



OHIO AUDITOR OF STATE
KEITH FABER



**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY
JUNE 30, 2025**

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SUMMIT COUNTY
JUNE 30, 2025**

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OHIO AUDITOR OF STATE KEITH FABER



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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 Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Akron City School District, Summit County, Ohio (District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Akron City School District, Summit County, Ohio as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 3 to the financial statements, during 2025, the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, required budgetary comparison schedule, and schedules of net pension and other post-employment benefit liabilities and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental

Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

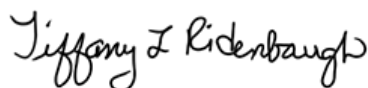
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Receipts and Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2026, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

March 27, 2026

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**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

The management's 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, 2025. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2025 are as follows:

- In total, net position of governmental activities decreased \$357,944 from a net position of \$57,144,982 at June 30, 2024 (as restated), to a balance of \$56,787,038 at June 30, 2025. Net position was restated at beginning of year, as described in Note 3.D in the notes to the basic financial statements.
- General revenues accounted for \$345,293,067 in revenue or 77.70% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$99,096,551 or 22.30% of all revenues. The School District had total revenues of \$444,389,618.
- The School District had \$444,747,562 in expenses related to governmental activities; only \$99,096,551 of these expenses were offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) were not adequate to provide for these programs.
- The School District's major governmental funds are the general, permanent improvement, and building funds. The general fund had \$370,649,584 in revenues and \$389,051,701 in expenditures and other financing uses. During fiscal year 2025, the general fund's fund balance decreased from \$75,331,048 to \$56,928,931, the permanent improvement fund's fund balance decreased from \$237,899 to \$223,733, and the building fund's fund balance increased from \$47,936,195 to \$62,099,844.

Using the Basic Financial Statements

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole, looks at all financial transactions and asks the question, "How did we do financially during 2025?" The statement of net position and the statement of activities answer this question. These statements include all assets, liabilities, deferred inflows and outflows of resources, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

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

In the statement of net position and in the statement of activities, the governmental activities include the School District's programs and services, 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

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, permanent improvement fund, and the building fund

Governmental Funds

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

Proprietary Fund

The District maintains one proprietary fund type. Internal service funds are an accounting device used to accumulate and allocate costs internally among the District's various functions. The District's internal service fund activity accounts for self-insurance of the District's central warehouse, self-insurance program for employee health benefits, liability insurance, and workers' compensation retrospective rating program.

Notes to the Basic Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the School District's net pension liability and net OPEB liability/asset.

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

The School District as a Whole

The statement of net position provides the perspective of the School District as a whole. For the following table, amounts for 2025 have been presented in accordance with the provisions of GASB Statement No. 101 (see Note 3.D in the notes to the basic financial statements) while amounts for 2024 have been presented in accordance with previous guidance. The table below provides a summary of the School District's net position for June 30, 2025 and June 30, 2024.

	Net Position	
	Governmental Activities 2025	Governmental Activities 2024
<u>Assets</u>		
Current and other assets	\$ 429,907,884	\$ 406,997,149
Net OPEB asset	25,570,053	27,152,704
Capital assets, net	<u>355,757,416</u>	<u>340,753,783</u>
Total assets	<u>811,235,353</u>	<u>774,903,636</u>
<u>Deferred outflows of resources</u>	<u>112,324,022</u>	<u>127,408,447</u>
<u>Liabilities</u>		
Current liabilities	88,860,479	89,692,865
Long-term liabilities:		
Due within one year	14,275,293	4,600,023
Due in more than one year:		
Net pension liability	331,446,628	375,843,567
Net OPEB liability	14,571,204	22,227,578
Other amounts	<u>171,841,246</u>	<u>87,540,679</u>
Long-term liabilities	<u>532,134,371</u>	<u>490,211,847</u>
Total liabilities	<u>620,994,850</u>	<u>579,904,712</u>
<u>Deferred inflows of resources</u>	<u>245,777,487</u>	<u>193,813,758</u>
<u>Net position</u>		
Net investment in capital assets	353,528,336	339,792,529
Restricted	76,164,449	53,157,839
Unrestricted (deficit)	<u>(372,905,747)</u>	<u>(264,356,755)</u>
Total net position	<u>\$ 56,787,038</u>	<u>\$ 128,593,613</u>

The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2025 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27." The School District adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability/asset to the reported net position and subtracting deferred outflows related to pension and OPEB.

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

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

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

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

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

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

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

In accordance with GASB 68 and GASB 75, the 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 asset/liability, respectively, not accounted for as deferred inflows/outflows.

Analysis of Net Position

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2025, the School District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$56,787,038.

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

Current and other assets and capital assets, net increased while the net OPEB asset decreased. Current assets include equity in pooled cash and investments and property taxes receivable. Property taxes receivable increased as a result of the 7.6 mill operating levy and 1.3 mill bond issue levy that was approved by voters in the November 2024 election. The operating levy will provide approximately \$26 million in the first year. At fiscal year-end, capital assets represented 43.85% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. Capital assets are used to provide services to the students and are not available for future spending. A \$25.6 million net OPEB asset related to the State Teachers Retirement System (STRS) was reported in fiscal year 2025 (see Note 14).

Current liabilities decreased slightly due to a decrease in accounts payable and accrued wages and benefits payable.

The net pension liability decreased 11.81%, deferred outflows of resources and deferred inflows of resources related to pension and OPEB decreased 12.04% and 34.19%, respectively. These changes were the result of changes at the pension system level for the State Teachers Retirement System (STRS) and the School Employees Retirement System (SERS).

The net investment in capital assets at June 30, 2025 was \$353,528,336. A portion of the School District's net position, \$76,164,449, represents resources that are subject to external restriction on how they may be used. Restricted net position increased from the prior year primarily from classroom facilities maintenance and food service programs. The remaining balance of unrestricted net position is a deficit of \$372,905,747.

During 2025, the School District implemented GASB Statement No. 101 (see Note 3.D in the notes to the basic financial statements). For the table below, the implementation has been reported as a change in accounting principle. The table that follows shows the change in net position for fiscal years 2025 and 2024.

	Change in Net Position	
	Governmental Activities 2025	Governmental Activities 2024
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 5,339,421	\$ 5,306,142
Operating grants and contributions	89,577,814	94,116,596
Capital grants and contributions	4,179,316	399,465
General revenues:		
Property taxes and PILOT	165,141,987	122,788,653
Grants and entitlements	173,230,692	207,282,668
Investment earnings	5,009,541	6,852,432
Other	1,910,847	1,605,904
Total revenues	444,389,618	438,351,860

(continued)

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

Change in Net Position - (Continued)

	Governmental Activities <u>2025</u>	Governmental Activities <u>2024</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 142,592,562	\$ 142,855,348
Special	74,566,116	70,044,776
Vocational	15,452,874	13,822,054
Adult/continuing	202,747	243,094
Other	4,895,022	10,666,236
Support services:		
Pupil	27,079,337	32,961,964
Instructional staff	31,364,189	27,619,644
Board of education	345,629	258,820
Administration	34,672,317	31,630,387
Fiscal	7,157,164	7,154,464
Business	3,987,283	3,520,296
Operations and maintenance	42,868,641	42,057,532
Pupil transportation	17,215,198	18,549,861
Central	14,120,680	12,405,408
Operation of non-instructional services:		
Other non-instructional services	4,514,381	4,459,342
Food service operations	16,479,305	17,161,025
Extracurricular activities	4,894,209	5,574,869
Intergovernmental	140,580	83,170
Interest	2,199,328	1,786,816
Total expenses	<u>444,747,562</u>	<u>442,855,106</u>
Change in net position	(357,944)	(4,503,246)
Net position as previously reported	128,593,613	-
Restatement - change in accounting principle	<u>(71,448,631)</u>	<u>-</u>
Net position at beginning of year	<u>57,144,982</u>	<u>133,096,859</u>
Net position at end of year	<u><u>\$ 56,787,038</u></u>	<u><u>\$ 128,593,613</u></u>

Governmental Activities

Net position of the School District's governmental activities decreased \$357,944. Total governmental expenses of \$444,747,562 were offset by program revenues of \$99,096,551 and general revenues of \$345,293,067. Program revenues supported 22.28% of the total governmental expenses.

While program revenues decreased for governmental activities compared to 2024, the vast majority of revenues supporting governmental activities are general revenues. General revenues increased from \$338,529,657 in fiscal year 2024 to \$345,293,067 in fiscal year 2025. General revenues comprised 77.72 percent of revenues supporting governmental activities.

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

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 46.09% percent of total general revenues for governmental activities for the School District in fiscal year 2024. Property taxes increased in 2025 due to the passage of the operating levy and bond levy at the November 2024 election.

Charges for services and sales increased slightly during fiscal year 2025 from tuition and classroom fees in regular and special instruction and food service operations. Operating grants and contributions decreased, which is primarily attributable to approximately \$30 million in federal subsidies received during fiscal year 2024 for Elementary and Secondary School Emergency Relief (ESSER). This was offset by a change in reporting the following state foundation revenue in operating grants and contributions rather than general revenues for 2025: special education, English learners, gifted, CTE, special education transportation and student wellness and success. Capital grants and contributions increased during fiscal year 2025, from increased investment earnings and contributions restricted for capital projects. The School District issued \$15 million in bond anticipation notes during fiscal year 2025, which contributed to increased investment earnings.

Overall, expenses of the governmental activities increased \$1,892,456 during fiscal year 2025.

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

	Total Cost of Services <u>2025</u>	Net Cost of Services <u>2025</u>	Total Cost of Services <u>2024</u>	Net Cost of Services <u>2024</u>
Program expenses				
Instruction:				
Regular	\$ 142,592,562	\$ 136,713,060	\$ 142,855,348	\$ 95,610,811
Special	74,566,116	44,079,511	70,044,776	62,868,688
Vocational	15,452,874	11,414,107	13,822,054	12,320,099
Adult/continuing	202,747	202,747	243,094	243,093
Other	4,895,022	(161,699)	10,666,236	3,640,630
Support services:				
Pupil	27,079,337	19,554,848	32,961,964	31,288,255
Instructional staff	31,364,189	20,467,912	27,619,644	15,963,004
Board of education	345,629	345,629	258,820	258,820
Administration	34,672,317	33,008,694	31,630,387	31,481,117
Fiscal	7,157,164	6,524,297	7,154,464	7,154,464
Business	3,987,283	3,974,880	3,520,296	3,520,296
Operations and maintenance	42,868,641	37,978,530	42,057,532	40,232,870
Pupil transportation	17,215,198	12,511,657	18,549,861	17,912,470
Central	14,120,680	13,589,324	12,405,408	12,088,990
Operation of non-instructional services	4,514,381	(376,524)	4,459,342	1,436,386
Food service operations	16,479,305	(89,274)	17,161,025	975,714
Extracurricular activities	4,894,209	3,573,404	5,574,869	4,167,210
Intergovernmental	140,580	140,580	1,786,816	1,786,816
Interest	2,199,328	2,199,328	83,170	83,170
Total expenses	<u>\$ 444,747,562</u>	<u>\$ 345,651,011</u>	<u>\$ 442,855,106</u>	<u>\$ 343,032,903</u>

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

The dependence upon tax and other general revenues for governmental activities is apparent; 80.88% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 77.72%. The School District's taxpayers and unrestricted grants are by far the primary support for School District's students.

The School District's Funds

All governmental funds had total revenues of \$437,469,188 and expenditures of \$451,654,560. The net change in fund balances for the fiscal year was a decrease of \$1,741,722 for all governmental funds with the most significant decrease in the general fund.

The general fund's net change in fund balance for fiscal year 2025 was a decrease of \$18,402,117. Revenues in the general fund totaled \$370,649,584 for fiscal year 2025. Revenues in the general fund decreased due to taxes, resulting from fluctuating amounts available as an advance. In addition, expenditures and other financing uses in the general fund totaled \$389,051,701. Expenditures in the general fund increased over several different categories but not from any individually significant event. However, the largest increases were through regular instruction.

The permanent improvement fund's net change in fund balance for fiscal year 2024 was a decrease of \$14,166. Revenues in the permanent improvement capital projects fund were not adequate to cover expenditures during the year, this was mainly due partially to varying amounts available as an advance each year that are recognized as property tax revenue.

The building fund's net change in fund balance for fiscal year 2025 was an increase of \$14,163,649 from the issuance of bond anticipation notes. Other revenue in the building capital projects fund is interest income.

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 2025, the School District amended its General Fund budget several times. For the general fund, original and final budget revenues and other financing sources were \$348,414,903 and \$361,709,532, respectively. Actual revenues and other financing sources were \$365,657,657, which is \$3,948,125 higher than the final budget. Final budgeted revenues were increased to account for the additional property tax and intergovernmental revenues.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$409,045,499 were increased to \$409,645,500 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2025 totaled \$387,951,541, which is \$21,693,959 lower than the final budget appropriations. The School District uses site-based budgeting and the budgeting systems are designed to tightly control site budgets but provide flexibility for site management.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2025, the School District had \$355,757,416 (net of accumulated depreciation/amortization) invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities.

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

The following table shows fiscal 2025 balances compared to 2024:

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

	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
Land	\$ 7,434,679	\$ 7,118,097
Construction in progress	1,967,624	215,142
Land improvements	16,070	-
Building and improvements	323,430,495	310,686,034
Furniture and equipment	16,164,756	16,644,054
Vehicles	<u>6,743,792</u>	<u>6,090,456</u>
Total	<u>\$ 355,757,416</u>	<u>\$ 340,753,783</u>

The increase in capital assets is a result of net additions of \$27,475,417 exceeding depreciation expense of \$9,382,526 and net disposals of \$3,089,258. See Note 8 in the notes to the basic financial statements for additional detail on the School District's capital assets.

As of June 30, 2025, the School District had contractual commitments for construction projects with contractors in the amount of \$3,637,517, see Note 19 of the notes to the basic financial statements for detail.

Debt Administration

At June 30, 2025, the School District had \$55,137,035 outstanding in certificates of participation and bond anticipation notes payable. Of this total, \$2,620,000 is due within one year. The bond anticipation note will be paid down and refinanced in fiscal year 2026, as described in Note 23 of the notes to the basic financial statements.

The following table summarizes the debt outstanding at fiscal year end.

Outstanding Debt, at Fiscal Year End

	<u>Governmental Activities</u>	
	<u>2025</u>	<u>2024</u>
Certificates of participation	\$ 39,290,000	\$ 40,000,000
Unamortized premium	927,358	1,044,602
Unamortized discount	(80,323)	(83,348)
School district improvement bond anticipation notes	<u>15,000,000</u>	<u>-</u>
Total	<u>\$ 55,137,035</u>	<u>\$ 40,961,254</u>

At June 30, 2025, the School District's overall voted debt margin was \$302,909,435 and the unvoted debt margin was \$3,504,359. See Notes 9 and 10 in the notes to the basic financial statements for additional information on the School District's debt administration.

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025
(UNAUDITED)**

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.

The School District is projecting an increase in State funding for fiscal year 2026. 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.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Wayne Bowers, CFO/Treasurer, at Akron City School District, 10 North Main Street, Akron, Ohio 44308.

BASIC
FINANCIAL STATEMENTS

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities
Assets:	
Equity in pooled cash and investments	\$ 194,943,834
Cash and cash equivalents in segregated accounts	14,467
Receivables:	
Property taxes	208,441,670
Intergovernmental	9,708,546
Payment in lieu of taxes	4,860,235
Accounts	1,313,072
Accrued interest	545,027
Prepayments	159,687
Inventory held for resale	194,226
Materials and supplies inventory	619,459
Due from the City of Akron	9,107,661
Net OPEB asset	25,570,053
Capital assets:	
Nondepreciable capital assets	9,402,303
Depreciable capital assets, net	346,355,113
Capital assets, net	<u>355,757,416</u>
Total assets	<u>811,235,353</u>
Deferred outflows of resources:	
Deferred expense	24,000,000
Pension	74,612,429
OPEB	13,711,593
Total deferred outflows of resources	<u>112,324,022</u>
Liabilities:	
Accounts payable	3,378,356
Accrued wages payable	23,168,579
Contracts payable	109,955
Retainage payable	14,467
Intergovernmental payable	36,652,240
Matured compensated absences payable	1,006,621
Accrued interest payable	1,153,754
Undistributed monies	622,967
Claims payable	9,741,135
Unearned revenue	4,326,756
Notes payable	2,500,000
Due to the City of Akron	6,185,649
Long-term liabilities:	
Due within one year	14,275,293
Due in more than one year:	
Net pension liability	331,446,628
Net OPEB liability	14,571,204
Other amounts due in more than one year	171,841,246
Total liabilities	<u>620,994,850</u>
Deferred inflows of resources:	
Property taxes levied for the next fiscal year	157,850,519
Payment in lieu of taxes levied for the next fiscal year	4,860,235
Pension	44,827,749
OPEB	38,238,984
Total deferred inflows of resources	<u>245,777,487</u>

- - (Continued)

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

STATEMENT OF NET POSITION - (Continued)
JUNE 30, 2025

	Governmental Activities
Net position:	
Net investment in capital assets	\$ 353,528,336
Restricted for:	
Capital projects	25,377,238
Debt service	3,372,137
Permanent fund - expendable	41,119
Permanent fund - nonexpendable	281,304
Classroom facilities maintenance	14,221,323
Food service operations	4,184,235
WAPS-FM operations	453,953
State funded programs	342,542
Student activities	731,960
Locally funded programs	1,588,585
OPEB	25,570,053
Unrestricted (deficit)	(372,905,747)
Total net position	<u>\$ 56,787,038</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 142,592,562	\$ 2,125,666	\$ 3,753,836	\$ -	\$ (136,713,060)
Special	74,566,116	336,472	30,150,133	-	(44,079,511)
Vocational	15,452,874	6,593	4,032,174	-	(11,414,107)
Adult/continuing	202,747	-	-	-	(202,747)
Other	4,895,022	1,490	5,055,231	-	161,699
Support services:					
Pupil	27,079,337	5,602	7,518,887	-	(19,554,848)
Instructional staff	31,364,189	991,817	9,904,460	-	(20,467,912)
Board of education	345,629	-	-	-	(345,629)
Administration	34,672,317	25,122	1,638,501	-	(33,008,694)
Fiscal	7,157,164	-	632,867	-	(6,524,297)
Business	3,987,283	-	12,403	-	(3,974,880)
Operations and maintenance	42,868,641	30,924	679,871	4,179,316	(37,978,530)
Pupil transportation	17,215,198	273,020	4,430,521	-	(12,511,657)
Central	14,120,680	74,341	457,015	-	(13,589,324)
Operation of non-instructional services	4,514,381	4,059	4,886,846	-	376,524
Food service operations	16,479,305	284,966	16,283,613	-	89,274
Extracurricular activities	4,894,209	1,179,349	141,456	-	(3,573,404)
Interest	2,199,328	-	-	-	(2,199,328)
Intergovernmental	140,580	-	-	-	(140,580)
Totals	<u>\$ 444,747,562</u>	<u>\$ 5,339,421</u>	<u>\$ 89,577,814</u>	<u>\$ 4,179,316</u>	<u>(345,651,011)</u>
General revenues:					
Property taxes levied for:					
General purposes					151,430,501
Debt service					3,629,840
Capital outlay					2,326,963
Classroom facilities maintenance					1,743,867
Payments in lieu of taxes					6,010,816
Grants and entitlements not restricted to specific programs					173,230,692
Investment earnings					5,009,541
Miscellaneous					1,910,847
Total general revenues					<u>345,293,067</u>
Change in net position					(357,944)
Net position as previously reported					128,593,613
Change in accounting principle					<u>(71,448,631)</u>
Net position at beginning of year (restated)					<u>57,144,982</u>
Net position at end of year					<u><u>\$ 56,787,038</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	General	Permanent Improvement	Building	Nonmajor Governmental Funds	Total Governmental Funds
Assets:					
Equity in pooled cash and investments	\$ 86,610,016	\$ 1,112	\$ 70,866,615	\$ 26,629,990	\$ 184,107,733
Cash and cash equivalents in segregated accounts	-	-	1,719	12,748	14,467
Receivables:					
Property taxes	197,760,214	5,098,500	-	5,582,956	208,441,670
Accounts	158,052	-	-	1,122,070	1,280,122
Intergovernmental	1,803,491	-	-	7,905,055	9,708,546
Payment in lieu of taxes	4,860,235	-	-	-	4,860,235
Interfund loans	4,153,550	-	-	-	4,153,550
Accrued interest	334,318	-	149,215	7,743	491,276
Inventory held for resale	-	-	-	194,226	194,226
Materials and supplies inventory	55,373	-	-	35,004	90,377
Due from the City of Akron	-	-	-	9,107,661	9,107,661
Total assets	<u>295,735,249</u>	<u>5,099,612</u>	<u>71,017,549</u>	<u>50,597,453</u>	<u>422,449,863</u>
Deferred outflows of resources:					
Deferred expense	-	24,000,000	-	-	24,000,000
Total assets and deferred outflows of resources	<u>\$ 295,735,249</u>	<u>\$ 29,099,612</u>	<u>\$ 71,017,549</u>	<u>\$ 50,597,453</u>	<u>\$ 446,449,863</u>
Liabilities:					
Accounts payable	\$ 2,462,663	\$ -	\$ -	\$ 599,284	\$ 3,061,947
Accrued wages payable	22,354,500	-	-	814,079	23,168,579
Contracts payable	-	-	109,955	-	109,955
Retainage payable	-	-	1,719	12,748	14,467
Interfund loans payable	-	-	-	4,153,550	4,153,550
Intergovernmental payable	12,330,447	24,000,000	-	321,518	36,651,965
Matured compensated absences payable	1,006,621	-	-	-	1,006,621
Accrued interest payable	-	-	54,452	-	54,452
Undistributed monies	622,967	-	-	-	622,967
Unearned revenue	4,315,000	-	-	11,756	4,326,756
Notes payable	-	-	2,500,000	-	2,500,000
Due to the City of Akron	-	-	6,185,649	-	6,185,649
Total liabilities	<u>43,092,198</u>	<u>24,000,000</u>	<u>8,851,775</u>	<u>5,912,935</u>	<u>81,856,908</u>
Deferred inflows of resources:					
Property taxes levied for the next fiscal year	149,674,308	3,959,716	-	4,216,495	157,850,519
Payment in lieu of taxes levied for the next fiscal year	4,860,235	-	-	-	4,860,235
Unavailable revenue	2,056,311	-	65,930	3,199,602	5,321,843
Unavailable revenue - delinquent property taxes	39,123,266	916,163	-	1,127,315	41,166,744
Total deferred inflows of resources	<u>195,714,120</u>	<u>4,875,879</u>	<u>65,930</u>	<u>8,543,412</u>	<u>209,199,341</u>
Fund balances:					
Nonspendable	55,373	-	-	316,308	371,681
Restricted	-	223,733	62,099,844	36,275,850	98,599,427
Committed	11,000	-	-	-	11,000
Assigned	16,423,606	-	-	-	16,423,606
Unassigned (deficit)	40,438,952	-	-	(451,052)	39,987,900
Total fund balances	<u>56,928,931</u>	<u>223,733</u>	<u>62,099,844</u>	<u>36,141,106</u>	<u>155,393,614</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 295,735,249</u>	<u>\$ 29,099,612</u>	<u>\$ 71,017,549</u>	<u>\$ 50,597,453</u>	<u>\$ 446,449,863</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2025

Total governmental fund balances		\$ 155,393,614
<i>Amounts reported for governmental activities on the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		355,757,416
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred inflows in the funds.		
Property taxes receivable	\$ 41,166,744	
Accounts receivable	2,573,485	
Accrued interest receivable	279,925	
Intergovernmental receivable	2,468,433	
Total	<u>46,488,587</u>	46,488,587
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.		1,553,752
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(1,099,302)
The net pension/OPEB assets & liabilities are not due and payable in the current period; therefore, the assets, liabilities and related deferred inflows/outflows are not reported in governmental funds.		
Deferred outflows - pension	74,612,429	
Deferred inflows - pension	(44,827,749)	
Net pension liability	(331,446,628)	
Deferred outflows - OPEB	13,711,593	
Deferred inflows - OPEB	(38,238,984)	
Net OPEB asset	25,570,053	
Net OPEB liability	(14,571,204)	
Total	<u>(315,190,490)</u>	(315,190,490)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Certificates of participation, net of unamortized premium and discount	(40,137,035)	
School improvement bond anticipation notes	(12,500,000)	
Compensated absences	(133,479,504)	
Total	<u>(186,116,539)</u>	(186,116,539)
Net position of governmental activities		<u><u>\$ 56,787,038</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	General	(Formerly Major) Elementary and Secondary School Emergency Relief	Permanent Improvement	Building	Nonmajor Governmental Funds
Revenues:					
Property taxes	\$ 145,313,602		\$ 2,339,803	\$ -	\$ 4,246,392
Intergovernmental	209,989,257		364,582	-	50,337,609
Interest	4,194,615		11,940	3,737,595	973,739
Tuition and fees	2,402,853		-	-	9,108
Extracurricular	290,671		-	-	960,856
Gifts and donations	22,100		-	-	2,588,697
Charges for services	305,199		-	-	1,240,878
Rent	115,162		-	-	-
Payment in lieu of taxes	6,010,816		-	-	-
Miscellaneous	2,005,309		-	-	8,405
Total revenues	<u>370,649,584</u>		<u>2,716,325</u>	<u>3,737,595</u>	<u>60,365,684</u>
Expenditures:					
Current:					
Instruction:					
Regular	138,826,532		-	-	3,980,355
Special	68,004,702		-	-	4,673,796
Vocational	13,152,652		-	-	930,812
Adult/continuing	288,971		-	-	-
Other	1,126,838		-	-	5,328,055
Support services:					
Pupil	27,140,781		-	-	2,898,310
Instructional staff	13,554,178		-	-	11,288,346
Board of education	546,209		-	-	-
Administration	30,907,997		-	-	1,712,797
Fiscal	6,326,852		106,005	-	726,978
Business	3,775,396		-	-	12,622
Operations and maintenance	39,593,566		-	-	2,583,444
Pupil transportation	19,328,094		-	-	108,223
Central	13,532,912		-	-	460,155
Operation of non-instructional services	85,075		-	-	5,036,943
Food service operations	-		-	-	17,169,245
Extracurricular activities	3,970,032		-	-	1,258,419
Facilities acquisition and construction	4,865,722		3,000,478	2,019,494	52,812
Debt service:					
Principal retirement	710,000		-	-	-
Interest	2,312,197		-	54,452	-
Note issuance costs	-		-	-	63,533
Intergovernmental	140,580		-	-	-
Total expenditures	<u>388,189,286</u>		<u>3,106,483</u>	<u>2,073,946</u>	<u>58,284,845</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(17,539,702)</u>		<u>(390,158)</u>	<u>1,663,649</u>	<u>2,080,839</u>
Other financing sources (uses):					
Premium on notes	-		-	-	73,650
Sale of notes	-		-	12,500,000	-
Transfers in	-		375,992	-	356,423
Transfers (out)	(862,415)		-	-	-
Total other financing sources (uses)	<u>(862,415)</u>		<u>375,992</u>	<u>12,500,000</u>	<u>430,073</u>
Net change in fund balances	(18,402,117)		(14,166)	14,163,649	2,510,912
Fund balances (deficit) as previously reported	75,331,048	(22,645)	237,899	47,936,195	33,652,839
Adjustment - changes in major fund to nonmajor	-	22,645	-	-	(22,645)
Fund balances at beginning of year	<u>75,331,048</u>		<u>237,899</u>	<u>47,936,195</u>	<u>33,630,194</u>
Fund balances at end of year	<u>\$ 56,928,931</u>		<u>\$ 223,733</u>	<u>\$ 62,099,844</u>	<u>\$ 36,141,106</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

Total Governmental Funds	
\$	151,899,797
	260,691,448
	8,917,889
	2,411,961
	1,251,527
	2,610,797
	1,546,077
	115,162
	6,010,816
	2,013,714
	<u>437,469,188</u>

142,806,887
72,678,498
14,083,464
288,971
6,454,893

30,039,091
24,842,524
546,209
32,620,794
7,159,835
3,788,018
42,177,010
19,436,317
13,993,067
5,122,018
17,169,245
5,228,451
9,938,506

710,000
2,366,649
63,533
140,580
451,654,560

(14,185,372)

73,650
12,500,000
732,415
(862,415)
12,443,650

(1,741,722)

157,135,336
-

157,135,336
\$ 155,393,614

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

Net change in fund balances - total governmental funds \$ (1,741,722)

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

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

Capital asset additions	\$ 27,475,417	
Current year depreciation	(9,382,526)	
Excess of net capital asset additions over depreciation expense		18,092,891

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, disposals, trade-ins, and donations) is to decrease net position. (3,089,258)

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

Property taxes	7,232,127	
Intergovernmental	(1,374,610)	
Interest	279,925	
Tuition and fees	(20,965)	
Gifts and donations	281,178	
Charges for services	20,512	
Rent	(88,012)	
Miscellaneous	(14,155)	
Total		6,316,000

In the statement of activities, a write off or adjustment of an outstanding receivable is reported, whereas in the governmental funds, the receivable adjusted downward was deferred. (3,911,096)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net position. 710,000

The issuance of notes is recorded as other financing sources in the governmental funds; however, in the statement of activities, the notes are not reported as other financing sources as they increase liabilities on the statement of net position. (12,500,000)

In the statement of activities, interest is accrued on outstanding debt obligations, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities:

Decrease in accrued interest payable	42,985	
Amortization of premiums and discounts, net	187,869	
Total		230,854

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

Pension	33,872,421	
OPEB	1,015,905	
Total		34,888,326

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

Pension	(25,008,631)	
OPEB	7,342,292	
Total		(17,666,339)

Some expenses reported in the statement of activities (compensated absences) do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (10,851,425)

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

(10,762,525)

Change in net position of governmental activities **\$ (357,944)**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2025

	Governmental Activities - Internal Service Funds
Assets:	
Equity in pooled cash and investments	\$ 10,836,101
Receivables:	
Accounts	32,950
Accrued interest	53,751
Prepayments	159,687
Materials and supplies inventory	529,082
Total assets	<u>11,611,571</u>
Liabilities:	
Accounts payable	316,409
Intergovernmental payable	275
Claims payable	9,741,135
Total liabilities	<u>10,057,819</u>
Net position:	
Unrestricted	<u>\$ 1,553,752</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Governmental Activities - Internal Service Funds
Operating revenues:	
Charges for services	\$ 61,415,125
Other	69,036
Total operating revenues	<u>61,484,161</u>
Operating expenses:	
Purchased services	6,260,499
Materials and supplies	917,557
Claims	64,942,826
Other	860,234
Total operating expenses	<u>72,981,116</u>
Operating (loss)	<u>(11,496,955)</u>
Nonoperating revenues:	
Interest revenue	<u>604,430</u>
(Loss) before transfers	(10,892,525)
Transfers in	<u>130,000</u>
Change in net position	(10,762,525)
Net position at beginning of year	<u>12,316,277</u>
Net position at end of year	<u><u>\$ 1,553,752</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Cash received from interfund services	\$ 61,505,665
Cash payments for purchased services	(6,474,759)
Cash payments for materials and supplies	(848,221)
Cash payments for claims	(65,699,455)
Cash payments for other expenses	(768,941)
	<u>(12,285,711)</u>
Net cash (used in) operating activities	
Cash flows from noncapital financing activities:	
Cash received from transfers in	<u>130,000</u>
Cash flows from investing activities:	
Interest received	734,437
Sale of investments	11,095,060
Net cash provided by investing activities	<u>11,829,497</u>
Net (decrease) in cash and investments	(326,214)
Cash and investments at beginning of year	<u>11,162,315</u>
Cash and investments at end of year	<u><u>\$ 10,836,101</u></u>
Reconciliation of operating (loss) to net cash (used in) operating activities:	
Operating (loss)	\$ (11,496,955)
Changes in assets and liabilities:	
Materials and supplies inventory	69,336
Accounts receivable	(11,446)
Prepayments	59,865
Accounts payable	(150,157)
Intergovernmental payable	275
Claims payable	(756,629)
Net cash (used in) operating activities	<u><u>\$ (12,285,711)</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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 721 full-time classified employees, 1,802 full-time certificated personnel and 210 administrative employees who provide services to 19,722 students and other community members. The School District currently operates 43 instructional buildings, three vacant buildings, three administrative buildings and one garage.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

Non-Public Schools - Within the School District boundaries, St. Anthony of Padua School, St. Mary School, St. Sebastian School, and St. Vincent DePaul Elementary 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; or (3) 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 (4) 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 15.

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

B. 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 statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

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

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

C. Fund Accounting

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

GOVERNMENTAL FUNDS

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

The following are the School District's major governmental funds:

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

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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.

Building Fund - The building capital projects fund is used to account for the receipts and expenditures related to all special bond funds in the district. All proceeds from the sale of bonds, notes, or certificates of indebtedness, except premium and accrued interest, must be paid into this fund. Expenditures recorded here represent the costs of acquiring capital facilities including real property.

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

PROPRIETARY FUND TYPE

Proprietary fund reporting focuses 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.

D. Measurement Focus

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

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

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

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

E. Basis of Accounting

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

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

Non-exchange 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 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 a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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 of Resources and Deferred Inflows of Resources - In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. 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, 2025, 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 13 and 14 for deferred outflows of resources related to net pension liability and net OPEB liability/asset, respectively.

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2025, but which were levied to finance fiscal year 2026 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. Unavailable revenue includes, but is not limited to, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

See Notes 13 and 14 for deferred inflows of resources related to net pension liability and net OPEB liability/asset, respectively. These deferred inflows of resources are only reported on the government-wide statement of net position.

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as “federal donated commodities”.

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.

F. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary 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 Investments” on the financial statements.

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

During fiscal year 2025, the School District’s investments were limited to money market mutual funds, commercial paper, federal government sponsored enterprise securities, U.S. Treasury notes, municipal bonds, negotiable certificates of deposit (negotiable CDs) 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 invested in STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer’s Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, “Certain External Investment Pools and Pool Participants.” The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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

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 2025 amounted to \$4,194,615, which includes no interest assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as "Equity in Pooled Cash and Investments". Investments with an original maturity greater than three months at the time they are purchased are reported as investments.

G. Inventory

Within the basic financial statements, 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. 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.

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of \$1,000 for all assets except for assets capitalized in the food service nonmajor special revenue fund, which has a capitalization threshold of \$500. 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. Interest incurred during the construction of proprietary fund capital assets is also capitalized.

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>Estimated Lives</u>
Land improvements	20 Years
Buildings and improvements	70 Years
Furniture and equipment	5 - 30 Years
Vehicles	7 - 15 Years

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables". These interfund balances are eliminated in the statement of net position.

J. Compensated Absences

The School District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, three types of leave qualify for liability recognition for compensated absences - vacation, sick leave and comp time. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation - The School District's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave - The School District's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employ of the School District and, upon separation from service, the employee receives compensation in accordance with the severance policy. A liability for estimated value of sick leave that will be used by employees as time off and at separation is included in the liability for compensated absences.

Personal Time - The School District's policy permits employees to accumulate earned but unused personal time, which are eligible for payment at the employee's current pay rate upon separation from employment.

K. Accrued Liabilities and Long-Term Obligations

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

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

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

L. Net Position

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

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

M. Fund Balance

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

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

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

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

Assigned - Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education, which includes giving the Treasurer the authority to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

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

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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

N. Operating Revenues and Expenses

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

O. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds.

Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds.

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

P. Pensions/Other Postemployment Benefits (OPEB)

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

Q. Estimates

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

R. Budgetary Data

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

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

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

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

S. Prepayments

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

T. Premiums and Discounts

In governmental fund types, premiums and discounts are recognized in the current period. On the statement of net position, premiums and discounts are amortized over the term of the debt using the bonds outstanding method, which approximates the effective interest method. Premiums and discounts are presented as an addition to the face amount of the debt.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2025, the School District has implemented GASB Statement No. 101, "Compensated Absences" and GASB Statement No. 102, "Certain Risk Disclosures".

GASB Statement No. 101 is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

GASB Statement No. 102 improves financial reporting by providing users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The implementation of GASB Statement No. 102 did not have an effect on the financial statements of the School District.

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2025 included the following individual fund deficits:

<u>Nonmajor Governmental Funds</u>	<u>Deficit</u>
<i>Special Revenue:</i>	
Public School Preschool	\$ 19,734
IDEA Part B	47,424
Vocational Education	8,166
Title III Limited English Proficiency	5,496
Title I	257,304
Title IV-A Student Support and Enrichment	5,038
IDEA Preschool Grant for the Handicapped	918
Improving Teacher Quality	54,719
Miscellaneous Federal Grants	52,253

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

C. Change within the Financial Reporting Entity

For fiscal year 2025, the School District's Elementary and Secondary School Emergency Relief special revenue fund presentation was adjusted from major to nonmajor due to no longer meeting the qualitative threshold for a major fund. This change is separately displayed in the financial statements.

D. Restatement of Net Position

During fiscal year 2025, there was a change in accounting principle related to the implementation of GASB Statement No. 101, "Compensated Absences". The effect of changing the accounting principle is to decrease net position as previously reported. This is displayed where applicable in the financial statements as "restatement - change in accounting principle".

NOTE 4 - 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.

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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 School District's investment in repurchase agreements is to be secured by the specific government securities upon which the repurchase agreements are based. These securities, held by the counterparty and not in the School District's name, must be obligations of or guaranteed by the United States and mature or be redeemable within five years of the date of the related repurchase agreement. Ohio law requires the fair value of the securities subject to repurchase agreements must exceed the principal value of the securities subject to a repurchase agreement by 2%. 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.

A. Deposits with Financial Institutions

At June 30, 2025, the carrying amount of all School District deposits was \$17,767,499 and the bank balance of all School District deposits was \$23,481,230. Of the bank balance, \$666,597 was covered by the FDIC, \$19,392,437 was covered by the Ohio Pooled Collateral System and \$3,422,196 was exposed to custodial credit risks as described below.

Custodial credit risk is the risk that, in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose fair value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total fair value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State. For 2025, the School District's financial institutions were approved for a collateral rate of 85 percent through the OPCS. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the School District to a successful claim by the FDIC.

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**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

B. Investments

As of June 30, 2025, the School District had the following investments and maturities:

Measurement/ Investment type	Measurement Value	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
<i>Amortized cost:</i>						
STAR Ohio	\$ 10,246,027	\$ 10,246,027	\$ -	\$ -	\$ -	\$ -
<i>Fair value:</i>						
Fidelity Institutional money market	2,919	2,919	-	-	-	-
First American government obligation fund	9,729,444	9,729,444	-	-	-	-
Negotiable CDs	16,902,974	4,615,659	2,469,837	2,238,297	2,850,655	4,728,526
FFCB	7,135,875	1,992,945	1,533,203	-	-	3,609,727
FHLMC	6,562,357	2,675,340	-	-	-	3,887,017
FHLB	10,855,148	-	1,327,051	1,450,923	1,016,939	7,060,235
FNMA	998,732	-	-	-	-	998,732
Municipal bonds	1,764,622	492,669	-	1,271,953	-	-
U.S. Treasury notes	32,077,416	1,999,097	-	963,242	2,009,883	27,105,194
Commercial paper	80,915,288	51,633,513	29,281,775	-	-	-
Totals	<u>\$ 177,190,802</u>	<u>\$ 83,387,613</u>	<u>\$ 34,611,866</u>	<u>\$ 5,924,415</u>	<u>\$ 5,877,477</u>	<u>\$ 47,389,431</u>

The weighted average maturity of investments is 1.30 days.

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

Interest Rate Risk: The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District's policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the School District.

Credit Risk: The federal agency securities and U.S. Treasury notes were rated AA+ and Aaa1 by Standard & Poor's and Moody's Investor Services, respectively. Municipal bonds were rated AA and Aa1/Aa2 by Standard & Poor's and Moody's Investor Services, respectively. Commercial paper was rated A-1+/A-1 and P-1 by Standard & Poor's and Moody's Investor Services, respectively. Negotiable CDs were not rated and are insured by the FDIC. STAR Ohio and government money market funds carry a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The School District's investment policy does not specifically address credit risk beyond requiring the School District to only invest in securities authorized by State statute.

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Concentration of Credit Risk: The School District places no limit on the amount the School District may invest in any one issuer. The following table includes the percentage of each investment type held by the School District at June 30, 2025:

<u>Measurement/Investment Type</u>	<u>Measurement Value</u>	<u>% of Total</u>
<i>Amortized cost:</i>		
STAR Ohio	\$ 10,246,027	5.79
<i>Fair value:</i>		
Fidelity Institutional money market	2,919	-
First American government obligation fund	9,729,444	5.49
Negotiable CDs	16,902,974	9.54
FFCB	7,135,875	4.03
FHLMC	6,562,357	3.70
FHLB	10,855,148	6.13
FNMA	998,732	0.56
Municipal bonds	1,764,622	1.00
U.S. Treasury notes	32,077,416	18.10
Commercial paper	<u>80,915,288</u>	<u>45.66</u>
Total	<u>\$ 177,190,802</u>	<u>100.00</u>

C. Reconciliation of cash and investments to the statement of net position

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported above on the statement of net position as of June 30, 2025:

Cash and investments per note

Carrying amount of deposits	\$ 17,767,499
Investments	<u>177,190,802</u>
Total	<u>\$ 194,958,301</u>

Cash and investments per statement of net position

Governmental activities	<u>\$ 194,958,301</u>
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**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 5 - INTERFUND TRANSACTIONS

- A.** Transfers for the year ended June 30, 2025 consisted of the following as reported on the fund financial statements:

<u>Transfers from General Fund to</u>	<u>Amount</u>
Permanent Improvement	\$ 375,992
Nonmajor Special Revenue Funds:	
Other Local Grants	116,423
District Managed Student Activities	240,000
Self Insurance Liability Reserve Internal Service fund	<u>130,000</u>
Total Transfers	<u>\$ 862,415</u>

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.

- B.** Interfund loans receivable/payable at June 30, 2025 consisted of the following as reported on the fund financial statements:

<u>Receivable Fund</u>	<u>Payable Funds</u>	<u>Amount</u>
General Fund	Nonmajor Special Revenue Funds:	
	Public School Preschool	\$ 256,242
	21st Century	15,421
	IDEA Part B	725,939
	Vocational Education	144,234
	Title IA School Improvement	65,483
	Title III - Limited English Proficiency	32,128
	Title I	1,788,024
	Title IV - Student Support and Enrichment	176,846
	IDEA Preschool Grant for the Handicapped	9,469
	Improving Teacher Quality	562,260
	Other Federal Grants	<u>377,504</u>
Total Interfund Loans Receivable/Payable		<u>\$ 4,153,550</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. Interfund balances between governmental funds are eliminated on the government-wide statement of net position. Interfund balances between governmental funds and enterprise funds are reported as a component of internal balance on the government-wide statement of net position.

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the 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.

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 6 - PROPERTY TAXES - (Continued)

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2025 represent the collection of calendar year 2024 taxes. Real property taxes received in calendar year 2025 were levied after April 1, 2024, on the assessed values as of January 1, 2023, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised fair value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenues received in calendar year 2025 represent the collection of calendar year 2024 taxes. Public utility real and personal property taxes received in calendar year 2025 became a lien on December 31, 2023, were levied after April 1, 2024, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The 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, 2025, are available to finance fiscal year 2025 operations. The amount available as an advance at June 30, 2025 and 2024 were:

	<u>June 30, 2025</u>	<u>June 30, 2024</u>
Major Governmental Funds:		
General	\$ 8,962,640	\$ 7,852,736
Permanent Improvement	222,621	236,309
Nonmajor Governmental funds:		
Bond Retirement	239,146	-

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

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2025 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows.

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

The assessed values upon which the fiscal year 2025 taxes were collected are:

	2024 Second Half Collections		2025 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 3,293,162,870	94.42	\$ 3,280,771,270	93.62
Public utility personal	<u>194,570,510</u>	<u>5.58</u>	<u>223,588,210</u>	<u>6.38</u>
Total	<u>\$ 3,487,733,380</u>	<u>100.00</u>	<u>\$ 3,504,359,480</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$ 79.56		\$ 88.45	

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 7 - RECEIVABLES

A. Intergovernmental Receivables

Receivables at June 30, 2025 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.

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected in the subsequent year.

NOTE 8 - CAPITAL ASSETS

Governmental activities capital asset activity for the fiscal year ended June 30, 2025, was as follows:

	Balance June 30, 2024	Additions	Deductions	Balance June 30, 2025
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 7,118,097	\$ 404,341	\$ (87,759)	\$ 7,434,679
Construction in progress	<u>215,142</u>	<u>4,261,196</u>	<u>(2,508,714)</u>	<u>1,967,624</u>
Total capital assets, not being depreciated	<u>7,333,239</u>	<u>4,665,537</u>	<u>(2,596,473)</u>	<u>9,402,303</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	-	16,070	-	16,070
Buildings and improvements	384,128,425	21,880,744	(9,521,272)	396,487,897
Furniture and equipment	50,071,360	1,648,466	(2,011,795)	49,708,031
Vehicles	<u>14,470,905</u>	<u>1,773,314</u>	<u>(478,511)</u>	<u>15,765,708</u>
Total capital assets, being depreciated	<u>448,670,690</u>	<u>25,318,594</u>	<u>(12,011,578)</u>	<u>461,977,706</u>
<i>Less: accumulated depreciation</i>				
Buildings and improvements	(73,442,391)	(6,354,252)	6,739,241	(73,057,402)
Furniture and equipment	(33,427,306)	(2,014,855)	1,898,886	(33,543,275)
Vehicles	<u>(8,380,449)</u>	<u>(1,013,419)</u>	<u>371,952</u>	<u>(9,021,916)</u>
Total accumulated depreciation	<u>(115,250,146)</u>	<u>(9,382,526)</u>	<u>9,010,079</u>	<u>(115,622,593)</u>
Governmental activities capital assets, net	<u>\$ 340,753,783</u>	<u>\$ 20,601,605</u>	<u>\$ (5,597,972)</u>	<u>\$ 355,757,416</u>

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 8 - CAPITAL ASSETS - (Continued)

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

Governmental activities:

Instruction:

Regular	\$ 702,722
Special	21,334
Vocational	350,855
Adult/continuing	243
Other	9,330

Support Services:

Pupil	24,958
Instructional staff	309,765
Administration	18,404
Fiscal	2,148
Business	169,454
Operations and maintenance of plant	6,825,379
Pupil transportation	712,496
Central	86,746
Operation of non-instructional	100,947
Operation of food services	27,917
Extracurricular services	19,828
Total depreciation expense	<u>\$ 9,382,526</u>

As of June 30, 2025, the School District's capital assets included three vacant buildings that have a carrying value of \$1,034,584. There are plans for two of the buildings to be demolished and there are no immediate usage plans for the third building.

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**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 9 - LONG-TERM OBLIGATIONS

Due to the implementation of GASB Statement No. 101, the School District has restated compensated absences as of June 30, 2024, which is reflected in the schedule below. The changes in the School District's long-term obligations during the fiscal year consist of the following:

	(Restated) Balance June 30, 2024	Additions	Reductions	Balance June 30, 2025	Amounts Due in One Year
Governmental activities:					
Certificates of participation - 5.00-5.25%, maturing 2053	\$ 40,000,000	\$ -	\$ (710,000)	\$ 39,290,000	\$ 120,000
Unamortized premium	1,044,602	-	(117,244)	927,358	-
Unamortized discount	(83,348)	-	3,025	(80,323)	-
Total certificates of participation	<u>40,961,254</u>	<u>-</u>	<u>(824,219)</u>	<u>40,137,035</u>	<u>120,000</u>
School district improvement bond anticipation notes - 4.125%, maturing 2025	-	12,500,000	-	12,500,000	-
Net pension liability	375,843,567	-	(44,396,939)	331,446,628	-
Net OPEB liability	22,227,578	-	(7,656,374)	14,571,204	-
Compensated absences*	<u>122,628,079</u>	<u>10,851,425</u>	<u>-</u>	<u>133,479,504</u>	<u>14,155,293</u>
Total long-term obligations governmental activities	<u>\$ 561,660,478</u>	<u>\$ 23,351,425</u>	<u>\$ (52,877,532)</u>	<u>\$ 532,134,371</u>	<u>\$ 14,275,293</u>

*The change in compensated absences is presented as a net change in the preceding long-term obligation schedule.

Certificates of Participation - During fiscal year 2024, the School District issued \$40,000,000 of certificates of participation. The certificates carry interest rates from 5.00% to 5.25% and have a final maturity of August 1, 2053. The resources provided from this issuance will be used to build a new K-8 school combining Pfeiffer Elementary School and the Miller South School for Visual and Performing Arts.

The certificates of participation were established with a ground lease and a lease-purchase agreement with Ohio School Building Lease Corporation. The rent payments, to be made from the general fund, associated with these agreements will be considered principal and interest payments.

\$38,042,523 of the certificates of participation proceeds were unspent as of June 30, 2025.

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FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 9 - LONG-TERM OBLIGATIONS - (Continued)

The future principal and interest payments for the certificates of participation will be as presented below.

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 120,000	\$ 1,984,900	\$ 2,104,900
2027	665,000	1,978,900	2,643,900
2028	695,000	1,945,650	2,640,650
2029	730,000	1,910,900	2,640,900
2030	770,000	1,874,400	2,644,400
2031-2035	4,460,000	8,755,250	13,215,250
2036-2040	5,690,000	7,520,525	13,210,525
2041-2045	7,335,000	5,880,638	13,215,638
2046-2050	9,400,000	3,812,500	13,212,500
2051-2054	9,425,000	1,147,250	10,572,250
Total	<u>\$ 39,290,000</u>	<u>\$ 36,810,913</u>	<u>\$ 76,100,913</u>

School District Improvement Bond Anticipation Notes, Series 2024 - On December 16, 2024, the School District issued bond anticipation notes for the purpose of constructing, furnishing, and equipping a new high school to replace the existing north high school. The notes bear an interest rate of 4.125% and mature on September 10, 2025. The notes were retired using a portion of the proceeds of the \$27,500,000 notes issued on August 14, 2025. See Note 23 for detail.

Notes that were refinanced prior to the issuance of the financial statements and have a new maturity beyond the end of the year in which the report is issued (\$12,500,000) have been reported in the government-wide statements as a long-term liability. The portion of the 2024 note issue (\$2,500,000) that will be retired on September 10, 2025, has been reported as short-term notes payable in Note 10.

\$14,989,854 of the note proceeds were unspent at June 30, 2025.

Net Pension/OPEB Liability - There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the fund benefitting from the employees' service. For additional information related to the net pension liability and net OPEB liability sees Note 13 and 14.

NOTE 10 - NOTES PAYABLE

	<u>Balance June 30, 2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2025</u>
School district improvement bond anticipation notes - 4.125%, maturing 2025	<u>\$ -</u>	<u>\$ 2,500,000</u>	<u>\$ -</u>	<u>\$ 2,500,000</u>

On December 16, 2024, the School District issued bond anticipation notes for the purpose of constructing, furnishing, and equipping a new high school to replace the existing north high school. The notes bear an interest rate of 4.125% and mature on September 10, 2025.

The short-term portion of the notes are recorded as a liability in the Building capital projects fund, which is the fund that received the proceeds. The short-term notes outstanding at June 30, 2025, represent the portion of the 2024 note issue that will be retired when the notes are refinanced.

**AKRON CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 11 - RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2025, 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.

B. Workers' Compensation

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.

C. Medical/Surgical

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 \$9,741,135 reported in the self-insurance internal service fund at June 30, 2025 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.

A summary of the changes in the self-insurance claims liability for fiscal years 2025 and 2024 are as follows:

<u>Fiscal Year</u>	<u>Beginning Balance</u>	<u>Claims Incurred</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2025	\$ 10,497,764	\$ 64,942,826	\$ (65,699,455)	\$ 9,741,135
2024	7,223,119	56,623,219	(53,348,574)	10,497,764

NOTE 12 - 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.

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

B. Insurance Benefits

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

NOTE 13 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability/Asset

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

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

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

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

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

The remainder of this note includes the required pension disclosures. See Note 14 for the required OPEB disclosures.

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy - Plan members are required to contribute 10.00% of their annual covered salary and the School District is required to contribute 14.00% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10.00% for plan members and 14.00% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2025, the allocation to pension, death benefits, and Medicare B was 14.00%. For fiscal year 2025, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District's contractually required contribution to SERS was \$8,160,735 for fiscal year 2025. Of this amount, \$724,820 is reported as intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. The calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of credited service. Effective August 1, 2023, any member can retire with unreduced benefits with 34 years of services credit at any age; or five years of service credit and age 65. Effective June 1, 2025 - July 1, 2027, any member can retire with unreduced benefits with 33 years of service credit at any age; or five years of service credit and age 65. Effective on or after August 1, 2027, any member can retire with unreduced benefits with 34 years of service credit at any age; or five years of service credit and age 65.

In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent upon a determination by its actuary that it was necessary 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. Effective July 1, 2022, an ad-hoc COLA of 3 percent of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2023 as long as they retired prior to July 1, 2018. Effective July 1, 2023, a permanent 1 percent COLA of the base benefit was granted to eligible benefit recipients to begin on the anniversary of their retirement benefit in fiscal year 2024 as long as they retired prior to July 1, 2019.

Eligibility changes for DB Plan members who retire with actuarially reduced benefits effective Aug. 1, 2023, can retire with 29 years of service credit at any age; or five years of service credit and age 60. Effective June 1, 2025 - July 1, 2027, retirement eligibility for reduced benefits is 28 years of service credit at any age; or five years of service credit and age 60. Effective on or after Aug. 1, 2027, retirement eligibility for reduced benefits is 29 years of service credit at any age; or five years of service credit and age 60.

The DC Plan allows members to place all of their member contributions and 11.09% of the 14% employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 2.91% of the 14% employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The fiscal year 2025 employer and employee contribution rate of 14% was equal to the statutory maximum rates. For fiscal year 2025, the full employer contribution was allocated to pension.

The School District's contractually required contribution to STRS was \$25,711,686 for fiscal year 2025. Of this amount, \$4,189,084 is reported as intergovernmental payable.

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

The net pension liability was measured as of June 30, 2024, 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	1.36075610%	1.39612500%	
Proportion of the net pension liability current measurement date	<u>1.40861020%</u>	<u>1.34805629%</u>	
Change in proportionate share	<u>0.04785410%</u>	<u>-0.04806871%</u>	
Proportionate share of the net pension liability	\$ 72,058,817	\$ 259,387,811	\$ 331,446,628
Pension expense	\$ 7,807,069	\$ 17,201,562	\$ 25,008,631

At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 2,751,145	\$ 16,334,648	\$ 19,085,793
Changes of assumptions	644,620	11,954,014	12,598,634
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	2,430,720	6,624,861	9,055,581
Contributions subsequent to the measurement date	<u>8,160,735</u>	<u>25,711,686</u>	<u>33,872,421</u>
Total deferred outflows of resources	<u>\$ 13,987,220</u>	<u>\$ 60,625,209</u>	<u>\$ 74,612,429</u>

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NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 142,040	\$ 142,040
Net difference between projected and actual earnings on pension plan investments	4,507,235	22,302,076	26,809,311
Changes of assumptions	-	8,997,936	8,997,936
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	-	8,878,462	8,878,462
Total deferred inflows of resources	<u>\$ 4,507,235</u>	<u>\$ 40,320,514</u>	<u>\$ 44,827,749</u>

\$33,872,421 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, 2026.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2026	\$ (2,553,403)	\$ (12,815,690)	\$ (15,369,093)
2027	5,322,321	22,595,309	27,917,630
2028	(124,300)	(7,796,562)	(7,920,862)
2029	<u>(1,325,368)</u>	<u>(7,390,048)</u>	<u>(8,715,416)</u>
Total	<u>\$ 1,319,250</u>	<u>\$ (5,406,991)</u>	<u>\$ (4,087,741)</u>

Actuarial Assumptions - SERS

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

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2024 and June 30, 2023, are presented below:

	June 30, 2024	June 30, 2023
Inflation	2.40%	2.40%
Future salary increases, including inflation	3.25% to 13.58%	3.25% to 13.58%
COLA or ad hoc COLA	2.00% on or after April 1, 2018, COLAs for future retirees will be delayed for 3 years following commencement	2.00% on or after April 1, 2018, COLAs for future retirees will be delayed for 3 years following commencement
Investment rate of return	7.00% net of system expenses	7.00% net of system expenses
Actuarial cost method	Entry age normal (level percent of payroll)	Entry age normal (level percent of payroll)

In 2024, mortality rates were based on the following:

Service Retirement: PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20% for males and set forward 2 years and adjusted 81.35% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Disabled Retirement: PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3% for males and set forward 3 years and adjusted 106.8% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

Contingent Survivor: PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5% for males and adjusted 122.5% for females. Future improvement in mortality rates is reflected by applying the MP-2020 projection scale generationally.

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

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

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

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

As of June 30, 2024:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (geometric)
Cash	3.00 %	0.97 %
US Equity	22.00	4.68
Non-US Equity Developed	12.00	4.96
Non-US Equity Emerging	6.00	5.66
Fixed Income/Global Bonds	18.00	2.38
Private Equity	14.00	7.10
Real Estate	13.00	3.64
Infrastructure	7.00	4.80
Private Debt/Private Credit	5.00	5.86
Total	100.00 %	

Discount Rate - Total pension liability for 2024 was calculated using the discount rate of 7.00%. The discount rate determination did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed that employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 20-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate for fiscal year 2024 was 14%. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return, 7.00%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. The annual money-weighted rate of return, calculated as the internal rate of return on pension plan investments, for fiscal year 2024 was 9.31%.

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 proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%), or one percentage point higher (8.00%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net pension liability	\$ 110,240,009	\$ 72,058,817	\$ 39,912,307

**AKRON CITY SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2024 and June 30, 2023, actuarial valuations are presented below:

	June 30, 2024	June 30, 2023
Inflation	2.50%	2.50%
Projected salary increases	Varies by service from 2.50% to 8.50%	Varies by service from 2.50% to 8.50%
Investment rate of return	7.00%, net of investment expenses, including inflation	7.00%, net of investment expenses, including inflation
Discount rate of return	7.00%	7.00%
Payroll increases	3.00%	3.00%
Cost-of-living adjustments (COLA)	0.00%, effective July 1, 2017	0.00%, effective July 1, 2017

For the June 30, 2024 actuarial valuation, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020. Pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

Actuarial assumptions used in the June 30, 2024 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

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

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return **
Domestic Equity	26.00 %	6.90 %
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	1.00	2.40
Total	<u>100.00 %</u>	

* Final target weights reflected at October 1, 2022.

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.40% and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

Discount Rate - The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with the rates described previously. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on pension plan investments of 7.00% was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2024.

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

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
School District's proportionate share of the net pension liability	\$ 418,437,995	\$ 259,387,811	\$ 124,858,680

Assumption and Benefit Changes Since the Prior Measurement Date - The discount rate remained at 7.00% for June 30, 2024 valuation.

Retirement rates were extended to younger ages intended to ensure that the ranges in retirement eligibility impacted participants at such ages.

Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015 through June 30, 2021.

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**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 14 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability/Asset

See Note 13 for a description of the net OPEB liability (asset).

Plan Description - School Employees Retirement System (SERS)

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

The Health Care program is financed through a combination of employer contributions, recipient premiums, investment returns, and any funds received on behalf of SERS' participation in Medicare programs. The System's goal is to maintain a health care reserve account with a 20-year solvency period in order to ensure that fluctuations in the cost of health care do not cause an interruption in the program. However, during any period in which the 20-year solvency period is not achieved, the System shall manage the Health Care Fund on a pay-as-you-go basis.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund in accordance with the funding policy. For the fiscal year ended June 30, 2025, SERS did not allocate any employer contributions to post-employment health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the School District's surcharge obligation was \$1,015,905.

The surcharge added to the allocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was \$1,015,905 for fiscal year 2025 and is reported as intergovernmental payable.

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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Plan Description - State Teachers Retirement System (STRS)

Plan Description - The State Teachers Retirement System of Ohio (STRS) administers a cost-sharing Health Plan administered for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS. Ohio law authorizes STRS to offer this plan. Benefits include hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. Health care premiums were reduced by a Medicare Part B premium credit beginning in 2023. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Medicare Part D is a federal program to help cover the costs of prescription drugs for Medicare beneficiaries. This program allows STRS Ohio to recover part of the cost for providing prescription coverage since all eligible STRS Ohio health care plans include creditable prescription drug coverage.

Funding Policy - Ohio Revised Code Chapter 3307 authorizes STRS to offer the Plan and gives the Retirement Board discretionary authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions, currently 14% of covered payroll. For the fiscal year ended June 30, 2025, STRS did not allocate any employer contributions to post-employment health care.

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

The net OPEB liability/asset was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability/asset was determined by an actuarial valuation as of that date. The School District's proportion of the net OPEB liability/asset was based on the School District's share of contributions to the respective retirement systems relative to the contributions of all participating entities.

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

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportion of the net OPEB liability/asset prior measurement date	1.34921490%	1.39612500%	
Proportion of the net OPEB liability/asset current measurement date	<u>1.43065990%</u>	<u>1.34805629%</u>	
Change in proportionate share	<u>0.08144500%</u>	<u>-0.04806871%</u>	
Proportionate share of the net OPEB liability	\$ 14,571,204	\$ -	\$ 14,571,204
Proportionate share of the net OPEB asset	\$ -	\$ (25,570,053)	\$ (25,570,053)
OPEB expense	\$ (1,640,280)	\$ (5,702,012)	\$ (7,342,292)

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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SERS	STRS	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ -	\$ 1,111,583	\$ 1,111,583
Net difference between projected and actual earnings on OPEB plan investments	71,143	-	71,143
Changes of assumptions	6,253,951	3,147,311	9,401,262
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	1,806,972	304,728	2,111,700
Contributions subsequent to the measurement date	1,015,905	-	1,015,905
Total deferred outflows of resources	<u>\$ 9,147,971</u>	<u>\$ 4,563,622</u>	<u>\$ 13,711,593</u>
	SERS	STRS	Total
Deferred inflows of resources			
Differences between expected and actual experience	\$ 15,711,544	\$ 2,755,632	\$ 18,467,176
Net difference between projected and actual earnings on OPEB plan investments	-	1,097,902	1,097,902
Changes of assumptions	6,693,476	11,531,926	18,225,402
Difference between employer contributions and proportionate share of contributions/ change in proportionate share	315,539	132,965	448,504
Total deferred inflows of resources	<u>\$ 22,720,559</u>	<u>\$ 15,518,425</u>	<u>\$ 38,238,984</u>

\$1,015,905 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability/asset in the fiscal year ending June 30, 2026.

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

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	\$ (4,032,527)	\$ (3,873,067)	\$ (7,905,594)
2027	(2,820,518)	(1,700,323)	(4,520,841)
2028	(1,999,150)	(2,183,896)	(4,183,046)
2029	(1,606,135)	(2,033,376)	(3,639,511)
2030	(1,584,717)	(1,643,196)	(3,227,913)
Thereafter	(2,545,446)	479,055	(2,066,391)
Total	<u>\$ (14,588,493)</u>	<u>\$ (10,954,803)</u>	<u>\$ (25,543,296)</u>

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total OPEB liability in the latest actuarial valuation date of June 30, 2024 and June 30, 2023 are presented below:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>
Inflation	2.40%	2.40%
Future salary increases, including inflation	3.25% to 13.58%	3.25% to 13.58%
Investment rate of return	7.00% net of investment expense, including inflation	7.00% net of investment expense, including inflation
Actuarial cost method	Entry Age Normal (Level Percent of Payroll)	Entry Age Normal (Level Percent of Payroll)
Fiduciary net position is projected to be depleted	2059	2048
Municipal bond index rate	3.93%	3.86%
Single equivalent interest rate, net of plan investment expense, including price inflation	4.88%	4.27%
Medical trend assumption	7.00 to 4.40%	6.75 to 4.40%

In 2024, the following mortality assumptions were used:

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

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

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

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

**AKRON CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

In the prior measurement date, the following mortality assumptions were used:

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

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

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

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

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

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

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

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

As of June 30, 2024:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (geometric)
Cash	3.00 %	0.97 %
US Equity	22.00	4.68
Non-US Equity Developed	12.00	4.96
Non-US Equity Emerging	6.00	5.66
Fixed Income/Global Bonds	18.00	2.38
Private Equity	14.00	7.10
Real Estate	13.00	3.64
Infrastructure	7.00	4.80
Private Debt/Private Credit	5.00	5.86
Total	100.00 %	

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

NOTE 13 - DEFINED BENEFIT OPEB PLANS - (Continued)

Discount Rate - The discount rate used to measure the total OPEB liability at June 30, 2024, was 4.88%. The discount rate used to measure total OPEB liability prior to June 30, 2024, was 4.27%. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50% of projected covered payroll each year, which includes a 1.50% payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position is projected to be depleted in 2059 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2023 and the June 30, 2024 total OPEB liability. The Municipal Bond Index Rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate was 3.93% at June 30, 2024 and 3.86% at June 30, 2023.

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 proportionate share of the net OPEB liability, what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.88%) and higher (5.88%) than the current discount rate (4.88%). Also shown is what the proportionate share of the net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate (7.00% decreasing to 4.40%).

	1% Decrease	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 19,430,182	\$ 14,571,204	\$ 10,710,089

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB liability	\$ 9,849,589	\$ 14,571,204	\$ 20,777,385

Actuarial Assumptions - STRS

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2024 actuarial valuation, compared with June 30, 2023 actuarial valuation, are presented below:

	June 30, 2024		June 30, 2023	
Projected salary increases	Varies by service from 2.50% to 8.50%		Varies by service from 2.50% to 8.50%	
Investment rate of return	7.00%, net of investment expenses, including inflation		7.00%, net of investment expenses, including inflation	
Payroll increases	3.00%		3.00%	
Discount rate of return	7.00%		7.00%	
Health care cost trends				
	Initial	Ultimate	Initial	Ultimate
Medical				
Pre-Medicare	7.50%	3.94%	7.50%	4.14%
Medicare	-112.22%	3.94%	-10.94%	4.14%
Prescription Drug				
Pre-Medicare	8.00%	3.94%	-11.95%	4.14%
Medicare	-15.14%	3.94%	1.33%	4.14%

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

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

For the June 30, 2024 actuarial valuation, for healthy retirees the post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110% for males, projected forward generationally using mortality improvement scale MP-2020; pre-retirement mortality rates are based on Pub-2010 Teachers Employee Table adjusted 95% for females, projected forward generationally using mortality improvement scale MP-2020. For disabled retirees, mortality rates are based on the Pub-2010 Teachers Disabled Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

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

Actuarial assumptions used in the June 30, 2024 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2021. An actuarial experience study is done on a quinquennial basis.

Assumption Changes Since the Prior Measurement Date - The discount rate remained unchanged at 7.00% for the June 30, 2024 valuation.

Benefit Term Changes Since the Prior Measurement Date - Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2025. The larger Medicare trends for Years 2027 and 2028 reflect the assumed impact of the expiration of current Medicare Advantage contract on December 31, 2028.

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

Asset Class	Target Allocation*	Long-Term Expected Real Rate of Return **
Domestic Equity	26.00 %	6.90 %
International Equity	22.00	7.70
Alternatives	19.00	9.10
Fixed Income	22.00	4.50
Real Estate	10.00	5.10
Liquidity Reserves	1.00	2.40
Total	<u>100.00 %</u>	

* Final target weights reflected at October 1, 2022.

**10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.40% and is net of investment expenses. Over a 30-year period, STRS' investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.

**AKRON CITY SCHOOL DISTRICT
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**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 14 - DEFINED BENEFIT OPEB PLANS - (Continued)

Discount Rate - The discount rate used to measure the total OPEB liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on health care plan investments of 7.00% was applied to all periods of projected health care costs to determine the total OPEB liability as of June 30, 2024.

Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount and Health Care Cost Trend Rate - The following table represents the net OPEB asset as of June 30, 2024, calculated using the current period discount rate assumption of 7.00%, as well as what the proportionate share of the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current assumption. Also shown is the proportionate share of 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	Current Discount Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$ 20,790,142	\$ 25,570,053	\$ 29,729,616

	1% Decrease	Current Trend Rate	1% Increase
School District's proportionate share of the net OPEB asset	\$ 30,010,591	\$ 25,570,053	\$ 20,229,728

NOTE 15 - 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 2025, the School District paid the Council \$211,067 for contracted services performed for school safety and security assessments and consulting, safety program fees and 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 16 - SET-ASIDES

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

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 16 - SET-ASIDES - (Continued)

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

	<u>Capital Improvements</u>
Set-aside balance June 30, 2024	\$ -
Current year set-aside requirement	4,721,101
Current year qualifying expenditures	(7,389,269)
Current year offsets	<u>-</u>
Total	<u>\$ (2,668,168)</u>
Balance carried forward to fiscal year 2026	<u>\$ -</u>
Set-aside balance June 30, 2025	<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 - TAX ABATEMENTS ENTERED INTO BY OTHER GOVERNMENTS

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 2025 was estimated at \$14,996,192.

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 18 - FUND BALANCE

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

<u>Fund balance</u>	<u>General</u>	<u>Permanent Improvement</u>	<u>Building</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Nonspendable:					
Inventory	\$ 55,373	\$ -	\$ -	\$ 35,004	\$ 90,377
Permanent fund principal	-	-	-	281,304	281,304
Total nonspendable	<u>55,373</u>	<u>-</u>	<u>-</u>	<u>316,308</u>	<u>371,681</u>
Restricted:					
Scholarships	-	-		147,733	147,733
Student activities	-	-		731,960	731,960
Food service operations	-	-	-	4,148,185	4,148,185
Operations of WAPS-FM	-	-	-	351,478	351,478
Non-public schools	-	-	-	146,648	146,648
State funded programs	-	-	-	195,894	195,894
Other local grants	-	-	-	718,056	718,056
Debt service	-	-	-	2,517,082	2,517,082
Classroom facilities maintenance	-	-	-	14,217,824	14,217,824
Capital improvements	-	223,733	62,099,844	13,100,990	75,424,567
Total restricted	<u>-</u>	<u>223,733</u>	<u>62,099,844</u>	<u>36,275,850</u>	<u>98,599,427</u>
Committed:					
Underground storage tanks	<u>11,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,000</u>
Assigned:					
Uniform school supplies	15,803	-	-	-	15,803
Public school support	550,620	-	-	-	550,620
Services from vocational education classes	312,111	-	-	-	312,111
Encumbrances	2,575,407	-	-	-	2,575,407
Next years budget	<u>12,969,665</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,969,665</u>
Total assigned	<u>16,423,606</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,423,606</u>
Unassigned (deficit)	<u>40,438,952</u>	<u>-</u>	<u>-</u>	<u>(451,052)</u>	<u>39,987,900</u>
Total fund balances	<u>\$ 56,928,931</u>	<u>\$ 223,733</u>	<u>\$ 62,099,844</u>	<u>\$ 36,141,106</u>	<u>\$ 155,393,614</u>

Regarding the committed fund balances, the School District's Board of Education approves transfers to and from the underground storage tanks fund.

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 18 - FUND BALANCE - (Continued)

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 19 - CONSTRUCTION COMMITMENTS

The School District has active construction projects as of June 30, 2025. At fiscal year end, the School District's commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Pfeiffer Elementary School/Miller South Performing Arts School Construction	\$ 1,957,477	\$ 287,700
Administration Building HVAC Improvements Project	79,452	1,628,783
Parking Lot Resurfacing at Kenmore Stadium	-	31,700
Kenmore Stadium Underground Water Line Leak Repairs	-	28,195
Betty Jane Community Learning Center Exterior Masonry Repair	-	102,300
STEM HS @ Robinson Learning Center Exterior Masonry Repair	-	149,708
FY 2025 District-Wide Asphalt Project	-	140,000
Flooring Installation at the Distribution Center	-	19,000
Running Track Reconstruction at East Community Learning Center	92,077	133,490
I Promise School Installation of New Chiller	274,172	55,000
Roof Surface Preventative Maintenance Plan at 45 Buildings	99,806	99,806
East Community Learning Center Masonry Project	622,277	555,806
ID Badge Access Control Conversion for Community Learning Centers	-	322,529
Skylight Waterproofing Project at NIHF STEM Middle School	-	83,500
Total	<u>\$ 3,125,261</u>	<u>\$ 3,637,517</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 20 - 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
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 20 - OHIO FACILITIES CONSTRUCTION COMMISSION PROJECT - (Continued)

The tax took effect January 1, 2004. As of June 30, 2025, the School District has received \$352,173,747 in local funds from the City by way of this tax to date. At June 30, 2025 the School District is reporting an asset, “due from City of Akron” in the amount of \$9,107,661 and a liability, “due to City of Akron” in the amount of \$6,185,649 as of June 30, 2025. The amount of this receivable and liability was determined by reducing the \$352,173,747 received as of June 30, 2025 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 \$355,095,759 in capital expenditures using these local funds received from the City as of June 30, 2025. 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 \$327,062,330 to date as of June 30, 2025.

OFCC has determined that \$1,878,433 is available to the School District as of June 30, 2025. This represents the amount that OFCC has appropriated but not remitted to the School District as of June 30, 2025 over the entire life of this project. As a result, that amount was recorded as an intergovernmental receivable as of June 30, 2025. 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 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. Beginning in fiscal year 2024, the debt service payments are 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 - CONTINGENCIES AND SIGNIFICANT COMMITMENTS

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2025, if applicable, cannot be determined at this time.

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 22 - CONTINGENCIES AND SIGNIFICANT COMMITMENTS - (Continued)

B. 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

C. Foundation Funding

Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Traditional School Districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education and Workforce (ODEW) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year-end. As of the date of this report, ODEW has not finalized the impact of enrollment adjustments to the June 30, 2025 Foundation funding for the School District; therefore, the financial statement impact is not determinable at this time. ODEW and management believe this will result in either a receivable to or liability of the School District.

NOTE 23 - SUBSEQUENT EVENTS

On August 14, 2025, the School District issued \$27,500,000 in School Improvement Notes, Series 2025 with a coupon rate of 4.00% and maturity date of August 6, 2026. \$12,500,000 was issued to refund the School District Improvement Bond Anticipation Notes, Series 2024 due September 10, 2025, and \$15,000,000 was to finance new projects.

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REQUIRED SUPPLEMENTARY INFORMATION

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget - over (under) Actual Amounts
	Original	Final		
Budgetary revenues:				
Property taxes	\$ 127,938,301	\$ 141,232,930	\$ 144,202,945	\$ 2,970,015
Intergovernmental	208,432,092	208,432,092	209,858,295	1,426,203
Investment earnings	2,280,283	2,280,283	3,225,839	945,556
Tuition and fees	1,989,679	1,989,679	2,340,497	350,818
Extracurricular	101	101	-	(101)
Rental income	48,365	48,365	30,924	(17,441)
Charges for services	509,984	509,984	295,391	(214,593)
Contributions and donations	24,256	24,256	481	(23,775)
Payment in lieu of taxes	4,821,461	4,821,461	4,860,236	38,775
Miscellaneous	1,278,161	1,278,161	788,037	(490,124)
Total budgetary revenues	<u>347,322,683</u>	<u>360,617,312</u>	<u>365,602,645</u>	<u>4,985,333</u>
Budgetary expenditures:				
Current:				
Instruction:				
Regular	139,871,609	141,090,459	139,253,123	(1,837,336)
Special	65,119,782	68,592,714	67,075,243	(1,517,471)
Vocational	12,891,033	12,972,074	13,013,812	41,738
Adult/continuing	240,902	240,902	284,582	43,680
Other	2,053,702	1,535,126	1,217,551	(317,575)
Support services:				
Pupil	27,530,987	27,919,356	26,989,332	(930,024)
Instructional staff	14,771,993	16,024,179	13,816,405	(2,207,774)
Board of education	134,001	544,474	546,468	1,994
Administration	30,335,098	31,222,761	30,615,662	(607,099)
Fiscal	18,990,258	13,625,957	6,292,865	(7,333,092)
Business	3,846,293	3,779,235	3,761,700	(17,535)
Operations and maintenance	42,205,094	41,721,765	39,553,319	(2,168,446)
Pupil transportation	19,897,020	20,556,518	19,285,139	(1,271,379)
Central	12,071,150	12,432,184	11,329,581	(1,102,603)
Operation of non-instructional services	190,977	185,348	101,695	(83,653)
Extracurricular activities	4,139,902	4,052,796	3,735,122	(317,674)
Facilities acquisition and construction	11,716,626	9,010,580	7,195,330	(1,815,250)
Debt service:				
Principal retirement	710,000	710,000	710,000	-
Interest and fiscal charges	2,329,072	2,329,072	2,312,197	(16,875)
Total budgetary expenditures	<u>409,045,499</u>	<u>408,545,500</u>	<u>387,089,126</u>	<u>(21,456,374)</u>
Budgetary excess (deficiency) of revenues over (under) expenditures	<u>(61,722,816)</u>	<u>(47,928,188)</u>	<u>(21,486,481)</u>	<u>26,441,707</u>
Budgetary other financing sources (uses):				
Refund of prior year's expenditures	128,030	128,030	48,617	(79,413)
Transfers in	2,646	2,646	-	(2,646)
Transfers (out)	-	(1,100,000)	(862,415)	237,585
Premium on notes	961,254	961,254	-	(961,254)
Sale of capital assets	290	290	6,395	6,105
Total budgetary other financing sources (uses)	<u>1,092,220</u>	<u>(7,780)</u>	<u>(807,403)</u>	<u>(799,623)</u>
Net change in fund balance	(60,630,596)	(47,935,968)	(22,293,884)	25,642,084
Budgetary fund balance at beginning of year	98,707,970	98,707,970	98,707,970	-
Prior year encumbrances appropriated	8,199,341	8,199,341	8,199,341	-
Budgetary fund balance at end of year	<u>\$ 46,276,715</u>	<u>\$ 58,971,343</u>	<u>\$ 84,613,427</u>	<u>\$ 25,642,084</u>

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Fiscal Year (1)	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	1.40861020%	\$ 72,058,817	\$ 59,201,900	121.72%	78.52%
2024	1.36075600%	75,188,919	55,474,621	135.54%	76.06%
2023	1.33886200%	72,416,071	50,009,307	144.81%	75.82%
2022	1.31679400%	48,585,887	43,612,593	111.40%	82.86%
2021	1.31366500%	86,888,584	44,063,521	197.19%	68.55%
2020	1.31682200%	78,787,787	43,962,400	179.22%	70.85%
2019	1.29780600%	74,327,776	42,202,341	176.12%	71.36%
2018	1.30833200%	78,169,959	42,319,407	184.71%	69.50%
2017	1.34492600%	98,436,174	39,321,964	250.33%	62.98%
2016	1.32221000%	75,446,607	39,805,432	189.54%	69.16%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 8,160,735	\$ (8,160,735)	\$ -	\$ 58,290,964	14.00%
2024	8,288,266	(8,288,266)	-	59,201,900	14.00%
2023	7,766,447	(7,766,447)	-	55,474,621	14.00%
2022	7,001,303	(7,001,303)	-	50,009,307	14.00%
2021	6,105,763	(6,105,763)	-	43,612,593	14.00%
2020	6,168,893	(6,168,893)	-	44,063,521	14.00%
2019	5,934,924	(5,934,924)	-	43,962,400	13.50%
2018	5,697,316	(5,697,316)	-	42,202,341	13.50%
2017	5,924,717	(5,924,717)	-	42,319,407	14.00%
2016	5,505,075	(5,505,075)	-	39,321,964	14.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST TEN FISCAL YEARS

Fiscal Year (1)	School District's Proportion of the Net Pension Liability	School District's Proportionate Share of the Net Pension Liability	School District's Covered Payroll	School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	1.34805629%	\$ 259,387,811	\$ 187,103,479	138.63%	82.55%
2024	1.39612500%	300,654,648	188,572,300	159.44%	80.02%
2023	1.36820450%	304,153,578	177,873,100	170.99%	78.88%
2022	1.33917360%	171,255,378	165,245,250	103.62%	87.80%
2021	1.29961100%	314,459,614	156,987,164	200.31%	75.50%
2020	1.28981750%	285,235,396	152,671,714	186.83%	77.40%
2019	1.27580810%	280,521,562	141,774,043	197.87%	77.30%
2018	1.30362370%	309,678,611	144,321,386	214.58%	75.30%
2017	1.32466090%	443,386,470	136,605,736	324.57%	66.80%
2016	1.31703700%	363,990,523	138,124,286	263.52%	72.10%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 25,711,686	\$ (25,711,686)	\$ -	\$ 183,654,900	14.00%
2024	26,194,487	(26,194,487)	-	187,103,479	14.00%
2023	26,400,122	(26,400,122)	-	188,572,300	14.00%
2022	24,902,234	(24,902,234)	-	177,873,100	14.00%
2021	23,134,335	(23,134,335)	-	165,245,250	14.00%
2020	21,978,203	(21,978,203)	-	156,987,164	14.00%
2019	21,374,040	(21,374,040)	-	152,671,714	14.00%
2018	19,848,366	(19,848,366)	-	141,774,043	14.00%
2017	20,204,994	(20,204,994)	-	144,321,386	14.00%
2016	19,124,803	(19,124,803)	-	136,605,736	14.00%

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

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE AND TEN FISCAL YEARS

Fiscal Year (1) (2)	School District's Proportion of the Net OPEB Liability	School District's Proportionate Share of the Net OPEB Liability	School District's Covered Payroll	School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2025	1.43065990%	\$ 14,571,204	\$ 59,201,900	24.61%	44.50%
2024	1.34921500%	22,227,578	55,474,621	40.07%	30.02%
2023	1.35033900%	18,958,896	50,009,307	37.91%	30.34%
2022	1.31611900%	24,908,625	43,612,593	57.11%	24.08%
2021	1.32992500%	28,903,614	44,063,521	65.60%	18.17%
2020	1.34968200%	33,941,669	43,962,400	77.21%	15.57%
2019	1.31615600%	36,513,714	42,202,341	86.52%	13.57%
2018	1.32439700%	35,543,328	42,319,407	83.99%	12.46%
2017	1.31609700%	38,810,913	39,321,964	98.70%	11.49%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 1,015,905	\$ (1,015,905)	\$ -	\$ 58,290,964	1.74%
2024	1,001,410	(1,001,410)	-	59,201,900	1.69%
2023	711,120	(711,120)	-	55,474,621	1.28%
2022	786,408	(786,408)	-	50,009,307	1.57%
2021	662,903	(662,903)	-	43,612,593	1.52%
2020	697,045	(697,045)	-	44,063,521	1.58%
2019	1,044,545	(1,044,545)	-	43,962,400	2.38%
2018	919,973	(919,973)	-	42,202,341	2.18%
2017	706,757	(706,757)	-	42,319,407	1.67%
2016	683,295	(683,295)	-	39,321,964	1.74%

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

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

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

SCHEDULES OF THE REQUIRED SUPPLEMENTARY INFORMATION

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

LAST NINE AND TEN FISCAL YEARS

Fiscal Year (1) (2)	School District's Proportion of the Net OPEB Liability/(Asset)	School District's Proportionate Share of the Net OPEB Liability/(Asset)	School District's Covered Payroll	School District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability/(Asset)
2025	1.34805629%	\$ (25,570,053)	\$ 187,103,479	13.67%	158.01%
2024	1.39612500%	(27,152,704)	188,572,300	14.40%	168.52%
2023	1.36820450%	(35,427,370)	177,873,100	19.92%	230.73%
2022	1.33917360%	(28,235,377)	165,245,250	17.09%	174.70%
2021	1.29961100%	(22,840,637)	156,987,164	14.55%	182.10%
2020	1.28981750%	(21,362,474)	152,671,714	13.99%	174.50%
2019	1.27580810%	(20,500,935)	141,774,043	14.46%	176.00%
2018	1.30362370%	50,862,588	144,321,386	35.24%	47.10%
2017	1.32460870%	70,840,419	136,605,736	51.86%	37.30%

Fiscal Year	Contractually Required Contributions	Contributions in Relation to the Contractually Required Contributions	Contribution Deficiency (Excess)	School District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ -	\$ -	\$ -	\$ 183,654,900	0.00%
2024	-	-	-	187,103,479	0.00%
2023	-	-	-	188,572,300	0.00%
2022	-	-	-	177,873,100	0.00%
2021	-	-	-	165,245,250	0.00%
2020	-	-	-	156,987,164	0.00%
2019	-	-	-	152,671,714	0.00%
2018	-	-	-	141,774,043	0.00%
2017	-	-	-	144,321,386	0.00%
2016	-	-	-	136,605,736	0.00%

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

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

Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 1 - BUDGETARY PROCESS

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

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

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

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

Net Change in Fund Balance

	<u>General fund</u>
Budget basis	\$ (22,293,884)
Net adjustment for revenue accruals	3,375,161
Net adjustment for expenditure accruals	(1,516,095)
Net adjustment for other sources/uses	(55,012)
Funds budgeted elsewhere	(2,485,195)
Adjustments for encumbrances	<u>4,572,908</u>
GAAP Basis	<u>\$ (18,402,117)</u>

As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund. This includes the uniform school supplies fund, public school support fund, the severance fund and other various activities.

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

NOTE 2 - PENSIONS & OTHER POSTEMPLOYMENT BENEFITS (OPEB)

PENSION

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, SERS changed from a fixed 3% annual increase to a Cost of Living Adjustment (COLA) based on the changes in the Consumer Price Index (CPI-W), with a cap of 2.5% and a floor of 0%.
- For fiscal year 2019, with the authority granted the Board under Senate Bill 8, the Board has enacted a three year COLA delay for future benefit recipients commencing benefits on or after April 1, 2018.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2021.
- For fiscal year 2022, SERS changed from a Cost of Living Adjustment (COLA) of 2.5% to 2.0%.
- For fiscal year 2023, SERS changed from a Cost of Living Adjustment (COLA) of 2.0% to 2.5%.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.
- There were no changes in benefit terms from the amounts reported for fiscal year 2025.

Change in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates and 110% of female rates, (g) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement and (h) the discount rate was reduced from 7.75% to 7.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2018.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50% - 18.20% to 3.25% - 13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2023.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2025.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2016.
- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- For fiscal year 2018, STRS decreased the Cost of Living Adjustment (COLA) to zero.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2019.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2020.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2021.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2022.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2024.
- There were no changes in benefit terms from amounts previously reported for fiscal year 2025.

Changes in assumptions:

- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2017.
- For fiscal year 2018, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.75% to 7.45%, (b) the inflation assumption was lowered from 2.75% to 2.50%, (c) the payroll growth assumption was lowered to 3.00%, (d) total salary increases rate was lowered by decreasing the merit component of the individual salary increases, in addition to a decrease of 0.25% due to lower inflation, (e) the healthy and disabled mortality assumptions were updated to the RP-2014 mortality tables with generational improvement scale MP-2016 and (f) rates of retirement, termination and disability were modified to better reflect anticipated future experience.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2019.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2020.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2021.
- For fiscal year 2022, the following changes of assumption affected the total pension liability since the prior measurement date: (a) the long-term expected rate of return was reduced from 7.45% to 7.00% and (b) the discount rate of return was reduced from 7.45% to 7.00%.
- For fiscal year 2023, the following changes of assumption affected the total pension liability since the prior measurement date: the projected salary increases went from 12.50% at age 20 to 2.50% at age 65 to varies by service from 2.50% to 8.50%.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2024.
- There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2025.

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Change in benefit terms:

- There were no changes in benefit terms from the amounts reported for fiscal year 2017.
- There were no changes in benefit terms from the amounts reported for fiscal year 2018.
- There were no changes in benefit terms from the amounts reported for fiscal year 2019.
- There were no changes in benefit terms from the amounts reported for fiscal year 2020.
- There were no changes in benefit terms from the amounts reported for fiscal year 2021.
- There were no changes in benefit terms from the amounts reported for fiscal year 2022.
- There were no changes in benefit terms from the amounts reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts reported for fiscal year 2024.
- There were no changes in benefit terms from the amounts reported for fiscal year 2025.

Change in assumptions:

- For fiscal year 2017, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.
- For fiscal year 2018, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) rates of withdrawal, retirement, and disability were updated to reflect recent experience, (e) mortality among active members was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females, (f) mortality among service retired members and beneficiaries was updated to the following: RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates, (g) mortality among disabled members was updated to the following: RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement, (h) the municipal bond index rate increased from 2.92% to 3.56% and (i) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 2.98% to 3.63%.
- For fiscal year 2019, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate increased from 3.63% to 3.70%, (b) the health care cost trend rates for Medicare were changed from a range of 5.50% - 5.00% to a range of 5.375% - 4.75% and Pre-Medicare were changed from a range of 7.50% - 5.00% to a range of 7.25% - 4.75%, (c) the municipal bond index rate increased from 3.56% to 3.62% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation increased from 3.63% to 3.70%.

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

- For fiscal year 2020, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.70% to 3.22%, (b) the health care cost trend rates for Medicare were changed from a range of 5.375% - 4.75% to a range of 5.25% - 4.75% and Pre-Medicare were changed from a range of 7.25% - 4.75% to a range of 7.00% - 4.75%, (c) the municipal bond index rate decreased from 3.62% to 3.13% and (d) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.70% to 3.22%.
- For fiscal year 2021, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) the discount rate decreased from 3.22% to 2.63% and (b) the municipal bond index rate decreased from 3.13% to 2.45%, and (c) the single equivalent interest rate, net of plan investment expense, including price inflation decreased from 3.22% to 2.63%.
- For fiscal year 2022, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) wage inflation decreased from 3.00% to 2.40%, (b) future salary increases changed from 3.50% - 18.20% to 3.25% - 13.58%, (c) investment rate of return decreased from 7.50% to 7.00%, (d) discount rate decreased from 7.50% to 7.00% and (e) mortality tables changed from the RP-2014 Blue Collar mortality table to the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table.
- For fiscal year 2023, the following changes of assumptions affected the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 1.92% to 3.69%, (b) single equivalent interest rate when from 2.27% to 4.08% and (c) medical trend assumptions went from 5.125% to 4.40% Medicare and 6.75% to 4.40% Pre-Medicare to 7.00% to 4.40%.
- For fiscal year 2024, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.69% to 3.86%, (b) single equivalent interest rate when from 4.08% to 4.27% and (c) medical trend assumptions went from 7.00% to 4.40% to 6.75% to 4.40%.
- For fiscal year 2025, the following changes of assumptions affect the total OPEB liability since the prior measurement date: (a) municipal bond index rate went from 3.86% to 3.93%, (b) single equivalent interest rate when from 4.27% to 4.88% and (c) medical trend assumptions went from 6.75% to 4.40% to 7.00% to 4.40%.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Change in benefit terms:

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

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

- For fiscal year 2022, the non-Medicare subsidy percentage was increased effective January 1, 2022 from 2.055% to 2.100%. The non-Medicare frozen subsidy base premium was increased effective January 1, 2022. The Medicare Part D subsidy was updated to reflect it is expected to be negative in CY2022. The Part B monthly reimbursement elimination date was postponed indefinitely.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2023.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2024.
- There were no changes in benefit terms from the amounts previously reported for fiscal year 2025.

Change in assumptions:

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

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY, OHIO**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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

- For fiscal year 2024, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: medical Pre-Medicare from 7.50% initial - 3.94% ultimate to 7.50% initial - 4.14% ultimate; medical Medicare from - 68.78% initial - 3.94% ultimate to - 10.94% initial - 4.14% ultimate; prescription drug Pre-Medicare from 9.00% initial - 3.94% ultimate to - 11.95% initial - 4.14% ultimate; and prescription drug Medicare from - 5.47% initial - 3.94% ultimate to 1.33% initial - 4.14% ultimate.
- For fiscal year 2025, the following changes of assumption affected the total OPEB liability since the prior measurement date: (a) health care cost trend rates were changed to the following: medical Pre-Medicare from 7.50% initial - 4.14% ultimate to 7.50% initial - 3.94% ultimate; medical Medicare from - 10.94% initial - 4.14% ultimate to - 112.22% initial - 3.94% ultimate; prescription drug Pre-Medicare from - 11.95% initial - 4.14% ultimate to 8.00% initial - 3.94% ultimate; and prescription drug Medicare from 1.33% initial - 4.14% ultimate to - 15.14% initial - 3.94% ultimate.

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass-Through Entity Identifying Number	Total Federal Receipts	Total Federal Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<u>Direct</u>				
Impact Aid	84.041	N/A	125,220	125,220
Total Impact Aid			125,220	125,220
Gaining Early Awareness and Readiness Undergraduate Programs	84.334A	P334A210174-23	282,011	204,590
Gaining Early Awareness and Readiness Undergraduate Programs	84.334A	P334A210174-24	1,006,497	1,180,978
Total Gaining Early Awareness and Readiness Undergraduate Programs			1,288,508	1,385,568
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<u>Passed Through Ohio Department of Education and Workforce</u>				
<u>Special Education Cluster:</u>				
Special Education - Grants to States (IDEA-B)	84.027A	043489-3M20-2024	855,430	279,085
Special Education - Grants to States (IDEA-B)	84.027A	043489-3M20-2025	5,022,158	5,748,097
Special Education - Grants to States (Parent Mentor Project)	84.027A	043489-3M20-2024	5	-
Total Special Education - Grants to States			5,877,593	6,027,182
Special Education - Preschool Grants	84.173A	043489-3C50-2024	9,992	-
Special Education - Preschool Grants	84.173A	043489-3C50-2025	122,671	132,140
Total Special Education - Preschool Grants			132,663	132,140
Total Special Education Cluster			6,010,256	6,159,322
Career and Technical Education - Basic Grants to States (Carl D. Perkins Secondary)	84.048A	043489-3L90-2024	119,310	40,313
Career and Technical Education - Basic Grants to States (Carl D. Perkins Secondary)	84.048A	043489-3L90-2025	631,284	775,517
Total Career and Technical Education - Basic Grants to States			750,594	815,830
Title I - Grants to Local Educational Agencies (Improving Basic Programs)	84.010A	043489-3M00-2024	3,210,447	1,910,726
Title I - Grants to Local Educational Agencies (Improving Basic Programs)	84.010A	043489-3M00-2025	11,154,232	12,761,074
Title I - Grants to Local Educational Agencies (Delinquent)	84.010A	043489-3M00-2024	12,512	6,951
Title I - Grants to Local Educational Agencies (Delinquent)	84.010A	043489-3M00-2025	83,416	93,783
Title I - Grants to Local Educational Agencies (Expanding Opportunities for Each Child)	84.010A	043489-3M00-2024	159,122	142,829
Title I - Grants to Local Educational Agencies (Expanding Opportunities for Each Child)	84.010A	043489-3M00-2025	177,566	308,132
Title I - Grants to Local Educational Agencies (Supplemental School Improvement)	84.010A	043489-3M00-2024	427,290	166,803
Title I - Grants to Local Educational Agencies (Supplemental School Improvement)	84.010A	043489-3M00-2025	409,960	475,443
Total Title I - Grants to Local Educational Agencies			15,634,545	15,865,741
Education for Homeless Children and Youth (McKinney-Vento Homeless Youth Assistance Program)	84.196A	043489-3EJ0-2024	(165,165)	3,262
Education for Homeless Children and Youth (McKinney-Vento Homeless Youth Assistance Program)	84.196A	043489-3EJ0-2025	184,554	224,803
Total Education for Homeless Children and Youth			19,389	228,065
Twenty-First Century Community Learning Centers	84.287A	043489-3Y20-2024	184,404	9,249
Twenty-First Century Community Learning Centers	84.287A	043489-3Y20-2025	784,579	800,000
Total Twenty-First Century Community Learning Centers			968,983	809,249
English Language Acquisition State Grants (Title III)	84.365A	043489-3Y70-2024	52,677	30,700
English Language Acquisition State Grants (Title III)	84.365A	043489-3Y70-2025	6,155	6,324
English Language Acquisition State Grants (Title III)	84.365A	043489-3Y70-2025	261,781	293,739
Total English Language Acquisition State Grants			320,613	330,763
Student Support and Academic Enrichment Programs (Title IV-A)	84.424A	043489-3HI0-2024	231,955	149,248
Student Support and Academic Enrichment Programs (Title IV-A)	84.424A	043489-3HI0-2025	1,195,670	1,356,957
Student Support and Academic Enrichment Programs (Stronger Connections)	84.424F	043489-3HI0-2024	258,852	255,722
Total Student Support and Academic Enrichment Programs			1,686,477	1,761,927
Supporting Effective Instruction State Grants (Title II-A)	84.367A	043489-3Y60-2024	(241,299)	77,192
Supporting Effective Instruction State Grants (Title II-A)	84.367A	043489-3Y60-2025	869,197	1,431,457
Total Supporting Effective Instruction State Grants			627,898	1,508,649
COVID-19 Education Stabilization Fund (ARP ESSER)	84.425U	043489-3HS0-2022	32,032,207	49,138
COVID-19 Education Stabilization Fund (ARP Homeless Round 1)	84.425W	043489-3HZ0-2022	15,710	10,318
COVID-19 Education Stabilization Fund (ARP Homeless Round II)	84.425W	043489-3HZ0-2022	235,280	192,260
Total Education Stabilization Fund			32,283,197	251,716
TOTAL U.S. DEPARTMENT OF EDUCATION			59,715,680	29,242,050
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
<u>Passed Through Ohio Department of Job and Family Services</u>				
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	G-2223-17-0947-2	80,702	32,835
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	G-2223-17-0947-04	51,052	222,568
Total Refugee and Entrant Assistance State/Replacement Designee Administered Programs			131,754	255,403
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			131,754	255,403
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<u>Passed Through Ohio Department of Education and Workforce</u>				
<u>Child Nutrition Cluster:</u>				
School Breakfast Program/Commodities	10.553	N/A	104,826	104,030
National School Lunch Program/Commodities	10.555	N/A	879,463	915,979
Total Food Distribution			984,289	1,020,009
School Breakfast Program	10.553	043489-3L70-2025	4,031,308	4,031,308

**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025 - Continued**

National School Lunch Program	10.555	043489-3L60-2025	10,665,481	11,435,028
Total Food Service Programs			<u>14,696,789</u>	<u>15,466,336</u>
Fresh Fruit & Vegetable Program	10.582	043489-3GG0-2025	561,498	561,498
Total Fresh Fruit & Vegetable Program			<u>561,498</u>	<u>561,498</u>
Total Child Nutrition Cluster			<u>16,242,576</u>	<u>17,047,843</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>16,242,576</u>	<u>17,047,843</u>
<u>U.S. DEPARTMENT OF JUSTICE</u>				
<i>Direct</i>				
Children of Incarcerated Parents Web Portal (STOP School Violence)	16.839	15PBJA-23-GG-04339-STOP	214,216	245,723
Total Children of Incarcerated Parents Web Portal			<u>214,216</u>	<u>245,723</u>
TOTAL U.S. DEPARTMENT OF JUSTICE			<u>214,216</u>	<u>245,723</u>
<u>U.S. DEPARTMENT OF DEFENSE</u>				
<i>Direct</i>				
Air Force R.O.T.C. Grant	12.xxx	N/A	76,616	76,616
Army R.O.T.C. Grant	12.xxx	N/A	75,582	75,582
Marines R.O.T.C. Grant	12.xxx	N/A	88,696	88,696
Navy R.O.T.C. Grant	12.xxx	N/A	66,845	66,845
Total R.O.T.C. Grants			<u>307,739</u>	<u>307,739</u>
TOTAL U.S. DEPARTMENT OF DEFENSE			<u>307,739</u>	<u>307,739</u>
TOTAL FEDERAL ASSISTANCE			<u>76,611,965</u>	<u>47,098,758</u>

**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, 2025**

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, 2025. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE C – INDIRECT COST RATE

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

NOTE D - CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - 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.

NOTE G – NEGATIVE REVENUES

The District has reported negative receipts for Education for Homeless Children and Youth (McKinney-Vento Homeless Assistance Program) and Supporting Effective Instruction State Grants (Title II-A) for the fiscal year ended June 30, 2025 related to the 2024 grant years for these 2 grants. This occurred because the District refunded funds to the Ohio Department of Education and Workforce in excess of what was received. The District reclassified expenditures in these 2 grants to other funding sources after receiving the reimbursements for these expenditures. After communication with grant consultants from the Ohio Department of Education and Workforce, it was determined that the refunds should be issued. The District refunded \$168,427.64 in grant year 2024 McKinney-Vento Homeless Assistance Program funds and \$318,490.60 in grant year 2024 Title II-A funds during the fiscal year ended June 30, 2025.

NOTE H - TRANSFERS BETWEEN PROGRAM YEARS

Federal regulations require schools to obligate certain federal awards by June 30. However, with DEW's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The School District transferred the following amounts from 2025 to 2026 programs:

<u>Program Title</u>	<u>AL Number</u>	<u>Amt. Transferred</u>
Title I-A Improving Basic Programs	84.010A	\$ 1,521,957
Title I-A Delinquent	84.010A	\$ 69,383
IDEA B Special Education	84.027A	\$ 4,769,932
Title III Language Instruction for English Learners	84.365A	\$ 216,496
Title III Immigrant	84.365A	\$ 17,634
Title II-A Supporting Effective Instruction	84.367A	\$ 1,042,777
Title IV-A Student Support and Academic Enrichment	84.424A	\$ 818,595

OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Board of Education:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Akron City School District, Summit County, Ohio (the District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 27, 2026, wherein we noted the District adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

March 27, 2026



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

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

Opinion on each Major Federal Program

We have audited Akron City School District's, Summit County, Ohio (the District) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of Akron City School District's major federal programs for the year ended June 30, 2025. Akron City School District's major federal programs are identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, Akron City School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

KEITH FABER
Ohio Auditor of State



Tiffany L. Ridenbaugh, CPA, CFE, CGFM
Chief Deputy Auditor

March 27, 2026

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**AKRON CITY SCHOOL DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2025**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	Nutrition Cluster (ALN #'s: 10.555, 10.553, 10.582) Student Support & Academic Enrichment (ALN #: 84.424) Special Education Cluster (ALN #'s: 84.027, 84.173) Supporting Effective Instruction (ALN #: 84.367)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 1,412,963 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE KEITH FABER



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 3/31/2026

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Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
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