



OHIO AUDITOR OF STATE  
**KEITH FABER**





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

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STARK COUNTY  
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## INDEPENDENT AUDITOR'S REPORT

Canton City School District  
Stark County  
1312 5<sup>th</sup> 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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Canton City School District, Stark County, Ohio as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and ESSER Funds 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 10, 2025, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

KEITH FABER  
Ohio Auditor of State



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

June 10, 2025

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**Canton City School District**  
**Stark County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2024*

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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, 2024. 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 2024 are as follows:

- Net position increased \$32,358,524 from 2023 net position.
- Capital assets increased \$22,831,893 during fiscal year 2024.
- During the fiscal year, the School District issued \$60,000,000 of school improvement bonds.

### ***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, building and ESSER 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 2024?" 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.

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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, building and ESSER 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, 2024*

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**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 2024 compared to 2023:

**Table 1**  
**Net Position**

Governmental Activities			
	2024	2023	Change
<b>Assets</b>			
Current & Other Assets	\$ 191,940,846	\$ 117,482,516	\$ 74,458,330
Long Term Leased Assets	5,848,978	5,773,628	75,350
Net OPEB Asset	9,978,900	13,008,578	(3,029,678)
Capital Assets	<u>136,232,428</u>	<u>113,400,535</u>	<u>22,831,893</u>
<i>Total Assets</i>	<u>344,001,152</u>	<u>249,665,257</u>	<u>94,335,895</u>
<b>Deferred Outflows of Resources</b>			
Pension & OPEB	<u>36,718,853</u>	<u>39,826,131</u>	<u>(3,107,278)</u>
<b>Liabilities</b>			
Current & Other Liabilities	27,992,842	22,459,401	5,533,441
Long-Term Liabilities:			
Due Within One Year	1,967,202	4,820,502	(2,853,300)
Due In More Than One Year:			
Pension & OPEB	<u>155,532,495</u>	<u>153,741,511</u>	<u>1,790,984</u>
Other Amounts	<u>77,838,514</u>	<u>15,804,841</u>	<u>62,033,673</u>
<i>Total Liabilities</i>	<u>263,331,053</u>	<u>196,826,255</u>	<u>66,504,798</u>
<b>Deferred Inflows of Resources</b>			
Property Taxes	37,480,567	35,330,433	2,150,134
Leases	5,663,011	5,725,875	(62,864)
Pension & OPEB	<u>27,783,238</u>	<u>37,505,213</u>	<u>(9,721,975)</u>
<i>Total Deferred Inflows of Resources</i>	<u>70,926,816</u>	<u>78,561,521</u>	<u>(7,634,705)</u>
<b>Net Position</b>			
Net Investment in Capital Assets	120,604,666	99,899,526	20,705,140
Restricted	32,517,039	24,461,422	8,055,617
Unrestricted	<u>(106,659,569)</u>	<u>(110,257,336)</u>	<u>3,597,767</u>
<i>Total Net Position</i>	<u>\$ 46,462,136</u>	<u>\$ 14,103,612</u>	<u>\$ 32,358,524</u>

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The net pension liability (NPL) is the largest single liability reported by the School District at June 30, 2024, and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. 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.

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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 increase in current and other assets was caused by an increase in pooled cash and investments for unspent school improvement bond proceeds issued during the fiscal year, and intergovernmental receivable, primarily for grants related to the American Rescue Plan Act. The long-term liabilities were higher due to the issuance of bonds as previously mentioned. Capital assets and current and other liabilities for contracts and retainage payable increased due to the ongoing and new renovation and construction projects throughout the School District.

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**  
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*For the Fiscal Year Ended June 30, 2024*

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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 2024 and 2023.

**Table 2**  
**Changes in Net Position**

	Governmental Activities		
	2024	2023	Change
<b>Revenues</b>			
<i>Program Revenues</i>			
Charges for Services	\$ 3,369,580	\$ 3,287,423	\$ 82,157
Operating Grants	67,152,211	46,299,381	20,852,830
Capital Grants	-	107,935	(107,935)
<i>Total Program Revenues</i>	<u>70,521,791</u>	<u>49,694,739</u>	<u>20,827,052</u>
<b>General Revenues</b>			
Property Taxes	36,519,523	37,214,330	(694,807)
Grants & Entitlements	99,483,208	96,821,765	2,661,443
Other	4,434,345	895,844	3,538,501
<i>Total General Revenues</i>	<u>140,437,076</u>	<u>134,931,939</u>	<u>5,505,137</u>
<i>Total Revenues</i>	<u>210,958,867</u>	<u>184,626,678</u>	<u>26,332,189</u>
<b>Program Expenses</b>			
Instruction:			
Regular	58,910,174	58,183,435	726,739
Special	21,046,970	21,078,110	(31,140)
Vocational	4,616,047	4,768,355	(152,308)
Adult/Continuing	1,441,135	1,449,365	(8,230)
Student Intervention Services	184,542	135,071	49,471
Other	778,529	771,640	6,889
Support Services:			
Pupils	17,227,946	17,261,150	(33,204)
Instructional Staff	11,096,810	9,552,543	1,544,267
Board of Education	28,070	29,065	(995)
Administration	12,686,608	13,020,473	(333,865)
Fiscal	2,570,362	2,575,637	(5,275)
Business	225,187	280,202	(55,015)
Operation and Maintenance of Plant	15,731,854	14,909,350	822,504
Pupil Transportation	9,591,331	8,667,762	923,569
Central	3,569,042	3,335,977	233,065
Operation of Non-Instructional/Shared Services:			
Food Service Operations	8,105,174	7,381,481	723,693
Community Services	2,981,745	2,984,683	(2,938)
Extracurricular Activities	4,456,106	3,482,444	973,662
Interest and Fiscal Charges	<u>3,352,711</u>	<u>524,897</u>	<u>2,827,814</u>
<i>Total Expenses</i>	<u>178,600,343</u>	<u>170,391,640</u>	<u>8,208,703</u>
<i>Change in Net Position</i>	<u>32,358,524</u>	<u>14,235,038</u>	<u>18,123,486</u>
<i>Net Position Beginning of Year</i>	<u>14,103,612</u>	<u>(131,426)</u>	<u>14,235,038</u>
<i>Net Position End of Year</i>	<u>\$ 46,462,136</u>	<u>\$ 14,103,612</u>	<u>\$ 32,358,524</u>

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The increase in operating grants is primarily due to grant funding received for the ESSER grant. Other revenues increases for investment income due to improving market conditions and higher cash and investment balances.

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. Interest and fiscal charges increased for interest payments made on the new school improvement bonds.

### ***Governmental Funds***

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

	Fund Balance	Fund Balance	Change
	6/30/2024	6/30/2023	
General Fund	\$ 37,885,351	\$ 27,540,573	\$ 10,344,778
Building Fund	60,131,565	416	60,131,149
ESSER Fund	(9,214,589)	(4,075,552)	(5,139,037)

The increase to the general fund's fund balance for the current fiscal year was primarily caused by an increase in intergovernmental revenue for the ongoing implementation of the Ohio School Fair Funding plan, an increase in investment income, as previously discussed, in combination with conservative spending across all departments.

The building fund saw a significant increase for bond proceeds that were largely unspent at year-end, as previously discussed.

The fund balance of the ESSER fund shows an increase for the current fiscal year due to the timing and recognition of payables and receivables under the modified basis of accounting.

### ***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 2024, there was no need to amend the School District's 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 was no need to amend original estimated revenues and other financing sources or budgeted appropriations.

***Final Budget Compared to Actual Results*** A review of actual revenues and other financing sources compared to the final budget shows no significant variance. 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.

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***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**

The School District issued \$60,000,000 of school improvement bonds during the current fiscal year, increasing debt significantly. See Note 8 for additional details.

***Current Issues***

The School District relies heavily on the state biennium budget process for funding. The state biennium budget for fiscal years 2022 and 2023 implemented a new Fair School Funding Plan.

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 District remains solid financially as revenues and expenditures are constantly reviewed and scrutinized.

During fiscal year 2022, 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 5<sup>th</sup> Street SW, Canton, Ohio 44707-4798.

**Canton City School District**

**Stark County, Ohio**

*Statement of Net Position*

*June 30, 2024*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Investments	\$ 123,077,106
Accounts Receivable	47,456
Accrued Interest Receivable	196,219
Intergovernmental Receivable	14,895,043
Property Taxes Receivable	47,893,538
Leases Receivable	5,848,978
Restricted Assets	
Cash and Investments with Escrow Agents	5,831,484
Net OPEB Asset	9,978,900
Non-Depreciable Capital Assets	30,114,095
Depreciable Capital Assets, net	<u>106,118,333</u>
<i>Total Assets</i>	<u>344,001,152</u>
<b>Deferred Outflows of Resources</b>	
Pension	30,324,784
OPEB	<u>6,394,069</u>
<i>Total Deferred Outflows of Resources</i>	<u>36,718,853</u>
<b>Liabilities</b>	
Accounts Payable	3,465,489
Accrued Wages and Benefits	14,787,338
Contracts Payable	4,012,025
Retainage Payable	2,155,729
Intergovernmental Payable	2,757,656
Accrued Interest Payable	273,678
Claims Payable	120,807
Matured Compensated Absences Payable	420,120
Long-Term Liabilities:	
Due Within One Year	1,967,202
Due In More Than One Year:	
Net Pension Liability	145,104,707
Net OPEB Liability	10,427,788
Other Amounts Due in More Than One Year	<u>77,838,514</u>
<i>Total Liabilities</i>	<u>263,331,053</u>
<b>Deferred Inflows of Resources</b>	
Property Taxes Levied for the Next Year	37,480,567
Leases	5,663,011
Pension	10,595,535
OPEB	<u>17,187,703</u>
<i>Total Deferred Inflows of Resources</i>	<u>70,926,816</u>
<b>Net Position</b>	
Net Investment in Capital Assets	120,604,666
Restricted for:	
Capital Outlay	1,593,911
Debt Service	6,367,470
Classroom Facilities Maintenance	4,396,873
Food Service Operations	2,233,884
OPEB Asset	9,978,900
Other Purposes	7,946,001
Unrestricted	<u>(106,659,569)</u>
<i>Total Net Position</i>	<u>\$ 46,462,136</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, 2024*

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities	
<b>Governmental Activities</b>					
Instruction:					
Regular	\$ 58,910,174	\$ 1,110,481	\$ 16,159,077	\$ (41,640,616)	
Special	21,046,970	440,178	6,106,548	(14,500,244)	
Vocational	4,616,047	37,772	332,711	(4,245,564)	
Adult/Continuing	1,441,135	650,094	435,699	(355,342)	
Student Intervention Services	184,542	-	187,288	2,746	
Other	778,529	-	-	(778,529)	
Support Services:					
Pupils	17,227,946	53,879	15,928,138	(1,245,929)	
Instructional Staff	11,096,810	25,415	11,800,248	728,853	
Board of Education	28,070	-	-	(28,070)	
Administration	12,686,608	173,650	536,628	(11,976,330)	
Fiscal	2,570,362	3,829	368,631	(2,197,902)	
Business	225,187	18,526	-	(206,661)	
Operation and Maintenance of Plant	15,731,854	-	2,399,750	(13,332,104)	
Pupil Transportation	9,591,331	22,454	2,102,594	(7,466,283)	
Central	3,569,042	3,339	60,525	(3,505,178)	
Operation of Non-Instructional/Shared Services:					
Food Service Operations	8,105,174	73,523	6,010,720	(2,020,931)	
Community Services	2,981,745	123,701	4,392,419	1,534,375	
Extracurricular Activities	4,456,106	632,739	164,676	(3,658,691)	
Interest and Fiscal Charges	3,352,711	-	166,559	(3,186,152)	
<i>Total</i>	<i><u>\$ 178,600,343</u></i>	<i><u>\$ 3,369,580</u></i>	<i><u>\$ 67,152,211</u></i>	<i><u>(108,078,552)</u></i>	

**General Revenues**

Property Taxes Levied for:

General Purposes	32,175,555
Debt Service	3,265,484
Capital Outlay	760,192
Classroom Facilities Maintenance	318,292
Grants and Entitlements not Restricted to Specific Programs	99,483,208
Insurance Recoveries	31,959
Investment Earnings	3,935,778
Miscellaneous	466,608
<i>Total General Revenues</i>	<i><u>140,437,076</u></i>

*Change in Net Position* 32,358,524

*Net Position Beginning of Year* 14,103,612

*Net Position End of Year* \$ 46,462,136

See accompanying notes to the basic financial statements.

**Canton City School District**  
**Stark County, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2024*

	General	Building Fund	ESSER Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Investments	\$ 49,328,217	\$ 60,528,044	\$ -	\$ 11,647,701	\$ 121,503,962
Restricted Cash and Investments with Escrow Agents	-	416	-	5,831,068	5,831,484
Accounts Receivable	-	-	-	47,456	47,456
Accrued Interest Receivable	196,219	-	-	-	196,219
Interfund Receivable	2,904,923	-	-	-	2,904,923
Intergovernmental Receivable	887,200	-	9,573,222	4,434,621	14,895,043
Property Taxes Receivable	41,608,717	-	-	6,284,821	47,893,538
Leases Receivable	5,848,978	-	-	-	5,848,978
<i>Total Assets</i>	<u><u>\$ 100,774,254</u></u>	<u><u>\$ 60,528,460</u></u>	<u><u>\$ 9,573,222</u></u>	<u><u>\$ 28,245,667</u></u>	<u><u>\$ 199,121,603</u></u>
<b>Liabilities</b>					
Accounts Payable	\$ 2,251,722	\$ -	\$ 557,845	\$ 578,725	\$ 3,388,292
Accrued Wages and Benefits	11,333,994	-	1,550,774	1,902,570	14,787,338
Contracts Payable	38,125	357,368	3,610,828	5,704	4,012,025
Retainage Payable	54,249	39,527	2,061,953	-	2,155,729
Intergovernmental Payable	2,063,438	-	273,304	420,914	2,757,656
Interfund Payable	-	-	1,352,399	1,552,524	2,904,923
Matured Compensated Absences Payable	420,120	-	-	-	420,120
<i>Total Liabilities</i>	<u><u>16,161,648</u></u>	<u><u>396,895</u></u>	<u><u>9,407,103</u></u>	<u><u>4,460,437</u></u>	<u><u>30,426,083</u></u>
<b>Deferred Inflows of Resources</b>					
Property Taxes Levied for the Next Year	32,501,662	-	-	4,978,905	37,480,567
Unavailable Revenue	8,562,582	-	9,380,708	4,559,459	22,502,749
Leases	5,663,011	-	-	-	5,663,011
<i>Total Deferred Inflows of Resources</i>	<u><u>46,727,255</u></u>	<u><u>-</u></u>	<u><u>9,380,708</u></u>	<u><u>9,538,364</u></u>	<u><u>65,646,327</u></u>
<b>Fund Balances</b>					
Nonspendable	68,273	-	-	-	68,273
Restricted	-	60,131,565	-	17,693,464	77,825,029
Assigned	9,239,678	-	-	-	9,239,678
Unassigned	28,577,400	-	(9,214,589)	(3,446,598)	15,916,213
<i>Total Fund Balance</i>	<u><u>37,885,351</u></u>	<u><u>60,131,565</u></u>	<u><u>(9,214,589)</u></u>	<u><u>14,246,866</u></u>	<u><u>103,049,193</u></u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u><u>\$ 100,774,254</u></u>	<u><u>\$ 60,528,460</u></u>	<u><u>\$ 9,573,222</u></u>	<u><u>\$ 28,245,667</u></u>	<u><u>\$ 199,121,603</u></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, 2024*

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<b>Total Governmental Fund Balances</b>	\$ 103,049,193
<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.	136,232,428
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Intergovernmental	\$ 13,670,602
Delinquent Property Taxes	8,694,994
Lease Interest	<u>137,153</u>
	22,502,749
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.	1,375,140
Accrued interest payable is not due and payable in the current period and therefore not reported in the funds.	(273,678)
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	9,978,900
Deferred Outflows - Pension	30,324,784
Deferred Outflows - OPEB	6,394,069
Net Pension Liability	<u>(145,104,707)</u>
Net OPEB Liability	(10,427,788)
Deferred Inflows - Pension	(10,595,535)
Deferred Inflows - OPEB	<u>(17,187,703)</u>
	(136,617,980)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:	
General Obligation Bonds	(60,000,000)
Unamortized Bond Premium	(2,910,231)
Bus Acquisition Bonds	(234,000)
Energy Conservation Bonds	(6,728,636)
Tax Anticipation Notes	(2,081,000)
Healthcare Termination Benefits	(1,124,907)
Compensated Absences	<u>(6,726,942)</u>
	<u>(79,805,716)</u>
<i>Net Position of Governmental Activities</i>	<u><u>\$ 46,462,136</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 Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2024*

	General	Building Fund	ESSER Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property and Other Local Taxes	\$ 33,552,558	\$ -	\$ -	\$ 4,341,472	\$ 37,894,030
Intergovernmental	98,540,088	- -	36,528,429	25,821,969	160,890,486
Investment Income	2,851,825	1,042,577	- -	41,967	3,936,369
Tuition and Fees	1,635,933	- -	- -	- -	1,635,933
Extracurricular Activities	119,100	- -	- -	490,698	609,798
Charges for Services	693,553	- -	- -	77,352	770,905
Rent	197,024	- -	- -	155,921	352,945
Contributions and Donations	29,825	- -	- -	143,266	173,091
Miscellaneous	417,781	- -	- -	850	418,631
<i>Total Revenues</i>	<i>138,037,687</i>	<i>1,042,577</i>	<i>36,528,429</i>	<i>31,073,495</i>	<i>206,682,188</i>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	50,713,920	- -	6,052,097	638,211	57,404,228
Special	14,145,444	- -	- -	6,226,714	20,372,158
Vocational	4,506,273	- -	- -	309,128	4,815,401
Adult/Continuing	1,036,837	- -	- -	436,452	1,473,289
Student Intervention Services	- -	- -	- -	184,542	184,542
Other	754,825	- -	- -	23,704	778,529
Support Services:					
Pupils	10,375,589	- -	5,676,783	1,392,136	17,444,508
Instructional Staff	2,645,023	- -	2,067,039	6,747,706	11,459,768
Board of Education	28,070	- -	- -	- -	28,070
Administration	12,050,950	- -	- -	540,288	12,591,238
Fiscal	2,056,287	- -	- -	519,149	2,575,436
Business	236,118	- -	- -	- -	236,118
Operation and Maintenance of Plant	12,994,112	- -	794,942	1,395,437	15,184,491
Pupil Transportation	8,511,513	- -	660,895	458,245	9,630,653
Central	3,539,374	- -	- -	39,434	3,578,808
Operation of Non-Instructional/Shared Services:					
Food Service Operations	- -	- -	- -	7,713,557	7,713,557
Community Services	298,362	- -	1,077,958	1,638,527	3,014,847
Extracurricular Activities	2,218,002	- -	- -	1,754,272	3,972,274
Capital Outlay	382,636	911,428	25,337,752	1,191,409	27,823,225
Debt Service					
Principal Retirement	- -	- -	- -	3,616,000	3,616,000
Interest and Fiscal Charges	- -	- -	- -	3,265,170	3,265,170
<i>Total Expenditures</i>	<i>126,493,335</i>	<i>911,428</i>	<i>41,667,466</i>	<i>38,090,081</i>	<i>207,162,310</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>11,544,352</i>	<i>131,149</i>	<i>(5,139,037)</i>	<i>(7,016,586)</i>	<i>(480,122)</i>
<b>Other Financing Sources (Uses)</b>					
General Obligation Bonds Issued	- -	60,000,000	- -	- -	60,000,000
Premium on Bonds and Notes Issued	- -	- -	- -	2,993,380	2,993,380
Proceeds from Sale of Assets	60,589	- -	- -	- -	60,589
Insurance Recoveries	10,933	- -	- -	21,026	31,959
Transfers In	- -	- -	- -	1,884,011	1,884,011
Transfers Out	(1,271,096)	- -	- -	(612,915)	(1,884,011)
<i>Total Other Financing Sources (Uses)</i>	<i>(1,199,574)</i>	<i>60,000,000</i>	<i>- -</i>	<i>4,285,502</i>	<i>63,085,928</i>
<i>Net Change in Fund Balances</i>	<i>10,344,778</i>	<i>60,131,149</i>	<i>(5,139,037)</i>	<i>(2,731,084)</i>	<i>62,605,806</i>
<i>Fund Balances Beginning of Year, as previously presented</i>	<i>27,540,573</i>	<i>- -</i>	<i>(4,075,552)</i>	<i>16,978,366</i>	<i>40,443,387</i>
<i>Change within Financial Reporting Entity:</i>					
Nonmajor to Major Fund	- -	416	- -	(416)	- -
<i>Fund Balance Beginning of Year, as adjusted</i>	<i>27,540,573</i>	<i>416</i>	<i>(4,075,552)</i>	<i>16,977,950</i>	<i>40,443,387</i>
<i>Fund Balances End of Year</i>	<i>\$ 37,885,351</i>	<i>\$ 60,131,565</i>	<i>\$ (9,214,589)</i>	<i>\$ 14,246,866</i>	<i>\$ 103,049,193</i>

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, 2024*

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**Net Change in Fund Balances - Total Governmental Funds** \$ 62,605,806

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

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

Capital Asset Additions	\$ 29,273,474
Current Year Depreciation	<u>(6,428,969)</u>
	22,844,505

Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (12,612)

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

Intergovernmental	5,529,874
Property Taxes	(1,374,507)
Lease Interest	<u>41,376</u>
	4,196,743

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	3,070,000
Bus Acquisition Bonds	229,000
Tax Anticipation Notes	<u>317,000</u>
	3,616,000

Debt proceeds issued in the governmental funds that increase long-term liabilities in the statement of net position are not reported as revenues.

General Obligation Bonds	(60,000,000)
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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	(197,214)
Amortization of Premium on Bonds	<u>(2,883,707)</u>
	(3,080,921)

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	13,410,163
OPEB	444,968
	13,855,131

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	(13,146,222)
OPEB	<u>1,085,126</u>
	(12,061,096)

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. 313,069

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	49,833
Compensated Absences	32,066
	81,899

*Change in Net Position of Governmental Activities* \$ 32,358,524

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, 2024*

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	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues and Other Financing Sources	\$ 138,270,707	\$ 138,270,707	\$ 137,804,034	\$ (466,673)
Expenditures and Other Financing Uses	<u>134,409,052</u>	<u>134,409,052</u>	<u>129,431,220</u>	<u>4,977,832</u>
Net Change in Fund Balance	3,861,655	3,861,655	8,372,814	4,511,159
<i>Fund Balance Beginning of Year</i>	32,809,297	32,809,297	32,809,297	-
Prior Year Encumbrances Appropriated	<u>4,867,977</u>	<u>4,867,977</u>	<u>4,867,977</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 41,538,929</u></u>	<u><u>\$ 41,538,929</u></u>	<u><u>\$ 46,050,088</u></u>	<u><u>\$ 4,511,159</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  
ESSER Fund*  
*For the Fiscal Year Ended June 30, 2024*

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	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues and Other Financing Sources	\$ 58,452,417	\$ 58,452,417	\$ 39,140,968	\$ (19,311,449)
Expenditures and Other Financing Uses	<u>55,040,191</u>	<u>55,040,191</u>	<u>51,141,387</u>	<u>3,898,804</u>
Net Change in Fund Balance	3,412,226	3,412,226	(12,000,419)	(15,412,645)
<i>Fund Balance Beginning of Year</i>	(28,963,295)	(28,963,295)	(28,963,295)	-
Prior Year Encumbrances Appropriated	<u>25,551,079</u>	<u>25,551,079</u>	<u>25,551,079</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 10</u></u>	<u><u>\$ 10</u></u>	<u><u>\$ (15,412,635)</u></u>	<u><u>\$ (15,412,645)</u></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, 2024*

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	<u>Governmental</u> <u>Activities</u>
	<u>Internal Service</u> <u>Funds</u>
<b>Assets</b>	
<i>Current Assets:</i>	
Equity in Pooled Cash and Investments	<u>\$ 1,573,144</u>
<b>Liabilities</b>	
<i>Current Liabilities:</i>	
Accounts Payable	77,197
Claims Payable	<u>120,807</u>
<b>Total Current Liabilities</b>	<u>198,004</u>
<b>Net Position</b>	
Unrestricted	<u>1,375,140</u>
<b>Total Net Position</b>	<u>\$ 1,375,140</u>

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, 2024*

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	Governmental Activities
	Internal Service Funds
<b>Operating Revenues</b>	
Charges for Services	\$ 890,741
<b>Operating Expenses</b>	
Salaries	35,713
Fringe Benefits	7,350
Purchased Services	451,870
Materials and Supplies	103,285
Change in Workers Comp Estimate	(25,249)
Other	<u>4,703</u>
<i>Total Operating Expenses</i>	<u>577,672</u>
<i>Change in Net Position</i>	313,069
<i>Net Position Beginning of Year</i>	<u>1,062,071</u>
<i>Net Position End of Year</i>	<u>\$ 1,375,140</u>

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, 2024*

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	<u>Governmental Activities</u>
	<u>Internal Service Funds</u>
<b>Cash Flows from Operating Activities</b>	
Cash Received from Interfund Services Provided	\$ 890,741
Cash Payments to Suppliers for Goods and Services	(103,285)
Cash Payments to Employees for Services and Benefits	(50,776)
Cash Payments for Contractual Services	(445,435)
Cash Payments for Claims	(57,940)
<i>Net Cash Provided by Operating Activities</i>	<u>233,305</u>
<i>Net Increase (Decrease) in Cash and Investments</i>	233,305
<i>Cash and Investments Beginning of Year</i>	<u>1,339,839</u>
<i>Cash and Investments End of Year</i>	<u>\$ 1,573,144</u>
 <b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities</b>	
Operating Income (Loss)	\$ 313,069
Adjustments:	
Increase (Decrease) in Liabilities and Deferred Inflows:	
Accounts Payable	11,138
Accrued Wages	(1,258)
Intergovernmental Payable	(1,020)
Claims Payable	(83,189)
Compensated Absences Payable	<u>(5,435)</u>
<i>Net Cash Provided by (Used For) Operating Activities</i>	<u>\$ 233,305</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, 2024*

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	Custodial
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 5,481</u>
<b>Liabilities</b>	
Accounts Payable	5,481
<b>Net Position</b>	
Net Position for Restricted for Individuals, Organizations, and Other Governments	<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, 2024*

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	Custodial
<b>Additions</b>	
Extracurricular Amounts Collected for Other Governments	<u>\$ 87,886</u>
<b>Deductions</b>	
Extracurricular Distributions to Other Governments	<u>87,886</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>

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, 2024*

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## **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.

## **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.

**Canton City School District**  
**Stark County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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### ***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.

***ESSER fund*** The ESSER fund accounts for monies received through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, Coronavirus Response Relief Supplemental Appropriations Act (CRRSAA) and American Rescue Plan Act (ARPA) which provide relief grants to school districts related to the COVID-19 pandemic. Expenditures include, but are not limited to, preparedness and response, training of staff, and purchasing technology.

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.

***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.

**Canton City School District**  
**Stark County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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***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.

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.

**Canton City School District**  
**Stark County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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***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.

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, 2024, but which were levied to finance fiscal year 2025 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).

**Canton City School District**  
**Stark County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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**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 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.

**Canton City School District**  
**Stark County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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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.

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 \$2,851,825, which includes \$1,569,740 assigned from other School District funds. Interest revenue in the general and building funds includes a credit to adjust for fair market value. Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the School District's investment account at fiscal year-end is provided in Note 3.

### ***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

**Canton City School District**  
**Stark County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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### ***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***

Compensated absences of the School District consist of vacation and sick leave liabilities to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the School District and the employee.

In accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, a liability for vacation leave is accrued if a) the employees’ rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for sick leave on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at June 30, 2024 and reduced to the maximum payment allowed by labor contract and/or statute, plus any additional salary related payments.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account “matured compensated absences payable” in the fund from which the employees who have accumulated unpaid leave are paid. The noncurrent portion of the liability is not reported.

### ***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.

**Canton City School District**  
**Stark County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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### ***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.

***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

**Canton City School District**  
**Stark County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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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.

### ***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.

**Canton City School District**  
**Stark County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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### ***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.

### ***Implementation of New Accounting Principles***

For the fiscal year ended June 30, 2024, the School District has implemented certain provisions of GASB Statement No. 99, *Omnibus 2022* and GASB Statement No. 100, *Accounting Changes and Error Corrections*.

GASB Statement No. 99 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of certain provisions of GASB Statement No. 99 that relate to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 did not have an effect on the financial statements of the School District.

GASB Statement No. 100 enhances accounting and financial reporting requirements for accounting changes and error corrections to provide a more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessment accountability. The implementation of GASB Statement No. 100 was incorporated into the financial statements of the School District.

### **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.

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.

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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.

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.

According to State law, public depositories must give security for all public funds on deposit. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by FDIC, or may pledge a pool of government securities valued at least 105 percent of the total value of uninsured public monies on deposit at the institution. Repurchase agreements must be secured by the specific government securities upon which the repurchase agreements are based. These securities must be obligations of or guaranteed by the United States and mature or be redeemable within 5 years of the date of the related repurchase agreement. State law does not require security for public deposits and investments to be maintained in the School District's name. During fiscal year 2024, the School District and public depositories complied with the provisions of these statutes.

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***Cash and Investments with Escrow Agent***

At fiscal year-end, \$5,831,484 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** - Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year-end, \$36,045,505 of the School District's bank balance of \$36,545,505 was exposed to custodial credit risk because it was uninsured and collateralized. The School District's financial institution was approved for a reduced collateral rate of 50 percent through the Ohio Pooled Collateral System.

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

S&P Global Ratings	Investment Type	Measurement Value	Investment Maturity			Percent of Total
			12 Months or Less	12 to 36 Months	More Than 36 Months	
<b>Net Asset Value (NAV):</b>						
N/A	Money Market	\$ 6,099,856	\$ 6,099,856	\$ -	\$ -	6.84%
<b>Fair Value:</b>						
AA+	Federal Agency Securities	28,923,966	6,664,422	17,299,687	4,959,857	32.43%
A-1	Commercial Paper	2,544,550	2,544,550	-	-	2.85%
AA+	US Treasury Notes	45,632,374	30,668,873	11,162,590	3,800,911	51.16%
N/A	Negotiable Certificates of Deposit	5,993,029	4,009,133	1,491,606	492,290	6.72%
<b>Total Investments</b>		<b>\$89,193,775</b>	<b>\$49,986,834</b>	<b>\$29,953,883</b>	<b>\$ 9,253,058</b>	<b>100.00%</b>

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, 2024. 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.

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**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.

**Concentration of Credit Risk** The School District places no limit on the amount the School District may invest in any one issuer. The previous table includes the percentage to total of each investment type held by the School District at June 30, 2024.

## NOTE 4 - INTERFUND TRANSACTIONS

### A. *Interfund Transfers*

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

	Transfers Out	Transfers In
General Fund	\$ 1,271,096	\$ -
Nonmajor Governmental Funds	612,915	1,884,011
<b>Total</b>	<b><u>\$ 1,884,011</u></b>	<b><u>\$ 1,884,011</u></b>

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.

### B. *Interfund Receivable/Payable*

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

Interfund Payable	Interfund Receivable
	General
ESSER Grant	\$ 1,352,399
Nonmajor Special Revenue Funds:	
Public Preschool	67,865
Miscellaneous State Grants	167,925
Adult Basic Education	109,817
21st Century	105,193
IDEA, Part B	68,213
Vocational Education	98,648
Title I School Improvement	33,091
Title III	3,030
Title I Disadvantaged	826,766
Drug Free School	29,638
IDEA, Preschool	1,068
Title II-A	39,156
Miscellaneous Federal Grants	2,114
<b>Total</b>	<b><u>\$ 2,904,923</u></b>

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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 2024 represents collections of calendar year 2023 taxes. Real property taxes received in calendar year 2024 were levied after April 1, 2023, on the assessed value listed as of January 1, 2023, 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.

Public utility property tax revenue received in calendar year 2024 represents collections of calendar year 2023 taxes. Public utility real and tangible personal property taxes received in calendar year 2024 became a lien December 31, 2022, were levied after April 1, 2023 and are collected in 2024 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, 2024, are available to finance fiscal year 2024 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, 2024, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

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

	2023 Second-Half Collections		2024 First-Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 645,742,550	87%	\$ 645,149,490	86%
Public Utility Personal Property	96,517,860	13%	101,722,620	14%
Total Assessed Values	\$ 742,260,410	100%	\$ 746,872,110	100%
Tax rate per \$1,000 of assessed valuation	\$ 82.20		\$ 83.70	

## NOTE 6 - RECEIVABLES

Receivables at June 30, 2024 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.

## NOTE 7 - CAPITAL ASSETS

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

	Balance 6/30/2023	Additions	Reductions	Balance 6/30/2024
<b>Governmental Activities</b>				
<i>Capital Assets, not Being Depreciated</i>				
Land	\$ 6,204,919	\$ -	\$ -	\$ 6,204,919
Construction in Progress	4,823,736	27,091,378	(8,005,938)	23,909,176
<i>Total Capital Assets, not Being Depreciated</i>	<u>11,028,655</u>	<u>27,091,378</u>	<u>(8,005,938)</u>	<u>30,114,095</u>
<i>Capital Assets, Being Depreciated</i>				
Land Improvements	5,731,330	322,554	-	6,053,884
Buildings/Improvements	202,511,715	7,986,582	-	210,498,297
Furniture/Equipment	5,324,281	1,336,401	(117,875)	6,542,807
Vehicles	8,381,941	542,497	(33,863)	8,890,575
<i>Total Capital Assets, Being Depreciated</i>	<u>221,949,267</u>	<u>10,188,034</u>	<u>(151,738)</u>	<u>231,985,563</u>
Less: Accumulated Depreciation				
Land Improvements	(1,950,835)	(241,159)	-	(2,191,994)
Buildings/Improvements	(108,434,910)	(5,172,602)	-	(113,607,512)
Furniture/Equipment	(3,155,633)	(486,663)	117,875	(3,524,421)
Vehicles	(6,036,009)	(528,545)	21,251	(6,543,303)
<i>Total Accumulated Depreciation</i>	<u>(119,577,387)</u>	<u>(6,428,969)</u>	<u>139,126</u>	<u>(125,867,230)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>102,371,880</u>	<u>3,759,065</u>	<u>(12,612)</u>	<u>106,118,333</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 113,400,535</u>	<u>\$ 30,850,443</u>	<u>\$ (8,018,550)</u>	<u>\$ 136,232,428</u>

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\*Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 2,560,455
Special	1,113,914
Vocational	116,088
Adult/Continuing	291
Support Services:	
Pupil	123,146
Instructional Staff	286,045
Administration	211,027
Fiscal	1,601
Business	11,702
Operation and Maintenance of Plant	458,940
Pupil Transportation	458,939
Central	25,033
Operation of Non-Instructional Services	
Food Service Operations	442,686
Community Services	86,470
Extracurricular Activities	<u>532,632</u>
<i>Total Depreciation</i>	<u><u>\$ 6,428,969</u></u>

## NOTE 8 - LONG-TERM OBLIGATIONS

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

	Outstanding 6/30/2023	Additions	Reductions	Outstanding 6/30/2024	Amounts Due in One Year					
<b>Governmental Activities:</b>										
<i>General Obligation Bonds</i>										
School Improvement Bonds, Series 2023										
Serial Bonds	\$ -	\$ 17,275,000	\$ -	\$ 17,275,000	\$ 5,000					
Term Bonds	-	42,725,000	-	42,725,000	-					
Unamortized Bond Premium	-	2,993,380	(83,149)	2,910,231	-					
Serial Refunding Bonds, Series 2015	3,070,000	-	(3,070,000)	-	-					
Unamortized Bond Premium	26,524	-	(26,524)	-	-					
<i>Total General Obligation Bonds</i>	<u>3,096,524</u>	<u>62,993,380</u>	<u>(3,179,673)</u>	<u>62,910,231</u>	<u>5,000</u>					
<i>Direct Placements</i>										
Energy Conservation Bonds	6,728,636	-	-	6,728,636	-					
Bus Acquisition Bond, Series 2020	463,000	-	(229,000)	234,000	234,000					
Tax Anticipation Note, Series 2020	2,398,000	-	(317,000)	2,081,000	325,000					
<i>Total Direct Placements</i>	<u>9,589,636</u>	<u>-</u>	<u>(546,000)</u>	<u>9,043,636</u>	<u>559,000</u>					
<i>Net Pension/OPEB Liability</i>										
Pension	144,936,543	168,164	-	145,104,707	-					
OPEB	8,804,968	1,622,820	-	10,427,788	-					
<i>Total Net Pension/OPEB Liability</i>	<u>153,741,511</u>	<u>1,790,984</u>	<u>-</u>	<u>155,532,495</u>	<u>-</u>					
<i>Healthcare Reimbursement Arrangement Payable</i>										
Compensated Absences	1,174,740	-	(49,833)	1,124,907	66,220					
<i>Total Governmental Activities</i>	<u>\$ 174,366,854</u>	<u>\$ 65,420,977</u>	<u>\$ (4,449,620)</u>	<u>\$ 235,338,211</u>	<u>\$ 1,967,202</u>					
<i>Long-Term Liabilities</i>										

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Compensated absences will be paid from the fund from which the employee is paid which, for the School District, is primarily the general fund and the food service fund (a non-major governmental fund). 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.

*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:

<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:

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<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

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.

*Series 2015 General Obligation Refunding Bonds* On April 17, 2015 the School District issued Series 2015 general obligation refunding bonds in the amount of \$8,950,000 to refund \$9,005,000 of the Series 2005 current interest bonds. The issuance proceeds were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net position. The refunded bonds were called on June 1, 2015.

The refunding issue is comprised of serial bonds, par value \$8,950,000. The average interest rate on the current interest bonds is 5.00 percent.

These refunding bonds were issued with a premium of \$426,647, which was recorded as revenue. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$1,484,599. The issuance resulted in an economic gain of \$1,347,934.

Interest payments on the current interest bonds are due on June 1 and December 1 each year. The bonds matured in fiscal year 2024.

*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 a final maturity date of June 1, 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

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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	448,575
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	-
2025	448,576	-
	<u>\$ 6,728,633</u>	<u>\$ 5,831,484</u>

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.

Principal and interest requirements to retire the debt outstanding at June 30, 2024 are as follows:

Fiscal Year	General Obligation Bonds		Energy Conservation Bond		Bus Acquisition Bonds		Tax Anticipation Note		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 5,000	\$ 2,987,094	\$ -	\$ 365,365	\$ 234,000	\$ 3,767	\$ 325,000	\$ 49,881	\$ 564,000	\$ 3,406,107
2026	5,000	2,986,844	6,728,636	182,682	-	-	333,000	41,327	7,066,636	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
2030-2034	3,140,000	14,345,344	-	-	-	-	370,000	4,810	3,510,000	14,350,154
2035-2039	4,745,000	13,368,469	-	-	-	-	-	-	4,745,000	13,368,469
2040-2044	6,820,000	11,932,844	-	-	-	-	-	-	6,820,000	11,932,844
2045-2049	9,535,000	9,864,037	-	-	-	-	-	-	9,535,000	9,864,037
2050-2054	13,140,000	6,940,796	-	-	-	-	-	-	13,140,000	6,940,796
2055-2059	17,570,000	3,157,299	-	-	-	-	-	-	17,570,000	3,157,299
2060	4,145,000	93,263	-	-	-	-	-	-	4,145,000	93,263
	<u>\$ 60,000,000</u>	<u>\$ 74,592,272</u>	<u>\$ 6,728,636</u>	<u>\$ 548,047</u>	<u>\$ 234,000</u>	<u>\$ 3,767</u>	<u>\$ 2,081,000</u>	<u>\$ 166,413</u>	<u>\$ 69,043,636</u>	<u>\$ 75,310,499</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.”

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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:

Interest Revenue	Fiscal Year	
	Ending	
	6/30/2024	\$ 311,900

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

Fiscal Year	Governmental Activities	
	Principal	Interest
2025	\$ 75,350	\$ 311,900
2026	-	311,900
2027	-	311,900
2028	-	326,070
2029	-	340,240
2030-2034	-	1,701,200
2035-2039	-	1,708,040
2040-2044	-	1,724,000
2045-2049	-	1,775,900
2050-2054	-	1,897,000
2055-2059	-	1,953,700
2060-2064	-	2,086,000
2065-2069	-	2,148,700
2070-2074	-	2,295,000
2075-2079	-	2,363,850
2080-2084	-	2,524,500
2085-2089	-	2,600,250
2090-2094	-	2,777,000
2095-2099	-	2,860,250
2100-2104	854,721	2,199,779
2105-2109	1,913,544	1,232,756
2110-2114	2,839,808	520,692
2115	165,555	2,470
Total	\$ 5,848,978	\$ 35,973,097

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## **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.

### ***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 Beginning of Year	Claims	Payments	Balance at End of Year
2023	\$ 176,435	\$ 27,561	\$ -	\$ 203,996
2024	\$ 203,996	\$ (25,249)	\$ 57,940	\$ 120,807

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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 June 30, 2024.

#### **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.

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) represents the School District's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension 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 this estimate annually.

The Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions/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

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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.

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 statewide, cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability, and survivor benefits, to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit 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, may be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first 30 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 2023.

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**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, 2024, the allocation to pension, death benefits, and Medicare B was 14.0 percent. For fiscal year 2024, the Retirement Board did not allocate any employer contribution to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$3,665,012 for fiscal year 2024. Of this amount, \$344,336 is reported as an intergovernmental payable.

***Plan Description - State Teachers Retirement System (STRS)***

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

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

The DB Plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation is 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. In April 2017, the Retirement Board made the decision to reduce COLA granted on or after July 1, 2017, to 0 percent 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, a one-time 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 one-time ad-hoc COLA of 1 percent 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. Pursuant to Ohio Revised Code 3307.67(E) the STRS Ohio Retirement Board may adjust the COLA upon a determination by the board’s actuary that a change will not materially impair the fiscal integrity of the system or is necessary to preserve the fiscal integrity of the system. Eligibility changes will be phased in until August 1, 2023, when retirement eligibility for unreduced benefits will be five years of service credit and age 65, or 34 years of service credit at any age.

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

The DC Plan allows members to place all 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 50 and after termination of employment.

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

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

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

The School District's contractually required contribution to STRS was \$9,745,151 for fiscal year 2024. Of this amount, \$1,668,390 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an independent actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the employer's share of employer contributions in the pension plan relative to the total employer contributions of all participating employers. Following is information related to the proportionate share and pension expense:

	SERS	STRS	Total
Proportion of the Net Pension Liability:			
Current Measurement Date	0.6263853%	0.51309038%	
Prior Measurement Date	0.6148224%	0.50239106%	
Change in Proportionate Share	<u>0.0115629%</u>	<u>0.01069932%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 34,611,013	\$ 110,493,694	\$ 145,104,707
Pension Expense	\$ 4,106,900	\$ 9,039,322	\$ 13,146,222

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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, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 1,487,659	\$ 4,028,366	\$ 5,516,025
Changes of Assumptions	245,169	9,099,754	9,344,923
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	656,515	1,397,158	2,053,673
School District Contributions Subsequent to the Measurement Date	3,665,012	9,745,151	13,410,163
<b>Total Deferred Outflows of Resources</b>	<b><u>\$ 6,054,355</u></b>	<b><u>\$ 24,270,429</u></b>	<b><u>\$ 30,324,784</u></b>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and Actual Experience	\$ -	\$ 245,190	\$ 245,190
Net Difference between Projected and Actual Earnings on Pension Plan Investments	486,485	331,152	817,637
Changes of Assumptions	-	6,849,498	6,849,498
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	-	2,683,210	2,683,210
<b>Total Deferred Inflows of Resources</b>	<b><u>\$ 486,485</u></b>	<b><u>\$ 10,109,050</u></b>	<b><u>\$ 10,595,535</u></b>

\$13,410,163 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2025	\$ 650,472	\$ (2,527,800)	\$ (1,877,328)
2026	(1,134,144)	(4,137,074)	(5,271,218)
2027	2,360,746	11,324,353	13,685,099
2028	25,784	(243,251)	(217,467)
<b>Total</b>	<b><u>\$ 1,902,858</u></b>	<b><u>\$ 4,416,228</u></b>	<b><u>\$ 6,319,086</u></b>

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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, 2023 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 System 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 two 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 five years and adjusted 103.3 percent for males and set forward three 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.

The long-term return expectation for the Pension Plan Investments has been determined by using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating an arithmetic weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. As of June 30, 2023:

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

**Discount Rate** The total pension liability for 2023 was calculated using the discount rate of 7.00 percent. The discount rate did not use a municipal bond rate. The projection of cash flows used to determine the discount rate assumed employers would contribute the actuarially determined contribution rate of projected compensation over the remaining 21-year amortization period of the unfunded actuarial accrued liability. The actuarially determined contribution rate of fiscal year 2023 was 14.00 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 2023 was 6.90 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 School District's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the School District'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	\$ 51,084,088	\$ 34,611,013	\$ 20,735,587

**Actuarial Assumptions - STRS**

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results used in the June 30, 2023 actuarial valuation 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

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Post-retirement mortality rates for healthy retirees 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.

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

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

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

\*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, 2023. The projection of cash flows used to determine the discount rate assumes that member and employer contributions will be made at the statutory contribution rates in accordance with 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, 2023. Therefore, the long-term expected rate of return on pension plan investments of 7.00 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2023.

**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	\$ 169,914,845	\$ 110,493,694	\$ 60,239,659

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**Assumption and Benefit Changes Since the Prior Measurement Date** Demographic assumptions were changed based on the actuarial experience study for the period July 1, 2015, through June 30, 2021.

#### **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](http://www.ohsers.org) under Employers/Audit Resources.

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund in accordance with the funding policy. For fiscal year 2024, 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 2024, this amount was \$30,000. Statutes provide that no employer shall pay a health care surcharge greater than 2.00 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.50 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2024, the School District's surcharge obligation was \$444,968, which is reported as an intergovernmental payable. The surcharge, added to the allocated

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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 2024.

***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](http://www.strsoh.org) or by calling (888) 227-7877.

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

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

The net OPEB liability (asset) was measured as of June 30, 2023, 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	0.6329672%	0.51309038%	
Prior Measurement Date	0.6271298%	0.50239106%	
Change in Proportionate Share	<u>0.0058374%</u>	<u>0.01069932%</u>	
Proportionate Share of the Net OPEB Liability (Asset)			
OPEB Liability (Asset)	\$ 10,427,788	\$ (9,978,900)	
OPEB Expense	\$ (544,083)	\$ (541,043)	\$ (1,085,126)

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.

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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
<b>Deferred Outflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 21,725	\$ 15,557	\$ 37,282
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	80,819	17,807	98,626
Changes of Assumptions	3,525,942	1,470,036	4,995,978
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	796,113	21,102	817,215
School District Contributions Subsequent to the Measurement Date	444,968	-	444,968
<b>Total Deferred Outflows of Resources</b>	<b><u>\$ 4,869,567</u></b>	<b><u>\$ 1,524,502</u></b>	<b><u>\$ 6,394,069</u></b>
<b>Deferred Inflows of Resources</b>			
Differences between Expected and Actual Experience	\$ 5,378,001	\$ 1,522,047	\$ 6,900,048
Changes of Assumptions	2,961,593	6,583,934	9,545,527
Changes in Proportion and Differences between School District Contributions and Proportionate Share of Contributions	593,147	148,981	742,128
<b>Total Deferred Inflows of Resources</b>	<b><u>\$ 8,932,741</u></b>	<b><u>\$ 8,254,962</u></b>	<b><u>\$ 17,187,703</u></b>

\$444,968 reported as deferred outflows of resources related to OPEB resulting from School District contributions subsequent to the measurement date will be recognized as a reduction/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:			
2025	\$ (1,482,381)	\$ (2,956,416)	\$ (4,438,797)
2026	(1,350,064)	(1,395,942)	(2,746,006)
2027	(773,592)	(527,140)	(1,300,732)
2028	(444,463)	(704,048)	(1,148,511)
2029	(368,178)	(644,356)	(1,012,534)
Thereafter	<u>(89,464)</u>	<u>(502,558)</u>	<u>(592,022)</u>
<b>Total</b>	<b><u>\$ (4,508,142)</u></b>	<b><u>\$ (6,730,460)</u></b>	<b><u>\$ (11,238,602)</u></b>

***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.

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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, 2023, 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 expense
Actuarial Cost Method	Entry Age Normal (Level Percent of Payroll)
Fiduciary Net Position is Projected to be Depleted	2048
Municipal Bond Index Rate	
Measurement Date	3.86 percent
Prior Measurement Date	3.69 percent
Single Equivalent Interest Rate	
Measurement Date	4.27 percent
Prior Measurement Date	4.08 percent
Health Care Cost Trend Rate	
Medicare	5.125 to 4.40 percent
Pre-Medicare	6.75 to 4.40 percent
Medical Trend Assumption	
Measurement Date	6.75 to 4.40 percent
Prior Measurement Date	7.00 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.

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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 capital market assumptions developed by the investment consultant are intended for use over a 10-year horizon and may not be useful in setting the long-term rate of return for funding pension plans which covers a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

The 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, 2023:

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

**Discount Rate** The discount rate used to measure the total OPEB liability at June 30, 2023, was 4.27 percent. The discount rate used to measure total OPEB liability prior to June 30, 2023, was 4.08 percent. The projection of cash flows used to determine the discount rate assumed that contributions will be made from members and the plan 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 2048 by SERS' actuaries. The Fidelity General Obligation 20-year Municipal Bond Index Rate was used in the determination of the single equivalent interest rate for both the June 30, 2022, and the June 30, 2023, total OPEB liability. The Municipal Bond Index rate is the single rate that will generate a present value of benefit payments equal to the sum of the present value determined by the long-term expected rate of return, and the present value determined by discounting those benefits after the date of depletion. The Municipal Bond Index Rate is 3.86 percent at June 30, 2023, and 3.69 percent at June 30, 2022.

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**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 and what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.27 percent) and higher (5.27 percent) than the current discount rate (4.27 percent). Also shown is what the net OPEB liability would be based on health care cost trend rates that are one percentage point lower (5.75 percent decreasing to 3.40 percent) and higher (7.75 percent decreasing to 5.40 percent) than the current rate (6.75 percent decreasing to 4.40 percent).

	Current		
	1% Decrease	Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 13,329,695	\$ 10,427,788	\$ 8,139,515
	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB Liability	\$ 7,660,935	\$ 10,427,788	\$ 14,094,242

**Actuarial Assumptions – STRS**

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

	June 30, 2023	June 30, 2022
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 4.14 percent ultimate	7.50 percent initial 3.94 percent ultimate
Medicare	-10.94 percent initial 4.14 percent ultimate	-68.78 percent initial 3.94 percent ultimate
Prescription Drug		
Pre-Medicare	-11.95 percent initial 4.14 percent ultimate	9.00 percent initial 3.94 percent ultimate
Medicare	1.33 percent initial 4.14 percent ultimate	5.47 percent initial 3.94 percent ultimate

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

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

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

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

\*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, 2023. The projection of cash flows used to determine the discount rate assumed STRS continues to allocate no employer contributions to the health care fund. Based on 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, 2023. 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, 2023.

**Sensitivity of the School District's Proportionate Share of the Net OPEB Asset to Changes in the Discount Rate and Health Care Cost Trend Rate** The following table represents the net OPEB asset as of June 30, 2023, calculated using the current period discount rate assumption of 7.00 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.

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	1% Decrease	Current Discount Rate	1% Increase
School District's Proportionate Share of the Net OPEB (Asset)	\$ (8,445,832)	\$ (9,978,900)	\$ (11,314,038)
	1% Decrease	Current Trend Rate	1% Increase
School District's Proportionate Share of the Net OPEB (Asset)	\$ (11,375,994)	\$ (9,978,900)	\$ (8,296,122)

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

#### **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**

	General	ESSER
GAAP Basis	\$ 10,344,778	\$ (5,139,037)
Net Adjustment for Revenue Accruals	1,165,464	2,612,539
Net Adjustment for Expenditure Accruals	1,309,062	4,586,312
Funds Budgeted Elsewhere **	138,653	-
Adjustment for Encumbrances	<u>(4,585,143)</u>	<u>(14,060,233)</u>
Budget Basis	<u>\$ 8,372,814</u>	<u>\$ (12,000,419)</u>

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\*\* 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.

**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	ESSER	Other Governmental Funds	Total
<b>Nonspendable for:</b>					
Unclaimed Monies	\$ 68,273	\$ -	\$ -	\$ -	\$ 68,273
<b>Restricted for:</b>					
Capital Outlay	- 60,131,565	- -	- -	- -	60,131,565
Debt Service	- -	- -	- -	8,672,388	8,672,388
Food Service Operations	- -	- -	- -	2,427,676	2,427,676
Facilities Maintenance	- -	- -	- -	4,396,873	4,396,873
Other Purposes	- -	- -	- -	2,196,527	2,196,527
<b>Total Restricted</b>	<b>- 60,131,565</b>	<b>- -</b>	<b>- -</b>	<b>17,693,464</b>	<b>77,825,029</b>
<b>Assigned for:</b>					
Instruction	1,181,286	- -	- -	- -	1,181,286
Support Services	1,482,431	- -	- -	- -	1,482,431
Community Services	78	- -	- -	- -	78
Extracurricular	8,000	- -	- -	- -	8,000
Capital Outlay	151,121	- -	- -	- -	151,121
Subsequent Year Appropriations	4,962,645	- -	- -	- -	4,962,645
Other Purposes	463,896	- -	- -	- -	463,896
Adult Education	990,221	- -	- -	- -	990,221
<b>Total Assigned</b>	<b>9,239,678</b>	<b>- -</b>	<b>- -</b>	<b>- -</b>	<b>9,239,678</b>
<b>Unassigned</b>	<b>28,577,400</b>	<b>- -</b>	<b>(9,214,589)</b>	<b>(3,446,598)</b>	<b>15,916,213</b>
<b>Total Fund Balance</b>	<b>\$ 37,885,351</b>	<b>\$ 60,131,565</b>	<b>\$ (9,214,589)</b>	<b>\$ 14,246,866</b>	<b>\$ 103,049,193</b>

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**Fund Deficits**

The following funds had a deficit fund balance as of June 30, 2024:

	<u>Deficit</u>
ESSER	\$ 9,214,589
<b><i>Non-Major Governmental Funds</i></b>	
Public Preschool	238,921
Miscellaneous State Grants	208,408
Adult Basic Education	3,556
21st Century	186,349
IDEA, Part B	17,773
Vocational Education	140,507
Title I, School Improvement Stimulus	147,071
Title III	23,718
Title I, Disadvantaged Children	2,020,568
Drug Free School	231,787
IDEA Preschool	1,435
Improving Teacher Quality	201,867
Miscellaneous Federal Grants	24,638
<b>Total</b>	<b><u>\$ 12,661,187</u></b>

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</u> <u>Improvements</u>
Set-aside Restricted Balance as of June 30, 2023	\$ 0
Current Year Set-aside Requirement	1,649,171
Prior Year Offset from Bond Proceeds	<u>(1,649,171)</u>
<b>Totals</b>	<b>\$ 0</b>
Balance Carried Forward to Fiscal Year 2025	\$ 0
<b>Set-aside Restricted Balance as of June 30, 2024</b>	<b>\$ 0</b>

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

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 \$61,559,628 at June 30, 2024.

## NOTE 17 – CONTINGENCIES AND COMMITMENTS

## ***School Foundation***

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. The Ohio Department of Education and Workforce (DEW) is legislatively required to adjust/reconcile funding as enrollment information is updated by schools throughout the State, which can extend past the fiscal year end. As of the date of this report, additional DEW adjustments for fiscal year 2024 are finalized.

## *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, 2024.

## *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.

## *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	\$ 2,858,276
Building	3,937,954
ESSER	4,240,670
Nonmajor Governmental	1,691,849
	\$ 12,728,749

**Canton City School District**  
**Stark County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2024*

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***Contractual Commitments***

At June 30, 2024, the School District's significant contractual commitments consisted of:

Project	Contract Amount	Amount Paid	Remaining Contract
Mason Middle and Souers Elementary Schools Demolition	\$ 898,360	\$ 650,738	\$ 247,622
Bulldog Activity Center	20,577,628	15,613,304	4,964,324
Crenshaw Middle School Gym Renovation and Addition	9,856,969	4,395,550	5,461,419
Mason Elementary School Construction	1,855,950	88,600	1,767,350
Souers Elementary School Construction	2,395,950	115,600	2,280,350
Timken Black Box Theater	367,069	311,991	55,078
	<b>\$ 35,951,926</b>	<b>\$ 21,175,783</b>	<b>\$ 14,776,143</b>

## Required Supplementary Information

**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*

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b><i>School Employees Retirement System (SERS)</i></b>				
School District's Proportion of the Net Pension Liability	0.6263853%	0.6148224%	0.6031023%	0.5690276%
School District's Proportionate Share of the Net Pension Liability	\$ 34,611,013	\$ 33,254,378	\$ 22,252,726	\$ 37,636,684
School District's Covered Payroll	\$ 24,607,586	\$ 22,931,257	\$ 21,039,486	\$ 20,769,521
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	140.65%	145.02%	105.77%	181.21%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	76.06%	75.82%	82.86%	68.55%
<b><i>State Teachers Retirement System (STRS)</i></b>				
School District's Proportion of the Net Pension Liability	0.51309038%	0.50239106%	0.50352873%	0.51714686%
School District's Proportionate Share of the Net Pension Liability	\$ 110,493,694	\$ 111,682,165	\$ 64,380,674	\$ 125,131,139
School District's Covered Payroll	\$ 70,767,843	\$ 65,576,057	\$ 62,959,557	\$ 62,113,821
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	156.14%	170.31%	102.26%	201.45%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	80.02%	78.90%	87.80%	75.50%

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

See accompanying notes to the required supplementary information.

2020	2019	2018	2017	2016	2015
0.5950928%	0.5797083%	0.5674517%	0.5272593%	0.5371688%	0.5357100%
\$ 35,605,446	\$ 33,200,968	\$ 33,903,986	\$ 38,590,516	\$ 30,651,372	\$ 27,111,978
\$ 20,454,015	\$ 19,270,356	\$ 18,238,557	\$ 17,366,100	\$ 18,086,442	\$ 17,929,300
174.08%	172.29%	185.89%	222.22%	169.47%	151.22%
70.85%	71.36%	69.50%	62.98%	69.16%	71.70%
0.54410810%	0.51369915%	0.51027508%	0.50935338%	0.52570477%	0.53179434%
\$ 120,326,236	\$ 112,950,909	\$ 121,216,939	\$ 170,495,930	\$ 145,289,422	\$ 129,350,788
\$ 63,457,543	\$ 60,201,279	\$ 56,425,443	\$ 54,094,986	\$ 55,545,800	\$ 55,075,962
189.62%	187.62%	214.83%	315.18%	261.57%	234.86%
77.40%	77.31%	75.30%	66.80%	72.10%	74.70%

See accompanying notes to the required supplementary information.

**Canton City School District**  
**Stark County, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Contributions - Pension*  
*Last Ten Fiscal Years*

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b><i>School Employees Retirement System (SERS)</i></b>				
Contractually Required Contribution	\$ 3,665,012	\$ 3,445,062	\$ 3,210,376	\$ 2,945,528
Contributions in Relation to the Contractually Required Contribution	<u>(3,665,012)</u>	<u>(3,445,062)</u>	<u>(3,210,376)</u>	<u>(2,945,528)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 26,178,657	\$ 24,607,586	\$ 22,931,257	\$ 21,039,486
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
<b><i>State Teachers Retirement System (STRS)</i></b>				
Contractually Required Contribution	\$ 9,745,151	\$ 9,907,498	\$ 9,180,648	\$ 8,814,338
Contributions in Relation to the Contractually Required Contribution	<u>(9,745,151)</u>	<u>(9,907,498)</u>	<u>(9,180,648)</u>	<u>(8,814,338)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 69,608,221	\$ 70,767,843	\$ 65,576,057	\$ 62,959,557
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
\$ 2,907,733	\$ 2,761,292	\$ 2,601,498	\$ 2,553,398	\$ 2,431,254	\$ 2,383,793
<u>(2,907,733)</u>	<u>(2,761,292)</u>	<u>(2,601,498)</u>	<u>(2,553,398)</u>	<u>(2,431,254)</u>	<u>(2,383,793)</u>
<u>\$ -</u>					
\$ 20,769,521	\$ 20,454,015	\$ 19,270,356	\$ 18,238,557	\$ 17,366,100	\$ 18,086,442
14.00%	13.50%	13.50%	14.00%	14.00%	13.18%
\$ 8,695,935	\$ 8,884,056	\$ 8,428,179	\$ 7,899,562	\$ 7,573,298	\$ 7,776,412
<u>(8,695,935)</u>	<u>(8,884,056)</u>	<u>(8,428,179)</u>	<u>(7,899,562)</u>	<u>(7,573,298)</u>	<u>(7,776,412)</u>
<u>\$ -</u>					
\$ 62,113,821	\$ 63,457,543	\$ 60,201,279	\$ 56,425,443	\$ 54,094,986	\$ 55,545,800
14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

See accompanying notes to the required supplementary information.

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

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b><i>School Employees Retirement System (SERS)</i></b>				
School District's Proportion of the Net OPEB Liability	0.6329672%	0.6271298%	0.6174570%	0.5845140%
School District's Proportionate Share of the Net OPEB Liability	\$ 10,427,788	\$ 8,804,968	\$ 11,685,874	\$ 12,703,402
School District's Covered Payroll	\$ 24,607,586	\$ 22,931,957	\$ 21,039,486	\$ 20,769,521
School District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	42.38%	38.40%	55.54%	61.16%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	30.02%	30.34%	24.08%	18.17%
<b><i>State Teachers Retirement System (STRS)</i></b>				
School District's Proportion of the Net OPEB Liability/(Asset)	0.51309038%	0.50239106%	0.50352900%	0.51714700%
School District's Proportionate Share of the Net OPEB Liability/(Asset)	\$ (9,978,900)	\$ (13,008,578)	\$ (10,616,496)	\$ (9,088,848)
School District's Covered Payroll	\$ 70,767,843	\$ 65,576,057	\$ 62,959,557	\$ 62,113,821
School District's Proportionate Share of the Net OPEB Liability/(Asset) as a Percentage of its Covered Payroll	-14.10%	-19.84%	-16.86%	-14.63%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	168.52%	230.73%	174.73%	182.10%

(1) Information prior to 2017 is not available.

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

See accompanying notes to the required supplementary information.

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	0.6104260%	0.5909205%	0.5746784%	0.5370888%
\$	15,350,925	\$ 16,393,731	\$ 15,422,858	\$ 15,309,018
\$	20,454,015	\$ 19,270,356	\$ 18,238,557	\$ 17,366,100
	75.05%	85.07%	84.56%	88.15%
	15.57%	13.57%	12.46%	11.49%
	0.54410800%	0.51369915%	0.51027508%	0.50935338%
\$	(9,011,734)	\$ (8,254,621)	\$ 19,909,051	\$ 27,240,351
\$	63,457,543	\$ 60,201,279	\$ 56,425,443	\$ 54,094,986
	-14.20%	-13.71%	35.28%	50.36%
	174.70%	176.00%	47.10%	37.30%

See accompanying notes to the required supplementary information.

**Canton City School District**  
**Stark County, Ohio**  
*Required Supplementary Information*  
*Schedule of the School District's Contributions - OPEB*  
*Last Ten Fiscal Years*

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>
<b><i>School Employees Retirement System (SERS)</i></b>				
Contractually Required Contribution (1)	\$ 444,968	\$ 400,209	\$ 401,717	\$ 376,250
Contributions in Relation to the Contractually Required Contribution	(444,968)	(400,209)	(401,717)	(376,250)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 26,178,657	\$ 24,607,586	\$ 22,931,257	\$ 21,039,486
OPEB Contributions as a Percentage of Covered Payroll (1)	1.70%	1.63%	1.75%	1.79%
<b><i>State Teachers Retirement System (STRS)</i></b>				
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	-	-	-	-
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's Covered Payroll	\$ 69,608,221	\$ 70,767,843	\$ 65,576,057	\$ 62,959,557
OPEB Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%

(1) Includes surcharge

See accompanying notes to the required supplementary information.

2020	2019	2018	2017	2016	2015
\$ 347,292	\$ 477,540	\$ 428,056	\$ 331,704	\$ 283,651	\$ 421,212
<u>(347,292)</u>	<u>(477,540)</u>	<u>(428,056)</u>	<u>(331,704)</u>	<u>(283,651)</u>	<u>(421,212)</u>
<u>\$ -</u>					
\$ 20,769,521	\$ 20,454,015	\$ 19,270,356	\$ 18,238,557	\$ 17,366,100	\$ 18,086,442
1.67%	2.33%	2.22%	1.82%	1.63%	2.33%
 \$ -					
<u>\$ -</u>					
\$ 62,113,821	\$ 63,457,543	\$ 60,201,279	\$ 56,425,443	\$ 54,094,986	\$ 55,545,800
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

See accompanying notes to the required supplementary information.

**Canton City School District**  
**Stark County, Ohio**  
*Notes to the Required Supplementary Information*  
*For the Fiscal Year Ended June 30, 2024*

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## **NOTE 1 - NET PENSION LIABILITY**

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

### ***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 Year 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 were increased from 2.00 percent to 2.50 percent.

For fiscal year 2021, COLA were 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, 2024*

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***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 2022 and 2023</u>	<u>Fiscal Years 2021-2018</u>	<u>Fiscal Years 2017 and Prior</u>
Inflation	2.50%	2.50%	2.75%
Projected Salary Increases	From 2.50% to 8.50% based on age	From 12.50% at age 20 to 2.50% at age 65	From 12.25% at age 20 to 2.75% at age 70
Investment Rate of Return, net of investment expenses, including inflation	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, 2024*

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**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 2023 and 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>Assumption</u>	<u>Fiscal Year</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	3.86%	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	4.27%	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, 2024*

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***Changes in Benefit Terms – STRS***

Effective January 1, 2024, Healthcare trends were updated to reflect emerging claims and recoveries experience as well as benefit changes.

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.

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Canton City School District  
Stark County, Ohio  
Schedule of Expenditures of Federal Awards  
For the Fiscal Year Ended June 30, 2024

<b>Federal Grantor/ Program Title</b>	<b>Federal Number</b>	<b>Year</b>	<b>Expenditures</b>
<b>US Department of Education</b>			
(Direct)			
Student Financial Assistance Cluster:			
Federal Pell Grant Program	84.063	2024	\$ 434,629
Federal Direct Student Loans	84.268	2024	508,178
<b>Total Student Financial Assistance Cluster</b>			<b>942,807</b>
(Passed through the Ohio Department of Education and Workforce)			
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) II	84.425D	2023	6,152,113
COVID-19 American Rescue Plan (ARP) Elementary and Secondary School Emergency Relief (ESSER)	84.425U	2023	4,977,975
COVID-19 American Rescue Plan (ARP) Elementary and Secondary School Emergency Relief (ESSER)	84.425U	2024	26,133,740
COVID-19 American Rescue Plan (ARP) Homeless round 1	84.425W	2023	12,752
COVID-19 American Rescue Plan (ARP) Homeless round 2	84.425W	2023	84,565
COVID-19 American Rescue Plan (ARP) Homeless round 1	84.425W	2024	87,011
COVID-19 American Rescue Plan (ARP) Homeless round 2	84.425W	2024	155,387
<b>Total Education Stabilization Fund (Passed through ODE)</b>			<b>37,603,543</b>
<b>Total Education Stabilization Fund</b>			
Aspire Instructional	84.002A	2023	49,045
Aspire Instructional	84.002A	2024	443,898
Intergated English Literacy and Civics Education/Integrated Education and Training (IELCE/IET)	84.002A	2023	(4,511)
Intergated English Literacy and Civics Education/Integrated Education and Training (IELCE/IET)	84.002A	2024	140,106
<b>Total Adult Education - Basic Grants to States</b>			<b>628,538</b>
Title I-A Improving Basic Programs	84.010A	2023	1,326,176
Title I-A Improving Basic Programs	84.010A	2024	6,971,198
School Quality Improvement	84.010A	2023	6,938
Expanding Opportunities for Each Child Non-Competitive Grant	84.010A	2023	67,775
Expanding Opportunities for Each Child Non-Competitive Grant	84.010A	2024	320,774
Title-I Non-competitive, Supplemental School Improvement	84.010A	2023	168,298
Title-I Non-competitive, Supplemental School Improvement	84.010A	2024	717,754
<b>Total Title I Grants to Local Educational Agencies</b>			<b>9,578,913</b>
<i>Special Education Cluster:</i>			
IDEA-B Special Education	84.027A	2023	380,844
IDEA-B Special Education	84.027A	2024	1,943,806
COVID-19 American Rescue Plan (ARP) IDEA Part B Special Education	84.027X	2023	86,438
Parent Mentor Project (Federal)	84.027A	2024	22,690
<b>Total Special Education Grants to States</b>			<b>2,433,778</b>
IDEA Early Childhood Special Education	84.173A	2023	4,626
IDEA Early Childhood Special Education	84.173A	2024	30,322
COVID-19 ARP IDEA Early Childhood Special Education	84.173X	2023	1,294
<b>Total Special Education Preschool Grants</b>			<b>36,242</b>
<b>Total Special Education Cluster</b>			<b>2,470,020</b>
Carl D. Perkins Secondary	84.048A	2023	36,555
Carl D. Perkins Secondary	84.048A	2024	317,602
Carl D. Perkins Adult	84.048A	2023	11,599
Carl D. Perkins Adult	84.048A	2024	121,210
<b>Total Carl D. Perkins</b>			<b>486,966</b>
McKinney-Vento Homeless Assistance Program	84.196A	2023	28,664
McKinney-Vento Homeless Assistance Program	84.196A	2024	292,131
<b>Total Education for Homeless Children and Youth</b>			<b>320,795</b>
Continued			

Canton City School District  
Stark County, Ohio  
Schedule of Expenditures of Federal Awards For  
the Fiscal Year Ended June 30, 2024 - Continued

21st Century	84.287A	2023	143,121
21st Century	84.287A	2024	474,262
<b>Total Twenty-First Century Community Learning Centers</b>			<b>617,383</b>
 Title II-A Supporting Effective Instruction			186,056
Title II-A Supporting Effective Instruction			680,504
<b>Total Title II-A Supporting Effective Instruction</b>			<b>866,560</b>
 Title III Language Instruction for English Learners			6,884
Title III Language Instruction for English Learners			67,358
Title III Immigrant			10,993
Title III Immigrant			8,282
<b>Total Title III English Language Acquisition State Grants</b>			<b>93,517</b>
 Title IV-A Student Support and Academic Enrichment			107,748
Title IV-A Student Support and Academic Enrichment			524,168
Stronger Connections			66,869
<b>Total Title IV-A Student Support and Academic Enrichment</b>			<b>698,785</b>
 Comprehensive Literacy State Development Subgrant			41,109
Comprehensive Literacy State Development Subgrant			140,825
<b>Total Comprehensive Literacy State Development</b>			<b>181,934</b>
 <b>Total US Department of Education</b>			<b>54,489,761</b>
 <b><u>US Federal Communications Commission</u></b>			
(Direct)			
Emergency Connectivity Fund	32.009	2022	12,630
<b>Total US Department of the Treasury</b>			<b>12,630</b>
 <b><u>US Department of the Treasury</u></b>			
(Passed through the City of Canton)			
Coronavirus State and Local Fiscal Recovery Funds - Promotion of Education and Employment Project	21.027	2022	5,974
Coronavirus State and Local Fiscal Recovery Funds - Volleyball	21.027	2023	12,270
(Passed through the Ohio Facilities Construction Commission)			
Coronavirus State and Local Fiscal Recovery Funds - Ohio Facilities Construction Commission Safety	21.027	2023	645,945
<b>Total Coronavirus State and Local Fiscal Recovery Funds</b>			<b>664,189</b>
<b>Total US Department of the Treasury</b>			<b>664,189</b>
 <b><u>US Department of Agriculture</u></b>			
(Passed through the Ohio Department of Education and Workforce)			
<i>Child Nutrition Cluster:</i>			
Non-Cash Assistance (Food Distribution)			
School Breakfast Program	10.553	2024	117,556
National School Lunch Program	10.555	2024	255,042
Cash Assistance			
School Breakfast Program	10.553	2024	1,875,171
National School Lunch Program	10.555	2024	3,874,138
COVID-19 National School Lunch Program	10.555	2024	194,107
<b>Total Child Nutrition Cluster</b>			<b>6,316,014</b>
<b>Total US Department of Agriculture</b>			<b>6,316,014</b>
<b>Grand Total</b>			<b>\$ 61,482,594</b>

The accompanying notes are an integral part of this schedule.

**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, 2024*

**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, 2024. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the 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 benefitted from the use of those donated food commodities.

Canton City School District  
Stark County  
Notes to the Schedule of Expenditures of Federal Awards  
Page 2

**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 2024 to 2025 programs:

<b>Program Title</b>	<b>ALN</b>	<b>Amount Transferred</b>
Title I-A Improving Basic Programs	84.010A	\$ 230,225
Title II-A Supporting Effective Instruction	84.367A	\$ 12,293
Title III Language Instruction for English Learners	84.365A	\$ 12,602
Title III Immigrant	84.365A	\$ 3
Title IV-A Student Support and Academic Enrichment	84.424A	\$ 46,119
IDEA-B Special Education	84.027A	\$ 1,800,313
IDEA Early Childhood Special Education	84.173A	\$ 389
Comprehensive Literacy State Development Subgrant	84.371C	\$ 65,889
McKinney-Vento Homeless Assistance Program	84.196A	\$ 99,990



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

Canton City School District  
Stark County  
1312 5<sup>th</sup> 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, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 10, 2025.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2024-001 that we consider to be a material weakness.

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

***Report on Compliance and Other Matters***

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

***District's Response to Findings***

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying corrective action plan. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

***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 10, 2025



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

Canton City School District  
Stark County  
1312 5<sup>th</sup> 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, (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, 2024. 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, 2024.

***Basis for Opinion on Each Major Federal Program***

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

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

Canton City School District

Stark County

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

Page 2

### ***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.

Canton City School District

Stark County

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

Page 3

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

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

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

KEITH FABER  
Ohio Auditor of State



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

June 10, 2025

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**CANTON CITY SCHOOL DISTRICT  
STARK COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2024**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Child Nutrition Cluster COVID-19 Elementary & Secondary School Emergency Relief (ESSER) AL#84.425D, 84.425U, 84.425W 21 <sup>st</sup> Century Grant AL#84.287A
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$1,844,478 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	Yes

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

**FINDING NUMBER – 2024-001**

**Financial Reporting - Material Weakness**

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

The following was noted indicating a deficiency in the design, implementation and maintenance of internal controls relevant to preparing and fairly presenting financial statements:

The District improperly excluded amounts received in a prior period when calculating the ESSER grant receivable, resulting in overstatements of Governmental Activities Intergovernmental Receivable and Operating Grants, Contributions and Interest program revenue as well as overstatements of the ESSER Fund Intergovernmental Receivable and Deferred Inflows - Unavailable Revenue totaling \$14,639,631.

Audit adjustments were recorded to correct the financial statements for these errors.

Additional misclassifications were identified; however, they are not material so the Financial Statements were not adjusted to correct for them.

To help ensure the financial statements are presented properly, the District should review the design, implementation and maintenance of internal controls relevant to preparing and fairly presenting financial statements.

**Official's Response:** Refer to the Corrective Action Plan

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

**4. OTHER – FINDINGS FOR RECOVERY**

In addition, we identified the following other issues related to Findings for Recovery. These issues did not impact our GAGAS or Single Audit Compliance and Controls reports.

**Finding for Recovery – Public Money Illegally Expended**  
**FINDING NUMBER 2024-002**

The Assistant Supervisor of Transportation, acting as interim Supervisor of Transportation beginning April 20, 2023, due to unfamiliarity with the requirements of the position and/or failure to perform them, failed to notify the Human Resources (HR) Department of four employees who did not return to their positions for fiscal year 2024.

Due to the fact the District's payroll processing procedures are significantly automated and do not require bi-weekly time sheets or supervisor approval coupled with the failure to notify HR these employees had vacated their positions, the District continued to make bi-weekly payroll payments and awarded an attendance bonus to each of them resulting in the following overpayments:

Name	Position	Pay Type	# of Pays	Amount Per Pay	Total
Huff Jr., Jason	Bus Assistant	Bi-weekly Wages	13	\$ 713.61	\$ 9,276.93
		Attendance Bonus	1	100.00	100.00
				Total	<u>\$ 9,376.93</u>
Kennedy, Kyra	Bus Driver	Bi-weekly Wages	13	\$ 660.79	\$ 8,590.27
		Attendance Bonus	1	100.00	100.00
				Total	<u>\$ 8,690.27</u>
Kent, Jacob	Bus Driver	Bi-weekly Wages	13	\$ 901.81	\$ 11,723.53
		Attendance Bonus	1	100.00	100.00
				Total	<u>\$ 11,823.53</u>
Leasure, Melissa	Bus Driver	Bi-weekly Wages	13	\$ 767.68	\$ 9,979.84
		Attendance Bonus	1	100.00	100.00
				Total	<u>\$ 10,079.84</u>

Ohio Rev. Code § 117.28 requires the Auditor of State to issue a Finding for Recovery when “an audit report sets forth that any public money collected has been illegally expended, or that any public money collected has not been accounted for, or that any public money due has not been collected, or that any public property has been converted or misappropriated...”

Per Ohio Rev. Code § 3313.25(B)(1), a school treasurer shall be liable when a loss of public funds results from the treasurer's negligence or other wrongful act.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code § 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Jason Huff Jr., Kyra Kennedy, Jacob Kent, Melissa Leasure, Jeff Gruber, Treasurer and his bonding company, Liberty Mutual, and Theresa Vazquez, Assistant Transportation Director, for the amounts listed above and in favor of the Canton City School District General Fund.

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## CANTON CITY SCHOOL DISTRICT OFFICE OF THE TREASURER

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

### CORRECTIVE ACTION PLAN 2 CFR § 200.511(c) JUNE 30, 2024

**Finding Number:** 2024-001

**Planned Corrective Action:**

The Canton City School District has historically been directly involved in the calculation of Grants Receivable. For fiscal year 2024, the district's GAAP conversion firm elected to be directly involved in the calculation which resulted in the deficiency.

The Canton City School District will resume full responsibility moving forward.

**Anticipated Completion Date:** 06/30/2025

**Responsible Contact Person:** Jeff Gruber, Treasurer

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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 7/24/2025

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

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