



**CANTON CITY SCHOOL DISTRICT
STARK COUNTY
JUNE 30, 2025**

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STARK COUNTY
JUNE 30, 2025**

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OHIO AUDITOR OF STATE KEITH FABER



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

INDEPENDENT AUDITOR'S REPORT

Canton City School District
Stark County
1312 5th Street SW
Canton, Ohio 44707

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 Canton City School District, Stark 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 Canton City School District, Stark County, Ohio, as of June 30, 2025, and the respective changes in financial position thereof and, where applicable cash flows thereof and the budgetary comparisons for the General fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary information

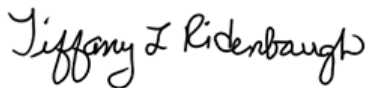
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements,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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 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

June 9, 2026

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Canton City School District
Stark County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

The discussion and analysis of the Canton 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 performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2025 are as follows:

- Net position increased \$11,679,568 from 2024 net position.
- Capital assets increased \$13,423,949 during fiscal year 2025.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the School District as a whole 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. In the case of the School District, the general and building funds are by far the most significant funds.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

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

Canton City School District
Stark County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

These two statements report the School District's net position and changes in net 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 which restrict revenue growth, facility conditions, required educational programs, and other factors.

In the *Statement of Net Position* and the *Statement of Activities*, governmental activities include the School District's programs and services, including instruction, support services, extracurricular activities, and non-instructional services, i.e., 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 and building funds.

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 statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Fund The School District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses internal service funds to account for workers' compensation and warehouse service programs. Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements.

Reporting the School District's Fiduciary Responsibilities

The School District acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in custodial funds. The School District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

Canton City School District
Stark County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2025 compared to 2024:

Table 1			
Net Position			
	Governmental Activities		
	2025	2024	Change
Assets			
Current & Other Assets	\$ 179,052,676	\$ 191,940,846	\$ (12,888,170)
Long Term Leased Assets	5,848,978	5,848,978	-
Net OPEB Asset	9,609,421	9,978,900	(369,479)
Capital Assets	149,656,377	136,232,428	13,423,949
<i>Total Assets</i>	<u>344,167,452</u>	<u>344,001,152</u>	<u>166,300</u>
Deferred Outflows of Resources			
Pension & OPEB	<u>32,382,871</u>	<u>36,718,853</u>	<u>(4,335,982)</u>
Liabilities			
Current & Other Liabilities	26,980,046	27,992,842	(1,012,796)
Long-Term Liabilities:			
Due Within One Year	7,235,765	1,967,202	5,268,563
Due In More Than One Year:			
Pension & OPEB	135,875,955	155,532,495	(19,656,540)
Other Amounts	<u>73,356,785</u>	<u>77,838,514</u>	<u>(4,481,729)</u>
<i>Total Liabilities</i>	<u>243,448,551</u>	<u>263,331,053</u>	<u>(19,882,502)</u>
Deferred Inflows of Resources			
Property Taxes	36,754,440	37,480,567	(726,127)
Leases	5,600,147	5,663,011	(62,864)
Pension & OPEB	<u>32,605,481</u>	<u>27,783,238</u>	<u>4,822,243</u>
<i>Total Deferred Inflows of Resources</i>	<u>74,960,068</u>	<u>70,926,816</u>	<u>4,033,252</u>
Net Position			
Net Investment in Capital Assets	130,207,089	120,604,666	9,602,423
Restricted	25,863,516	32,517,039	(6,653,523)
Unrestricted	<u>(97,928,901)</u>	<u>(106,659,569)</u>	<u>8,730,668</u>
<i>Total Net Position</i>	<u>\$ 58,141,704</u>	<u>\$ 46,462,136</u>	<u>\$ 11,679,568</u>

Canton City School District
Stark County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

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*. In a prior period, the School District also adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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 asset/liability to the reported net position and subtracting deferred outflows related to pension and OPEB and the net OPEB asset.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension/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 asset/liability to equal the School District's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of these assets/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. For STRS, the plan's fiduciary net OPEB position was sufficient to cover the plan's total OPEB liability resulting in a net OPEB asset for the fiscal year that is allocated to each school based on its proportionate share. The retirement system is responsible for the administration of the pension and OPEB plans.

Canton City School District
Stark County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

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 reported by the retirement boards. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the 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.

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

A portion of the School District's net position, represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position is a deficit balance.

The decrease in current and other assets was caused by a decrease in pooled cash and investments as proceeds of the school improvement bonds were spent during the fiscal year and intergovernmental receivable, primarily for grants related to the American Rescue Plan Act. Capital assets increased due to the ongoing renovation and construction projects throughout the School District. There was a decrease in current and other liabilities, primarily due to fewer accounts payable for curriculum in the current year than in the previous year.

There was a change in net pension/OPEB liability/asset for the School District. These fluctuations are due to changes in the actuarial liabilities/assets and related accruals that are passed through to the School District's financial statements. All components of pension and OPEB accruals contribute to the fluctuations in deferred outflows/inflows and NPL/NOL/NOA and are described in more detail in their respective notes.

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Canton City School District
Stark County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2025 and 2024.

Table 2
Changes in Net Position

	Governmental Activities		
	2025	2024	Change
Revenues			
<i>Program Revenues</i>			
Charges for Services	\$ 3,513,448	\$ 3,369,580	\$ 143,868
Operating Grants	35,886,230	67,152,211	(31,265,981)
<i>Total Program Revenues</i>	<u>39,399,678</u>	<u>70,521,791</u>	<u>(31,122,113)</u>
General Revenues			
Property Taxes	41,659,851	36,519,523	5,140,328
Grants & Entitlements	97,098,867	99,483,208	(2,384,341)
Other	5,327,559	4,434,345	893,214
<i>Total General Revenues</i>	<u>144,086,277</u>	<u>140,437,076</u>	<u>3,649,201</u>
<i>Total Revenues</i>	<u>183,485,955</u>	<u>210,958,867</u>	<u>(27,472,912)</u>
Program Expenses			
Instruction:			
Regular	55,098,019	58,910,174	(3,812,155)
Special	21,764,588	21,046,970	717,618
Vocational	4,253,194	4,616,047	(362,853)
Adult/Continuing	1,432,211	1,441,135	(8,924)
Student Intervention Services	114,907	184,542	(69,635)
Other	711,747	778,529	(66,782)
Support Services:			
Pupils	13,801,085	17,227,946	(3,426,861)
Instructional Staff	10,222,776	11,096,810	(874,034)
Board of Education	30,100	28,070	2,030
Administration	13,524,156	12,686,608	837,548
Fiscal	2,619,709	2,570,362	49,347
Business	252,148	225,187	26,961
Operation and Maintenance of Plant	16,288,602	15,731,854	556,748
Pupil Transportation	8,625,851	9,591,331	(965,480)
Central	4,761,607	3,569,042	1,192,565
Operation of Non-Instructional/Shared Services:			
Food Service Operations	8,151,968	8,105,174	46,794
Community Services	2,162,702	2,981,745	(819,043)
Extracurricular Activities	4,941,738	4,456,106	485,632
Interest and Fiscal Charges	3,049,279	3,352,711	(303,432)
<i>Total Expenses</i>	<u>171,806,387</u>	<u>178,600,343</u>	<u>(6,793,956)</u>
<i>Change in Net Position</i>	<u>11,679,568</u>	<u>32,358,524</u>	<u>(20,678,956)</u>
<i>Net Position Beginning of Year</i>	<u>46,462,136</u>	<u>14,103,612</u>	<u>32,358,524</u>
<i>Net Position End of Year</i>	<u>\$ 58,141,704</u>	<u>\$ 46,462,136</u>	<u>\$ 11,679,568</u>

Canton City School District
Stark County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

The decrease in operating grants is primarily due to grant funding received in the prior year for the ESSER grant. Property taxes revenue increased as collections and estimates increased. This was due to the large increase in tax valuation for the School District.

The change in program expenses was primarily caused by changes in the School District's proportionate share of the net pension liability, net OPEB liability/asset and related accruals. As previously indicated, these items are explained in detail within their respective notes. Pupil support services saw a decrease as there were fewer technology related purchases during the fiscal year while central support services saw an increase that was primarily due to equipment purchases.

Governmental Funds

The School District's major funds are accounted for using the modified accrual basis of accounting.

	Fund Balance	Restated Fund Balance	
	6/30/2025	6/30/2024	Change
General Fund	\$ 36,748,706	\$ 38,927,928	\$ (2,179,222)
Building Fund	50,362,704	59,088,988	(8,726,284)

* The June 30, 2024 fund balance of the general fund was restated to correct an error. See note 18 for more information.

The decrease to the general fund's fund balance for the current fiscal year was primarily caused by a decrease in expense reimbursements from the ESSER grant.

The building fund saw a decrease as bond proceeds were spent on the School District's ongoing construction projects.

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. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

Original Budget Compared to Final Budget During the year there original estimated revenues and other financing sources were reduced to more accurately reflect interest revenue on investments. Budgeted appropriations were revised to include advances to the building and ESSER funds.

Final Budget Compared to Actual Results A review of actual revenues and other financing sources compared to the final budget shows that actual receipts exceeded estimates, primarily for property taxes. Final budgeted expenditures and financing uses exceed actual expenditures and other financing uses as a result of the School District's objective to reduce overall operating costs.

Canton City School District
Stark County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2025

Capital Assets and Debt Administration

Capital Assets

During the fiscal year, capital assets increased due to multiple projects throughout the School District. Construction for the Crenshaw addition and gym renovation and Bulldog Activity Center projects continued and construction began on the Mason and Souers elementary buildings and the Timken Black Box Theater. See Note 7 for more information about the capital assets of the School District.

Debt

There were no significant changes in the School District's long-term debt during the current fiscal year. See Note 8 for additional details.

Current Issues

The School District relies heavily on the state biennium budget process for funding.

The School District has been conservative in the use of its resources. Management has been stable and attentive. An intense budgeting process is used and then consistently monitored throughout the year. The five-year forecast is amended as additional facts or possible issues become known. The School District remains solid financially as revenues and expenditures are constantly reviewed and scrutinized.

The School District Board, Administration, and all three OAPSE bargaining units successfully negotiated new three-year agreements which became effective July 1, 2022 and run through June 30, 2025. The terms of these agreements are well in line with current market standards, which include increasing the employee share of health insurance premiums.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Jeff Gruber, Treasurer of Canton City School District, 1312 5th Street SW, Canton, Ohio 44707-4798.

Canton City School District
Stark County, Ohio
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$ 113,626,648
Accounts Receivable	54,722
Accrued Interest Receivable	240,593
Intergovernmental Receivable	9,437,876
Property Taxes Receivable	49,412,777
Leases Receivable	5,848,978
Restricted Assets	
Cash and Investments with Escrow Agents	6,280,060
Net OPEB Asset	9,609,421
Non-Depreciable Capital Assets	13,656,219
Depreciable Capital Assets, net	136,000,158
<i>Total Assets</i>	<u>344,167,452</u>
Deferred Outflows of Resources	
Pension	26,971,217
OPEB	5,411,654
<i>Total Deferred Outflows of Resources</i>	<u>32,382,871</u>
Liabilities	
Accounts Payable	2,150,503
Accrued Wages and Benefits	15,164,922
Contracts Payable	5,579,450
Retainage Payable	549,091
Intergovernmental Payable	2,599,795
Claims Payable	244,921
Matured Compensated Absences Payable	691,364
Long-Term Liabilities:	
Due Within One Year	7,235,765
Due In More Than One Year:	
Net Pension Liability	129,415,162
Net OPEB Liability	6,460,793
Other Amounts Due in More Than One Year	73,356,785
<i>Total Liabilities</i>	<u>243,448,551</u>
Deferred Inflows of Resources	
Property Taxes Levied for the Next Year	36,754,440
Leases	5,600,147
Pension	16,120,358
OPEB	16,485,123
<i>Total Deferred Inflows of Resources</i>	<u>74,960,068</u>
Net Position	
Net Investment in Capital Assets	130,207,089
Restricted for:	
Capital Outlay	1,985,038
Debt Service	7,440,789
Classroom Facilities Maintenance	2,908,178
Food Service Operations	769,903
OPEB Asset	9,609,421
Other Purposes	3,150,187
Unrestricted	(97,928,901)
<i>Total Net Position</i>	<u>\$ 58,141,704</u>

See accompanying notes to the basic financial statements.

Canton City School District
Stark County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2025

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Charges for Services and Sales	Operating Grants, Contributions and Interest		Governmental Activities
Expenses				
Governmental Activities				
Instruction:				
Regular	\$ 55,098,019	\$ 528,113	\$ 5,457,284	\$ (49,112,622)
Special	21,764,588	1,031,927	6,553,653	(14,179,008)
Vocational	4,253,194	37,427	389,683	(3,826,084)
Adult/Continuing	1,432,211	757,128	366,226	(308,857)
Student Intervention Services	114,907	-	161,844	46,937
Other	711,747	-	-	(711,747)
Support Services:				
Pupils	13,801,085	70,564	4,864,356	(8,866,165)
Instructional Staff	10,222,776	21,899	6,363,947	(3,836,930)
Board of Education	30,100	-	-	(30,100)
Administration	13,524,156	218,583	373,669	(12,931,904)
Fiscal	2,619,709	2,896	357,377	(2,259,436)
Business	252,148	-	-	(252,148)
Operation and Maintenance of Plant	16,288,602	-	1,071,023	(15,217,579)
Pupil Transportation	8,625,851	18,009	808,557	(7,799,285)
Central	4,761,607	8,925	48,310	(4,704,372)
Operation of Non-Instructional/Shared Services:				
Food Service Operations	8,151,968	59,455	6,230,247	(1,862,266)
Community Services	2,162,702	105,243	2,539,875	482,416
Extracurricular Activities	4,941,738	653,279	131,778	(4,156,681)
Interest and Fiscal Charges	3,049,279	-	168,401	(2,880,878)
Total	\$ 171,806,387	\$ 3,513,448	\$ 35,886,230	(132,406,709)

General Revenues

Property Taxes Levied for:	
General Purposes	37,078,744
Debt Service	3,408,357
Capital Outlay	960,556
Classroom Facilities Maintenance	212,194
Grants and Entitlements not Restricted to Specific Programs	97,098,867
Insurance Recoveries	3,980
Investment Earnings	4,073,119
Miscellaneous	1,250,460
Total General Revenues	144,086,277
Change in Net Position	11,679,568
Net Position Beginning of Year	46,462,136
Net Position End of Year	\$ 58,141,704

See accompanying notes to the basic financial statements.

Canton City School District
Stark County, Ohio
Balance Sheet
Governmental Funds
June 30, 2025

	General	Building Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Investments	\$ 41,043,289	\$ 60,471,794	\$ 10,288,014	\$ 111,803,097
Restricted Cash and Investments with Escrow Agents	-	416	6,279,644	6,280,060
Accounts Receivable	-	-	54,722	54,722
Accrued Interest Receivable	240,593	-	-	240,593
Interfund Receivable	10,335,771	-	-	10,335,771
Intergovernmental Receivable	1,301,030	-	8,136,846	9,437,876
Property Taxes Receivable	44,149,589	-	5,263,188	49,412,777
Leases Receivable	5,848,978	-	-	5,848,978
<i>Total Assets</i>	<u>\$ 102,919,250</u>	<u>\$ 60,472,210</u>	<u>\$ 30,022,414</u>	<u>\$ 193,413,874</u>
Liabilities				
Accounts Payable	\$ 1,680,859	\$ -	\$ 394,901	\$ 2,075,760
Accrued Wages and Benefits	12,983,514	-	2,181,408	15,164,922
Contracts Payable	260,919	4,111,871	1,206,660	5,579,450
Retainage Payable	-	549,091	-	549,091
Intergovernmental Payable	2,182,111	-	417,684	2,599,795
Interfund Payable	-	5,448,544	4,887,227	10,335,771
Matured Compensated Absences Payable	691,364	-	-	691,364
<i>Total Liabilities</i>	<u>17,798,767</u>	<u>10,109,506</u>	<u>9,087,880</u>	<u>36,996,153</u>
Deferred Inflows of Resources				
Property Taxes Levied for the Next Year	32,790,773	-	3,963,667	36,754,440
Unavailable Revenue	9,980,857	-	8,354,754	18,335,611
Leases	5,600,147	-	-	5,600,147
<i>Total Deferred Inflows of Resources</i>	<u>48,371,777</u>	<u>-</u>	<u>12,318,421</u>	<u>60,690,198</u>
Fund Balances				
Nonspendable	90,932	-	-	90,932
Restricted	-	50,362,704	15,833,401	66,196,105
Assigned	18,926,114	-	-	18,926,114
Unassigned	17,731,660	-	(7,217,288)	10,514,372
<i>Total Fund Balance</i>	<u>36,748,706</u>	<u>50,362,704</u>	<u>8,616,113</u>	<u>95,727,523</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 102,919,250</u>	<u>\$ 60,472,210</u>	<u>\$ 30,022,414</u>	<u>\$ 193,413,874</u>

See accompanying notes to the basic financial statements.

Canton City School District
Stark County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2025

Total Governmental Fund Balances		\$ 95,727,523
<i>Amounts reported for governmental activities in 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.		149,656,377
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:		
Intergovernmental	\$ 8,643,994	
Delinquent Property Taxes	9,510,534	
Lease Interest	<u>181,082</u>	18,335,610
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets, liabilities, deferred outflows/inflows of resources of the internal service fund are included in governmental activities in the statement of net position.		1,503,887
The net pension liability and net OPEB liability(asset) are not due and payable in the current period, therefore, the liability and related deferred inflows/outflows are not reported in governmental funds.		
Net OPEB Asset	9,609,421	
Deferred Outflows - Pension	26,971,217	
Deferred Outflows - OPEB	5,411,654	
Net Pension Liability	(129,415,162)	
Net OPEB Liability	(6,460,793)	
Deferred Inflows - Pension	(16,120,358)	
Deferred Inflows - OPEB	<u>(16,485,123)</u>	(126,489,144)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:		
General Obligation Bonds	(59,995,000)	
Unamortized Bond Premium	(2,827,082)	
Energy Conservation Bonds	(6,728,636)	
Tax Anticipation Notes	(1,756,000)	
Healthcare Termination Benefits	(1,091,302)	
Compensated Absences	<u>(8,194,529)</u>	(80,592,549)
Net Position of Governmental Activities		<u>\$ 58,141,704</u>

See accompanying notes to the basic financial statements.

Canton City School District
Stark County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2025

	General	Building Fund	ESSER Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property and Other Local Taxes	\$ 36,149,106	\$ -	\$ -	\$ 4,695,204	\$ 40,844,310
Intergovernmental	96,395,995	-	-	41,404,197	137,800,192
Investment Income	4,029,190	-	-	35,902	4,065,092
Tuition and Fees	2,367,015	-	-	100	2,367,115
Extracurricular Activities	116,206	-	-	530,287	646,493
Charges for Services	126,730	-	-	62,351	189,081
Rent	172,765	-	-	137,994	310,759
Contributions and Donations	36,731	-	-	138,880	175,611
Miscellaneous	1,649,152	-	-	15,246	1,664,398
<i>Total Revenues</i>	<u>141,042,890</u>	<u>-</u>	<u>-</u>	<u>47,020,161</u>	<u>188,063,051</u>
Expenditures					
Current:					
Instruction:					
Regular	54,499,174	-	-	1,735,797	56,234,971
Special	15,696,370	-	-	6,461,424	22,157,794
Vocational	4,590,854	-	-	336,720	4,927,574
Adult/Continuing	1,086,088	-	-	437,621	1,523,709
Student Intervention Services	4,077	-	-	110,830	114,907
Other	711,747	-	-	-	711,747
Support Services:					
Pupils	12,388,763	-	-	2,252,821	14,641,584
Instructional Staff	4,568,845	-	-	5,873,347	10,442,192
Board of Education	30,100	-	-	-	30,100
Administration	13,366,225	-	-	407,828	13,774,053
Fiscal	2,588,281	-	-	530,178	3,118,459
Business	267,275	-	-	-	267,275
Operation and Maintenance of Plant	14,461,002	-	-	1,193,155	15,654,157
Pupil Transportation	8,266,627	-	-	392,180	8,658,807
Central	4,893,561	-	-	80,705	4,974,266
Operation of Non-Instructional/Shared Services:					
Food Service Operations	-	-	-	7,910,582	7,910,582
Community Services	312,695	-	-	1,990,558	2,303,253
Extracurricular Activities	2,553,112	-	-	1,988,681	4,541,793
Capital Outlay	1,095,014	8,726,284	-	9,635,931	19,457,229
Debt Service					
Principal Retirement	-	-	-	564,000	564,000
Interest and Fiscal Charges	-	-	-	3,406,106	3,406,106
<i>Total Expenditures</i>	<u>141,379,810</u>	<u>8,726,284</u>	<u>-</u>	<u>45,308,464</u>	<u>195,414,558</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(336,920)</u>	<u>(8,726,284)</u>	<u>-</u>	<u>1,711,697</u>	<u>(7,351,507)</u>
Other Financing Sources (Uses)					
Proceeds from Sale of Assets	25,857	-	-	-	25,857
Insurance Recoveries	3,980	-	-	-	3,980
Transfers In	-	-	-	2,484,786	2,484,786
Transfers Out	(1,872,139)	-	-	(612,647)	(2,484,786)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,842,302)</u>	<u>-</u>	<u>-</u>	<u>1,872,139</u>	<u>29,837</u>
<i>Net Change in Fund Balances</i>	<u>(2,179,222)</u>	<u>(8,726,284)</u>	<u>-</u>	<u>3,583,836</u>	<u>(7,321,670)</u>
<i>Fund Balances Beginning of Year, as previously presented</i>	<u>37,885,351</u>	<u>60,131,565</u>	<u>(9,214,589)</u>	<u>14,246,866</u>	<u>103,049,193</u>
Major to Nonmajor Fund	-	-	9,214,589	(9,214,589)	-
Correction of an Error	1,042,577	(1,042,577)	-	-	-
<i>Fund Balance Beginning of Year, as adjusted</i>	<u>38,927,928</u>	<u>59,088,988</u>	<u>-</u>	<u>5,032,277</u>	<u>103,049,193</u>
<i>Fund Balances End of Year</i>	<u>\$ 36,748,706</u>	<u>\$ 50,362,704</u>	<u>\$ -</u>	<u>\$ 8,616,113</u>	<u>\$ 95,727,523</u>

See accompanying notes to the basic financial statements.

Canton City School District
Stark County, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2025*

Net Change in Fund Balances - Total Governmental Funds		\$ (7,321,670)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	\$ 20,438,000	
Current Year Depreciation	<u>(7,014,051)</u>	13,423,949
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Intergovernmental	(5,026,608)	
Property Taxes	815,540	
Lease Interest	<u>43,929</u>	(4,167,139)
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	5,000	
Bus Acquisition Bonds	234,000	
Tax Anticipation Notes	<u>325,000</u>	564,000
In the statement of activities, interest is accrued on outstanding bonds, and bond premium and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	273,678	
Amortization of Premium on Bonds	<u>83,149</u>	356,827
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
Pension	13,506,096	
OPEB	<u>461,265</u>	13,967,361
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.		
Pension	(6,694,941)	
OPEB	<u>2,856,416</u>	(3,838,525)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		128,747
Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Healthcare Termination Benefits	33,605	
Compensated Absences	<u>(1,467,587)</u>	(1,433,982)
<i>Change in Net Position of Governmental Activities</i>		<u><u>\$ 11,679,568</u></u>

See accompanying notes to the basic financial statements.

Canton City School District
Stark County, Ohio
Statement of Revenues, Expenditures and Changes in
Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues and Other Financing Sources	\$ 138,597,560	\$ 137,331,809	\$ 138,349,761	\$ 1,017,952
Expenditures and Other Financing Uses	<u>148,585,143</u>	<u>156,597,668</u>	<u>151,722,334</u>	<u>4,875,334</u>
Net Change in Fund Balance	(9,987,583)	(19,265,859)	(13,372,573)	5,893,286
<i>Fund Balance Beginning of Year</i>	46,050,088	46,050,088	46,050,088	-
Prior Year Encumbrances Appropriated	<u>4,585,143</u>	<u>4,585,143</u>	<u>4,585,143</u>	-
<i>Fund Balance End of Year</i>	<u>\$ 40,647,648</u>	<u>\$ 31,369,372</u>	<u>\$ 37,262,658</u>	<u>\$ 5,893,286</u>

See accompanying notes to the basic financial statements.

Canton City School District
Stark County, Ohio
Statement of Fund Net Position
Proprietary Funds
June 30, 2025

	Governmental Activities
	Internal Service Funds
Assets	
<i>Current Assets:</i>	
Equity in Pooled Cash and Investments	\$ 1,823,551
Liabilities	
<i>Current Liabilities:</i>	
Accounts Payable	74,743
Claims Payable	244,921
<i>Total Current Liabilities</i>	319,664
Net Position	
Unrestricted	1,503,887
Total Net Position	\$ 1,503,887

See accompanying notes to the basic financial statements.

Canton City School District
Stark County, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2025

	Governmental Activities
	Internal Service Funds
Operating Revenues	
Charges for Services	\$ 872,701
Operating Expenses	
Salaries	42,695
Fringe Benefits	15,462
Purchased Services	167,471
Materials and Supplies	68,581
Claims	449,745
<i>Total Operating Expenses</i>	743,954
<i>Change in Net Position</i>	128,747
<i>Net Position Beginning of Year</i>	1,375,140
<i>Net Position End of Year</i>	\$ 1,503,887

See accompanying notes to the basic financial statements.

Canton City School District
Stark County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2025

	Governmental Activities
	Internal Service Funds
Cash Flows from Operating Activities	
Cash Received from Interfund Services Provided	\$ 872,701
Cash Payments to Suppliers for Goods and Services	(68,581)
Cash Payments to Employees for Services and Benefits	(58,157)
Cash Payments for Contractual Services	(167,006)
Cash Payments for Claims	(325,631)
Other Cash Payments	(2,919)
<i>Net Cash Provided by Operating Activities</i>	<u>250,407</u>
 <i>Net Increase (Decrease) in Cash and Investments</i>	 250,407
 <i>Cash and Investments Beginning of Year</i>	 <u>1,573,144</u>
 <i>Cash and Investments End of Year</i>	 <u><u>\$ 1,823,551</u></u>
 Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Operating Income (Loss)	\$ 128,747
Adjustments:	
Increase (Decrease) in Liabilities and Deferred Inflows:	
Accounts Payable	(2,454)
Claims Payable	124,114
<i>Net Cash Provided by (Used For) Operating Activities</i>	<u><u>\$ 250,407</u></u>

See accompanying notes to the basic financial statements.

Canton City School District
Stark County, Ohio
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2025

	<u>Custodial</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 2,213
Liabilities	
Accounts Payable	<u>2,213</u>
Net Position	
<i>Total Net Position</i>	<u><u>\$ -</u></u>

See accompanying notes to the basic financial statements.

Canton City School District
Stark County, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2025

	<u>Custodial</u>
Additions	
Extracurricular Amounts Collected for Other Governments	<u>\$ 116,671</u>
Deductions	
Extracurricular Distributions to Other Governments	<u>116,671</u>
<i>Change in Net Position</i>	-
<i>Net Position Beginning of Year</i>	<u>-</u>
<i>Net Position End of Year</i>	<u><u>\$ -</u></u>

See accompanying notes to the basic financial statements.

Canton City School District
Stark County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Canton City School District (the “School District”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District operates under a locally elected five-member Board of Education and is responsible for the provision of public education to residents of the School District. The Board oversees the operations of the School District’s twenty-four instructional/support facilities.

Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization’s Governing Board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization’s resources; 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. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government’s financial statements incomplete or misleading. Based upon the application of these criteria, the School District has no component units. The basic financial statements of the reporting entity include only those of the School District (the primary government).

The following organization is described due to its relationship to the School District:

PUBLIC ENTITY RISK POOL

The Stark County Schools Council of Government (the “COG”) is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one-year terms to serve as the Board of Directors. The assembly exercises control over the operation of the COG. All COG’s revenues are generated from charges for services. The COG has a Health Benefits Program, which is a shared risk pool comprised of various entities, most of which are school districts.

Canton City School District
Stark County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The 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 local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the School District's accounting policies are described below.

Fund Accounting

The School District uses funds to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

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

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

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

Building fund The building fund accounts for and reports bond and note proceeds restricted for the various capital improvements within the School District.

Other governmental funds of the School District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets and (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects.

Proprietary Fund Type Proprietary funds are used to account for the School District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The School District has no enterprise funds. The following is a description of the School District's internal service funds.

Internal service funds - The internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the School District, or to other governments, on a cost-reimbursement basis. The internal service funds of the School District are used to account for workers' compensation and warehouse service programs.

Canton City School District
Stark County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Fiduciary Fund Type Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into the following four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangements that has certain characteristics. The School District's fiduciary fund is a custodial fund. The custodial fund is used to account for assets held by the School District for Ohio High School Athletics Association.

Basis of Presentation

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. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses.

The government-wide statements are prepared using the economic resources measurement focus. This is the same approach used in the preparation of the proprietary fund financial statements, but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Fund Financial Statements - Fund financial statements report detailed information about the School District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Internal service funds are combined and the totals are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and deferred outflows of resources, current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

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

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

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 on the fund financial statements. Proprietary and fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and Nonexchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of 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 5). 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.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB plans are explained in Notes 12 and 13.

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In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized until that time. For the School District, deferred inflows of resources include property taxes, leases, pension, OPEB 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. Leases represents leases receivable. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue may include delinquent property taxes, grants and entitlements and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 12 and 13).

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

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

Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the alternate tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than custodial funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established by the Board of Education at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget On October 25, 2005, the Stark County Budget Commission voted to waive the requirement that school districts adopt a tax budget as required by Section 5705.28 of the Ohio Revised Code, by January 15th and the filing by January 20th. The Budget Commission now requires an alternate tax budget be submitted by January 20th, which no longer requires specific Board approval.

Estimated Resources By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to July 1, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further 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

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in the budgetary statements reflect the amounts in the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate of estimated resources in effect when the final appropriations were passed by the Board of Education.

Appropriations Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, at the fund level, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at any level of control. Any revisions that alter the level of budgetary control must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, all supplemental appropriations were legally enacted.

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 represent the final appropriation amounts passed by the Board of Education during the fiscal year.

Lapsing of Appropriations At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not re-appropriated.

Cash and Investments

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

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

Under existing Ohio statute, interest earnings are allotted to the general fund unless the Board of Education has, by resolution, specified funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year amounted to \$4,029,190, which includes \$2,587,467 assigned from other School District funds.

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Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition cost at the date of donation. The School District maintains a capitalization threshold of \$5,000 for its general capital assets.

The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

Description	Estimated Lives
Land Improvements	20 years
Buildings/Improvements	25 - 50 Years
Furniture/Equipment	5 - 20 Years
Vehicles	6 - 10 Years

Interfund Balances

Short-term interfund loans used to cover negative cash balances in funds are classified as "Interfund Receivables/Payables." These amounts are eliminated in the governmental column of the Statement of Net Position.

Compensated Absences

For the School District, compensated absences cover leave for which employees may receive cash payments either when used as time off or as a payout for unused leave upon termination of employment. These payments may occur during employment or at termination. Generally, compensated absences do not follow a fixed payment schedule.

Liabilities should be recognized for unused leave if it is attributable to services already rendered, the leave accumulates, and it is more likely than not that it will be used or paid out in cash. For the School District, this includes sick, vacation and personal leave.

Liabilities for compensated absences should be recognized in financial statements prepared using the economic resources measurement focus for leave that has not been used and leave that has been used but not yet paid or settled.

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A key component in determining the estimate of the amount of accumulated compensated absences that will be used as time off is the flows assumption. The flows assumption determines whether leave used by employees will be attributed first to (a) the recognized liability at the date of the financial statements (a first-in, first-out (FIFO) flows assumption) or (b) the leave earned in the next reporting period (a last-in, first-out (LIFO) flows assumption). The School District uses the LIFO flows assumption.

The amount of compensated absences recognized as expenditures in financial statements prepared using the current financial resources measurement focus should be the amount that normally would be liquidated with expendable available financial resources.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB asset/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.

Pensions and Other Postemployment Benefits (OPEB)

For purposes of measuring the net pension/OPEB asset/liability, deferred outflows of resources and deferred inflows of resources related to pension/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.

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.

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.

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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. The Board of Education has by resolution authorized the Treasurer 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.

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.

Net Position

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

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

Parochial Schools

Within the School District boundaries are various parochial schools operated through the Catholic Diocese. Current state legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the School District, as directed by the parochial school. The fiduciary responsibility of the School District for these monies is reflected in a special revenue fund (a non-major governmental fund) for financial reporting purposes.

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Estimates

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

Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. See Note 8 for further detail on restricted assets related to the energy conservation bond sinking fund deposits with escrow agent.

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 and fees for workers' compensation and warehouse service programs. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of the fund. All revenues not related to operating activities have been reported as nonoperating revenue.

Interfund Activity

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

Interfund activity between governmental funds is eliminated in the statement of activities.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The School District did not have extraordinary or special items in the current fiscal year.

Bond Premiums

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

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NOTE 3 - DEPOSITS AND INVESTMENTS

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

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

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

Interim monies may be 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, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed two hundred seventy days and one hundred and eighty days, respectively, from the purchase date in an amount not to exceed forty percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate note interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within 5 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash and Investments with Escrow Agent

At fiscal year-end, \$6,280,060 was invested with an escrow agent for required sinking fund deposits relating to the School District's energy conservation bonds. These funds are not included in deposits with financial institutions or "investments" below.

Deposits

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial 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.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

- Eligible securities pledged to the School District and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- 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 required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

As of fiscal year-end, the School District had the following investments and maturities:

S&P Global Ratings	Investment Type	Measurement Value	Investment Maturities			Percent of Total
			12 Months or Less	12 to 36 Months	More Than 36 Months	
N/A	Net Asset Value (NAV):					
	Money Market	\$ 6,743,749	\$ 6,743,749	\$ -	\$ -	7.53%
	Fair Value:					
AA+	Federal Agency Securities	24,853,441	13,081,308	7,248,073	4,524,060	27.74%
N/A	US Treasury Notes	38,821,130	18,491,317	17,258,831	3,070,982	43.33%
N/A	Negotiable Certificates of Deposit	5,593,075	250,445	3,848,519	1,494,111	6.24%
A-1	Commercial Paper	13,572,800	13,572,800	-	-	15.15%
	Total Investments	<u>\$ 89,584,195</u>	<u>\$ 52,139,619</u>	<u>\$ 28,355,423</u>	<u>\$ 9,089,153</u>	<u>99.99%</u>

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The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs.

The above table identifies the School District's recurring fair value measurements as of June 30, 2025. The School District's fair value investments are Level 2 since valued using methodologies that incorporate market inputs such as benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, bids, offers, and reference data including market research publications. Market indicators and industry and economic events are also monitored which could require the need to acquire further market data.

Interest Rate Risk As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School District's investment policy requires that operating funds be invested primarily in short-term investments maturing within one year from the date of purchase and that the School District's investment portfolio be structured so that the securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

Credit Risk The School District has no investment policy dealing with investment credit risk beyond the requirements in state statutes.

Custodial Credit Risk For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the 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.

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

NOTE 4 - INTERFUND TRANSACTIONS

A. Interfund Transfers

During the fiscal year, the School District had the following transfers:

	<u>Transfers Out</u>	<u>Transfers In</u>
General Fund	\$ 1,872,139	\$ -
Nonmajor Governmental Funds	612,647	2,484,786
Total	<u>\$ 2,484,786</u>	<u>\$ 2,484,786</u>

The general fund and the permanent improvement fund made transfers to the bond retirement fund to provide additional resources for debt payments. The general fund also made transfers to several other nonmajor governmental funds to provide additional resources for current operations. Interfund transfers between governmental funds are eliminated in the statement of activities.

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B. Interfund Receivable/Payable

Interfund balances at fiscal year end consist of the following individual fund receivables and payables:

<u>Interfund Payable</u>	<u>Interfund Receivable</u>
	<u>General</u>
Building	\$ 5,448,544
Nonmajor Funds:	
Public Preschool	65,724
Miscellaneous State Grants	112,425
Adult Basic Education	152,920
ESSER Grant	2,563,981
21st Century	4,314
IDEA, Part B	282,156
Vocational Education	32,745
Title I School Improvement	353,338
Title III	19,891
Title I Disadvantaged	1,108,590
Drug Free School	49,791
IDEA, Preschool	1,295
Title II-A	78,218
Miscellaneous Federal Grants	61,839
Total	<u>\$ 10,335,771</u>

The primary purpose of the interfund balance is to cover costs in the fund where revenues were not received by June 30. This interfund balance will be repaid once the anticipated revenues are received. These advances are expected to be repaid within one year. Interfund loans between governmental activities are eliminated on the statement of net position.

NOTE 5 - PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2025 represents collections of calendar year 2024 taxes. Real property taxes received in calendar year 2025 were levied after April 1, 2024, on the assessed value listed as of January 1, 2024, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid 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.

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

The School District receives property taxes from Stark County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2025, are available to finance fiscal year 2026 operations. 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 of resources.

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

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

	2024 Second- Half Collections		2025 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 645,149,490	86%	\$ 961,666,700	90%
Public Utility Personal Property	101,722,620	14%	109,084,410	10%
Total Assessed Values	<u>\$ 746,872,110</u>	<u>100%</u>	<u>\$ 1,070,751,110</u>	<u>100%</u>
 Tax rate per \$1,000 of assessed valuation	 <u>\$ 83.70</u>		 <u>\$ 81.40</u>	

NOTE 6 - RECEIVABLES

Receivables at June 30, 2025 consisted of leases, accounts, interest, property taxes, interfund, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, lease contractual obligations, the stable condition of State programs and the current fiscal year guarantee of Federal funds. All receivables, except property taxes, are expected to be collected within one year. Property taxes, although ultimately collectible, include some portion of delinquencies that will not be collected within one year.

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NOTE 7 - CAPITAL ASSETS

Capital asset activity for the current fiscal year was as follows:

	Balance 6/30/2024	Additions	Reductions	Balance 6/30/2025
Governmental Activities				
<i>Capital Assets, not Being Depreciated</i>				
Land	\$ 6,204,919	\$ -	\$ -	\$ 6,204,919
Construction in Progress	23,909,176	17,368,995	(33,826,871)	7,451,300
Total Capital Assets, not Being Depreciated	30,114,095	17,368,995	(33,826,871)	13,656,219
<i>Capital Assets, Being Depreciated</i>				
Land Improvements	6,053,884	2,308,863	-	8,362,747
Buildings/Improvements	210,498,297	32,872,235	-	243,370,532
Furniture/Equipment	6,542,807	1,505,131	-	8,047,938
Vehicles	8,890,575	209,647	(352,097)	8,748,125
Total Capital Assets, Being Depreciated	231,985,563	36,895,876	(352,097)	268,529,342
<i>Less: Accumulated Depreciation</i>				
Land Improvements	(2,191,994)	(278,380)	-	(2,470,374)
Buildings/Improvements	(113,607,512)	(5,560,813)	-	(119,168,325)
Furniture/Equipment	(3,524,421)	(605,235)	-	(4,129,656)
Vehicles	(6,543,303)	(569,623)	352,097	(6,760,829)
Total Accumulated Depreciation	(125,867,230)	(7,014,051)	352,097	(132,529,184)
Total Capital Assets Being Depreciated, Net	106,118,333	29,881,825	-	136,000,158
Governmental Activities Capital Assets, Net	\$ 136,232,428	\$ 47,250,820	\$ (33,826,871)	\$ 149,656,377

*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 2,960,857
Special	808,452
Vocational	113,146
Adult/Continuing	3,685
Support Services:	
Pupil	155,972
Instructional Staff	369,978
Administration	227,057
Fiscal	1,893
Business	11,556
Operation and Maintenance of Plant	466,816
Pupil Transportation	532,187
Central	16,866
Operation of Non-Instructional Services	
Food Service Operations	509,049
Community Services	91,925
Extracurricular Activities	744,612
Total Depreciation	\$ 7,014,051

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NOTE 8 - LONG-TERM OBLIGATIONS

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

	Outstanding 6/30/2024	Additions	Reductions	Outstanding 6/30/2025	Due in One Year
Governmental Activities:					
<i>General Obligation Bonds</i>					
School Improvement Bonds, Series 2023					
Serial Bonds	\$ 17,275,000	\$ -	\$ (5,000)	\$ 17,270,000	\$ 5,000
Term Bonds	42,725,000	-	-	42,725,000	-
Unamortized Bond Premium	2,910,231	-	(83,149)	2,827,082	-
<i>Total General Obligation Bonds</i>	<u>62,910,231</u>	<u>-</u>	<u>(88,149)</u>	<u>62,822,082</u>	<u>5,000</u>
<i>Direct Placements</i>					
Energy Conservation Bonds	6,728,636	-	-	6,728,636	6,728,636
Bus Acquisition Bond, Series 2020	234,000	-	(234,000)	-	-
Tax Anticipation Note, Series 2020	2,081,000	-	(325,000)	1,756,000	333,000
<i>Total Direct Placements</i>	<u>9,043,636</u>	<u>-</u>	<u>(559,000)</u>	<u>8,484,636</u>	<u>7,061,636</u>
<i>Net Pension/OPEB Liability</i>					
Pension	145,104,707	-	(15,689,545)	129,415,162	-
OPEB	10,427,788	-	(3,966,995)	6,460,793	-
<i>Total Net Pension/OPEB Liability</i>	<u>155,532,495</u>	<u>-</u>	<u>(19,656,540)</u>	<u>135,875,955</u>	<u>-</u>
Healthcare Reimbursement Arrangement Payable	1,124,907	-	(33,605)	1,091,302	54,066
Compensated Absences *	6,726,942	1,467,588	-	8,194,530	115,063
<i>Total Governmental Activities</i>					
<i>Long-Term Liabilities</i>	<u>\$ 235,338,211</u>	<u>\$ 1,467,588</u>	<u>\$ (20,337,294)</u>	<u>\$ 216,468,505</u>	<u>\$ 7,235,765</u>

* - The change in compensated absences above is a net change for the year.

The healthcare reimbursement arrangement payable will be paid from the general fund. There is no repayment schedule for the net pension liability and net OPEB asset/liability; however, employer pension and OPEB contributions are primarily made from the General Fund. For additional information related to the net pension liability and net OPEB asset/liability see Notes 12 and 13. The general obligation, bus acquisition and energy conservation bonds will be paid from the bond retirement fund. The note will be retired from the capital projects fund. Compensated absences will be paid from the general fund.

Series 2023 General Obligation School Improvement Bonds On August 15, 2023, the School District issued general obligation school improvement bonds. The issuance proceeds are being issued for the purpose of constructing, renovating, remodeling, adding to, furnishing, equipping and otherwise improving school district buildings and facilities, including two new elementary schools, and clearing and improving their sites. These bonds were issued with a premium of \$2,993,380, which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method, which approximates the effective interest method.

These term bonds that mature in fiscal year 2048, with an interest rate of 5.25 percent are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2047 at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

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<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2046	\$1,775,000
2047	1,900,000
2048	2,030,000

The term bonds that mature in fiscal year 2051, with an interest rate of 5.50 percent are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2050 at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2049	\$2,165,000
2050	2,315,000
2051	2,470,000

The term bonds that mature in fiscal year 2054, with an interest rate of 4.375 percent are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2053 at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2052	\$2,635,000
2053	2,785,000
2054	2,935,000

The term bonds that mature in fiscal year 2057, with an interest rate of 5.50 percent are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2056 at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2055	\$3,095,000
2056	3,295,000
2057	3,510,000

The term bonds that mature in fiscal year 2060, with an interest rate of 4.50 percent are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2059 at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

<u>Fiscal Year</u>	<u>Principal Amount to be Redeemed</u>
2058	\$3,735,000
2059	3,935,000
2060	4,145,000

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The term bonds maturing on or after December 1, 2032 are subject to optional redemption, in whole or in part, on any date in order of maturity as determined by the School District and by lot within a maturity, at the option of the Board of Education on or after December 1, 2031.

Bus Acquisition Bond, Series 2020 On April 17, 2020 the School District issued bus acquisition bonds in the amount of \$1,120,000 to purchase school buses and related equipment used in transporting students. The bonds carry an interest rate of 2.14 percent and matured in 2025.

Tax Anticipation Note Series 2020 On February 12, 2020, the School District received \$3,300,000 for the purpose of improving the School District's C.T. Branin Natatorium at an interest rate of 2.6 percent. The note was issued for a 10 year period with final maturity on December 1, 2029.

Energy Conservation Bonds On December 14, 2010, the School District issued \$6,728,636 in energy conservation bonds (federally taxable qualified school construction bonds). The proceeds of these bonds were used for building improvements intended to increase the energy efficiency of the School District's buildings. These bonds bear an annual interest rate of 5.43 percent, mature on December 1, 2025 and will be paid from the debt service fund. The School District is required to make mandatory sinking fund deposits (consisting of cash and/or U.S. Treasury obligations) on December 1, in the following years and in the following amounts (in each case equal to the value of any cash deposits, plus the stated principal value at maturity of any U.S. Treasury obligations plus any interest to be paid thereon through and including the maturity date):

December 1 of year	Amount Due	Amount Deposited
2011	\$ 448,576	\$ 448,576
2012	448,576	448,576
2013	448,576	448,576
2014	448,576	448,576
2015	448,576	448,576
2016	448,576	448,576
2017	448,576	448,576
2018	448,576	448,576
2019	448,576	448,576
2020	448,576	448,576
2021	448,576	448,576
2022	448,576	448,576
2023	448,576	448,576
2024	448,576	448,576
2025	448,576	-
	\$ 6,728,640	\$ 6,280,064

The amount deposited is reported as a restricted asset on the basic financial statements.

The School District receives a reimbursement from the United States Treasury equal to 100 percent of the lesser of the interest payments on the energy conservation bonds or the federal tax credits that would have otherwise been available to the holders of the energy conservation bonds. The School District records this reimbursement as federal intergovernmental revenue in the debt service fund.

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Principal and interest requirements to retire the debt outstanding at June 30, 2025 are as follows:

Fiscal Year	General Obligation Bonds		Energy Conservation Bond		Tax Anticipation Note		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 5,000	\$ 2,986,844	\$ 6,728,633	\$ 182,682	\$ 333,000	\$ 41,327	\$ 7,066,633	\$ 3,210,853
2027	5,000	2,986,594	-	-	342,000	32,552	347,000	3,019,146
2028	420,000	2,975,969	-	-	351,000	23,543	771,000	2,999,512
2029	470,000	2,953,719	-	-	360,000	14,300	830,000	2,968,019
2030	520,000	2,928,969	-	-	370,000	4,810	890,000	2,933,779
2031-2035	3,425,000	14,181,219	-	-	-	-	3,425,000	14,181,219
2036-2040	5,120,000	13,121,844	-	-	-	-	5,120,000	13,121,844
2041-2045	7,305,000	11,579,719	-	-	-	-	7,305,000	11,579,719
2046-2050	10,185,000	9,340,163	-	-	-	-	10,185,000	9,340,163
2051-2055	13,920,000	6,290,641	-	-	-	-	13,920,000	6,290,641
2056-2060	18,620,000	2,259,503	-	-	-	-	18,620,000	2,259,503
	<u>\$ 59,995,000</u>	<u>\$ 71,605,181</u>	<u>\$ 6,728,633</u>	<u>\$ 182,682</u>	<u>\$ 1,756,000</u>	<u>\$ 116,532</u>	<u>\$ 68,479,633</u>	<u>\$ 71,904,395</u>

Retirement Incentive Program and Health Care Reimbursement Arrangement The School District has offered a retirement incentive plan (RIP) to certified teaching staff. Severance payments for teachers electing to retire under the RIP shall be paid in two equal installments with each installment paid on or about January 15 of the first and second calendar years following the retirement. A liability for severance payments due under the RIP has been recorded on the fund financial statements as a component of “compensated absences payable” and on the government-wide statement of net position as a component of “long-term liabilities.”

In addition to severance payments, employees electing to retire under the RIP are entitled to a health care reimbursement arrangement (HRA) established by the School District for the benefit of the retiring teachers and their spouses. Under the HRA, retiring teachers will receive payments, by year, in varying amounts between \$500 to \$5,300 which will be deposited by the School District into a separate account established for the retired employee and their spouse. The HRA is effective until the retiree and his or her spouse become deceased. The amounts deposited to a retiree’s account may be carried forward over to subsequent years and shall not be subject to forfeiture, except upon the death of both the retiree and his or her spouse. The remainder of the liability has been recorded on the government-wide statement of net position as a component of “long-term liabilities.” The total HRA liability was calculated based upon required payments under the HRA for each applicable employee.

NOTE 9 - LEASES

The School District entered into leases with the Hall of Fame (HOF) Village on November 30, 2020 to lease a stadium, parking lot and youth football fields located at 1835 Harrison Avenue NW; Canton, Ohio to the HOF Village. The value of the lease is being reflected as leases receivable and deferred inflows in the general fund. The money received has been recorded as a deferred inflow in the School District’s financial statements and will be amortized over the life of the lease using the straight-line method.

Revenue for the lease during the fiscal year is as follows:

	Fiscal Year Ending 6/30/2025
Interest Revenue	<u>\$ 311,900</u>

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A summary of future payments to be received is as follows:

Fiscal Year	Governmental Activities	
	Principal	Interest
2026	\$ 75,350	\$ 311,900
2027	-	311,900
2028	-	326,070
2029	-	340,240
2030	-	340,240
2031-2035	-	1,701,200
2036-2040	-	1,712,600
2041-2045	-	1,724,000
2046-2050	-	1,810,500
2051-2055	-	1,897,000
2056-2060	-	1,991,500
2061-2065	-	2,086,000
2066-2070	-	2,190,500
2071-2075	-	2,295,000
2076-2080	-	2,409,750
2081-2085	-	2,524,500
2086-2090	-	2,650,750
2091-2095	-	2,777,000
2096-2100	-	2,915,750
2101-2105	1,176,187	1,878,313
2106-2110	2,094,165	1,113,335
2111-2115	2,503,276	353,149
Total	<u>\$ 5,848,978</u>	<u>\$ 35,661,197</u>

NOTE 10 - RISK MANAGEMENT

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

A. Comprehensive

The School District maintains comprehensive insurance coverage with private carriers for liability, including data and cyber security, real property, building contents, crime and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are 100 percent coinsured. The School District has obtained coverage from commercial insurance carriers.

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

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B. Shared Risk Pool

The Stark County School Council of Governments Health Benefit Plan (Council) is a shared risk pool created pursuant to State statute for the purpose of administering health care benefits. The Council is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly elects officers for one year terms to serve on the Board of Directors. The assembly exercise control over the operation of the Council. All Council revenues are generated from charges for services received from the participating school districts, based on the established premiums for the insurance plans. Each school district reserves the right to terminate the plan in whole or in part, at any time. If it is terminated, no further contributions will be made, but the benefits under the insurance contract shall be paid in accordance with the terms of the contract.

C. Workers' Compensation Program

The School District has participated in the Ohio Bureau of Workers' Compensation (Bureau) Retrospective Rating Plan since 1989, except for 1993 and 1997. The alternative rating program requires the School District to pay only administrative charges to the Bureau, and in turn, the School District assumes the responsibility of paying all claims incurred during the policy period for up to ten years. After the tenth year, the Bureau will assume any existing claim for its duration. The School District will be charged an actuarial amount for the claims transferred to the Bureau. The School District's stop-loss coverage through the plan is limited to \$300,000 per claim stop-loss coverage with an annual aggregate.

The School District's workers' compensation trust internal service fund pays for all claims, claim reserves and administrative costs of the program. The workers' compensation trust internal service fund generates revenues by charging each fund a percentage rate determined by the Bureau for the payroll during the reporting period. The claims liability is recorded based on an actuarial determination of future claims, review of five years of claim liabilities and claim payment trends including the settlement to the Bureau after the tenth year. Changes in claims activity for the past two fiscal years are as follows:

	Balance at				Balance at
	Beginning of Year	Claims	Payments		End of Year
2024	\$ 203,996	\$ (25,249)	\$ 57,940	\$	120,807
2025	\$ 120,807	\$ 449,745	\$ 325,631	\$	244,921

The Ohio Bureau of Workers' Compensation uses the Micro Insurance Reserving Analysis (MIRA) to estimate the reserves (liability) for future costs. The MIRA reserve (liability) can vary between years as it is based upon numerous factors which estimate the future cost of a particular claim at that point in time. The previous table includes the change in estimate recorded at fiscal year-end.

NOTE 11 - COMPENSATED ABSENCES

Employees earn vacation at rates specified under State of Ohio law and based on credited service. Teachers and some administrators do not earn vacation time. Administrators, clerical, technical, and maintenance and operations employees with one or more years of service are entitled to vacation ranging from 5 to 30 days. Employees with less than one year of service earn one vacation day per month worked, not to exceed 10 days. Unused vacation is not cumulative to the next year.

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All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service (earned on a pro rata basis for less than full-time employees) up to 15 days per year. This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to one-quarter of the accumulated sick leave for the first 120 days, one-fifth of sick leave for days between 121 - 285 and an additional 2 days for an employee with greater than 285 days accumulated.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

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

Net Pension Liability/Net OPEB Liability (Asset)

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 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.

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

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

The proportionate share of each plan's unfunded benefits is presented as a 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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The remainder of this note includes the required pension disclosures. See Note 13 for the required OPEB disclosures.

Plan Description - School Employees Retirement System (SERS)

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

Age and service requirements for retirement are as follows:

	Eligible to Retire 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 Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

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

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2025, the allocation to pension, death benefits, and Medicare B was 14.0 percent. 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 \$3,756,046 for fiscal year 2025.

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Plan Description - State Teachers Retirement System (STRS)

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

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

The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. 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 August 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 August 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 their member contributions and 11.09 percent of the 14 percent employer contributions into an investment account. The member determines how to allocate the member and employer money among various investment choices offered by STRS. The remaining 2.91 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

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

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

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

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

The School District's contractually required contribution to STRS was \$9,750,050 for fiscal year 2025.

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

The net pension liability (asset) 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:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.6242722%	0.50660982%	
Prior Measurement Date	0.6263853%	0.51309038%	
Change in Proportionate Share	-0.0021131%	-0.00648056%	
Proportionate Share of the Net			
Pension Liability	\$ 31,935,247	\$ 97,479,915	\$ 129,415,162
Pension Expense	\$ 3,190,856	\$ 3,504,085	\$ 6,694,941

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Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight-line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five-year period.

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

	SERS	STRS	Total
Deferred Outflows of Resources			
Differences between Expected and Actual Experience	\$ 1,219,261	\$ 6,138,685	\$ 7,357,946
Changes of Assumptions	285,685	4,492,411	4,778,096
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	281,211	1,047,868	1,329,079
School District Contributions Subsequent to the Measurement Date	3,756,046	9,750,050	13,506,096
Total Deferred Outflows of Resources	<u>\$ 5,542,203</u>	<u>\$ 21,429,014</u>	<u>\$ 26,971,217</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ -	\$ 53,380	\$ 53,380
Net Difference between Projected and Actual Earnings on Pension Plan Investments	1,997,530	8,381,291	10,378,821
Changes of Assumptions	-	3,381,492	3,381,492
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	87,379	2,219,286	2,306,665
Total Deferred Inflows of Resources	<u>\$ 2,084,909</u>	<u>\$ 14,035,449</u>	<u>\$ 16,120,358</u>

\$13,506,096 reported as deferred outflows of resources related to pension resulting from School 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:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	\$ (1,433,869)	\$ (6,394,266)	\$ (7,828,135)
2027	2,049,066	8,881,670	10,930,736
2028	(326,568)	(2,539,827)	(2,866,395)
2029	(587,381)	(2,304,062)	(2,891,443)
Total	<u>\$ (298,752)</u>	<u>\$ (2,356,485)</u>	<u>\$ (2,655,237)</u>

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Actuarial Assumptions - SERS

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

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

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

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

Inflation	2.40 percent
Future Salary Increases, including inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of Investment expenses
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
COLA or Ad Hoc COLA	2.0 percent, on or after April 1, 2018, COLAs for future retirees will be delayed for three years following commencement

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

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

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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*. ORC 3309.15 and the SERS Board-adopted Investment Policy govern investment activity. 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. 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 The total pension liability for 2024 was calculated using the discount rate of 7.00 percent. 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 percent. Projected inflows from investment earnings were calculated using the long-term assumed investment rate of return (7.00 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability. 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 percent.

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

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 48,856,506	\$ 31,935,247	\$ 17,688,459

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Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2024, actuarial valuation are presented below:

Inflation	2.50 percent
Salary Increases	From 2.5 percent to 8.5 percent, based on service
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation
Discount Rate of Return	7.00 percent
Payroll Increases	3.00 percent
Cost-of-Living Adjustments (COLA)	0.00 percent, effective July 1, 2017

Post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent 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 percent for females, projected forward generationally using mortality improvement scale MP-2020. Post-retirement disabled mortality rates are based on Pub-2010 Teachers Disable Annuitant Table projected forward generationally using mortality improvement scale MP-2020.

Actuarial assumptions used in the June 30, 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:

<u>Asset Class</u>	<u>Target Allocation *</u>	<u>Long-Term Expected Rate of Return **</u>
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 2.25 percent and is net of investment expenses. Over a 30-year period, STRS investment consultant indicates that the above target allocations should generate a return above the actuarial rate of return, without net value added by management.*

Discount Rate The discount rate used to measure the total pension liability was 7.00 percent as of June 30, 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 rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024.

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applied to all periods of projected benefit payment 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 presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.00 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00 percent) or one-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net Pension Liability	\$ 157,252,185	\$ 97,479,915	\$ 46,922,843

NOTE 13 - DEFINED BENEFIT OPEB PLANS

See Note 12 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.

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2025, no allocation was made to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. For fiscal year 2025, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2025, the School District's surcharge obligation was \$461,265, which is reported as an intergovernmental payable.

The surcharge, added to the allocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contractually required contribution to SERS was equal to its surcharge obligation for fiscal year 2025.

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 percent of covered payroll. For the fiscal year ended June 30, 2025, STRS did not allocate any employer contributions to post-employment health care.

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Net OPEB Liability (Asset)

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:

	SERS	STRS	Total
Proportion of the Net OPEB Liability (Asset):			
Current Measurement Date	0.6343469%	0.50660982%	
Prior Measurement Date	0.6329672%	0.51309038%	
Change in Proportionate Share	0.0013797%	-0.00648056%	
Proportionate Share of the Net			
OPEB Liability (Asset)	\$ 6,460,793	\$ (9,609,421)	
OPEB Expense	\$ (736,333)	\$ (2,120,083)	\$ (2,856,416)

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in OPEB expense beginning in the current period, using a straight-line method over a closed period equal to the average of the expected remaining services lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five-year period.

At June 30, 2024, 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	\$ -	\$ 417,742	\$ 417,742
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	31,547	-	31,547
Changes of Assumptions	2,772,971	1,182,785	3,955,756
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	507,394	37,950	545,344
School District Contributions Subsequent to the Measurement Date	461,265	-	461,265
Total Deferred Outflows of Resources	\$ 3,773,177	\$ 1,638,477	\$ 5,411,654
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 6,966,419	\$ 1,035,587	\$ 8,002,006
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	-	412,600	412,600
Changes of Assumptions	2,967,850	4,333,786	7,301,636
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	671,479	97,402	768,881
Total Deferred Inflows of Resources	\$ 10,605,748	\$ 5,879,375	\$ 16,485,123

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\$461,265 reported as deferred outflows of resources related to OPEB resulting from School contributions subsequent to the measurement date will be recognized as a reduction/addition to the net OPEB liability/asset in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	SERS	STRS	Total
Fiscal Year Ending June 30:			
2026	\$ (1,846,368)	\$ (1,515,133)	\$ (3,361,501)
2027	(1,268,704)	(656,830)	(1,925,534)
2028	(938,847)	(831,427)	(1,770,274)
2029	(862,220)	(772,479)	(1,634,699)
2030	(852,723)	(625,858)	(1,478,581)
Thereafter	(1,524,974)	160,829	(1,364,145)
Total	<u>\$ (7,293,836)</u>	<u>\$ (4,240,898)</u>	<u>\$ (11,534,734)</u>

Actuarial Assumptions - SERS

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

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

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

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

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	June 30, 2024
Inflation	2.40 percent
Future Salary Increases, including Inflation	3.25 percent to 13.58 percent
Investment Rate of Return	7.00 percent net of investment expense
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Fiduciary Net Position is Projected to be Depleted	2059
Municipal Bond Index Rate	
Measurement Date	3.93 percent
Prior Measurement Date	3.86 percent
Single Equivalent Interest Rate	
Measurement Date	4.88 percent
Prior Measurement Date	4.27 percent
Health Care Cost Trend Rate	
Medical Trend Assumption	
Measurement Date	7.00 to 4.40 percent
Prior Measurement Date	6.75 to 4.40 percent

Mortality rates among healthy retirees were based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Mortality rates for contingent survivors were based on PUB-2010 General Amount Weighted Below Median Contingent Survivor mortality table projected to 2017 with ages set forward 1 year and adjusted 105.5 percent for males and adjusted 122.5 percent for females. Mortality rates for actives is based on PUB-2010 General Amount Weighted Below Median Employee mortality table. 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 of return on plan assets is reviewed as part of the actuarial five-year experience study. The most recent study covers 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 percent, 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.

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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	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total OPEB liability at June 30, 2024, was 4.88 percent. The discount rate used to measure total OPEB liability prior to June 30, 2024, was 4.27 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the System at the contribution rate of 1.50 percent of projected covered payroll each year, which includes a 1.50 percent payroll surcharge and no contributions from the basic benefits plan. Based on these assumptions, the OPEB plan's fiduciary net position was projected to 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 percent at June 30, 2024, and 3.86 percent 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 net OPEB liability of SERS, what SERS' net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.88%) and higher (5.88%) than the current discount rate (4.88%). Also shown is what SERS' net OPEB liability would be based on health care cost trend rates that are 1 percentage point lower (6.00% decreasing to 3.40%) and higher (8.00% decreasing to 5.40%) than the current rate.

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 8,615,238	\$ 6,460,793	\$ 4,748,796
	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 4,367,255	\$ 6,460,793	\$ 9,212,581

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For the Fiscal Year Ended June 30, 2025

Actuarial Assumptions – STRS

Key methods and assumptions used in the June 30, 2024, actuarial valuation compared to the prior year are presented below:

	June 30, 2024	June 30, 2023
Projected salary increases	Varies by service from 2.50 percent to 8.50 percent	Varies by service from 2.50 percent to 8.50 percent
Investment Rate of Return	7.00 percent, net of investment expenses, including inflation	7.00 percent, net of investment expenses, including inflation
Payroll Increases	3.00 percent	3.00 percent
Discount Rate of Return	7.00 percent	7.00 percent
Health Care Cost Trends		
Medical		
Pre-Medicare	7.50 percent initial 3.94 percent ultimate	7.50 percent initial 4.14 percent ultimate
Medicare	-11.95 percent initial 3.94 percent ultimate	-10.94 percent initial 4.14 percent ultimate
Prescription Drug		
Pre-Medicare	8.00 percent initial 3.94 percent ultimate	-11.95 percent initial 4.14 percent ultimate
Medicare	7.50 percent initial 3.94 percent ultimate	1.33 percent initial 4.14 percent ultimate

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

Healthy retirees post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent 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 percent 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.

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:

Canton City School District
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Notes to the Basic Financial Statements
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Asset Class	Target Allocation *	Long-Term Expected 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	100.00%	

**Final target weights reflected at October 1, 2022.*

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

Discount Rate The discount rate used to measure the total OPEB liability was 7.00 percent 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 these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2024. Therefore, the long-term expected rate of return on health care plan investments of 7.00 percent 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 percent, as well as what the net OPEB asset would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current assumption. Also shown is the net OPEB asset as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current health care cost trend rates.

	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB (Asset)	\$ (7,813,600)	\$ (9,609,421)	\$ (11,172,616)

	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB (Asset)	\$ (11,278,209)	\$ (9,609,421)	\$ (7,602,486)

Canton City School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as restricted, committed or assigned fund balance (GAAP basis).
4. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets.

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

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$ (2,179,222)
Net Adjustment for Revenue Accruals	(1,133,587)
Net Adjustment for Expenditure Accruals	(6,361,495)
Funds Budgeted Elsewhere **	81,900
Adjustment for Encumbrances	<u>(3,780,169)</u>
Budget Basis	<u><u>\$ (13,372,573)</u></u>

** As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the special trust, rotary, adult education, natatorium recreation program, public school support and pell grant funds.

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NOTE 15 - 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. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

	General	Building Fund	Other Governmental Funds	Total
Nonspendable for:				
Unclaimed Monies	\$ 90,932	\$ -	\$ -	\$ 90,932
Restricted for:				
Capital Outlay	-	50,362,704	808,083	51,170,787
Debt Service	-	-	9,495,745	9,495,745
Facilities Maintenance	-	-	2,908,178	2,908,178
Food Service Operations	-	-	951,818	951,818
Other Purposes	-	-	1,669,577	1,669,577
Total Restricted	-	50,362,704	15,833,401	66,196,105
Assigned for:				
Instruction	872,097	-	-	872,097
Support Services	1,604,256	-	-	1,604,256
Community Services	3,325	-	-	3,325
Extracurricular	3,796	-	-	3,796
Capital Outlay	255,969	-	-	255,969
Subsequent Year Appropriations	14,837,113	-	-	14,837,113
Other Purposes	535,436	-	-	535,436
Adult Education	814,122	-	-	814,122
Total Assigned	18,926,114	-	-	18,926,114
Unassigned	17,731,660	-	(7,217,288)	10,514,372
Total Fund Balance	\$ 36,748,706	\$ 50,362,704	\$ 8,616,113	\$ 95,727,523

Fund Deficits

The following funds had a deficit fund balance as of June 30, 2025:

<i>Non-Major Governmental Funds</i>	Deficit
Public Preschool	\$ 268,487
Miscellaneous State Grants	112,425
Adult Basic Education	188,313
21st Century	34,962
IDEA, Part B	700,852
Vocational Education	80,952
Title I, School Improvement Stimulus	580,022
Title III	30,412
Title I, Disadvantaged Children	2,303,117
Drug Free School	105,751
IDEA Preschool	6,829
Improving Teacher Quality	167,809
Miscellaneous Federal Grants	73,380
ESSER	2,563,977
Total	<u>\$ 7,217,288</u>

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The general fund is liable for any deficits in the governmental funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities. The deficits in the non-major governmental funds will be eliminated by future intergovernmental revenues not recognized under GAAP at June 30.

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.

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 Restricted Balance as of June 30, 2024	\$ 0
Current Year Set-aside Requirement	1,803,253
Prior Year Offset from Bond Proceeds	<u>(1,803,253)</u>
Totals	<u>\$ 0</u>
Balance Carried Forward to Fiscal Year 2026	<u>\$ 0</u>
Set-aside Restricted Balance as of June 30, 2025	<u>\$ 0</u>

During fiscal year 2011, the School District issued \$6,728,636 in capital related energy conservation bonds. The School District issued \$60,000,000 in capital related school improvement bonds in fiscal year 2024. These proceeds may be used to reduce the capital improvements set-aside to zero for future years. The School District is responsible for tracking the amount of the bond proceeds that may be used as an offset in future periods, which was \$59,756,375 at June 30, 2025.

NOTE 17 – CONTINGENCIES AND COMMITMENTS

Grants

The School District receives significant financial assistance from numerous Federal, State and local agencies in the form of grants. The disbursement 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, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the School District at June 30, 2025.

Litigation

The School District is a party to legal proceedings seeking damages or injunctive relief generally incidental to its operations and spending projects. The School District management is of the opinion that disposition of the claim and legal proceedings will not have a material effect, if any, on the financial condition of the School District.

Canton City School District
Stark County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Encumbrances

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

Fund	Amount
General	\$ 2,819,631
Building Fund	56,489,401
Nonmajor Governmental	1,196,723
	<u>\$ 60,505,755</u>

Contractual Commitments

At June 30, 2025, the School District's significant contractual commitments consisted of:

Project	Contract Amount	Amount Paid	Remaining Contract
HVAC controllers	\$ 220,560	\$ -	\$ 220,560
Mason Elementary playground	184,582	127,387	57,195
Souers Elementary playground	181,963	122,092	59,871
Mason Elementary School Construction	30,750,015	5,255,290	25,494,725
Souers Elementary School Construction	32,226,377	1,946,531	30,279,846
	<u>\$ 63,563,497</u>	<u>\$ 7,451,300</u>	<u>\$ 56,112,197</u>

NOTE 18 – CHANGE IN ACCOUNTING PRINCIPLES AND CHANGE WITHIN THE FINANCIAL REPORTING ENTITY AND CORRECTION OF AN ERROR

Implementation of New Accounting Principles

For the fiscal year ended June 30, 2025, the School District has implemented GASB Statement No. 101, *Compensated Absences* and GASB Statement No. 102, *Certain Risk Disclosures*.

GASB Statement No. 101 updates the recognition and measurement guidance for compensated absences to promote consistency and better meet the information needs of financial statement users. The unified recognition and measurement model in this Statement will result in a liability for compensated absences that more appropriately reflects when a government incurs an obligation. These changes were incorporated into the School District's fiscal year 2025 financial statements; however, there was no effect on beginning net position.

GASB Statement No. 102 provides users of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints as concentrations and constraints may limit a government's ability to acquire resources or control spending. The implementation of GASB Statement No. 102 did not have an effect on the financial statements of the School District.

Canton City School District
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Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2025

Change to or within the Financial Reporting Entity

For the fiscal year 2025, the ESSER fund presentation was adjusted from major to nonmajor due to no longer meeting the quantitative threshold for a major fund. This change is separately displayed in the financial statements.

Correction of an Error

The School District restated the beginning fund balance of the general and building funds on the modified accrual basis of accounting to correct an error regarding which fund the fair market value of prior year investments was posted to.

	Reporting Units Affected by Adjustments and Restatements of Beginning Fund Balances	
	Governmental Funds	
	General	Building
June 30, 2024 Fund Balance, as previously reported	\$ 37,885,351	\$ 60,131,565
Error correction - Interest Revenue	1,042,577	(1,042,577)
June 30, 2024 Fund Balance, as adjusted or restated	<u>\$ 38,927,928</u>	<u>\$ 59,088,988</u>

NOTE 19 – SUBSEQUENT EVENT

Ohio's 136th General Assembly voted to eliminate a portion of the school funding stream known as Supplemental Targeted Assistance beginning in fiscal year 2026, which is the first fiscal year of the state's two year biennium budget. The elimination of this revenue stream resulted in the Canton City School District losing approximately \$4.3M annually and projecting a \$17M deficit in fiscal year 2028 on the district's October 2025 forecast. This deficit resulted in the district being placed in fiscal oversight by the Ohio Department of Education and Workforce.

As a result of fiscal oversight, the district was required by the Ohio Department of Education and Workforce to construct a board approved budget reduction plan that would eliminate the fiscal year 2028 projected deficit of \$17M. The budget reduction plan closes four elementary schools, one middle school early college program, and one alternative school program beginning with the 2026-2027 school year and two elementary schools and one preschool building beginning with the 2027-2028 school year. Staff changes impacted by the reduction plan consists of a reduction of nine administrative staff, fifty plus certified staff (mainly through attrition), and thirty-four classified staff (through a combination of attrition and reduction-in-force).

Canton City School District
Stark County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Ten Fiscal Years

Year	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
<i>School Employees Retirement System (SERS)</i>					
2025	0.6242722%	\$ 31,935,247	\$ 26,178,657	121.99%	78.52%
2024	0.6263853%	34,611,013	24,607,586	140.65%	76.06%
2023	0.6148224%	33,254,378	22,931,257	145.02%	75.82%
2022	0.6031023%	22,252,726	21,039,486	105.77%	82.86%
2021	0.5690276%	37,636,684	20,769,521	181.21%	68.55%
2020	0.5950928%	35,605,446	20,454,015	174.08%	70.85%
2019	0.5797083%	33,200,968	19,270,356	172.29%	71.36%
2018	0.5674517%	33,903,986	18,238,557	185.89%	69.50%
2017	0.5272593%	38,590,516	17,366,100	222.22%	62.98%
2016	0.5371688%	30,651,372	18,086,442	169.47%	69.16%
<i>State Teachers Retirement System (STRS)</i>					
2025	0.50660982%	\$ 97,479,915	\$ 69,608,221	140.04%	82.55%
2024	0.51309038%	110,493,694	70,767,843	156.14%	80.02%
2023	0.50239106%	111,682,165	65,576,057	170.31%	78.90%
2022	0.50352873%	64,380,674	62,959,557	102.26%	87.80%
2021	0.51714686%	125,131,139	62,113,821	201.45%	75.50%
2020	0.54410810%	120,326,236	63,457,543	189.62%	77.40%
2019	0.51369915%	112,950,909	60,201,279	187.62%	77.31%
2018	0.51027508%	121,216,939	56,425,443	214.83%	75.30%
2017	0.50935338%	170,495,930	54,094,986	315.18%	66.80%
2016	0.52570477%	145,289,422	55,545,800	261.57%	72.10%

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

Canton City School District
Stark County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net OPEB Liability
Last Nine Fiscal Years (1)

Year	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
<i>School Employees Retirement System (SERS)</i>					
2025	0.6343469%	\$ 6,460,793	\$ 26,178,657	24.68%	44.50%
2024	0.6329672%	10,427,788	24,607,586	42.38%	30.02%
2023	0.6271298%	8,804,968	22,931,957	38.40%	30.34%
2022	0.6174570%	11,685,874	21,039,486	55.54%	24.08%
2021	0.5845140%	12,703,402	20,769,521	61.16%	18.17%
2020	0.6104260%	15,350,925	20,454,015	75.05%	15.57%
2019	0.5909205%	16,393,731	19,270,356	85.07%	13.57%
2018	0.5746784%	15,422,858	18,238,557	84.56%	12.46%
2017	0.5370888%	15,309,018	17,366,100	88.15%	11.49%
2016	n/a	n/a	n/a	n/a	n/a
<i>State Teachers Retirement System (STRS)</i>					
2025	0.50660982%	\$ (9,609,421)	\$ 69,608,221	-13.81%	158.01%
2024	0.51309038%	(9,978,900)	70,767,843	-14.10%	168.52%
2023	0.50239106%	(13,008,578)	65,576,057	-19.84%	230.73%
2022	0.50352900%	(10,616,496)	62,959,557	-16.86%	174.73%
2021	0.51714700%	(9,088,848)	62,113,821	-14.63%	182.10%
2020	0.54410800%	(9,011,734)	63,457,543	-14.20%	174.70%
2019	0.51369915%	(8,254,621)	60,201,279	-13.71%	176.00%
2018	0.51027508%	19,909,051	56,425,443	35.28%	47.10%
2017	0.50935338%	27,240,351	54,094,986	50.36%	37.30%
2016	n/a	n/a	n/a	n/a	n/a

The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.
(1) Information prior to 2017 is not available.

Canton City School District
Stark County, Ohio
Required Supplementary Information
Schedule of School District Contributions
Last Ten Fiscal Years

<u>Year</u>	<u>Contractually Required Contribution - Pension (1)</u>	<u>Contractually Required Contribution - OPEB (1)(2)</u>	<u>School District's Covered Payroll</u>	<u>Pension Contributions as a Percentage of Covered Payroll</u>	<u>OPEB Contributions as a Percentage of Covered Payroll (2)</u>
<i>School Employees Retirement System (SERS)</i>					
2025	\$ 3,756,046	\$ 461,265	\$ 26,828,900	14.00%	1.72%
2024	3,665,012	444,968	26,178,657	14.00%	1.70%
2023	3,445,062	400,209	24,607,586	14.00%	1.63%
2022	3,210,376	401,717	22,931,257	14.00%	1.75%
2021	2,945,528	376,250	21,039,486	14.00%	1.79%
2020	2,907,733	347,292	20,769,521	14.00%	1.67%
2019	2,761,292	477,540	20,454,015	13.50%	2.33%
2018	2,601,498	428,056	19,270,356	13.50%	2.22%
2017	2,553,398	331,704	18,238,557	14.00%	1.82%
2016	2,431,254	283,651	17,366,100	14.00%	1.63%
<i>State Teachers Retirement System (STRS)</i>					
2025	\$ 9,750,050	\$ -	\$ 69,643,214	14.00%	0.00%
2024	9,745,151	-	69,608,221	14.00%	0.00%
2023	9,907,498	-	70,767,843	14.00%	0.00%
2022	9,180,648	-	65,576,057	14.00%	0.00%
2021	8,814,338	-	62,959,557	14.00%	0.00%
2020	8,695,935	-	62,113,821	14.00%	0.00%
2019	8,884,056	-	63,457,543	14.00%	0.00%
2018	8,428,179	-	60,201,279	14.00%	0.00%
2017	7,899,562	-	56,425,443	14.00%	0.00%
2016	7,573,298	-	54,094,986	14.00%	0.00%

(1) The contributions in relation to the contractually required contributions are equal to the contractually required contributions, resulting in zero contribution deficiency/excess.

(2) SERS contributions include surcharge

Canton City School District
Stark County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

There were no changes in assumptions or benefit terms for the fiscal years reported unless otherwise stated below:

NOTE 1 - NET PENSION LIABILITY

Changes in Assumptions - SERS

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

	<u>Fiscal Years 2025-2022</u>	<u>Fiscal Years 2021-2017</u>	<u>Fiscal Years 2016 and Prior</u>
Wage Inflation	2.40%	3.00%	3.25%
Future Salary Increases, including inflation	3.25% to 13.58%	3.50% to 18.20%	4.00% to 22.00%
Investment Rate of Return	7.00% net of system expenses	7.50% net of investment expenses, including inflation	7.75% net of investment expenses, including inflation

Beginning in 2022, amounts reported use mortality rates based on the PUB-2010 General Employee Amount Weighted Below Median Healthy Retiree mortality table projected to 2017 with ages set forward 1 year and adjusted 94.20 percent for males and set forward 2 years and adjusted 81.35 percent for females. Mortality among disabled members were based upon the PUB-2010 General Disabled Retiree mortality table projected to 2017 with ages set forward 5 years and adjusted 103.3 percent for males and set forward 3 years and adjusted 106.8 percent for females. Future improvement in mortality rates is reflected by applying the MP2020 projection scale generationally.

Beginning in fiscal year 2018, on each anniversary of the initial retirement, the allowance of all retirees and survivors may be increased by the annual rate of increase in the CPI-W measured as of the June preceding the beginning of the applicable calendar year. The annual rate of increase shall not be less than 0 percent nor greater than 2.5 percent.

Amounts report for 2017 through 2021 use mortality rates that are based on the RP-2014 Blue Collar Mortality Table with fully generational projection and a five-year age set-back for both males and females. Amounts reported for fiscal year 2016 and prior, use mortality assumptions that are based on the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables were used for the period after disability retirement.

Changes in Benefit Terms - SERS

For fiscal year 2022, COLA was increased from 2.00 percent to 2.50 percent.

For fiscal year 2021, COLA was reduced from 2.50 percent to 2.00 percent.

For fiscal year 2018, the cost-of-living adjustment was changed from a fixed 3.00 percent to a cost-of-living adjustment that is indexed to CPI-W not greater than 2.50 percent with a floor of zero percent beginning January 1, 2018. In addition, with the authority granted the Board under HB 49, the Board has enacted a three-year COLA suspension for benefit recipients in calendar years 2018, 2019 and 2020.

Canton City School District
Stark County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

Changes in Assumptions – STRS

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

	<u>Fiscal Years 2025-2022</u>	<u>Fiscal Years 2021-2018</u>	<u>Fiscal Years 2017 and Prior</u>
Inflation	2.50%	2.50%	2.75%
	Varies by service from	From 12.50% at age 20 to	From 12.25% at age 20 to
Projected Salary Increases	2.50% 8.50%	2.50% at age 65	2.75% at age 70
Investment Rate of Return, net of investment	7.00%	7.45%	7.75%
Payroll Increases	3.00%	3.00%	3.50%

Beginning with fiscal year 2022, post-retirement mortality rates are based on the Pub-2010 Teachers Healthy Annuitant Mortality Table, adjusted 110 percent 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 percent 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.

Beginning with fiscal year 2018, post-retirement mortality rates for healthy retirees were based on the RP2014 Annuitant Mortality Table with 50 percent of rates through age 69, 70 percent of rates between ages 70 and 79, 90 percent of rates between ages 80 and 84, and 100 percent of rates thereafter, projected forward generationally using mortality improvement scale MP-2016. Post-retirement disabled mortality rates are based on the RP-2014 Disabled Mortality Table with 90 percent of rates for males and 100 percent of rates for females, projected forward generationally using mortality improvement scale MP-2016. Pre-retirement mortality rates are based on RP-2014 Employee Mortality Table, projected forward generationally using mortality improvement scale MP-2016.

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

Changes in Benefit Terms - STRS

For fiscal year 2023, the Board approved a one-time 3 percent COLA effective on the anniversary of a benefit recipient's retirement date for those eligible during fiscal year 2023 and eliminated the age 60 requirement to receive unreduced retirement that was scheduled to go into effect August 1, 2026.

For fiscal year 2018, the COLA was reduced to zero.

Fiscal year 2017 and prior, COLA was 2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013 or later, 2 percent COLA commences on fifth anniversary of retirement date.

Canton City School District
Stark County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions – SERS

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

	<u>Fiscal Years 2025-2022</u>	<u>Fiscal Years 2021-2017</u>
Inflation	2.40%	3.00%
Future Salary Increases, including inflation	3.25% to 13.58%	3.50% to 18.20%
Investment Rate of Return, net of investment expenses, including inflation	7.00%	7.50%

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

	<u>Fiscal Year</u>									
<u>Assumption</u>	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	
Municipal Bond Index Rate	3.93%	3.86%	3.69%	1.92%	2.45%	3.13%	3.62%	3.56%	2.92%	
Single Equivalent Interest Rate, net of plan investment expense, including price inflation	4.88%	4.27%	4.08%	2.27%	2.63%	3.22%	3.70%	3.63%	2.98%	

Changes in Assumptions – STRS

For fiscal year 2023, the projected salary increases were changed from age based (2.5 percent to 12.50 percent) to service based (2.5 percent to 8.5 percent).

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

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

For fiscal year 2018, the blended discount rate was increased from 3.26 percent to 4.13 percent. Valuation year per capita health care costs were updated, and the salary scale was modified. The percentage of future retirees electing each option was updated based on current data and the percentage of future disabled retirees and terminated vested participants electing health coverage were decreased. The assumed mortality, disability, retirement, withdrawal and future health care cost trend rates were modified along with the portion of rebated prescription drug costs.

Canton City School District
Stark County, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2025

Changes in Benefit Terms – STRS

For fiscal year 2025, healthcare trends were updated to reflect emerging claims and recoveries experience.

For fiscal year 2024, healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes effective January 1, 2024.

For fiscal year 2023, health care trends were updated to reflect emerging claims and recoveries experience

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

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

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

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

For fiscal year 2018, the subsidy multiplier for non-Medicare benefit recipients was reduced from 2.1 percent to 1.9 percent per year of service. Medicare Part B premium reimbursements were discontinued for certain survivors and beneficiaries and all remaining Medicare Part B premium reimbursements will be discontinued beginning January 2019. This was subsequently extended, see above paragraph.

Canton City School District
Stark County, Ohio
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2025

Federal Grantor/ Sub Grantor/ Program Title	Federal ALN Number	Grant Year	Expenditures
<u>US Department of Education</u>			
(Direct)			
Student Financial Assistance Cluster:			
Federal Pell Grant Program	84.063	2024	\$ 453,921
Federal Direct Student Loans	84.268	2024	548,032
Total Student Financial Assistance Cluster			1,001,953
Impact Aid	84.041	2025	156
(Passed through the Ohio Department of Education and Workforce)			
COVID-19 American Rescue Plan (ARP) Elementary and Secondary School Emergency Relief (ESSER)	84.425U	2024	14,806,905
COVID-19 American Rescue Plan (ARP) Elementary and Secondary School Emergency Relief (ESSER)	84.425U	2025	1,357,321
COVID-19 American Rescue Plan (ARP) Homeless round 1	84.425W	2024	26,949
COVID-19 American Rescue Plan (ARP) Homeless round 2	84.425W	2024	30,453
Total Education Stabilization Fund			16,221,628
Aspire Instructional	84.002A	2024	26,635
Aspire Instructional	84.002A	2025	488,926
Integrated English Literacy and Civics Education/Integrated Education and Training (IELCE/IET)	84.002A	2024	12,356
Integrated English Literacy and Civics Education/Integrated Education and Training (IELCE/IET)	84.002A	2025	114,605
Total Adult Education - Basic Grants to States			642,522
Title I-A Improving Basic Programs	84.010A	2024	1,295,331
Title I-A Improving Basic Programs	84.010A	2025	6,539,806
Expanding Opportunities for Each Child Non-Competitive Grant	84.010A	2024	36,161
Expanding Opportunities for Each Child Non-Competitive Grant	84.010A	2025	496,740
Title-I Non-competitive, Supplemental School Improvement	84.010A	2024	94,621
Title-I Non-competitive, Supplemental School Improvement	84.010A	2025	1,264,588
Total Title I Grants to Local Educational Agencies			9,727,247
<i>Special Education Cluster:</i>			
IDEA-B Special Education	84.027A	2024	264,187
IDEA-B Special Education	84.027A	2025	3,132,798
Parent Mentor Project (Federal)	84.027A	2024	2,309
Parent Mentor Project (Federal)	84.027A	2025	21,864
Total Special Education Grants to States			3,421,158
IDEA Early Childhood Special Education	84.173A	2024	4,751
IDEA Early Childhood Special Education	84.173A	2025	29,185
Total Special Education Preschool Grants			33,936
Total Special Education Cluster			3,455,094
Carl D. Perkins Secondary	84.048A	2024	32,493
Carl D. Perkins Secondary	84.048A	2025	356,546
Carl D. Perkins Adult	84.048A	2024	17,836
Carl D. Perkins Adult	84.048A	2025	105,239
Total Carl D. Perkins			512,114

(Continued)

Canton City School District
Stark County, Ohio
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2025
Continued

McKinney-Vento Homeless Assistance Program	84.196A	2024	(39,612)
McKinney-Vento Homeless Assistance Program	84.196A	2025	143,965
Total Education for Homeless Children and Youth			104,353
21st Century	84.287A	2024	103,329
21st Century	84.287A	2025	363,974
Total Twenty-First Century Community Learning Centers			467,303
Title II-A Supporting Effective Instruction	84.367A	2024	211,728
Title II-A Supporting Effective Instruction	84.367A	2025	526,133
Total Title II-A Supporting Effective Instruction			737,861
Title III Language Instruction for English Learners	84.365A	2024	16,615
Title III Language Instruction for English Learners	84.365A	2025	85,207
Title III Immigrant	84.365A	2024	10,061
Title III Immigrant	84.365A	2025	12,459
Total Title III English Language Acquisition State Grants			124,342
Title IV-A Student Support and Academic Enrichment	84.424A	2024	305,436
Title IV-A Student Support and Academic Enrichment	84.424A	2025	577,365
Stronger Connections	84.424F	2024	61,460
Total Title IV-A Student Support and Academic Enrichment			944,261
Comprehensive Literacy State Development Subgrant	84.371C	2024	29,873
Comprehensive Literacy State Development Subgrant	84.371C	2025	61,839
Total Comprehensive Literacy State Development			91,712
Total US Department of Education			34,030,546
<u>US Department of Energy</u> (Direct)			
Conservation Research and Development	81.086	2025	614,272
Total US Department of Energy			614,272
<u>US Department of Agriculture</u> (Passed through the Ohio Department of Education)			
<i>Child Nutrition Cluster:</i>			
Non-Cash Assistance (Food Distribution)			
School Breakfast Program	10.553	2025	95,827
National School Lunch Program	10.555	2025	189,096
Cash Assistance			
School Breakfast Program	10.553	2025	2,006,526
National School Lunch Program	10.555	2025	3,959,493
Total Child Nutrition Cluster			6,250,942
Total US Department of Agriculture			6,250,942
Total			\$ 40,895,760

**Canton City School District
Stark County, Ohio**

*Notes to the Schedule of Expenditures of Federal Awards
2 CFR 200.510(b)(6)
For the Fiscal Year Ended June 30, 2025*

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Canton City School District (the School 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 School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the School District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in 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 School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D – CHILD NUTRITION CLUSTER

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

NOTE E – FOOD DONATION PROGRAM

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

NOTE F - TRANSFERS BETWEEN PROGRAM YEARS

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

Program Title	ALN	Amount Transferred
Title I-A Improving Basic Programs	84.010A	\$ 452,823
Title II-A Supporting Effective Instruction	84.367A	\$ 96,889
Title III Language Instruction for English Learners	84.365A	\$ 5,888
Title III Immigrant	84.365A	\$ 20
Title IV-A Student Support and Academic Enrichment	84.424A	\$ 28,793
IDEA-B Special Education	84.027A	\$ 698,409

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OHIO AUDITOR OF STATE KEITH FABER

65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

Canton City School District
Stark County
1312 5th Street SW
Canton, Ohio 44707

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 Canton City School District, Stark 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 June 9, 2026.

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 opinions 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

June 9, 2026



65 East State Street
Columbus, Ohio 43215
ContactUs@ohioauditor.gov
800-282-0370

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

Canton City School District
Stark County
1312 5th Street SW
Canton, Ohio 44707

To the Board of Education:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Canton City School District's, Stark 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 Canton City School District's major federal programs for the year ended June 30, 2025. Canton 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, Canton 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

June 9, 2026

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**CANTON CITY SCHOOL DISTRICT
STARK 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):	COVID-19 Elementary & Secondary School Emergency Relief (ESSER) AL#84.425U, 84.425W; Title I Grants to Local Educational Agencies AL#84.010A; Title IV Student Support and Academic Enrichment AL# 84.424A, 84.424F
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 1,226,873 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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**CANTON CITY SCHOOL DISTRICT
OFFICE OF THE TREASURER**

1312 – 5th Street, SW Canton, Ohio 44707
Phone (330) 438-2509 Fax (330) 580-3025

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2025**

Finding Number	Finding Summary	Status	Additional Information
2024-001	Misclassification resulting in overstatement of Governmental Activities, Intergovernmental Receivable, and Operating Grants	Fully Corrected	



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OHIO AUDITOR OF STATE KEITH FABER



CANTON CITY SCHOOL DISTRICT

STARK COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 6/23/2026

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

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