Development Subgrant	84.371C	\$ 26,162



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

Alliance City School District
Stark County
200 Glamorgan St.
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 Alliance City School District, Stark County, Ohio (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 21, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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.

Alliance City School District
Stark County
Independent Auditor's Report On Internal Control Over
Financial Reporting And On Compliance And Other Matters
Required By *Government Auditing Standards*
Page 2

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

February 21, 2025



65 East State Street
Columbus, Ohio 43215
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800-282-0370

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

Alliance City School District
Stark County
200 Glamorgan St.
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 Alliance City 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 Alliance City School District's major federal programs for the year ended June 30, 2024. Alliance City School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Alliance City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the 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.

Alliance City School District

Stark County

Independent Auditor's Report on Compliance with Requirements

Applicable to the Major Federal Program and on Internal Control Over Compliance

Required by the Uniform Guidance

Page 3

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

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

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



Keith Faber
Auditor of State
Columbus, Ohio

February 21, 2025

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ALLIANCE CITY SCHOOL DISTRICT
STARK COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2024

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material 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):	Title I Special Education Cluster
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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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OHIO AUDITOR OF STATE KEITH FABER



ALLIANCE CITY 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 3/18/2025

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

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