



OHIO AUDITOR OF STATE  
**KEITH FABER**





**AKRON CITY SCHOOL DISTRICT  
SUMMIT COUNTY  
JUNE 30, 2021**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Management's Discussion and Analysis .....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	15
Statement of Activities.....	17
Fund Financial Statements:	
Balance Sheet	
Governmental Funds .....	18
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities .....	19
Statement of Revenues, Expenditures, and Changes in Fund Balances Governmental Funds.....	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	21
Statement of Revenues, Expenditures and Changes in Fund Balance Balance – Budget (Non-GAAP Basis) and Actual – General Fund.....	22
Statement of Fund Net Position	
Proprietary Fund.....	23
Statement of Revenues, Expenses and Changes in Fund Net Position Proprietary Fund.....	24
Statement of Cash Flows	
Proprietary Fund.....	25
Statement of Changes in Fiduciary Net Position	
Custodial Fund .....	26
Notes to the Basic Financial Statements.....	27

**AKRON CITY SCHOOL DISTRICT  
SUMMIT COUNTY  
JUNE 30, 2021**

**TABLE OF CONTENTS  
(Continued)**

<b>TITLE</b>	<b>PAGE</b>
Required Supplementary Information:	
Schedule of the School District's Proportionate Share of the Net Pension Liability.....	72
Schedule of School District Contributions - Pension.....	74
Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset).....	76
Schedule of School District Contributions - OPEB.....	78
Notes to Required Supplementary Information.....	80
Schedule of Receipts and Expenditures of Federal Awards.....	81
Notes to the Schedule of Receipts and Expenditures of Federal Awards.....	83
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	85
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.....	87
Schedule of Findings.....	89

# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

## INDEPENDENT AUDITOR'S REPORT

Akron City School District  
Summit County  
10 North Main Street  
Akron, Ohio 44308

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Akron City School District, Summit County, Ohio (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Opinion**

In our opinion, the 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 District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 23 to the financial statements, during 2021, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. Additionally, as discussed in Note 24 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the District. We did not modify our opinion regarding these matters.

**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

*Supplementary and Other Information*

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Federal Awards Receipt and Expenditures Schedule presents additional analysis 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 and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2022, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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

May 16, 2022

**This page intentionally left blank.**



***Akron City School District***  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
Unaudited

---

The discussion and analysis of the Akron City School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for the fiscal year ended June 30, 2021 are as follows:

- Total net position increased \$24,922,288. This is 25.8 percent increase from fiscal year 2020.
- Total revenues on the statement of activities increased to \$455,515,231 from \$406,025,964. This is an increase of \$49,489,267 or 12.2 percent.
- Total program expenses were \$460,592,943. Total program expenses decreased from \$445,906,067 from fiscal year 2020. This is a decrease of \$15,313,124 or 3.4 percent.
- The fund balance in the general fund increased \$36,782,304. This is a 82.1 percent increase from fiscal year 2020.
- The net pension and net other postemployment benefits (OPEB) liability increased \$32,286,960 from fiscal year 2020. This increase is due to the public retirement systems' projections and estimates and changing enrollment and retirements. In addition to the increase indicated, one retirement system is continuing to report an asset for their OPEB obligation.

**Using this Annual Report**

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

The Statement of Net Position and the Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, the fund financial statements tell how services were financed in the short-term and what remains for future spending. Also, the fund financial statements look at the School District's most significant funds with all other nonmajor funds presented in total in one column. The School District has three major funds. They are the general fund, the permanent improvement capital projects fund and the classroom facilities capital projects fund.

***Akron City School District***  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
Unaudited

---

*Reporting the School District as a Whole – Statement of Net Position and Statement of Activities*

While the basic financial statements contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2021?" The Statement of Net Position and the Statement of Activities answer this question. These two statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the basis of accounting used by most companies in the private sector. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the activities of the School District's programs and services are accounted for as governmental activities. Thus, all of the School District's programs and services are reported here (excluding fiduciary funds) including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities and food service operations.

*Reporting the School District's Most Significant Funds – Fund Financial Statements*

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

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

**Akron City School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
Unaudited

**The School District as a Whole**

Recall that the Statement of Net Position provides perspective on the School District as a whole.

Table 1 provides a summary of the School District's net position for fiscal year 2021 compared to fiscal year 2020 as follows:

Table 1 Net Position Governmental Activities		
	<u>2021</u>	<u>Restated 2020</u>
<b>Assets:</b>		
Current and other assets	\$ 381,081,804	\$ 364,617,045
Net OPEB asset	22,840,637	21,362,474
Capital assets, net of depreciation	<u>326,724,175</u>	<u>314,788,016</u>
Total assets	<u>730,646,616</u>	<u>700,767,535</u>
<b>Deferred outflows of resources:</b>		
Expense	36,000,000	39,000,000
Pension	71,215,690	69,158,715
OPEB	<u>9,708,505</u>	<u>7,067,799</u>
Total deferred inflows of resources	<u>116,924,195</u>	<u>115,226,514</u>
<b>Liabilities:</b>		
Current liabilities	96,297,956	110,043,923
Long-term liabilities:		
Due with in one year	3,034,702	3,097,700
Due in more than one year:		
Net pension liability	401,348,198	364,023,183
Net OPEB liability	28,903,614	33,941,669
Other amounts due in more than one year	<u>31,903,524</u>	<u>30,049,305</u>
Total liabilities	<u>561,487,994</u>	<u>541,155,780</u>
<b>Deferred inflows of resources:</b>		
Property taxes	114,929,911	117,890,406
Payments in lieu of taxes	4,205,598	4,404,658
Pension	5,428,181	22,330,085
OPEB	<u>43,441,185</u>	<u>37,057,466</u>
Total deferred inflows of resources	<u>168,004,875</u>	<u>181,682,615</u>
<b>Net position:</b>		
Net investment in capital assets	321,589,079	314,788,016
Restricted	62,233,242	78,176,123
Unrestricted	<u>(265,744,379)</u>	<u>(299,808,485)</u>
Total net position	<u>\$ 118,077,942</u>	<u>\$ 93,155,654</u>

***Akron City School District***  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
Unaudited

---

Net investment in capital assets reported on the government-wide statements represents a large component of net position. Capital assets include land and construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles which are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, \$62,233,242 represents resources that are subject to external restrictions on how the funds may be used. Of the total restricted assets; \$13,007 is restricted for debt service payments, \$24,256,751 is restricted for other purposes and \$37,963,484 is restricted for capital projects. The remaining significant balance of government-wide unrestricted net position happens to be a deficit of (\$265,744,379).

The net pension liability is the largest single liability reported by the School District at June 30, 2021. Users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

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

Intergovernmental receivable increased \$1,615,860. The increase in intergovernmental receivable was mostly attributed to the grants receivable. This increase was mainly due to federal grant receivables related to emergency relief regarding the COVID-19 pandemic.

The self-insurance internal service fund's cash and cash equivalents increased \$3,914,011 as compared to fiscal year 2020. This is due to a change in investment portfolio as total cash and investments increased \$1,015,635 compared to 2020. Expenses increased due to an increase in health care claim costs in the School District as a whole. Health insurance costs are projected to increase in fiscal year 2022. Revenues are receipted into this fund throughout the fiscal year based on that health insurance projection.

***Akron City School District***  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2021  
 Unaudited

In addition, capital assets increased \$11,936,159. The increase in capital assets was mainly due to the School District's increase in construction in progress. The change in capital assets will be discussed in greater detail later.

As indicated above, the net pension liabilities increased and net OPEB liabilities decreased in fiscal year 2021.

As a result of implementing the accounting standard for pension and OPEB, the School District is reporting a significant net pension liability, net OPEB liability, related deferred inflows of resources and an increase in pension expense for the fiscal year which have a negative effect on net position. In addition, the School District is reporting a net OPEB asset, deferred outflows of resources and a decrease in expenses related to OPEB, which have a positive impact on net position. The increase and decrease in pension and OPEB expense is the difference between the contractually required contributions and the pension and OPEB expense resulting from the change in the liability or asset that is not reported as deferred inflows or outflows. These amounts can be found in the reconciliation of the statement of revenues, expenditures and changes in fund balances of governmental funds to the statement of activities. To further explain the impact of these accounting standards on the School District's net position, additional information is presented below.

	<u>2021</u>	<u>2020</u>
Deferred outflows - pension	\$ 71,215,690	\$ 69,158,715
Deferred outflows - OPEB	9,708,505	7,067,799
Deferred inflows - pension	(5,428,181)	(22,330,085)
Deferred inflows - OPEB	(43,441,185)	(37,057,466)
Net pension liability	(401,348,198)	(364,023,183)
Net OPEB liability	(28,903,614)	(33,941,669)
Net OPEB asset	<u>22,840,637</u>	<u>21,362,474</u>
Impact of GASB 68 and GABB 75 on net position	<u>\$ (375,356,346)</u>	<u>\$ (359,763,415)</u>

**Akron City School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
Unaudited

Table 2 shows change in net position for fiscal years 2021 and 2020.

Table 2  
Governmental Activities

	<u>2021</u>	<u>2020</u>
<b>Revenue:</b>		
Program revenues:		
Charges for services and sales	\$ 8,638,036	\$ 9,590,152
Operating grants and contributions	115,305,754	76,631,143
Capital grants and contributions	172,238	835,240
General revenues:		
Property taxes	131,464,978	118,124,541
Grants and entitlements	193,813,361	192,228,253
Payment in lieu of taxes	4,802,687	5,759,974
Investment earnings	330,006	2,169,764
Miscellaneous	988,171	686,897
<b>Total revenues</b>	<u>455,515,231</u>	<u>406,025,964</u>
<b>Expenses:</b>		
Instruction:		
Regular	170,646,815	167,144,089
Special	70,288,416	68,873,904
Vocational	14,308,404	14,190,751
Adult/continuing	227,089	202,525
Other	7,193,078	7,040,624
Support services:		
Pupils	26,317,790	25,506,274
Instructional staff	24,932,809	24,533,195
Board of education	95,005	107,329
Administration	28,079,222	26,392,247
Fiscal	5,493,531	6,791,320
Business	2,768,416	2,617,770
Operation and maintenance of plant	42,414,604	56,347,184
Pupil transportation	7,151,944	13,192,600
Central	11,542,110	11,613,566
Operation of non-instructional services	5,218,686	4,388,929
Operation of food services	9,486,189	13,254,438
Extracurricular activities	4,428,835	3,709,322
<b>Total expenses</b>	<u>430,592,943</u>	<u>445,906,067</u>
Changes in net position	24,922,288	(39,880,103)
Beginning net position	93,155,654	132,606,565
Restatement	-	429,192
Ending net position	<u>\$ 118,077,942</u>	<u>\$ 93,155,654</u>

**Akron City School District**  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
Unaudited

---

While program revenues increased for governmental activities from \$87,056,535 to \$124,116,028, the vast majority of revenues supporting governmental activities are general revenues. General revenues increased from \$318,969,429 in fiscal year 2020 to \$331,399,203 in fiscal year 2021. General revenues comprised 72.8 percent of revenues supporting governmental activities. The primary source of the increase in general revenues was an increase in property taxes and grants and entitlements not restricted to specific programs in the amount of \$14,925,545.

Several revenue sources fund our governmental activities, with property taxes and State foundation revenues being the largest contributors. Property tax levies generated \$131,464,978 in 2021. The increase in property tax is due partially to varying amounts available as an advance each year that are recognized as revenue. General revenues from grants and entitlements, such as the school foundation program, generated \$193,813,361. With the combination of taxes and intergovernmental funding 71.4% of all revenues, the School District monitors both of these revenue sources very closely for fluctuations.

The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by the levy will not increase solely as a result of inflation. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners), the effective tax rate would become 0.5 mills and the owner would still pay \$35.00. Thus, school districts dependent upon property taxes are hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 39.7 percent of total general revenues for governmental activities for the School District in fiscal year 2021.

Overall, expenses for governmental activities decreased \$15,313,124 or 3.4% from fiscal year 2020 reported amounts. This is again due to changes in the net pension and net OPEB liabilities and the net OPEB asset.

The dependence upon tax revenues for governmental activities is apparent with only 28.8% of governmental expenses supported by program revenues. The community, as a whole, is by far the primary support for the School District students.

**The School District's Funds**

Information about the School District's major funds begins on page 18. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$462,283,835 and expenditures of \$425,760,549. The net change in fund balances for the fiscal year was an increase of \$36,523,286 for all governmental funds with the most significant increase in the general fund.

***Akron City School District***  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
Unaudited

---

The general fund's net change in fund balance for fiscal year 2021 was an increase of \$36,782,304. Revenues in the general fund increased \$3,568,647 or 1.0 percent from fiscal year 2020 to fiscal year 2021. This was due to an increase in taxes, intergovernmental, and interest revenue. In addition, expenditures in the general fund decreased \$32,743,707 or 9.5 percent. Expenditures in the general fund decreased over several different categories but not from any individually significant event. However, the largest decreases were through regular instruction and administration support services.

The classroom facilities fund's net change in fund balance for fiscal year 2021 was an increase of \$3,387,669 or 43.7 percent. Revenues in the classroom facilities capital projects fund increased \$13,925,101 or 261.0 percent. This increase is due to an increase in intergovernmental revenue from the State in connection with the OFCC construction project and expenditures did not exceed revenues resulting in an increase in fund balance.

The permanent improvement fund's net change in fund balance for fiscal year 2021 was a decrease of \$131,904. Expenditures in the permanent improvement capital projects fund exceeded the amount of revenue received during the year, this was mainly due from the annual contribution made to the City of Akron. See Note 1 for more information.

**General Fund Budgeting Highlights**

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

During the course of fiscal year 2021, the School District amended its general fund budget numerous times; however, none of these amendments were significant. The School District uses a modified site-based budgeting system designed to tightly control total site budgets but provide flexibility for site management.

Total actual expenditures and other financing uses on the budget basis (cash outlays plus encumbrances) were \$314,387,524, \$34,735,551 less than actual revenues and other financing sources.

The School District's ending unobligated cash balance was \$42,058,684 above the final budgeted amount. This was attributed to the School District spending \$36,216,022 less in expenditures and other financing uses than what was budgeted. The \$5,854,702 variance in revenues was mostly because the School District received less than estimated for intergovernmental revenue. The \$35,734,596 variance in expenditures was mostly the result of the School District spending less than budgeted in nearly every program.



**Akron City School District**  
 Management's Discussion and Analysis  
 For the Fiscal Year Ended June 30, 2021  
 Unaudited

**Capital Assets**

At the end of fiscal year 2021, the School District had \$326,724,175 invested in capital assets. Table 4 shows fiscal year 2021 balances compared to fiscal year 2020 as follows:

Table 4  
 Capital Assets (Net of Depreciation)  
 Governmental Activities

	<u>2021</u>	<u>2020</u>
Land	\$ 6,773,043	\$ 6,773,043
Construction in progress	21,142,082	6,230,901
Buildings and improvements	279,581,708	284,423,799
Furniture and equipment	12,786,568	11,763,356
Vehicles	6,440,774	5,596,917
Total Capital Assets, Net	<u>\$ 326,724,175</u>	<u>\$ 314,788,016</u>

Capital assets increased \$11,936,159 from fiscal year 2020 to fiscal year 2021. The increase is mainly due to the increase in construction in progress of \$14,911,181 on continuing construction projects. Buildings and improvements had a net decreased \$4,842,091 due to current year depreciation. The remaining increases were offset by current year depreciation.

The construction in progress increase can be mostly attributed to the final construction of Ellet Community Learning Center.

For further information on capital assets, see Note 9 of the notes to the basic financial statements.

As of June 30, 2021, the School District had contractual commitments for construction projects with contractors in the amount of \$25,954,333. For further information, see Note 18 of the notes to the basic financial statements.

**For the Future**

As the preceding information shows, the School District heavily depends on its property taxpayers. Financially, the future is not without challenges.

Management must diligently plan expenses, staying carefully within the School District's five-year plan.

Additional revenues must not be treated as a windfall to expand programs but as an opportunity to extend the time horizon of the five-year plan.

***Akron City School District***  
Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2021  
Unaudited

---

The School District is projecting a decrease in State funding for fiscal year 2022. Akron City School District management must plan carefully and prudently to provide the resources to meet student needs over the next several fiscal years.

Due to the unsettled issues in the school funding, management is required to plan carefully and prudently to provide the resources to meet student needs over the next several years. Beginning in 2022, a new formula is being used to determine funding from the State, however it is uncertain as to whether it will have a positive or negative impact on the School District's cash position. See Note 24 to the financial statements for more information about the potential impact from the global pandemic.

**Contacting the School District's Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Ryan Pendleton, CFO/Treasurer, at Akron City School District, 70 North Broadway, Akron, Ohio 44308 or email at [rpendlet@akron.k12.oh.us](mailto:rpendlet@akron.k12.oh.us).

***Akron City School District***

**Statement of Net Position**

**June 30, 2021**

	Governmental Activities
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 75,707,722
Cash and cash equivalents in segregated accounts	4,061,681
Investments in segregated accounts	87,994,551
Receivables:	
Accounts	2,370,671
Intergovernmental	47,560,103
Revenue in lieu of taxes	4,205,598
Taxes	157,788,975
Accrued interest	129,468
Due from the City of Akron	195,332
Prepaid items	160,909
Inventory held for resale	305,652
Materials and supplies inventory	601,142
Net OPEB asset	22,840,637
Capital assets:	
Nondepreciable capital assets	27,915,125
Depreciable capital assets	395,472,426
Accumulated depreciation	(96,663,376)
Total capital assets	<u>326,724,175</u>
Total assets	<u>730,646,616</u>
<u>Deferred outflows of resources:</u>	
Deferred expense	36,000,000
Pension	71,215,690
OPEB	<u>9,708,505</u>
Total deferred outflows of resources	<u>116,924,195</u>
<u>Liabilities:</u>	
Accounts payable	5,583,196
Accrued wages	21,816,008
Retainage payable	933,765
Intergovernmental payable	45,236,692
Matured compensated absences payable	472,104
Undistributed monies	679,413
Claims payable	5,804,339
Unearned revenue	5,841,045
Due to the City of Akron	9,931,394
Long-term liabilities:	
Due within one year	3,034,702
Due in more than one year:	
Net pension liability	401,348,198
Net OPEB liability	28,903,614
Other amounts due in more than one year	<u>31,903,524</u>
Total liabilities	<u>561,487,994</u>
<u>Deferred inflows of resources:</u>	
Property taxes	114,929,911
Payments in lieu of taxes	4,205,598
Pension	5,428,181
OPEB	<u>43,441,185</u>
Total deferred inflows of resources	<u>168,004,875</u>

(Continued)

***Akron City School District***  
**Statement of Net Position**  
**June 30, 2021**  
**(Continued)**

<u>Net position:</u>	
Net investment in capital assets	321,589,079
Restricted for:	
Capital projects	37,963,484
Debt service	13,007
Other purposes	24,256,751
Unrestricted (deficit)	<u>(265,744,379)</u>
Total net position	<u>\$ 118,077,942</u>

See accompanying notes to the basic financial statements.

**Akron City School District**  
**Statement of Activities**  
**For the Fiscal Year Ended June 30, 2021**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants, Contributions and Interest	Capital Grants and Contributions	
<b>Governmental Activities:</b>					
Instruction:					
Regular	\$ 170,646,815	\$ 5,814,366	\$ 42,563,536	\$ -	\$ (122,268,913)
Special	70,288,416	360,112	5,211,739	-	(64,716,565)
Vocational	14,308,404	320,382	5,024,935	-	(8,963,087)
Adult/continuing	227,089	10,207	108	-	(216,774)
Other	7,193,078	1,280	6,314,448	-	(877,350)
Support services:					
Pupils	26,317,790	-	10,859,592	-	(15,458,198)
Instructional staff	24,932,809	623,358	10,170,072	-	(14,139,379)
Board of education	95,005	-	-	-	(95,005)
Administration	28,079,222	-	12,882,200	-	(15,197,022)
Fiscal	5,493,531	-	813,174	-	(4,680,357)
Business	2,768,416	-	176,713	-	(2,591,703)
Operation and maintenance of plant	42,414,604	211,111	3,759,447	172,238	(38,271,808)
Pupil transportation	7,151,944	105,905	1,315,660	-	(5,730,379)
Central	11,542,110	731,038	1,150,639	-	(9,660,433)
Operation of non-instructional services	5,218,686	-	4,985,104	-	(233,582)
Operation of food services	9,486,189	272,070	8,553,328	-	(660,791)
Extracurricular activities	4,428,835	188,207	1,525,059	-	(2,715,569)
Total governmental activities	<u>\$ 430,592,943</u>	<u>\$ 8,638,036</u>	<u>\$ 115,305,754</u>	<u>\$ 172,238</u>	<u>(306,476,915)</u>

**General Revenues:**

Property taxes levied for:	
General purposes	127,369,254
Capital outlay	4,095,724
Grants and entitlements not restricted to specific programs	193,813,361
Payment in lieu of taxes	4,802,687
Investment earnings	330,006
Miscellaneous	988,171
Total general revenues	<u>331,399,203</u>
Change in net position	24,922,288
Net position beginning of year, as restated	<u>93,155,654</u>
Net position end of year	<u>\$ 118,077,942</u>

See accompanying notes to the basic financial statements.

**Akron City School District**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2021**

	General	Permanent Improvement	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>					
Equity in pooled cash and cash equivalents	\$ 16,318,991	\$ 143,663	\$ 12,597,089	\$ 25,410,885	\$ 54,470,628
Cash and cash equivalents:					
In segregated accounts	1,199	-	864,088	281,230	1,146,517
Investments in segregated accounts	70,706,257	-	-	15,159,863	85,866,120
Receivables:					
Taxes	153,011,376	4,777,599	-	-	157,788,975
Accounts	310,629	-	-	2,047,926	2,358,555
Intergovernmental	5,190,227	-	18,971,632	23,398,244	47,560,103
Revenue in lieu of taxes	4,205,598	-	-	-	4,205,598
Interfund	20,650,849	-	-	-	20,650,849
Accrued interest	78,335	-	21,651	23,367	123,353
Due from the City of Akron	-	-	195,332	-	195,332
Inventory held for resale	-	-	-	305,652	305,652
Materials and supplies inventory	50,616	-	-	-	50,616
Total assets	<u>270,524,077</u>	<u>4,921,262</u>	<u>32,649,792</u>	<u>66,627,167</u>	<u>374,722,298</u>
<u>Deferred outflows of resources:</u>					
Deferred expense	-	36,000,000	-	-	36,000,000
Total assets and deferred outflows of resources	<u>\$ 270,524,077</u>	<u>\$ 40,921,262</u>	<u>\$ 32,649,792</u>	<u>\$ 66,627,167</u>	<u>\$ 410,722,298</u>
<u>Liabilities:</u>					
Accounts payable	\$ 810,511	\$ -	\$ 1,682,471	\$ 3,068,645	\$ 5,561,627
Accrued wages	20,388,544	-	-	1,427,464	21,816,008
Interfund payable	-	-	-	20,650,849	20,650,849
Intergovernmental payable	8,735,819	36,000,000	-	500,873	45,236,692
Matured compensated absences payable	472,104	-	-	-	472,104
Undistributed monies	679,413	-	-	-	679,413
Unearned revenue	5,816,779	-	-	24,266	5,841,045
Retainage payable	-	-	864,088	69,677	933,765
Due to the City of Akron	-	-	-	9,931,394	9,931,394
Total liabilities	<u>36,903,170</u>	<u>36,000,000</u>	<u>2,546,559</u>	<u>35,673,168</u>	<u>111,122,897</u>
<u>Deferred inflows of resources:</u>					
Property taxes	111,393,554	3,536,357	-	-	114,929,911
Payments in lieu of taxes	4,205,598	-	-	-	4,205,598
Unavailable revenue	4,787,645	-	18,971,632	3,024,314	26,783,591
Unavailable revenue - delinquent property taxes	31,633,581	949,166	-	-	32,582,747
Total deferred inflows of resources	<u>152,020,378</u>	<u>4,485,523</u>	<u>18,971,632</u>	<u>3,024,314</u>	<u>178,501,847</u>
<u>Fund balances:</u>					
Nonspendable	50,616	-	-	281,304	331,920
Restricted	-	435,739	11,131,601	30,572,396	42,139,736
Committed	3,181,088	-	-	-	3,181,088
Assigned	3,227,303	-	-	-	3,227,303
Unassigned (deficit)	75,141,522	-	-	(2,924,015)	72,217,507
Total fund balances	<u>81,600,529</u>	<u>435,739</u>	<u>11,131,601</u>	<u>27,929,685</u>	<u>121,097,554</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 270,524,077</u>	<u>\$ 40,921,262</u>	<u>\$ 32,649,792</u>	<u>\$ 66,627,167</u>	<u>\$ 410,722,298</u>

See accompanying notes to the basic financial statements.

***Akron City School District***  
**Reconciliation of Total Governmental Fund Balances to**  
**Net Position of Governmental Activities**  
**June 30, 2021**

Total governmental funds balances		\$ 121,097,554
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		326,724,175
Other long-term assets that are not available to pay for current-period expenditures and therefore are unavailable revenue in the funds:		
Property taxes	\$ 32,582,747	
Charges for services	24,149	
Intergovernmental	20,874,773	
Payments in lieu of taxes	2,875,232	
Tuition and fees	1,807,335	
Rent	66,774	
Gifts and donations	1,037,187	
Radio station charges for services	83,986	
Miscellaneous	14,155	
Total	59,366,338	59,366,338
Internal service funds are used by management to charge the costs of insurance, central supplies and workers' compensation to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		21,184,447
The net pension liability and net OPEB liability are not due and payable in the current period; therefore, the liability, the asset and related deferred inflows/outflows are not reported in the funds:		
Deferred outflows - pension	\$ 71,215,690	
Deferred inflows - pension	(5,428,181)	
Net pension liability	(401,348,198)	
Deferred outflows - OPEB	9,708,505	
Deferred inflows - OPEB	(43,441,185)	
Net OPEB liability	(28,903,614)	
Net OPEB asset	22,840,637	
Total	(375,356,346)	(375,356,346)
Long-term liabilities that are not due and payable in the current period and therefore are not reported in the funds:		
Compensated absences		(34,938,226)
Net position of governmental activities		\$ 118,077,942

See accompanying notes to the basic financial statements.

**Akron City School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Fiscal Year Ended June 30, 2021**

	General	Permanent Improvement	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>					
Taxes	\$ 117,916,787	\$ 2,542,844	\$ -	\$ 1,254,781	\$ 121,714,412
Intergovernmental	220,354,454	401,151	19,124,123	83,004,716	322,884,444
Interest	248,288	663	136,002	111,931	496,884
Tuition and fees	6,161,228	-	-	446	6,161,674
Extracurricular activities	29,445	-	-	135,015	164,460
Gifts and donations	59,310	-	-	4,347,780	4,407,090
Charges for services	369,957	-	-	875,336	1,245,293
Rent	207,528	-	-	-	207,528
Payment in lieu of taxes	3,282,771	-	-	-	3,282,771
Miscellaneous	1,717,918	-	-	1,361	1,719,279
Total revenues	<u>350,347,686</u>	<u>2,944,658</u>	<u>19,260,125</u>	<u>89,731,366</u>	<u>462,283,835</u>
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	141,837,139	-	-	21,252,739	163,089,878
Special	63,077,785	-	-	3,946,146	67,023,931
Vocational	12,682,298	-	-	750,421	13,432,719
Adult/continuing	214,761	-	-	142	214,903
Other	870,199	-	-	5,963,597	6,833,796
Support services:					
Pupils	12,941,220	-	-	11,793,050	24,734,270
Instructional staff	12,685,989	-	-	10,501,061	23,187,050
Board of education	93,116	-	-	-	93,116
Administration	13,443,663	-	-	12,881,218	26,324,881
Fiscal	4,496,510	75,935	-	813,315	5,385,760
Business	2,270,585	-	-	221,274	2,491,859
Operation and maintenance of plant	27,519,183	3,000,627	1,003,314	6,395,614	37,918,738
Pupil transportation	5,229,949	-	-	1,245,105	6,475,054
Central	9,881,629	-	-	1,154,833	11,036,462
Operation of non-instructional services	67,257	-	-	5,025,679	5,092,936
Operation of food services	-	-	-	9,059,799	9,059,799
Extracurricular activities	2,531,894	-	-	1,732,785	4,264,679
Capital outlay	3,640,779	-	14,869,142	590,797	19,100,718
Total expenditures	<u>313,483,956</u>	<u>3,076,562</u>	<u>15,872,456</u>	<u>93,327,575</u>	<u>425,760,549</u>
Excess of revenues over (under) expenditures	<u>36,863,730</u>	<u>(131,904)</u>	<u>3,387,669</u>	<u>(3,596,209)</u>	<u>36,523,286</u>
<u>Other financing sources (uses):</u>					
Transfers in	18,574	-	-	100,000	118,574
Transfers out	(100,000)	-	-	(18,574)	(118,574)
Total other financing sources (uses)	<u>(81,426)</u>	<u>-</u>	<u>-</u>	<u>81,426</u>	<u>-</u>
Net change in fund balances	36,782,304	(131,904)	3,387,669	(3,514,783)	36,523,286
Fund balances beginning of year	44,818,225	567,643	7,743,932	31,444,468	84,574,268
Fund balances end of year	<u>\$ 81,600,529</u>	<u>\$ 435,739</u>	<u>\$ 11,131,601</u>	<u>\$ 27,929,685</u>	<u>\$ 121,097,554</u>

See accompanying notes to the basic financial statements.



**Akron City School District**

**Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2021**

Net change in fund balances - total governmental funds	\$ 36,523,286
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.	
In the current period, these amounts are:	
Capital asset additions	\$ 19,100,718
Depreciation expense	<u>(6,972,807)</u>
Excess of net capital asset additions over depreciation expense	12,127,911
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.	
	(191,752)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These activities consist of:	
Property taxes	\$ 9,750,566
Charges for services	(27,050)
Intergovernmental	(18,617,122)
Payments in lieu of taxes	1,519,916
Tuition and fees	127,887
Rent	3,583
Gifts and donations	447,187
Radio station charges for services	20,667
Miscellaneous	<u>(1,500)</u>
Net change in deferred inflows of resources during the year	(6,775,866)
Contractually required contributions are reported as expenditures in the governmental funds; however, the statement of activities reports these amounts as deferred outflows.	
Pension	29,240,098
OPEB	662,903
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability and OPEB asset are reported as pension/OPEB expense in the statement of activities.	
Pension	(47,606,234)
OPEB	2,110,302
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:	
Compensated absences	(1,791,221)
The internal service fund used by management to charge the costs of insurance, central supplies and workers' compensation to individual funds are not reported in the statement of activities. Governmental fund expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service funds are allocated among the governmental activities.	
	<u>622,861</u>
Change in net position of governmental activities	<u>\$ 24,922,288</u>

See accompanying notes to the basic financial statements.

**Akron City School District**  
**Statement of Revenues, Expenditures and Changes in Fund Balance-**  
**Budget (Non-GAAP Basis) and Actual**  
**General Fund**  
**For the Fiscal Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues:</u>				
Taxes	\$ 116,586,983	\$ 110,343,383	\$ 117,142,848	\$ 6,799,465
Intergovernmental	221,293,648	221,293,648	220,641,570	(652,078)
Interest	420,204	420,204	491,383	71,179
Tuition and fees	6,656,375	6,656,375	6,122,187	(534,188)
Gifts and donations	-	11,697	16,083	4,386
Charges for services	444,278	427,864	353,293	(74,571)
Rent	255,025	255,025	39,501	(215,524)
Extracurricular activities	274	4,991	4,717	(274)
Payment in lieu of taxes	2,978,633	2,978,633	3,282,771	304,138
Miscellaneous	789,344	789,344	941,513	152,169
Total revenues	<u>349,424,764</u>	<u>343,181,164</u>	<u>349,035,866</u>	<u>5,854,702</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	149,113,994	147,273,793	141,633,237	5,640,556
Special	62,216,768	62,754,237	62,440,537	313,700
Vocational	13,065,814	12,542,625	12,762,091	(219,466)
Adult/continuing	205,423	205,423	215,786	(10,363)
Other	1,404,517	1,057,617	870,746	186,871
Support services:				
Pupils	15,233,612	14,590,367	13,254,793	1,335,574
Instructional staff	13,366,395	13,149,190	12,675,253	473,937
Board of education	191,589	173,772	95,337	78,435
Administration	24,147,429	25,366,969	13,351,936	12,015,033
Fiscal	8,242,073	11,451,011	4,467,749	6,983,262
Business	3,518,359	3,346,309	2,689,418	656,891
Operation and maintenance of plant	32,572,288	31,716,790	27,160,855	4,555,935
Pupil transportation	12,124,127	8,638,581	6,489,077	2,149,504
Central	9,486,030	9,542,846	8,861,149	681,697
Operation of non-instructional services	120,011	119,931	59,876	60,055
Extracurricular activities	3,083,554	2,973,638	2,562,481	411,157
Capital outlay	1,994,999	5,100,447	4,678,629	421,818
Total expenditures	<u>350,086,982</u>	<u>350,003,546</u>	<u>314,268,950</u>	<u>35,734,596</u>
Excess of revenues over (under) expenditures	<u>(662,218)</u>	<u>(6,822,382)</u>	<u>34,766,916</u>	<u>41,589,298</u>
<u>Other financing sources (uses):</u>				
Proceeds from the sale of capital assets	99,249	99,249	25,877	(73,372)
Refund of prior year expenditures	-	-	39,593	39,593
Transfers in	-	-	21,739	21,739
Transfers out	(600,000)	(600,000)	(118,574)	481,426
Total other financing sources (uses)	<u>(500,751)</u>	<u>(500,751)</u>	<u>(31,365)</u>	<u>469,386</u>
Net change in fund balance	(1,162,969)	(7,323,133)	34,735,551	42,058,684
Fund balances at beginning of year	63,015,918	63,015,918	63,015,918	-
Prior year encumbrances appropriated	2,504,637	2,504,637	2,504,637	-
Fund balances at end of year	<u>\$ 64,357,586</u>	<u>\$ 58,197,422</u>	<u>\$ 100,256,106</u>	<u>\$ 42,058,684</u>

See accompanying notes to the basic financial statements.

***Akron City School District***  
**Statement of Net Position**  
**Proprietary Fund**  
**June 30, 2021**

	Internal Service Funds
	<hr/>
<u>Assets:</u>	
Equity in pooled cash and cash equivalents	\$ 21,237,094
Cash and cash equivalents in segregated accounts	2,915,164
Investments in segregated accounts	2,128,431
Accounts receivable	12,116
Accrued interest receivable	6,115
Prepaid items	160,909
Materials and supplies inventory	550,526
	<hr/>
Total assets	<u>\$ 27,010,355</u>
<u>Liabilities:</u>	
Accounts payable	\$ 21,569
Claims payable	5,804,339
	<hr/>
Total liabilities	<u>5,825,908</u>
<u>Net position:</u>	
Unrestricted	21,184,447
	<hr/>
Total liabilities and net position	<u>\$ 27,010,355</u>

See accompanying notes to the basic financial statements.

***Akron City School District***  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Fund**  
**For the Fiscal Year Ended June 30, 2021**

	Internal Service Funds
<u>Operating revenues:</u>	
Charges for services	\$ 53,708,582
Other	3,785,369
Total operating revenues	<u>57,493,951</u>
<u>Operating expenses:</u>	
Purchased services	5,142,009
Materials and supplies	867,917
Claims	50,067,022
Other	801,404
Total operating expenses	<u>56,878,352</u>
Operating loss	<u>615,599</u>
<u>Nonoperating revenues:</u>	
Interest	<u>7,262</u>
Change in net position	622,861
Net position beginning of year	<u>20,561,586</u>
Net position end of year	<u>\$ 21,184,447</u>

See accompanying notes to the basic financial statements.

***Akron City School District***  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the Fiscal Year Ended June 30, 2021**

	Self Insurance
<u>Cash flows from operating activities:</u>	
Cash received from interfund services	\$ 57,492,688
Cash payments to suppliers for goods and services	(6,270,077)
Cash payments for claims	(49,476,483)
Cash payments for other operating expenses	(745,497)
Net cash used for operating activities	<u>1,000,631</u>
<u>Cash flows from investing activities:</u>	
Interest on investments	15,004
Sale of investments	3,373,755
Purchase of investments	(475,379)
Net cash provided by investing activities	<u>2,913,380</u>
Net decrease in cash and cash equivalents	3,914,011
Cash and cash equivalents at beginning of year	<u>20,238,247</u>
Cash and cash equivalents at end of year	<u><u>\$ 24,152,258</u></u>
<u>Reconciliation of operating income to net cash used for operating activities:</u>	
Operating income	<u>\$ 615,599</u>
Adjustments to reconcile operating income to net cash used for operating activities:	
Change in assets and liabilities:	
(Increase) decrease in assets:	
Accounts receivable	(1,263)
Prepaid items	57,266
Materials and supplies inventory	(73,573)
Increase (decrease) in liabilities:	
Accounts payable	(187,937)
Claims payable	590,539
Total adjustments	<u>385,032</u>
Net cash used for operating activities	<u><u>\$ 1,000,631</u></u>

See accompanying notes to the basic financial statements.

***Akron City School District***  
**Statement of Changes in Fiduciary Net Position**  
**Custodial Fund**  
**For the Fiscal Year Ended June 30, 2021**

	<u>Custodial</u>
<u>Additions:</u>	
Collections on behalf of OHSAA	<u>\$ 4,479</u>
<u>Deductions:</u>	
Distributions on behalf of OHSAA	<u>4,479</u>
Change in net position	-
Net position beginning of year	-
Net position end of year	<u><u>\$ -</u></u>

See accompanying notes to the basic financial statements.

## ***Akron City School District***

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2021

---

### **Note 1 – Description of the School District and Reporting Entity**

The Akron City School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of seven members elected at-large for staggered four-year terms. The School District provides educational services as authorized by State statute and federal guidelines.

The School District was established in 1847 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 54.4 square miles and is located in Summit County, and is within the City of Akron. The School District is the sixth largest in the State of Ohio (among 951 public school districts and community schools) in terms of enrollment. It is staffed by 1,771 full-time classified employees, 773 full-time certificated personnel, 204 administrative employees, and 1,374 part-time employees who provide services to 20,123 students and other community members. The School District currently operates 45 instructional buildings, four vacant buildings, three administrative buildings and one garage.

#### *Reporting Entity*

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

*Non-Public Schools* - Within the School District boundaries, St. Anthony of Padua School, St. Mary School, Julie Billiart, St. Sebastian School, St. Vincent DePaul Elementary, Our Lady of Elms School, Archbishop Hoban High School, and St. Vincent - St. Mary High School are operated through the Cleveland Catholic Diocese. Arlington Christian and Emmanuel Christian Academy are operated as private schools. Current State legislation provides funding to these non-public schools. These monies are received and disbursed on behalf of the non-public schools by the Treasurer of the School District, as directed by the non-public schools. These State transactions are reported as a governmental activity of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

The School District is associated with the Ohio Schools Council, which is defined as a jointly governed organization. Jointly governed organizations are governed by representatives from each of the governments that create the organization, but there is no ongoing financial interest or responsibility by the participating governments. Information regarding this organization is presented in Note 22.

## **Note 2 – Summary of Significant Accounting Policies**

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

### **A. Basis of Presentation**

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

**Government-wide Financial Statements** The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service funds is eliminated to avoid “doubling up” revenues and expenses.

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

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

### **B. Fund Accounting**

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



**Akron City School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

---

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

**General Fund** The general fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

**Permanent Improvement Fund** The permanent improvement capital projects fund accounts for financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by proprietary and trust funds.

**Classroom Facilities Capital Fund** The classroom facilities capital projects fund accounts for financial resources received and expended in connection with contracts entered into by the School District and the Ohio Facilities Construction Commission for the construction and renovation of school buildings.

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

**Proprietary Fund Type** Proprietary funds focus on the determination of operating income, changes in net position, financial position and cash flows and are classified as either enterprise or internal service. The School District only has internal service funds.

**Internal Service Funds** The internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost-reimbursement basis. The School District's internal service funds account for the operation of the School District's central warehouse that provides goods to other departments and schools in the School District, the operation of the School District's self-insurance program for employee health benefits, a reserve established to pay for liability insurance claims over the School District's self-insured retention, and the operation of the School District's Workers' Compensation Retrospective Rating Plan.

**Fiduciary Fund Types** Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and custodial funds. Custodial funds are purely custodial in nature (assets equal liabilities) and are used to hold resources for individuals, organizations or other governments. Custodial funds do not involve measurement of results of operations. The School District's only custodial fund account for Ohio High School Athletic Association events.

**C. Measurement Focus**

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

**Fund Financial Statements** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, 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 reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

**D. Basis of Accounting**

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

**Revenues - Exchange and Nonexchange Transactions** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year end.

***Akron City School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

---

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 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 fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the 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, rentals, charges for services, sales, extracurricular activities and fees.

***Unearned Revenue*** Unearned revenue arises when monies are received before revenue recognition criteria have been satisfied. Radio station charges for services received in the current fiscal year for underwriting spots that will occur in future fiscal years are recorded as unearned revenue. Revenue is recognized when the underwriting spot takes place. The School District has received an advance of revenue in lieu of taxes and shared revenue from the City of Akron from a compensation agreement. Revenue will be recognized based on the terms and conditions of the agreement.

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position and/or the balance sheet will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources include the deferred expense of payments to the City of Akron (the “City”) for the construction and renovation of school buildings, pension and other postemployment benefits (OPEB). In accordance with an agreement between the School District and the City, the City issued securities to assist in the School District’s funding of its share of basic project costs and any locally funded initiatives for rebuilding and renovating the School District’s school buildings into community learning centers. The securities were issued with a maturity life of 30 years. While the securities are outstanding, the School District will contribute \$3,000,000 each year from the permanent improvement capital projects fund to the City for the purpose of paying debt charges on those securities and other project costs. Payments due to the City for periods beyond June 30, 2021 are recorded as deferred outflows of resources with a corresponding intergovernmental payable on both the government-wide statement of net position and the governmental fund financial statements. Deferred outflows of resources related to pension and OPEB are reported on the government-wide statement of net position (See Notes 11 and 12).

**Akron City School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

---

In addition to liabilities, the statements of financial position and/or the balance sheet will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2022 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, intergovernmental grants, charges for services, tuition and fees, rentals and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position (See Notes 11 and 12).

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

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

**E. Budgetary Data**

All funds, other than custodial funds, are legally required to be budgeted and appropriated. The major documents prepared are the alternative tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The alternative tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board of Education at the object level for the general fund and at the fund level for all other funds. The School District's Treasurer has been authorized to allocate Board appropriations to the function and object level within each fund, except for the general fund.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District's Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts in the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended certificate in effect when the final appropriations were passed by the Board of Education.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues by fund. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for the funds that covered the entire fiscal year, including amounts automatically carried forward from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

***F. Cash, Cash Equivalents and Investments***

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including the internal service funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "equity in pooled cash and cash equivalents" on the basic financial statements. The general fund provides advances to cover deficit cash balances at the end of the fiscal year. At the end of fiscal year 2021, the general fund advanced monies to several special revenue funds to cover negative cash balances. See Note 15 for additional information.

The School District has segregated bank accounts and investments for monies held separate from the School District's central bank account. These depository accounts and investments are presented on the statement of net position and the balance sheet as "cash and cash equivalents in segregated accounts" and "investments in segregated accounts" since they are not required to be deposited into the School District's treasury.

During fiscal year 2021, the School District's investments were limited to commercial paper, Federal securities, U.S. Treasury bonds and notes, certificates of deposit and an interest in STAR Ohio, the State Treasurer's Investment Pool. Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

The School District's investment in the State Treasury Asset Reserve of Ohio (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 and is recognized as an external investment pool by the School District. The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For the fiscal year 2021, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice is appreciated 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2021 amounted to \$248,288, which includes \$6,521 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the basic financial statements as cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are presented on the basic financial statements as investments.

**Akron City School District**  
 Notes to the Basic Financial Statements  
 For the Fiscal Year Ended June 30, 2021

---

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2021 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which the services are consumed.

**H. Inventory**

Inventories consist of donated and purchased food, gasoline and diesel fuel, school and office supplies held for resale in the central warehouse, and non-food supplies held for consumption in the food service program.

Inventories are presented at the lower of cost or market on a first-in, first-out basis for food, non-food supplies in the food service program, and gasoline and diesel fuel and on an average-cost basis for supplies in the central warehouse. Inventories are expended/expensed when used.

**I. Capital Assets**

All capital assets of the School District are classified as general capital assets. These assets generally result from expenditures in the governmental funds. They are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their acquisition value as of the date received. The School District maintains a capitalization threshold of one thousand dollars for all assets except for assets capitalized in the food service nonmajor special revenue fund, which has a capitalization threshold of five hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Land improvements	20 years
Building and improvements	70 years
Furniture and equipment	5 - 30 years
Vehicles	7 - 15 years

**J. Interfund Balances**

On the fund financial statements, outstanding interfund loans are classified as "interfund receivables/payables". Interfund balances are eliminated in the statement of net position.

***K. Pension and other postemployment benefits (OPEB)***

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

The current accounting standard requires school districts to report their proportionate share of the net pension/OPEB liability using the earning approach to pension and OPEB accounting instead of the funding approach as previously used. The funding approach limited pension and postemployment costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension/OPEB liability. Under the new standards, the net pension/OPEB liability equals the School District's proportionate share of each plan's collective present value of estimated future pension/OPEB benefits attributable to active and inactive employees' past service minus plan assets available to pay these benefits.

Pension and OPEB obligations, whether funded or unfunded, are part of the employment exchange. The employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. The unfunded portion of this benefit of exchange is a liability of the School District. However, the School District is not responsible for key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Benefit provisions and both employer and employee contribution rates are determined by State statute. The employee and employer enter the employment exchange with the knowledge that the exchange is limited by law. The pension system is responsible for the administration of the pension and OPEB plans.

There is no repayment schedule for the net pension liability or the net OPEB liability. The School District has no control over the changes in the benefits, contribution rates, and return on investments affecting the balance of the liabilities. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not identify the responsible party for the unfunded portion. Due to the unique nature of how the pension liability and the OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

***L. 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 termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments. The entire compensated absence liability is reported on the government-wide financial statements.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "matured compensated absences payable" in the fund from which the employees who have accumulated leave are paid.

***M. Accrued Liabilities and Long-Term Obligations***

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the governmental fund financial statements only to the extent that they are due for payment during the current fiscal year. 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.

***N. Net Position***

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws and regulations of other governments. Net position restricted for other purposes include special trust for scholarships, other local grants, and State and Federal programs.

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

***O. Fund Balances***

In accordance with GASB Statement No, 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*", the School District classifies its fund balances based on the purpose for which the resources were received and the level of constraint placed on the resources. The following categories can be used:

***Nonspendable*** Resources that are not in spendable form (inventories, prepaid amounts and unclaimed funds) or have legal or contractual requirements to maintain the balance intact.

***Restricted*** Resources that have external constraints imposed on them by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through enabling legislation.

***Committed*** Resources that are constrained for specific purposes that are internally imposed by formal action (resolution) by the School District at its highest level of decision making authority, the Board of Education.

***Assigned*** Resources that are constrained by the School District's intent to be used for specific purposes but are neither restricted or 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 Board of Education. Through School District policies, the Board of Education has given the School District Treasurer the authority to constrain monies for intended purposes.



**Akron City School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

---

**Unassigned** The residual fund balance with the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, this classification represents deficit fund balances resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

The School District considers restricted amounts to have been spent first when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned and unassigned) fund balances are available. Similarly, within unrestricted fund balances, committed amounts are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**P. Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the School District, these revenues are charges for services for self-insurance, workers' compensation and central supplies programs. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the funds. All revenues and expenses not meeting these definitions are reported as non-operating.

**Q. 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. Repayment from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the basic financial statements.

**R. Estimates**

The preparation of the basic financial statements in conformity with generally accepted accounting principles 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.

**Note 3 – Accountability**

As of June 30, 2021, several nonmajor special revenue funds had a deficit fund balance. These deficits were caused by the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances in other funds; however, this is done when cash is needed rather than when accruals occur. The following funds had a deficit at year-end:

**Akron City School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

---

<u>Nonmajor special revenue funds:</u>	<u>Deficit</u>
Public school preschool	\$ 329,640
ESS Emergency relief	2,121,208
Title VI-B special education	80,351
Title I school improvement	1,400
Bilingual education	5,424
Title I	311,850
Title VI-A	19,468
Preschool handicapped	4
Title II-A improving teacher quality	54,670

**Note 4 - Budgetary Basis of Accounting**

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual, for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as an assignment of fund balances (GAAP basis).
4. The revenues, expenditures and other financing sources and uses of the general fund include activity that is budgeted within special revenue funds (GAAP basis). However, on the budgetary basis, the activity of the special revenue funds is excluded resulting in perspective differences.

As part of GASB Statement No, 54, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the uniform school supplies fund, the public school support fund, the severance fund and other various activities.

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements.

**Akron City School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

---

Net Change in Fund Balance

	<u>General</u>
GAAP basis	\$ 36,782,304
Revenue accruals	(274,723)
Expenditure accruals	522,098
Budgeted as part of special revenue fund:	
Revenues	(968,462)
Net intrafund transfers	(18,574)
Expenditures	1,235,805
Encumbrances (Budget Basis) outstanding at year end	<u>(2,542,897)</u>
Budget basis	<u>\$ 34,735,551</u>

**Note 5 - Deposits and Investments**

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

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

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

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

Interim monies may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement, unless the investment is matched to a specific obligation or debt of the School District and the investment is not a commercial paper note, a banker's acceptance or a repurchase agreement:

1. United States Treasury bills, notes, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

***Akron City School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

---

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;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Commercial paper notes, limited to 40% (5% for a single issuer) in total of the interim monies available for investment at any one time and for a period not to exceed two hundred seventy days; and
8. Bankers acceptances, limited to 40% of the interim monies available for investment at any one time and for a period not to exceed one hundred eighty days.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

***Cash on Hand***

At fiscal year-end, the School District had \$1,000 in undeposited cash on hand which is included as part of "equity in pooled cash and cash equivalents."

***Deposits***

*Custodial credit risk* is the risk that, in the event of a bank failure, the School District's deposits may not be returned. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The School District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

At fiscal year end, the carrying amount of the School District's deposits was \$23,734,802. At June 30, 2021, \$8,653,707 of the School District's bank balance of \$30,944,958 was exposed to custodial credit risk. The School District's financial institution participates in the Ohio Pooled Collateral System (OPCS) and was approved for a reduced collateral floor of 50 percent resulting in the uninsured and uncollateralized balance.

**Akron City School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

Also, included in the above deposits is \$99,790 in nonnegotiable certificates of deposit reported as part of “investments in segregated accounts”.

**Investments** As of June 30, 2021, the School District had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percentage of Investments</u>	<u>Investment Maturities (in years)</u>		
			<u>&lt; 1 year</u>	<u>2-4 years</u>	<u>&gt; 4 years</u>
First American government obligation fund	\$ 5,556	0.00%	\$ 5,556	\$ -	\$ -
STAR Ohio	11,127,461	7.73%	11,127,461	-	-
US Treasury bill	1,134,994	0.79%	1,134,994	-	-
US Treasury notes	4,226,172	2.93%	2,228,906	1,997,266	-
Commerical paper	35,659,969	24.76%	35,659,969	-	-
Reported in the general fund:					
First American government obligation fund	1,199	0.00%	1,199	-	-
Federal National Mortgage Association bonds	5,475,440	3.80%	-	5,475,440	-
Federal Farm Credit Bank bonds	7,815,389	5.43%	3,823,929	3,991,460	-
Federal Home Loan Bank bonds	13,208,790	9.17%	-	12,649,753	559,037
Federal Home Loan Mortgage Corporation bonds	10,732,267	7.45%	-	8,042,424	2,689,843
US Treasury notes	8,990,966	6.24%	5,584,604	3,406,362	-
Ohio municipal securities	3,177,109	2.21%	-	2,986,043	191,066
Negotiable certificates of deposit	4,090,680	2.84%	751,134	3,339,546	-
Commerical paper	17,215,616	11.95%	17,215,616	-	-
	<u>70,707,456</u>		<u>27,376,482</u>	<u>39,891,028</u>	<u>3,439,946</u>
Reported in nonmajor governmental funds:					
First American government obligation fund	62,676	0.04%	62,676	-	-
Federal Farm Credit Bank bonds	1,501,855	1.04%	1,501,855	-	-
Federal Home Loan Mortgage Corporation bonds	1,000,200	0.69%	-	1,000,200	-
Commerical paper	13,558,218	9.41%	13,558,218	-	-
	<u>16,122,949</u>		<u>15,122,749</u>	<u>1,000,200</u>	<u>-</u>
Reported in an internal service fund:					
Federated government obligation fund	2,915,164	2.02%	2,915,164	-	-
Negotiable certificates of deposit	2,128,431	1.48%	2,128,431	-	-
	<u>5,043,595</u>		<u>5,043,595</u>	<u>-</u>	<u>-</u>
	<u>\$ 144,028,152</u>	<u>100.00%</u>	<u>\$ 97,699,712</u>	<u>\$ 42,888,494</u>	<u>\$ 3,439,946</u>

***Akron City School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

---

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. As previously discussed Star Ohio is reported at its net asset value. Other investments of the School District are valued using Level 2 inputs using valuation techniques that incorporate market data for similar investments, broker quotes and inactive transactions prices.

*Custodial credit risk* for an investment is the risk that in the event of failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The investments in Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Federal National Mortgage Association (FNMA) and Federal Home Loan Mortgage Corporation (FHLMC) are held by the counterparty's trust department or agent and not in the School District's name. The School District's negotiable certificates of deposit are registered securities and covered in full by FDIC insurance. The School District's policy is to invest money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

*Interest rate risk* is the possibility that changes in interest rates will adversely affect the fair value of an investment. The School District's investment policy does not address limits on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit risk* is the possibility that an issuer or other counterparty to an investment will not fulfill its obligation. Standard and Poor's has assigned STAR Ohio and the First American Government Obligation an AAAM rating, the FHLMC, FHLB, FFCB and FNMA bonds an AA+ rating, the U.S. Treasury notes have a AA+ rating, the U.S. Treasury bonds have a A-1+ rating and commercial paper an A-1 and A-1+ rating. Ohio Municipal securities carried a Moody's rating of Aa2. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The School District's investment policy requires certain credit ratings for some investments as allowed by state law.

*Concentration of credit risk* is the possibility of loss attributed to the magnitude of the School District's investment in a single issuer. More than 5% of the School District's investments are in FHLMC bonds, FFCB bonds, FHLB bonds and commercial paper for the following; JP Morgan Securities, LVMH Moet Hennessy Louis Vuitton, Mizuho Bank and Toyota. These investments are presented in the table on the previous page. The investment in STAR Ohio is a pooled investment and not of a single issuer. The School District's policy does not specify stricter limits than allowed by law.

## **Note 6 - Property Taxes**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Real property taxes received in calendar year 2021 were levied after April 1, 2020, on the assessed value listed as of January 1, 2020, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable semi-annually with payments due in February and July. Under certain circumstances, State statute permits alternate payment dates to be established.

**Akron City School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

Public utility property tax revenue received in calendar year 2021 represents collections of calendar year 2020 taxes. Public utility real and personal property taxes received in calendar year 2021, which became a lien December 31, 2019, were levied after April 1, 2020 and are collected in calendar year 2021 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Summit County. The County Fiscal Officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2021, are available to finance fiscal year 2021 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2021 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 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 to deferred inflows of resources – property taxes.

The amount available as an advance at June 30, 2021 was \$9,984,241 in the general fund and \$292,076 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2020 was \$9,210,302 in the general fund and \$194,939 in the permanent improvement capital projects fund.

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

The assessed values upon which the fiscal year 2021 taxes were collected are:

<u>Property Category</u>	<u>2021 Assessed Value</u>	<u>2020 Assessed Value</u>
<u>Real Property</u>		
Residential and agricultural	\$ 1,780,052,020	\$ 1,592,017,480
Commercial, industrial and minerals	876,705,970	766,978,030
Public utilities	538,800	561,420
<u>Tangible Personal Property</u>		
Public utilities	164,022,330	150,004,800
Total	<u>\$ 2,821,319,120</u>	<u>\$ 2,509,561,730</u>

**Akron City School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

---

**Note 7 – Receivables**

Receivables at June 30, 2020 consisted of taxes, revenue in lieu of taxes, interest, interfund, accounts (student transportation fees, radio station charges for services, printing reimbursements, building rentals, senior dues, Akron Education Association salaries/fringe benefits reimbursement, substitute teacher cost reimbursements, Adult School of Practical Nursing tuition, Early College High School tuition reimbursements, post-secondary tuition reimbursements, food service sales, health/life insurance fees, juvenile detention center tuition, royalties, transcript fees, refunds, maintenance labor costs, vending machine sales and local grants), and intergovernmental (motor vehicle fuel tax reimbursement, JROTC, restitution, student transportation fees, juvenile detention center tuition, STEM Hub workshop registration fees, excess costs tuition reimbursements, building rentals, printing reimbursements, Ohio Bureau of Workers’ Compensation premium rebate). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. All receivables are expected to be collected within one fiscal year except for taxes and classroom facilities.

A summary of the items of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amounts</u>
General:	
Tuition and fees	\$ 1,521,243
JEDD income tax sharing	2,875,232
Refund	408,471
USAC Treasury	197,420
ROTC	6,661
Department of defense	1,285
Miscellaneous	<u>179,915</u>
Total general	<u>5,190,227</u>
Classroom facilities	<u>18,971,632</u>
Other governmental funds:	
Grants	<u>23,398,244</u>
Total	<u>\$ 47,560,103</u>

**Note 8 - Contingencies**

**A. Grants**

The School District received financial assistance from federal and State agencies in the form of grants. The disbursements of funds received under these programs generally require 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 disallowed claims on the overall financial position of the School District at June 30, 2021, if applicable, cannot be determined at this time.



**Akron City School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**B. Foundation Funding**

School District foundation funding is based on the annualized full-time equivalent (“FTE”) enrollment of each student. The Ohio Department of Education (“ODE”) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. ODE has finalized the impact of enrollment adjustments to the June 30, 2021 Foundation funding for the School District. These adjustments were insignificant for the School District for fiscal year 2021.

**C. Litigation**

The School District is party to various legal proceedings. The amount of the liability, if any, cannot be reasonably estimated at this time. However, in the opinion of management, any such claim or lawsuit will not have a material adverse effect, if any, on the financial condition of the School District

**Note 9 – Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2021, was as follows:

	Balance 7/1/2020	Addition	Deletion	Balance 6/30/2021
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 6,773,043	\$ -	\$ -	\$ 6,773,043
Construction in progress	<u>6,230,901</u>	<u>14,911,181</u>	<u>-</u>	<u>21,142,082</u>
Total capital assets, not being depreciated:	<u>13,003,944</u>	<u>14,911,181</u>	<u>-</u>	<u>27,915,125</u>
Capital assets, being depreciated:				
Buildings and improvements	337,672,646	-	(182,177)	337,490,469
Furniture and equipment	43,404,180	2,568,266	(2,395,916)	43,576,530
Vehicles	<u>12,838,906</u>	<u>1,621,271</u>	<u>(54,750)</u>	<u>14,405,427</u>
Total capital assets, being depreciated	<u>393,915,732</u>	<u>4,189,537</u>	<u>(2,632,843)</u>	<u>395,472,426</u>
Less: Accumulated depreciation:				
Buildings and improvements	(53,248,847)	(4,841,723)	181,809	(57,908,761)
Furniture and equipment	(31,640,824)	(1,353,670)	2,204,532	(30,789,962)
Vehicles	<u>(7,241,989)</u>	<u>(777,414)</u>	<u>54,750</u>	<u>(7,964,653)</u>
Total accumulated depreciation	<u>(92,131,660)</u>	<u>(6,972,807)</u>	<u>2,441,091</u>	<u>(96,663,376)</u>
Total capital assets, being depreciated, net	<u>301,784,072</u>	<u>(2,783,270)</u>	<u>(191,752)</u>	<u>298,809,050</u>
Governmental Activities Capital Assets, Net	<u>\$ 314,788,016</u>	<u>\$ 12,127,911</u>	<u>\$ (191,752)</u>	<u>\$ 326,724,175</u>

**Akron City School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

---

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 331,164
Special	22,679
Vocational	284,526
Adult/continuing	300
Other	2,646
Support services:	
Pupil	16,422
Instructional staff	278,561
Board of education	489
Administration	19,265
Fiscal	4,952
Business	210,002
Operation and maintenance of plant	5,080,984
Pupil transportation	563,419
Central	90,529
Operation of non-instructional services	1,521
Operation of food services	58,401
Extracurricular services	6,947
Total depreciation expense	<u>\$ 6,972,807</u>

As of June 30, 2021, the District's capital assets included four vacant buildings with no immediate usage plans that have a carrying value of \$1,658,734.

### **Note 10 - Risk Management**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2021, the School District contracted for property, inland marine, crime, general liability, excess liability, educators legal liability, employment practices liability and automobile coverage.

Settled claims have not exceeded commercial coverage in any of the past three fiscal years, and there has not been a significant reduction in coverage from the prior fiscal year.

The School District began participating in the Ohio Bureau of Workers' Compensation Retrospective Rating Plan (the "Plan") for calendar year 2004. This Plan involves the payment of: (1) a minimum premium to cover safety and hygiene costs, surplus costs, premium payment security costs, and the costs of losses exceeding the per claim and the maximum premium limitations; (2) a premium based on covered claims for up to ten years; and, (3) a premium based on reserves for evaluated claims at the end of the tenth year.

The Plan is funded by charging each fund a percentage of payroll during the period. The Plan bills the School District based on a calendar year rather than a fiscal year.

**Akron City School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

Medical/surgical insurance is offered to employees on a self-insured basis. The School District has various third-party administrators for the self-insurance activity. The claims liability of \$5,804,339 reported in the self-insurance internal service fund at June 30, 2021 is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 30, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

Changes in the fund's claims liability amount follow for the last two fiscal years:

	Year ended <u>6/30/2021</u>	Year ended <u>6/30/2020</u>
Unpaid claims, beginning of fiscal year	\$ 5,213,800	\$ 4,578,372
Incurred claims (including IBNRs)	50,067,022	47,284,472
Claim payments	<u>(49,476,483)</u>	<u>(46,649,044)</u>
Unpaid claims, end of fiscal year	<u>\$ 5,804,339</u>	<u>\$ 5,213,800</u>

**Note 11 – Defined Benefit Pension Plans**

***Net Pension Liability***

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. Pensions 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 liability represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost-of-living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

GASB Statement No. 68 assumes the liability is solely the obligation of the employer because they benefit from employee services and State statute requires all funding to come from these employers. All contributions to date have come solely from these employers, which also includes costs paid in the form of withholdings from employees. State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

**Akron City School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

**A. Plan Description – School Employees Retirement System (“SERS”)**

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, 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](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

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

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

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

An individual whose benefit effective date is before April 1, 2018, is eligible for a cost of living adjustment (COLA) on the first anniversary date of the benefit. 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 is 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 percent and with a floor of 0 percent. In 2020, the Board of Trustees approved a 0.5 percent cost-of-living adjustment (COLA) for eligible retirees and beneficiaries in 2021.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2021, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2021, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

**Akron City School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

---

The School District's contractually required contribution to SERS was \$6,105,763 for fiscal year 2021. None of this amount is reported as intergovernmental payable.

***B. Plan Description - State Teachers Retirement System of Ohio ("STRS")***

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent to preserve the fiscal integrity of the retirement system. Benefit recipients' base benefit and past cost-of living increases are not affected by this change. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 27 years of service, or 30 years of service regardless of age. Eligibility changes will be phased in until August 1, 2026, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 35 years of service credit and at least age 60.

The DC Plan allows members to place all their member contributions and 9.53 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.47 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 12 percent of the 14 percent member rate goes to the DC Plan and the remaining 2 percent goes 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 or later.

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.

**Akron City School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

---

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. Eligible survivors of members who die before service retirement may qualify for monthly benefits. 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. 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. For the fiscal year ended June 30, 2021, plan members were required to contribute 14 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2021 contribution rates were equal to the statutory maximum rates.

The School District’s contractually-required contribution to STRS was \$23,134,335 for fiscal year 2021. Of this amount, \$2,997,606 is reported as intergovernmental payable.

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

The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net pension liability - prior measurement date	1.3168223%	1.2898175%	
Proportion of the net pension liability - current measurement date	<u>1.3136652%</u>	<u>1.2996110%</u>	
Change in proportionate share	<u>-0.0031571%</u>	<u>0.0097935%</u>	
Proportionate share of the net pension liability	\$86,888,584	\$314,459,614	\$401,348,198
Pension expense	\$9,528,786	\$38,077,448	\$47,606,234

**Akron City School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 168,776	\$ 705,569	\$ 874,345
Changes of assumptions	-	16,880,408	16,880,408
Net difference between projected and actual earnings on pension plan investments	5,515,663	15,292,206	20,807,869
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	203,660	3,209,310	3,412,970
School District contributions subsequent to the measurement date	<u>6,105,763</u>	<u>23,134,335</u>	<u>29,240,098</u>
Total deferred outflows of resources	<u>\$ 11,993,862</u>	<u>\$ 59,221,828</u>	<u>\$ 71,215,690</u>
<b>Deferred inflows of resources</b>			
Difference between expected and actual experience	\$ -	\$ 2,010,755	\$ 2,010,755
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>114,510</u>	<u>3,302,916</u>	<u>3,417,426</u>
Total deferred inflows of resources	<u>\$ 114,510</u>	<u>\$ 5,313,671</u>	<u>\$ 5,428,181</u>

\$29,240,098 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal			
Year	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2022	\$ 125,744	\$ 9,002,776	\$ 9,128,520
2023	1,621,922	4,840,959	6,462,881
2024	2,299,049	9,583,822	11,882,871
2025	<u>1,726,874</u>	<u>7,346,265</u>	<u>9,073,139</u>
Total	<u>\$ 5,773,589</u>	<u>\$ 30,773,822</u>	<u>\$ 36,547,411</u>

**Actuarial Assumptions – SERS**

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

**Akron City School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

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

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

Wage inflation	3 percent
Future salary increases, including inflation	3.5 percent to 18.2 percent
COLA or Ad Hoc COLA	2.5 percent
Investment rate of return	7.5 percent net of investments expense, including inflation
Actuarial cost method	Entry age normal

For 2020, the mortality rates were based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Mortality among service retired members, and beneficiaries were based upon the RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates. Mortality among disabled members was based upon the 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.

The most recent experience study was completed for the five year period ended June 30, 2015.

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

<u>Asset class</u>	<u>Target allocation</u>	<u>Long term expected real rate of return</u>
Cash	2.00 %	1.85 %
US stocks	22.50	5.75
Non-US stocks	22.50	6.50
Fixed income	19.00	2.85
Private equity	12.00	7.60
Real assets	17.00	6.60
Multi-asset strategies	<u>5.00</u>	6.65
Total	<u>100.00</u> %	



**Akron City School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**Discount Rate** The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan’s fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what each plan’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease <u>(6.50%)</u>	Current discount rate <u>(7.50%)</u>	1% Increase <u>(8.50%)</u>
School District's proportionate share of the net pension liability	\$119,026,750	\$86,888,584	\$59,924,051

**Actuarial Assumptions – STRS**

The total pension liability in the June 30, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Projected salary increases	2.5 percent at age 65 to 12.5 percent at age 20
Investment rate of return	7.45 percent, net of investment expenses, including inflation
Discount rate of return	7.45 percent
Payroll increases	3 percent
Cost of living adjustments (COLA)	0 percent, effective July 1, 2017

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

Actuarial assumptions used in the July 1, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

STRS’s 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:

**Akron City School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

Asset class	Target allocation **	Long term expected real rate of return*
Domestic equity	28.00 %	7.35 %
International equity	23.00	7.55
Alternatives	17.00	7.09
Fixed income	21.00	3.00
Real estate	10.00	6.00
Liquidity reserves	<u>1.00</u>	2.25
Total	<u>100.00 %</u>	

\*10 year annualized geometric nominal returns, which include the real rate of return and inflation of 2.25% and does not include investment expenses. Over a 30 year period, STRS's 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 7.45 percent as of June 30, 2020. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not 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, 2020. Therefore, the long-term expected rate of return on pension plan investments of 7.45 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2020.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.45 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.45 percent) or one-percentage-point higher (8.45 percent) than the current rate:

	1% Decrease (6.45%)	Current discount rate (7.45%)	1% Increase (8.45%)
School District's proportionate share of the net pension liability	\$447,735,745	\$314,459,614	\$201,519,194

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by SERS or STRS have an option to choose Social Security or SERS. As of June 30, 2021, one member of the Board of Education has elected Social Security.

## **Note 12 – Defined Benefit OPEB Plans**

### **Net OPEB Liability or Asset**

The net OPEB liability or asset reported on the statement of net position represents a liability or asset to employees for OPEB. OPEB is a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability or asset. Resulting adjustments to the net OPEB liability or asset would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

***A. School Employees Retirement System (“SERS”)***

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2021, 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, prorated if less than a full year of service credit was earned. For fiscal year 2021, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer’s SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2021, the School District’s surcharge obligation was \$662,903.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District’s contractually required contribution to SERS was \$662,903 for fiscal year 2021. Of this amount \$662,903 is reported as a pension obligation payable.

**Akron City School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

---

**B. State Teachers Retirement System of Ohio (“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. Medicare Part B premium reimbursements will be discontinued effective January 1, 2020. The Plan is included in the report of STRS which can be obtained by visiting [www.strsoh.org](http://www.strsoh.org) or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. Nearly all health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2021, STRS did not allocate any employer contributions to post-employment health care.

**OPEB Liability or Asset, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The net OPEB liability or asset was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability or asset was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability or asset was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability (asset) - prior measurement date	1.3496822%	1.2898175%	
Proportion of the net OPEB liability (asset) - current measurement date	<u>1.3299246%</u>	<u>1.2996110%</u>	
Change in proportionate share	<u>-0.0197576%</u>	<u>0.0097935%</u>	
Proportionate share of the net OPEB liability (asset)	\$28,903,614	(\$22,840,637)	\$6,062,977
OPEB expense	(\$445,335)	(\$1,664,967)	(\$2,110,302)

At June 30, 2021, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**Akron City School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred outflows of resources</b>			
Differences between expected and actual experience	\$ 379,618	\$ 1,463,518	\$ 1,843,136
Changes of assumptions	4,927,061	377,043	5,304,104
Net difference between projected and actual earnings on pension plan investments	325,677	800,469	1,126,146
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	691,284	80,932	772,216
School District contributions subsequent to the measurement date	<u>662,903</u>	<u>-</u>	<u>662,903</u>
Total deferred outflows of resources	<u>\$ 6,986,543</u>	<u>\$ 2,721,962</u>	<u>\$ 9,708,505</u>
<b>Deferred inflows of resources</b>			
Differences between expected and actual experience	\$ 14,699,508	\$ 4,549,522	\$ 19,249,030
Changes of assumptions	728,014	21,694,770	22,422,784
Changes in proportionate share and difference between School District contributions and proportionate share of contributions	<u>627,589</u>	<u>1,141,782</u>	<u>1,769,371</u>
Total deferred inflows of resources	<u>\$ 16,055,111</u>	<u>\$ 27,386,074</u>	<u>\$ 43,441,185</u>

\$662,903 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal <u>Year</u>	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2022	\$ (1,946,253)	\$ (6,205,014)	\$ (8,151,267)
2023	(1,922,690)	(5,663,194)	(7,585,884)
2024	(1,926,524)	(5,473,107)	(7,399,631)
2025	(1,872,876)	(5,195,288)	(7,068,164)
2026	(1,493,936)	(1,026,068)	(2,520,004)
2027	<u>(569,192)</u>	<u>(1,101,441)</u>	<u>(1,670,633)</u>
Total	<u>\$ (9,731,471)</u>	<u>\$(24,664,112)</u>	<u>\$ (34,395,583)</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.

**Akron City School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

---

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2020, are presented below:

Wage inflation	3 percent
Future salary increases, including inflation	3.5 percent to 18.2 percent
Investment rate of return	7.5 percent net of investments expense, including inflation
Municipal bond index rate:	
Measurement date	2.45 percent
Prior measurement date	3.13 percent
Single equivalent interest rate, net of plan investment expense, including price inflation	
Measurement date	2.63 percent
Prior measurement date	3.22 percent
Medical trend assumption	
Pre-Medicare	7.00 to 4.75 percent
Medicare	5.25 to 4.75 percent

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

The most recent experience study was completed for the five year period ended June 30, 2015. The long-term expected rate of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers fiscal years 2010 through 2015, and was adopted by the Board on April 21, 2016. Several factors are considered in evaluating the long-term rate of return assumption including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return, 7.50 percent, by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

**Akron City School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

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

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2020 was 2.63 percent. The discount rate used to measure total OPEB liability at June 30, 2019, was 3.22 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the state statute contribution rate of 2.00 percent of projected covered employee payroll each year, which includes a 1.50 percent payroll surcharge and 0.50 percent of contributions from the basic benefits plan. Based on these assumptions, the OPEB plan’s fiduciary net position was projected to become insufficient to make future benefit payments during the fiscal year ending June 30, 2025. Therefore, the long-term expected rate of return on OPEB plan assets was used to present value the projected benefit payments through the fiscal year ending June 30, 2024, and the Fidelity General Obligation 20-year Municipal Bond Index rate of 2.45 percent, as of June 30, 2020 (i.e. municipal bond rate), was used to present value the projected benefit payments for the remaining years in the projection. The total present value of projected benefit payments from all years was then used to determine the single rate of return that was used as the discount rate. The projection of future benefit payments for all current plan members was until the benefit payments ran out.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates** The net OPEB liability is sensitive to changes in the discount rate and the health care cost trend rate. The following table presents the net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.63%) and higher (3.63%) than the current discount rate (2.63%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.75%) and higher (8.00% decreasing to 5.75%) than the current rate.

	1% Decrease (1.63%)	Current discount rate (2.63%)	1% Increase (3.63%)
School District's proportionate share of the net OPEB liability	\$ 35,377,305	\$28,903,614	\$23,757,041
	1% Decrease (6.00% decreasing to 3.75%)	Current trend rate (7.00% decreasing to 4.75%)	1% Increase (8.00% decreasing to 5.75%)
School District's proportionate share of the net OPEB liability	\$ 22,759,397	\$28,903,614	\$37,120,005

**Actuarial Assumptions – STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2020, actuarial valuation are presented below:



**Akron City School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

Projected salary increases	12.50 percent at age 20 to 2.50 percent at age 65
Investment rate of return	7.45 percent, net of investment expenses, including inflation
Payroll increases	3 percent
Discount rate of return	7.45 percent
Health care cost trends:	
Medical	
Pre-Medicare	5.00 percent initial, 4.00 percent ultimate
Medicare	(6.69) percent initial, 4.00 percent ultimate
Prescription drug	
Pre-Medicare	6.50 percent initial, 4.00 percent ultimate
Medicare	11.87 percent initial, 4.00 percent ultimate

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

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

Actuarial assumptions used in the June 30, 2020, valuation are based on the results of an actuarial experience study for the period July 1, 2011 through June 30, 2016.

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

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

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

**Akron City School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

***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, 2020, calculated using the current period discount rate assumption of 7.45 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.45 percent) or one percentage point higher (8.45 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease <u>(6.45%)</u>	Current discount rate <u>(7.45%)</u>	1% Increase <u>(8.45%)</u>
School District's proportionate share of the net OPEB asset	\$(19,872,845)	(\$22,840,637)	(\$25,358,711)

  

	1% Decrease <u></u>	Current trend rate <u></u>	1% Increase <u></u>
School District's proportionate share of the net OPEB asset	\$(25,202,407)	(\$22,840,637)	(\$19,963,662)

**Note 13 - Other Employee Benefits**

***A. Compensated Absences***

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Employees working 52 weeks per year earn 1 day to 25 days of vacation per year, depending upon length of service. Accumulated, unused vacation time (up to 37.5 days) is paid upon termination of employment. Employees working less than 52 weeks per year do not earn vacation. Employees earn sick leave at the rate of one and one-fourth days per month or the equivalent in hours per month. Sick leave may be accumulated up to a maximum of 425 days. Upon retirement, payment is made for one-fourth of the total sick leave accumulation. Employees receive 1) two additional days for each year of perfect attendance commencing July 1, 1976 through June 30, 1981; and 2) one additional day for each year of perfect attendance commencing July 1, 1981.

***B. Insurance Benefits***

The School District provides life insurance and accidental death and dismemberment insurance to most employees through The Hartford.

**Akron City School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

**Note 14 - Long-Term Obligations**

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

<u>Governmental Activities</u>	<u>Balance 7/1/2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 6/30/2021</u>	<u>Amount Due in One Year</u>
Net pension liability:					
STRS	\$ 285,235,396	\$ 29,224,218	\$ -	\$ 314,459,614	\$ -
SERS	<u>78,787,787</u>	<u>8,100,797</u>	<u>-</u>	<u>86,888,584</u>	<u>-</u>
Total net pension liability	<u>364,023,183</u>	<u>37,325,015</u>	<u>-</u>	<u>401,348,198</u>	<u>-</u>
Net OPEB liability:					
SERS	<u>33,941,669</u>	<u>-</u>	<u>(5,038,055)</u>	<u>28,903,614</u>	<u>-</u>
Total net OPEB liability	<u>33,941,669</u>	<u>-</u>	<u>(5,038,055)</u>	<u>28,903,614</u>	<u>-</u>
Compensated absences	<u>33,147,005</u>	<u>5,211,047</u>	<u>(3,419,826)</u>	<u>34,938,226</u>	<u>3,034,702</u>
Total long-term obligations	<u>\$ 431,111,857</u>	<u>\$ 42,536,062</u>	<u>\$ (8,457,881)</u>	<u>\$ 465,190,038</u>	<u>\$ 3,034,702</u>

Compensated absences will be paid from the fund from which the employees' salaries are paid.

There is not a repayment schedule for the net pension liability and net OPEB liability; however the School District pays pension and OPEB obligations related to employee compensation from the fund benefitting from their service.

**Note 15 – Interfund Transfers and Balances**

**A. Transfers**

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Transfers made during the fiscal year ended June 30, 2021 were as follows:

<u>Transfers to</u>	<u>Transfers from</u>		
	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
General fund	\$ -	\$ 18,574	\$ 18,574
Nonmajor governmental funds	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total	<u>\$ 100,000</u>	<u>\$ 18,574</u>	<u>\$ 118,574</u>

***Akron City School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

---

***B. Interfund balances***

The general fund advanced funds to various special revenue funds to cover negative cash balances at the end of fiscal year 2021 as follows:

<u>Advanced to</u>	Nonmajor Governmental <u>Funds</u>
Public school preschool	\$ 215,710
Miscellaneous state grants	119,725
ESS Emergency relief	17,949,723
Title VI-B	406,671
Vocational education	79,514
Title I school improvement stimulus A	825
Title I school improvement stimulus G	41,054
Nutrition education and training	2,096
Title III limited english proficiency	35,788
Title I	1,553,755
Preschool handicapped	6,590
Title II-A improving teacher quality	153,066
Miscellaneous federal grants	86,332
	<u>\$ 20,650,849</u>

**Akron City School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

---

**Note 16 – Set Asides**

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

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 Improvement</u>
Set aside balance as of June 30, 2020	\$ -
Current year set-aside requirement	3,697,126
Qualifying expenditures	<u>(5,435,469)</u>
Total	<u><u>\$(1,738,343)</u></u>
Cash balance carried forward to next year	<u><u>\$ -</u></u>

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

**Note 17 – Fund Balances**

Fund balances can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on the fund balances for the major governmental funds and all other governmental funds are presented as follows:

**Akron City School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

Fund Balances	General	Permanent Improvement	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<u>Nonspendable</u>					
Inventory	\$ 50,616	\$ -	\$ -	\$ -	\$ 50,616
Permanent fund principal	-	-	-	281,304	281,304
Unclaimed funds	-	-	-	-	-
Total nonspendable	<u>50,616</u>	<u>-</u>	<u>-</u>	<u>281,304</u>	<u>331,920</u>
<u>Restricted for</u>					
Scholarships	-	-	-	136,944	136,944
Various student activities	-	-	-	417,458	417,458
Food service	-	-	-	4,272,986	4,272,986
Instructional programs	-	-	-	46,943	46,943
Auxiliary services	-	-	-	236,581	236,581
Data communication	-	-	-	17,935	17,935
Student wellness	-	-	-	114,565	114,565
General operations of WAPS-FM	-	-	-	360,544	360,544
Other local grants	-	-	-	3,054,284	3,054,284
Debt service	-	-	-	13,007	13,007
Classroom facilities maintenance	-	-	-	15,425,803	15,425,803
Classroom facilities construction	-	-	11,131,601	-	11,131,601
Capital improvements	-	435,739	-	6,475,346	6,911,085
Total restricted	<u>-</u>	<u>435,739</u>	<u>11,131,601</u>	<u>30,572,396</u>	<u>42,139,736</u>
<u>Committed to:</u>					
Underground storage tanks	11,000	-	-	-	11,000
Superintendent	41,133	-	-	-	41,133
Severance payments	3,128,955	-	-	-	3,128,955
Total committed	<u>3,181,088</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,181,088</u>
<u>Assigned</u>					
Uniform school supplies	17,139	-	-	-	17,139
Public school support	616,893	-	-	-	616,893
Background checks	1,012	-	-	-	1,012
Consumer services from vocational education classes	172,172	-	-	-	172,172
Encumbrances	2,420,087	-	-	-	2,420,087
Total assigned	<u>3,227,303</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,227,303</u>
Unassigned (deficit)	<u>75,141,522</u>	<u>-</u>	<u>-</u>	<u>(2,924,015)</u>	<u>72,217,507</u>
Total fund balances	<u>\$ 81,600,529</u>	<u>\$ 435,739</u>	<u>\$ 11,131,601</u>	<u>\$ 27,929,685</u>	<u>\$ 121,097,554</u>

Regarding the committed fund balances, the School District's Board of Education approves transfers to and from the underground storage tanks fund, approves the Superintendent's contract and approves the retirements of its employees before severance payments can be made.

**Akron City School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

The School District’s Treasurer authorized the assignment of fund balances to encumbrances and public school support. The School District’s Board of Education authorized the assignment of fund balances to uniform school supplies and consumer services from vocational education classes. The School District’s Board of Education has established policies to collect tuition and fees for uniform school supplies.

**Note 18 – Construction Commitments**

The School District has active construction projects as of June 30, 2021. At fiscal year end, the School District’s commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Case Community Learning Center Construction	\$ 14,269,436	\$ 114,919
Ellet Community Learning Center Construction	54,052,914	130,008
Old Ellet High School Demolition	2,341,390	97,017
Firestone Community Learning Center Construction	81,421,819	12,356
Old Roswell-Kent Middle School Demolition	1,152	100,778
Garfield Community Learning Center Construction	39,313,113	23,657,010
Old Garfield High School Demolition	2,275,393	17,210
National Inventors Hall of Fame Science, Technology, Engineering and Mathematics Middle School Cooling Plant Upgrade	688,796	14,608
Transportation/Central Distribution Center Renovations	126,113	1,810,427
	<u>\$194,490,126</u>	<u>\$ 25,954,333</u>

The commitments involving the construction and demolition of school buildings are being financed entirely with Ohio Facilities Construction Commission monies and proceeds from a municipal income tax levied by the City. The remaining projects are being financed mainly with property taxes, State monies and interest.

**Note 19 – Ohio Facilities Construction Commission Project**

Voters in the City passed an ordinance in May of 2003 levying a 0.25 percent additional municipal income tax for the purpose of acquiring, constructing, renovating, and adding to interests in land and the School District’s school buildings. This tax will last for 30 years and will raise \$284,208,394 in local funds needed to be eligible for \$408,982,810 of Ohio Facilities Construction Commission (“OFCC”) monies. Also, this tax will raise \$80,706,348 in additional local funds for locally funded initiatives that are not eligible to be paid for with OFCC monies. Combined, these funds will rebuild and renovate the School District’s school buildings into community learning centers for educating students during school hours while serving as community learning centers for recreation, education, after school and summer school programs, as well as community activities at other times, open to City residents and persons employed in the City.

***Akron City School District***  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

---

The tax took effect January 1, 2004. As of June 30, 2021, the School District has received \$352,173,747 in local funds from the City by way of this tax to date. At June 30, 2020 the School District is reporting an asset, “due from City of Akron” in the amount of \$195,332 and a liability, “due to City of Akron” in the amount of \$9,931,394 as of June 30, 2021. The amount of this receivable and liability was determined by reducing the \$352,173,747 received as of June 30, 2021 by the amount of capital expenditures made by the School District using these local funds received from the City since the inception of this project. The School District has made a total of \$342,437,685 in capital expenditures using these local funds received from the City as of June 30, 2021. A liability was recorded for these monies because if the School District does not spend these local funds by the end of this project, these funds would have to be returned to the City in accordance with an agreement between the School District and the City.

The School District and the City share ownership of the new community learning centers equally. For completed community learning centers, the School District has recorded 50 percent of the capital expenditures as land capital assets in the amount of \$630,312 and as buildings capital assets in the amount of \$294,377,512 to date as of June 30, 2021. For community learning centers still under construction, the School District has recorded 50 percent of the capital expenditures as construction in progress capital assets. Construction in progress capital assets totaled \$21,142,082 as of June 30, 2021.

OFCC has determined that \$18,971,632 is available to the School District as of June 30, 2021. This represents the amount that OFCC has appropriated but not remitted to the School District as of June 30, 2021 over the entire life of this project. As a result, that amount was recorded as an intergovernmental receivable as of June 30, 2021. On the accrual basis, the entire amount was recorded as revenue because all of the eligibility requirements were satisfied for this nonexchange transaction. On the modified accrual basis, the entire amount was reported as deferred inflows of resources – unavailable revenue because it was not expected to be available.

**Note 20 – Tax abatements**

Pursuant to Ohio Revised Code (ORC) Section 3735.66, the City of Akron established a Community Reinvestment Area (CRA) program. The CRA program is an economic development tool administered by municipal and county governments that provides real property tax exemptions for property owners who renovate existing or construct new buildings. CRAs are areas of land in which property owners can receive tax incentives for investing in real property improvements. Under the CRA program, local governments petition to the Ohio Development Services Agency (ODSA) for confirmation of a geographical area in which investment in housing has traditionally been discouraged. Once an area is confirmed by the ODSA, local governments may offer real property tax exemptions to taxpayers that invest in that area. Property owners in the CRA can receive temporary tax abatements for the renovation of existing structures and new construction in these areas. Property owners apply to the local legislative authority for approval to renovate or construct in the CRA. Upon approval and certification of completion, the amount of the abatement is deducted from the individual or entity’s property tax bill.

The total value of the School District’s share of taxes abated for fiscal year 2021 was estimated at \$248,211.



**Note 21 – Bond held by the City of Akron**

The School District and the City of Akron entered into compensation agreement in 1997. The compensation agreement provided for revenue to replace property taxes resulting from the City’s tax incremental financing (TIF) and tax abatement agreements with developers. This agreement provided terms and conditions for sharing the City’s TIF payments and a portion of income tax from a Joint Economic Development District (JEDD).

During 2018, the School District received \$10 million from a closed sale of a term bond that has a final maturity of December 1, 2028. The City of Akron acquired the bond as part of a Settlement and Purchase Agreement; to not require the bond be registered, to not sell the bond, to hold it as an investment and to forgive all debt service payments as they come due. In turn, the School District will accept a reduction of future TIF and JEDD receipts in the same periods and for the same amounts as the debt service requirements. These future TIF and JEDD receipts include the amounts that were already past due. As a result of this transaction, the bond will not be reported as debt and the \$10 million will be recognized as partially earned and unearned revenue. During the term of the bonds, the School District will continue to collect current amounts for the TIF and JEDD receipts. During fiscal year 2024, the debt service payments will be covered partially by the current and past due amounts. The debt service payments scheduled prior to fiscal year 2024, were covered by the past due amounts and the School District has recognized those amounts as revenue. The future amounts to be withheld are reported as unearned revenue in the general fund.

**Note 22 – Jointly Governed Organization**

The Ohio Schools Council (Council) is a jointly governed organization among 249 school districts, educational service centers, joint vocational school districts, and developmental disabilities boards in thirty-three northern Ohio counties. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to its members. Each member supports the Council by paying an annual participation fee. The Council’s Board consists of nine superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. During fiscal year 2021, the School District paid the Council \$14,030 for contracted services performed for school safety and security assessments and consulting, \$4,025 for the safety program fees and \$2,000 for membership fees. Financial information can be obtained by contacting William Zelei, the Executive Director of the Ohio Schools Council at 6393 Oak Tree Blvd., Suite 377, Independence, Ohio 44131.

**Note 23 – Change in Accounting Principal and Restatement of Net Position and Fund Balance**

For fiscal year 2021, the School District has implemented GASB Statement No. 84, “Fiduciary Activities”. GASB Statement No. 84 establishes specific criteria for identifying activities that should be reported as fiduciary activities and clarifies whether and how business-type activities should report their fiduciary activities. Due to the implementation of GASB Statement No. 84, the District will no longer be reporting agency funds. The School District reviewed its agency funds, and these funds have been reclassified as governmental funds. These fund reclassifications resulted in the restatement of the School District’s financial statements.

**Akron City School District**  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2021

A net position restatement is required in order to implement GASB Statement No. 84. The June 30, 2020, net position of the governmental activities has been restated as follows:

	Governmental Activities
Net position June 30, 2020	\$ 92,726,462
Restatement GASBS No. 84	<u>429,192</u>
Restated net position at July 1, 2021	<u>\$ 93,155,654</u>

The implementation of GASB Statement No. 84 had the following effect on fund balance as reported at June 30, 2020:

	General	Permanent Improvement	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Fund balance June 30, 2020	44,818,225	567,643	7,743,932	31,015,276	84,145,076
Restatement GASBS No. 84	<u>-</u>	<u>-</u>	<u>-</u>	<u>429,192</u>	<u>429,192</u>
Restated fund balance at July 1, 2021	<u>\$ 44,818,225</u>	<u>\$ 567,643</u>	<u>\$ 7,743,932</u>	<u>\$ 31,444,468</u>	<u>\$ 84,574,268</u>

**Note 24 – Coronavirus Pandemic 2019 (COVID-19)**

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the ensuing emergency measures have impacted the current period and will continue to impact subsequent periods of the School District. Furthermore, due to the dynamic environment and changes in fiscal policies, the exact impact on the School District's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be reasonably estimated.

**Note 25 – Subsequent Event (Traditional Schools)**

For fiscal year 2022, School District foundation funding received from the state of Ohio will be funded using a direct funding model. Under this new model, community school, STEM school, scholarship, and open enrollment funding will be directly funded by the State of Ohio to the respective educating schools. For fiscal year 2021 and prior, the amounts related to students who were residents of the School District were funded to the School District who, in turn, made the payment to the educating school. For fiscal year 2021, the School District reported \$46,141,545 in revenues and expenditures/expenses related to these programs. This new funding system calculates a unique base cost and a unique "per-pupil local capacity amount" for each School District. The School District's state core foundation funding is then calculated. Any change in funding will be subject to a phase in percentage of 16.67 percent for fiscal year 2022 and 33.33 percent for fiscal year 2023.

Required Supplementary Information

***Akron City School District***  
**Required Supplementary Information**  
**Schedule of the School District's Proportionate Share of the Net Pension Liability**  
**Last Eight Fiscal Years (1)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>School Employees Retirement System (SERS) of Ohio</b>				
School District's proportion of the net pension liability	1.313665%	1.316822%	1.297806%	1.308332%
School District's proportionate share of the net pension liability	\$ 86,888,584	\$ 78,787,787	\$ 74,327,776	\$ 78,169,959
School District's covered payroll	\$ 44,063,521	\$ 43,962,400	\$ 42,202,341	\$ 42,319,407
School District's proportionate share of the net pension liability as a percentage of its covered payroll	197.19%	179.22%	176.12%	184.71%
Plan fiduciary net position as a percentage of total pension liability	68.55%	70.85%	71.36%	69.50%
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>State Teachers Retirement System (STRS) of Ohio</b>				
School District's proportion of the net pension liability	1.2996110%	1.2898175%	1.2758081%	1.3036237%
School District's proportionate share of the net pension liability	\$ 314,459,614	\$ 285,235,396	\$ 280,521,562	\$ 309,678,611
School District's covered payroll	\$ 156,987,164	\$ 152,671,714	\$ 141,774,043	\$ 144,321,386
School District's proportionate share of the net pension liability as a percentage of its covered payroll	200.31%	186.83%	197.87%	214.58%
Plan fiduciary net position as a percentage of total pension liability	75.50%	77.40%	77.30%	75.30%

(1) Ten years of information will be presented as information becomes available. Information prior to 2014 is not available. The amounts presented are as of the School District's measurement date which is the prior fiscal year end.

2017	2016	2015	2014
1.344926%	1.322210%	1.341774%	1.341774%
\$ 98,436,174	\$ 75,446,607	\$ 67,906,419	\$ 79,790,994
\$ 39,321,964	\$ 39,805,432	\$ 38,332,280	\$ 37,714,870
250.33%	189.54%	177.15%	211.56%
62.98%	69.16%	71.70%	65.52%

2017	2016	2015	2014
1.3246609%	1.3170370%	1.2751098%	1.0275110%
\$ 443,386,470	\$ 363,990,523	\$ 310,150,834	\$ 369,449,645
\$ 136,605,736	\$ 138,124,286	\$ 131,786,215	\$ 134,566,231
324.57%	263.52%	235.34%	274.55%
66.80%	72.10%	74.70%	69.30%

***Akron City School District***  
**Required Supplementary Information**  
**Schedule of School District Contributions - Pension**  
**Last Ten Fiscal Years (1)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>School Employees Retirement System (SERS) of Ohio</b>				
Contractually required contribution	\$ 6,105,763	\$ 6,168,893	\$ 5,934,924	\$ 5,697,316
Contributions in relation to contractually required contribution	<u>(6,105,763)</u>	<u>(6,168,893)</u>	<u>(5,934,924)</u>	<u>(5,697,316)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered payroll	\$ 43,612,593	\$ 44,063,521	\$ 43,962,400	\$ 42,202,341
Contributions as a percentage of covered payroll	14.00%	14.00%	13.50%	13.50%

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>State Teachers Retirement System (STRS) of Ohio</b>				
Contractually required contribution	\$ 23,134,335	\$ 21,978,203	\$ 21,374,040	\$ 19,848,366
Contributions in relation to contractually required contribution	<u>(23,134,335)</u>	<u>(21,978,203)</u>	<u>(21,374,040)</u>	<u>(19,848,366)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered payroll	\$ 165,245,250	\$ 156,987,164	\$ 152,671,714	\$ 141,774,043
Contributions as a percentage of covered payroll	14.00%	14.00%	14.00%	14.00%

2017	2016	2015	2014	2013	2012
\$ 5,924,717	\$ 5,505,075	\$ 5,246,356	\$ 5,312,854	\$ 5,219,738	\$ 5,370,667
(5,924,717)	(5,505,075)	(5,246,356)	(5,312,854)	(5,219,738)	(5,370,667)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 42,319,407	\$ 39,321,964	\$ 39,805,432	\$ 38,332,280	\$ 37,714,870	\$ 39,930,610
14.00%	14.00%	13.18%	13.86%	13.84%	13.45%

2017	2016	2015	2014	2013	2012
\$ 20,204,994	\$ 19,124,803	\$ 19,337,400	\$ 17,132,208	\$ 17,493,610	\$ 18,571,947
(20,204,994)	(19,124,803)	(19,337,400)	(17,132,208)	(17,493,610)	(18,571,947)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 144,321,386	\$ 136,605,736	\$ 138,124,286	\$ 131,786,215	\$ 134,566,231	\$ 142,861,131
14.00%	14.00%	14.00%	13.00%	13.00%	13.00%

***Akron City School District***  
**Required Supplementary Information**  
**Schedule of the School District's Proportionate Share of the Net OPEB Liability (Asset)**  
**Last Five Fiscal Years (1)**

	2021	2020	2019	2018
<b>School Employees Retirement System (SERS) of Ohio</b>				
School District's proportion of the net OPEB liability	1.329925%	1.349682%	1.316156%	1.324397%
School District's proportionate share of the net OPEB liability	\$ 28,903,614	\$ 33,941,669	\$ 36,513,714	\$ 35,543,328
School District's covered payroll	\$ 44,063,521	\$ 43,962,400	\$ 42,202,341	\$ 42,319,407
School District's proportionate share of the net OPEB liability as a percentage of its covered payroll	65.60%	77.21%	86.52%	83.99%
Plan fiduciary net position as a percentage of total OPEB liability	18.17%	15.57%	13.57%	12.46%
	2021	2020	2019	2018
<b>State Teachers Retirement System (STRS) of Ohio</b>				
School District's proportion of the net OPEB liability or asset	1.2996110%	1.2898175%	1.2758081%	1.3036237%
School District's proportionate share of the net OPEB liability (asset)	\$ (22,840,637)	\$ (21,362,474)	\$ (20,500,935)	\$ 50,862,588
School District's covered payroll	\$ 156,987,164	\$ 152,671,714	\$ 141,774,043	\$ 144,321,386
School District's proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	-14.55%	-13.99%	-14.46%	35.24%
Plan fiduciary net position as a percentage of total OPEB liability	182.10%	174.50%	176.00%	47.10%

(1) Ten years of information will be presented as information becomes available. Information prior to 2017 is not available.  
The amounts presented are as of the School District's measurement date which is the prior fiscal year end.



2017

1.316097%

\$ 38,810,913

\$ 39,321,964

98.70%

11.49%

2017

1.3246087%

\$ 70,840,419

\$ 136,605,736

51.86%

37.30%

***Akron City School District***  
**Required Supplementary Information**  
**Schedule of School District Contributions - OPEB**  
**Last Ten Fiscal Years**

	2021	2020	2019	2018
<b>School Employees Retirement System (SERS) of Ohio</b>				
Contractually required contribution (1)	\$ 662,903	\$ 697,045	\$ 1,044,545	\$ 919,973
Contributions in relation to contractually required contribution	(662,903)	(697,045)	(1,044,545)	(919,973)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered payroll	\$ 43,612,593	\$ 44,063,521	\$ 43,962,400	\$ 42,202,341
Contributions as a percentage of covered payroll	1.52%	1.58%	2.38%	2.18%

	2021	2020	2019	2018
<b>State Teachers Retirement System (STRS) of Ohio</b>				
Contractually required contribution	\$ -	\$ -	\$ -	\$ -
Contributions in relation to contractually required contribution	-	-	-	-
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District covered payroll	\$ 165,245,250	\$ 156,987,164	\$ 152,671,714	\$ 141,774,043
Contributions as a percentage of covered employee payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge, except for years 2015 through 2012 information not available.

2017	2016	2015	2014	2013	2012
\$ 706,757	\$ 683,295	\$ 326,405	\$ 53,665	\$ 60,344	\$ 219,618
(706,757)	(683,295)	(326,405)	(53,665)	(60,344)	(219,618)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 42,319,407	\$ 39,321,964	\$ 39,805,432	\$ 38,332,280	\$ 37,714,870	\$ 39,930,610
1.67%	1.74%	0.82%	0.14%	0.16%	0.55%

2017	2016	2015	2014	2013	2012
\$ -	\$ -	\$ -	\$ 1,317,862	\$ 1,345,662	\$ 1,428,611
-	-	-	(1,317,862)	(1,345,662)	(1,428,611)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 144,321,386	\$ 136,605,736	\$ 138,124,286	\$ 131,786,215	\$ 134,566,231	\$ 142,861,131
0.00%	0.00%	0.00%	1.00%	1.00%	1.00%

***Akron City School District***  
**Notes to Required Supplementary Information**  
**For the Fiscal Year Ended June 30, 2021**

**Net Pension Liability**

**School Employees Retirement System (SERS) of Ohio**

Changes in benefit terms: There was no change in benefit terms for fiscal year 2021. See the notes to the basic financial for benefit terms.

Changes in assumptions: There was no change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021. See the notes to the basic financials for the methods and assumptions in this calculation.

**State Teachers Retirement System (STRS) of Ohio**

Changes in benefit terms: There was no change in benefit terms for fiscal year 2021. See the notes to the basic financial for benefit terms.

Changes in assumptions: There was no change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021. See the notes to the basic financials for the methods and assumptions in this calculation.

**Net OPEB Liability**

**School Employees Retirement System (SERS) of Ohio**

Changes in benefit terms: There was no change in benefit terms for fiscal year 2021. See the notes to the basic financial for benefit terms.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021. See the notes to the basic financials for the methods and assumptions in this calculation.

**State Teachers Retirement System (STRS) of Ohio**

Changes in benefit terms: There was no change in benefit terms for fiscal year 2021. See the notes to the basic financial for benefit terms.

Changes in assumptions: There was a change in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021. See the notes to the basic financials for the methods and assumptions in this calculation.

**AKRON CITY SCHOOL DISTRICT  
SUMMIT COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Total Federal Receipts</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
<b>Direct</b>				
Impact Aid	84.041	S041B-2020-3663	23,052	23,052
Impact Aid	84.041	S041B-2021-3663	49,017	49,017
<b>Total Impact Aid</b>			<u>72,069</u>	<u>72,069</u>
<b>Passed Through Ohio Department of Education</b>				
<b>Special Education Cluster:</b>				
Special Education - Grants to State (IDEA-B)	84.027	043489-3M20-2020	781,427	337,756
Special Education - Grants to State (IDEA-B)	84.027	043489-3M20-2021	4,427,171	4,833,843
Special Education - Grants to State (6B IDEA Restoration)	84.027	043489-3M20-2020	69,978	40,305
<b>Total Special Education-Grants to State</b>			<u>5,278,576</u>	<u>5,211,904</u>
Special Education - Preschool Grants	84.173	043489-3C50-2020	3,732	-
Special Education - Preschool Grants	84.173	043489-3C50-2021	118,857	125,447
<b>Total Special Education - Preschool Grants</b>			<u>122,589</u>	<u>125,447</u>
<b>Total Special Education Cluster</b>			<u>5,401,165</u>	<u>5,337,351</u>
Career and Technical Education - Basic Grants to State (Carl D Perkins Secondary)	84.048	043489-3L90-2020	206,915	140,106
Career and Technical Education - Basic Grants to State (Carl D Perkins Secondary)	84.048	043489-3L90-2021	513,199	592,712
<b>Total Career and Technical Education - Basic Grants to State</b>			<u>720,114</u>	<u>732,818</u>
Title I - Grants to Local Educational Agencies (Improving Basic Programs)	84.010	043489-3M00-2020	1,974,215	903,211
Title I - Grants to Local Educational Agencies (Delinquent)	84.010	043489-3M00-2020	39,030	24,704
Title I - Grants to Local Educational Agencies (School Quality Improvement)	84.010A	043489-3M00-2020	754,226	645,541
Title I - Grants to Local Educational Agencies (Supplemental School Improvement)	84.010	043489-3M00-2020	21,396	20,944
Title I - Grants to Local Educational Agencies (Improving Basic Programs)	84.010	043489-3M00-2021	9,221,358	10,257,721
Title I - Grants to Local Educational Agencies (Delinquent)	84.010	043489-3M00-2021	198,706	216,364
Title I - Grants to Local Educational Agencies (School Quality Improvement)	84.010A	043489-3M00-2021	1,628,874	2,072,885
Title I - Grants to Local Educational Agencies (Supplemental School Improvement)	84.010	043489-3M00-2021	21,783	22,607
Title I - Grants to Local Educational Agencies (Expanding Opportunities for Each Child)	84.010A	043489-3M00-2021	146,912	161,661
<b>Total Title I - Grants to Local Educational Agencies</b>			<u>14,006,500</u>	<u>14,325,638</u>
Education for Homeless Children and Youth (McKinney-Vento Homeless Youth)	84.196	043489-3EJ0-2020	65,367	29,255
Education for Homeless Children and Youth (McKinney-Vento Homeless Youth)	84.196	043489-3EJ0-2021	311,291	352,266
<b>Total Education for Homeless Children and Youth</b>			<u>376,658</u>	<u>381,521</u>
English Language Acquisition State Grants (Title III)	84.365	043489-3Y70-2020	(3,301)	4,822
English Language Acquisition State Grants (Title III)	84.365	043489-3Y70-2021	233,735	269,523
<b>Total English Language Acquisition State Grants</b>			<u>230,434</u>	<u>274,345</u>
Student Support and Academic Enrichment Program (Title IV-A)	84.424A	043489-3HI0-2020	140,143	61,073
Student Support and Academic Enrichment Program (Title IV-A)	84.424A	043489-3HI0-2021	767,611	873,154
<b>Total Student Support and Academic Enrichment Program</b>			<u>907,754</u>	<u>934,227</u>
Supporting Effective Instruction State Grants (Title II-A)	84.367	043489-3Y60-2020	256,554	164,008
Supporting Effective Instruction State Grants (Title II-A)	84.367	043489-3Y60-2021	997,192	1,148,756
Supporting Effective Instruction State Grants (Expanding Human Capital)	84.367A	043489-3Y60-2020	1,981	1,781
Supporting Effective Instruction State Grants (Expanding Human Capital)	84.367A	043489-3Y60-2021	18,816	20,318
<b>Total Supporting Effective Instruction</b>			<u>1,274,543</u>	<u>1,334,863</u>
School Improvement Grants (1003 (g))	84.377A	043489-3AN0-2021	-	41,054
<b>Total School Improvement Grants</b>			<u>-</u>	<u>41,054</u>
Hurricane Education Recovery (Assistance for Homeless Children and Youth)	84.938B	S938B180014	7,614	-
<b>Total Hurricane Education Recovery</b>			<u>7,614</u>	<u>-</u>
COVID-19 Education Stabilization Fund (ESSER)	84.425D	043489-3HS0-2020	8,352,504	8,505,545
COVID-19 Education Stabilization Fund (ESSER II)	84.425D	043489-3HS0-2020	7,932,052	25,594,834
COVID-19 Education Stabilization Fund (RemotEDx Ohio Collaborative Educating Remotely)	84.425D	043489-3HS0-2021	11,599	32,471
<b>Total Education Stabilization Fund</b>			<u>16,296,155</u>	<u>34,132,850</u>
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			<u>39,293,006</u>	<u>57,566,736</u>

**AKRON CITY SCHOOL DISTRICT  
SUMMIT COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Total Federal Receipts</b>	<b>Total Federal Expenditures</b>
<b><u>U.S. DEPARTMENT OF THE TREASURY</u></b>				
<b><i>Passed Through Ohio Department of Education</i></b>				
COVID-19 Coronavirus Relief Fund	21.019	043489-5CV1-2021	1,263,704	1,263,704
COVID-19 Coronavirus Relief Fund (BroadbandOhio Connectivity)	21.019	043489-5CV1-2021	151,466	151,466
<b><i>Passed Through County of Summit, Ohio</i></b>				
COVID-19 Coronavirus Relief Fund (COVID-19 Public School Re-Opening Grant)	21.019	N/A	2,625,883	2,625,883
<b>Total Coronavirus Relief Fund</b>			<b>4,041,053</b>	<b>4,041,053</b>
<b>TOTAL U.S. DEPARTMENT OF THE TREASURY</b>			<b>4,041,053</b>	<b>4,041,053</b>
<b><u>U.S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES</u></b>				
<b><i>Passed Through State Library of Ohio</i></b>				
COVID-19 Grants to States (Library Services and Technology Act CARES Act Grant)	45.310	CARES - VIII - 1	3,000	2,649
Grants to States (Library Services and Technology Act Grant - Services to Youth)	45.310	V-3-21	45,691	17,854
<b>Total Grants to States</b>			<b>48,691</b>	<b>20,503</b>
<b>TOTAL U.S. INSTITUTE OF MUSEUM AND LIBRARY SERVICES</b>			<b>48,691</b>	<b>20,503</b>
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>				
<b><i>Passed Through Ohio Department of Job and Family Services</i></b>				
Refugee and Entrant Assistance State/ Replacement Designee Administered Programs	93.576	G-2021-17-0043	107,567	116,543
<b>Total Refugee and Entrant Assistance State/ Replacement Designee Administered Programs</b>			<b>107,567</b>	<b>116,543</b>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>107,567</b>	<b>116,543</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
<b><i>Passed Through the Ohio Department of Education</i></b>				
<b>Child Nutrition Cluster:</b>				
<b>Non Cash Assistance (Food Distribution):</b>				
School Breakfast Program/Commodities	10.553	N/A	34,559	55,565
National School Lunch Program/Commodities	10.555	N/A	574,758	574,977
<b>Total Food Distribution</b>			<b>609,317</b>	<b>630,542</b>
<b>Cash Assistance:</b>				
Summer Food Service Program for Children	10.559	043489-3GEO-2021	6,014,182	6,014,182
COVID-19 Summer Food Service Program for Children	10.559	043489-3GEO-2021	1,742,268	1,742,268
<b>Total Child Nutrition Cluster</b>			<b>8,365,767</b>	<b>8,386,992</b>
Fresh Fruit & Vegetable Program	10.582	043489-3GG0-2021	101,647	103,744
<b>Total Fresh Fruit &amp; Vegetable Program</b>			<b>101,647</b>	<b>103,744</b>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			<b>8,467,414</b>	<b>8,490,736</b>
<b><u>U.S. DEPARTMENT OF DEFENSE</u></b>				
<b><i>Direct</i></b>				
Air Force R.O.T.C. Grant	12.xxx	N/A	30,491	30,491
Army R.O.T.C. Grant	12.xxx	N/A	48,737	48,737
Marines R.O.T.C. Grant	12.xxx	N/A	78,095	78,095
Navy R.O.T.C. Grant	12.xxx	N/A	69,071	69,071
<b>Total R.O.T.C. Grants</b>			<b>226,394</b>	<b>226,394</b>
<b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>			<b>226,394</b>	<b>226,394</b>
<b>TOTAL FEDERAL ASSISTANCE</b>			<b>52,184,125</b>	<b>70,461,965</b>

The accompanying notes to this schedule are an integral part of this schedule.

**AKRON CITY SCHOOL DISTRICT  
SUMMIT COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2021**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) includes the federal award activity of Akron City School District (the District) under programs of the federal government for the year ended June 30, 2021. 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C – 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 D – FOOD DONATION PROGRAM**

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

**NOTE E - MATCHING REQUIREMENTS**

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the federally funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds

**AKRON CITY SCHOOL DISTRICT  
SUMMIT COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2021  
(continued)**

**NOTE F - TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2021 to 2022 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amt. Transferred</u>
Title I Grants to Local Educational Agencies	84.010	\$ 3,032,850
Title I Grants to Local Educational Agencies - Delinquent	84.010	\$ 148,978
Title I Grants to Local Educational Agencies - School Imp. Expanding Opportunities for Each Child	84.010	\$ 18,105
Title II - A (SEI)	84.010	\$ 3,580
Diversifying the Education Profession	84.367	\$ 342,113
Title III (LEIL)	84.367	\$ 10,000
Title IV - A Student Support and Academic Enrichment	84.365	\$ 119,230
IDEA - B Special Education - Grants to States	84.424	\$ 468,266
ESSER	84.027	\$ 2,238,730
	84.425D	\$ 333,798



# OHIO AUDITOR OF STATE KEITH FABER



88 East Broad Street  
Columbus, Ohio 43215  
ContactUs@ohioauditor.gov  
(800) 282-0370

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

Akron City School District  
Summit County  
10 North Main Street  
Akron, Ohio 44308

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and 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 Akron City School District, Summit County, (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated May 16, 2022, wherein we noted the District adopted Governmental Accounting Standards Board (GAGAS) Statement No. 84, *Fiduciary Activities*. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the District.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the financial statements. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

May 16, 2022



**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**

Akron City School District  
Summit County  
10 North Main Street  
Akron, Ohio 44308

To the Board of Education:

***Report on Compliance for each Major Federal Program***

We have audited Akron City School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the Akron City School District's major federal programs for the year ended June 30, 2021. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

***Management's Responsibility***

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in 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). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on each Major Federal Program***

In our opinion, Akron City School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2021.

***Report on Internal Control Over Compliance***

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. 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 federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State  
Columbus, Ohio

May 16, 2022

**AKRON CITY SCHOOL DISTRICT  
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2021**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Elementary & Secondary School Emergency Relief Fund (CFDA #84.425) Coronavirus Relief Fund (CFDA #21.019)
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$2,113,859 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	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

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



**AKRON CITY SCHOOL DISTRICT**

**SUMMIT COUNTY**

**AUDITOR OF STATE OF OHIO CERTIFICATION**

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



**Certified for Release 6/28/2022**

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

This report is a matter of public record and is available online at  
[www.ohioauditor.gov](http://www.ohioauditor.gov)