

**AKRON CENTRAL SCHOOL DISTRICT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2024**

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## INDEPENDENT AUDITORS' REPORT

The Board of Education  
Akron Central School District

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities, each major fund, and the remaining fund information of Akron Central School District (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 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 remaining fund information of the District as of June 30, 2024, and the respective changes in financial position and budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

#### *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 Auditors' 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 GAAP, 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 one year beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditors' 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 auditors' 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 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***

GAAP requires that management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the 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 (GASB), who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 financial statements, and other knowledge we obtained during our audit of the 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 accompanying supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the 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 September 25, 2024 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.

A handwritten signature in blue ink that reads "Symaden & McCormick, LLP". The signature is written in a cursive, flowing style.

September 25, 2024

**Management’s Discussion and Analysis (unaudited)**

June 30, 2024

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**Introduction**

Management’s Discussion and Analysis (MD&A) of Akron Central School District (the District) provides an overview of the District’s financial activities and performance for the year ended June 30, 2024. The information contained in the MD&A should be considered in conjunction with the information presented as part of the District’s financial statements that follow. This MD&A, the financial statements, and notes thereto are essential to obtaining a full understanding of the District’s financial position and results of operations. The District’s financial statements have the following components: (1) government-wide financial statements, (2) governmental fund financial statements, (3) reconciliations between the government-wide and governmental fund financial statements, (4) fiduciary fund statements, (5) notes to the financial statements, and (6) supplementary information.

The government-wide financial statements are designed to provide readers with a broad overview of the District’s finances in a manner similar to a private-sector business. The statement of net position presents information on all of the District’s assets and deferred outflows of resources less liabilities and deferred inflows of resources with the difference reported as net position. The statement of activities presents information showing how the District’s net position changed during each year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future periods. The government-wide financial statements present information about the District as a whole. All of the activities of the District are considered to be governmental activities.

Governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of resources available at the end of the year. Such information may be useful in evaluating the District’s near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the District’s near-term financing decisions. The reconciliation portion of the financial statements facilitates the comparison between governmental funds and governmental activities.

Fiduciary funds are used to report fiduciary activities, which includes pension and other postemployment benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The District maintains a custodial fund for student activity accounts. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support District programs.

The notes to the financial statements provide additional information that is essential for a full understanding of the government-wide, governmental fund, and fiduciary fund financial statements.

Supplementary information further explains and supports the financial statements and includes information required by generally accepted accounting principles, the New York State Education Department, and the Federal government.

Condensed Statement of Net Position	2024	2023	Change	
			\$	%
Current and other assets	\$ 27,040,000	\$ 26,373,000	\$ 667,000	2.5%
Capital assets	53,120,000	53,594,000	(474,000)	(0.9%)
<b>Total assets</b>	<b>80,160,000</b>	79,967,000	193,000	0.2%
<b>Deferred outflows of resources</b>	<b>6,848,000</b>	8,396,000	(1,548,000)	(18.4%)
Long-term liabilities	18,136,000	21,975,000	(3,839,000)	(17.5%)
Other liabilities	4,155,000	3,491,000	664,000	19.0%
<b>Total liabilities</b>	<b>22,291,000</b>	25,466,000	(3,175,000)	(12.5%)
<b>Deferred inflows of resources</b>	<b>4,071,000</b>	3,878,000	193,000	5.0%
<b>Net position</b>				
Net investment in capital assets	39,145,000	36,963,000	2,182,000	5.9%
Restricted	18,383,000	16,349,000	2,034,000	12.4%
Unrestricted	3,118,000	5,707,000	(2,589,000)	(45.4%)
<b>Total net position</b>	<b>\$ 60,646,000</b>	\$ 59,019,000	\$ 1,627,000	2.8%

Net position amounted to \$60,646,000 and \$59,019,000 as of June 30, 2024 and 2023, respectively. The largest portion of the District's net position reflects its investment in capital assets consisting of land, buildings and improvements, furniture and equipment, and right-to-use lease assets, less outstanding debt used to acquire those assets. The District uses capital assets to provide services to students; consequently, these assets are not available for future spending.

The District's net position includes resources that are subject to external restrictions on how they may be used, which includes scholarship funds for students and reserves set aside for specific purposes governed by statutory law and regulations. Such items include the retirement contribution reserve, restricted to fund contributions paid by the District for both State-wide retirement systems; the debt service reserve, which is set aside for the repayment of bonds issued to finance capital projects; and an employee benefit accrued liability reserve which must be used to pay employees' accumulated vacation and sick time upon retirement or other separation. Other restricted resources include the capital and workers' compensation reserves, which are similarly restricted for spending as indicated by their names.

Total assets increased by \$193,000 (\$11,726,000 decrease in 2023). Current and other assets increased by \$667,000 and net capital assets decreased by \$474,000 (decreases of \$10,314,000 and \$1,412,000, respectively, in 2023). The increase in current and other assets is primarily due to the increase of cash and investments of \$344,000 and receivables from the federal, state and other governments of \$338,000 due to timing of payments. The capital assets decrease is the result of depreciation and amortization expense exceeding additions.

Long-term liabilities decreased by \$3,839,000 (\$586,000 increase in 2023) due to the required principal repayments on bonds of \$2,515,000 and a decrease in net pension liabilities for the New York State Teachers' Retirement System (TRS) and New York State and Local Employees' Retirement System (ERS) of \$909,000. Other liabilities increased \$664,000 (\$367,000 increase in 2023) due to an increase of \$512,000 in accounts payable at year end due to timing of payments and an increase of \$109,000 in bond anticipation notes.

Changes in deferred outflows and deferred inflows of resources reflect changes in OPEB as well as pension activity at the State level which is required to be reflected on the District's financial statements. Deferred outflows of resources include contributions required to be paid by the District to the State pension systems after the measurement date. Deferred outflows of resources and deferred inflows of resources also reflect variances from actuarial assumptions, actual results of investment earnings compared to projected earnings, and changes of assumptions.

Condensed Statement of Activities	2024	2023	Change	
			\$	%
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 2,258,000	\$ 2,083,000	\$ 175,000	8.4%
Operating and capital grants and contributions	4,671,000	5,013,000	(342,000)	(6.8%)
General revenues				
Real property taxes	10,358,000	10,244,000	114,000	1.1%
Sales tax	1,530,000	1,540,000	(10,000)	(0.6%)
Other	1,361,000	851,000	510,000	59.9%
State aid	18,329,000	17,482,000	847,000	4.8%
Total revenue	<b>38,507,000</b>	37,213,000	1,294,000	3.5%
<b>Expenses</b>				
Instruction	27,604,000	26,964,000	640,000	2.4%
Support services				
General support	5,039,000	4,452,000	587,000	13.2%
Pupil transportation	2,841,000	2,545,000	296,000	11.6%
Food service	1,036,000	982,000	54,000	5.5%
Interest	360,000	444,000	(84,000)	(18.9%)
Total expenses	<b>36,880,000</b>	35,387,000	1,493,000	4.2%
Change in net position	<b>1,627,000</b>	1,826,000	(199,000)	(10.9%)
Net position – beginning	59,019,000	57,193,000	1,826,000	3.2%
<b>Net position – ending</b>	<b>\$ 60,646,000</b>	\$ 59,019,000	\$ 1,627,000	2.8%

District revenues increased by \$1,294,000 in 2024 (increase of \$1,531,000 or 4.3% in 2023). State aid increased \$847,000 (increase of \$743,000 or 4.4% in 2023) primarily due to an increase in general aid and excess cost aid. Other revenues increased \$510,000 (increase of \$341,000 or 66.9% in 2023) primarily due to an increase in interest income of \$483,000.

Total expenses increased by \$1,493,000 compared to an increase of \$5,143,000 or 17.0% in 2023. Payroll expenses increased \$483,000 or 2.9% due to salary increases as required by the District's agreements with bargaining units. Health insurance increased \$295,000 due to an increase in plan premiums. Pension expense increased \$533,000 (\$2,803,000 increase in 2023) largely as a result of amortization increases from TRS deferred outflows of resources, such as accumulated amounts from prior years' investment losses and changes of assumptions.

### Financial Analysis of the District's Funds

Total fund balances for the governmental funds increased from \$22,943,000 to \$22,957,000 as described below:

- On an overall basis, revenues and other financing sources of \$38,897,000 exceeded expenditures of \$38,883,000 resulting in an increase of \$14,000 in fund balances.
- The general fund experienced a net surplus of \$1,502,000 (\$1,335,000 surplus in 2023) for the following reasons:
  - Revenues increased \$2,159,000 (\$657,000 increase in 2023) primarily due to an increase in state aid, interest earnings, and federal grants.
  - Expenditures increased \$1,615,000 (\$1,084,000 increase in 2023) primarily due to increases in payroll expenditures of \$569,000 as discussed above, employee benefits, and other general operating expenditures.
- Spending across all governmental funds increased by \$2,240,000 or 6.1% (\$289,000 or 0.8% decrease in 2023) primarily due to an increase in capital expenditures of \$1,484,000 from 2023, and the increases in general fund expenditures as discussed above.

## General Fund Budgetary Highlights

The final general fund revenue budget was \$33,172,000 with actual revenues amounting to \$34,934,000, a favorable difference of \$1,762,000 or 5.3%. This was primarily caused by more state aid, federal aid, and interest earnings than originally expected. Actual expenditures and carryover encumbrances were less than the final amended budget by \$2,918,000 or 8.9%. This difference is attributable to many factors and many unknown items when the budget is prepared. The District's actual expenditures were primarily under budget in instruction and employee benefits.

## Capital Assets

	2024	2023
Land and land improvements	\$ 5,122,000	\$ 5,122,000
Buildings and improvements	73,094,000	71,739,000
Furniture, equipment, and vehicles	8,883,000	8,500,000
	<u>87,099,000</u>	85,361,000
Accumulated depreciation	<u>(34,711,000)</u>	(32,501,000)
	52,388,000	52,860,000
Right-to-use lease equipment, net	732,000	734,000
	<u>\$ 53,120,000</u>	<u>\$ 53,594,000</u>

The decrease in capital assets in the current year is a result of current year additions of \$2,246,000 offset by depreciation expense, amortization expense, and disposals of \$2,720,000.

## Debt

At June 30, 2024, the District had \$11,945,000 in bonds outstanding, with \$2,630,000 due within one year (\$14,460,000 outstanding at June 30, 2023). Outstanding compensated absences payable were \$1,311,000 with \$393,000 expected to be paid within one year (\$1,323,000 outstanding at June 30, 2023).

Additional information on the District's long-term liabilities can be found in the notes to the financial statements.

## Current Financial Issues and Concerns

Federal revenue sources remain elevated due to pandemic-related funding but are expected to decrease beginning in 2024-2025. The District continues to plan for years when these additional funds are no longer available. School districts in New York State also remain impacted by the political pressures imposed on elected officials in funding of education. Year to year changes in funding levels and State aid formulas complicate this process.

## Contacting the District's Financial Management

This financial report is designed to provide District residents, taxpayers, parents, students, investors, and creditors with a general overview of the District's finances, and to show the District's accountability for the money it receives. For more detailed information, questions may be directed to Paul Kowalski, School Business Executive (716-542-5015).

AKRON CENTRAL SCHOOL DISTRICT

**Statement of Net Position**

June 30, 2024

(With comparative totals as of June 30, 2023)

	2024	2023
<b>Assets</b>		
Cash	\$ 9,910,499	\$ 13,626,368
Due from other governments	1,121,191	814,926
State and federal aid and other receivables	2,539,919	2,508,570
Investments	13,411,594	9,351,606
Inventory	56,750	71,956
Capital assets (Note 4)	88,071,814	86,186,580
Accumulated depreciation and amortization	(34,951,458)	(32,592,686)
<b>Total assets</b>	<b>80,160,309</b>	<b>79,967,320</b>
<b>Deferred Outflows of Resources</b>		
Deferred outflows of resources related to pensions	6,545,878	8,083,219
Deferred outflows of resources related to OPEB	301,836	312,723
<b>Total deferred outflows of resources</b>	<b>6,847,714</b>	<b>8,395,942</b>
<b>Liabilities</b>		
Accounts payable	1,315,723	803,433
Accrued liabilities	72,000	61,000
Due to retirement systems	1,479,450	1,447,428
Bond anticipation notes payable	1,287,723	1,179,088
Long-term liabilities		
Due within one year		
Bonds	2,630,000	2,515,000
Compensated absences	393,255	396,803
Due beyond one year		
Bonds and related premiums	10,057,566	12,936,385
Compensated absences	917,596	925,874
Net pension liability	2,225,123	3,133,968
Total OPEB liability	1,912,044	2,066,748
<b>Total liabilities</b>	<b>22,290,480</b>	<b>25,465,727</b>
<b>Deferred Inflows of Resources</b>		
Deferred inflows of resources related to pensions	1,299,958	861,468
Deferred inflows of resources related to OPEB	2,771,386	3,016,901
<b>Total deferred inflows of resources</b>	<b>4,071,344</b>	<b>3,878,369</b>
<b>Net Position</b>		
Net investment in capital assets	39,145,067	36,963,421
Restricted	18,383,519	16,348,669
Unrestricted	3,117,613	5,707,076
<b>Total net position</b>	<b>\$ 60,646,199</b>	<b>\$ 59,019,166</b>

See accompanying notes.

AKRON CENTRAL SCHOOL DISTRICT

**Statement of Activities**

For the year ended June 30, 2024  
 (With summarized comparative totals for June 30, 2023)

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions	2024	2023
<b>Government activities</b>					
General support	\$ 5,038,923	\$ 2,915	\$ -	\$ (5,036,008)	\$ (4,449,334)
Instruction	27,604,460	2,077,477	3,904,149	(21,622,834)	(20,695,311)
Pupil transportation	2,840,878	-	-	(2,840,878)	(2,544,650)
Interest expense	360,135	-	-	(360,135)	(443,659)
School food service	1,035,525	177,315	766,459	(91,751)	(157,415)
	<u>\$ 36,879,921</u>	<u>\$ 2,257,707</u>	<u>\$ 4,670,608</u>	<u>(29,951,606)</u>	<u>(28,290,369)</u>
<b>General revenues</b>					
				10,357,700	10,243,870
Real property taxes				1,530,406	1,539,990
Sales taxes				1,361,157	850,908
Other				18,329,376	17,481,654
State aid				<u>31,578,639</u>	<u>30,116,422</u>
<b>Total general revenues</b>					
				1,627,033	1,826,053
Change in net position				59,019,166	57,193,113
Net position - beginning				<u>\$ 60,646,199</u>	<u>\$ 59,019,166</u>
<b>Net position - ending</b>					

AKRON CENTRAL SCHOOL DISTRICT

**Balance Sheet - Governmental Funds**

June 30, 2024

(With comparative totals as of June 30, 2023)

	General	Capital Projects	Special Aid	Debt Service	Food Service	Miscellaneous Special Revenue	Total Governmental Funds	
							2024	2023
<b>Assets</b>								
Cash	\$ 8,942,416	\$ -	\$ 58,828	\$ 428,925	\$ 259,867	\$ 220,463	\$ 9,910,499	\$ 13,626,368
Due from other governments	1,121,191	-	-	-	-	-	1,121,191	814,926
State and federal aid and other receivables	1,170,126	-	1,312,474	-	57,319	-	2,539,919	2,508,570
Due from other funds, net	2,580,638	-	-	-	1,951	-	2,582,589	1,574,891
Investments	13,411,594	-	-	-	-	-	13,411,594	9,351,606
Inventory	-	-	-	-	56,750	-	56,750	71,956
<b>Total assets</b>	<b>\$ 27,225,965</b>	<b>\$ -</b>	<b>\$ 1,371,302</b>	<b>\$ 428,925</b>	<b>\$ 375,887</b>	<b>\$ 220,463</b>	<b>\$ 29,622,542</b>	<b>\$ 27,948,317</b>
<b>Liabilities</b>								
Accounts payable	1,145,741	\$ 91,037	\$ 53,086	\$ -	\$ 22,371	\$ 3,488	\$ 1,315,723	\$ 803,433
Due to retirement systems	1,479,450	-	-	-	-	-	1,479,450	1,447,428
Due to other funds, net	-	1,264,373	1,318,216	-	-	-	2,582,589	1,574,891
Bond anticipation notes payable	-	1,287,723	-	-	-	-	1,287,723	1,179,088
<b>Total liabilities</b>	<b>2,625,191</b>	<b>2,643,133</b>	<b>1,371,302</b>	<b>-</b>	<b>22,371</b>	<b>3,488</b>	<b>6,665,485</b>	<b>5,004,840</b>
<b>Fund Balances</b>								
Nonspendable	-	-	-	-	56,750	-	56,750	71,956
Restricted	17,737,619	-	-	428,925	-	216,975	18,383,519	16,348,669
Assigned	1,973,226	-	-	-	296,766	-	2,269,992	2,604,932
Unassigned	4,889,929	(2,643,133)	-	-	-	-	2,246,796	3,917,920
<b>Total fund balances (deficit)</b>	<b>24,600,774</b>	<b>(2,643,133)</b>	<b>-</b>	<b>428,925</b>	<b>353,516</b>	<b>216,975</b>	<b>22,957,057</b>	<b>22,943,477</b>
<b>Total liabilities and fund balances</b>	<b>\$ 27,225,965</b>	<b>\$ -</b>	<b>\$ 1,371,302</b>	<b>\$ 428,925</b>	<b>\$ 375,887</b>	<b>\$ 220,463</b>	<b>\$ 29,622,542</b>	<b>\$ 27,948,317</b>

See accompanying notes.

**Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Position**

June 30, 2024

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**Total fund balances - governmental funds** \$ 22,957,057

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

Capital assets used in governmental activities are not financial resources and are not reported as assets in governmental funds. 53,120,356

The District's proportionate share of net pension position as well as pension-related deferred outflows and deferred inflows of resources are recognized on the government-wide statements and include:

Deferred outflows of resources related to pensions	6,545,878	
Net pension liability	(2,225,123)	
Deferred inflows of resources related to pensions	<u>(1,299,958)</u>	3,020,797

The District's total OPEB liability as well as OPEB-related deferred outflows and deferred inflows of resources are recognized on the government-wide statements and include:

Deferred outflows of resources related to OPEB	301,836	
Total OPEB liability	(1,912,044)	
Deferred inflows of resources related to OPEB	<u>(2,771,386)</u>	(4,381,594)

Certain liabilities are not due and payable currently and therefore are not reported as liabilities of the governmental funds. These liabilities are:

Accrued interest	(72,000)	
Bonds and related premiums	(12,687,566)	
Compensated absences	<u>(1,310,851)</u>	(14,070,417)

**Net position - governmental activities** \$ 60,646,199

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AKRON CENTRAL SCHOOL DISTRICT

**Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Governmental Funds**

For the year ended June 30, 2024

(With summarized comparative totals for June 30, 2023)

	General	Capital Projects	Special Aid	Debt Service	Food Service	Miscellaneous Special Revenue	Total Governmental Funds	
							2024	2023
<b>Revenues</b>								
Real property taxes	\$ 9,334,059	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,334,059	\$ 9,129,395
Real property tax items	1,023,641	-	-	-	-	-	1,023,641	1,114,475
Nonproperty tax items	1,530,406	-	-	-	-	-	1,530,406	1,539,990
Charges for services	2,077,477	-	-	-	-	-	2,077,477	1,795,066
Use of money and property	894,312	-	-	20,269	7,709	8,319	930,609	432,074
Sale of property and compensation for loss	45,274	-	-	-	-	-	45,274	15,168
Miscellaneous	335,605	-	-	-	13,205	47,058	395,868	418,441
State sources	18,329,376	-	991,015	-	249,776	-	19,570,167	18,233,509
Federal sources	1,364,064	-	1,549,070	-	516,683	-	3,429,817	4,260,954
Sales	-	-	-	-	164,110	-	164,110	274,900
<b>Total revenues</b>	<b>34,934,214</b>	<b>-</b>	<b>2,540,085</b>	<b>20,269</b>	<b>951,483</b>	<b>55,377</b>	<b>38,501,428</b>	<b>37,213,972</b>
<b>Expenditures</b>								
General support	4,118,751	-	2,915	-	357,122	56,361	4,535,149	4,040,148
Instruction	17,426,965	-	2,108,273	-	-	-	19,535,238	19,968,170
Pupil transportation	1,469,033	498,679	487,160	-	-	-	2,454,872	1,813,572
Employee benefits	6,856,411	-	-	-	206,850	-	7,063,261	6,587,566
Debt service								
Principal	-	-	-	2,905,044	-	-	2,905,044	2,730,781
Interest	-	-	-	597,954	-	-	597,954	710,478
Cost of sales	-	-	-	-	417,615	-	417,615	403,930
Capital outlay	-	1,355,410	-	-	18,875	-	1,374,285	389,095
<b>Total expenditures</b>	<b>29,871,160</b>	<b>1,854,089</b>	<b>2,598,348</b>	<b>3,502,998</b>	<b>1,000,462</b>	<b>56,361</b>	<b>38,883,418</b>	<b>36,643,740</b>
Excess revenues (expenditures)	5,063,054	(1,854,089)	(58,263)	(3,482,729)	(48,979)	(984)	(381,990)	570,232
<b>Other financing sources (uses)</b>								
Operating transfers	(3,561,261)	-	58,263	3,502,998	-	-	-	-
BANs redeemed from appropriations	-	390,044	-	-	-	-	390,044	370,781
BAN premiums	-	-	-	5,526	-	-	5,526	-
<b>Total other financing sources (uses)</b>	<b>(3,561,261)</b>	<b>390,044</b>	<b>58,263</b>	<b>3,508,524</b>	<b>-</b>	<b>-</b>	<b>395,570</b>	<b>370,781</b>
Net change in fund balances	1,501,793	(1,464,045)	-	25,795	(48,979)	(984)	13,580	941,013
Fund balances (deficit) - beginning	23,098,981	(1,179,088)	-	403,130	402,495	217,959	22,943,477	22,002,464
<b>Fund balances (deficit) - ending</b>	<b>\$ 24,600,774</b>	<b>\$ (2,643,133)</b>	<b>\$ -</b>	<b>\$ 428,925</b>	<b>\$ 353,516</b>	<b>\$ 216,975</b>	<b>\$ 22,957,057</b>	<b>\$ 22,943,477</b>

See accompanying notes.

**Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities**

For the year ended June 30, 2024

**Total net change in fund balances - governmental funds** \$ 13,580

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

Capital outlays are reported in governmental funds as expenditures. In the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense. This is the amount by which depreciation and amortization expense and disposals exceed capital outlays. (473,538)

Pension expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities. These differences are:

2024 TRS and ERS contributions	1,690,232	
2024 ERS accrued contribution	198,271	
2023 ERS accrued contribution	(135,550)	
2024 TRS net pension expense	(2,069,732)	
2024 ERS net pension expense	<u>(750,207)</u>	(1,066,986)

OPEB expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities. 389,332

Payments of long-term liabilities are reported as expenditures in the governmental funds and as a reduction of debt in the statement of net position. 2,515,000

In the statement of activities, certain expenses are measured by the amounts earned during the year.

In the governmental funds these expenditures are reported when paid.

These differences are:

Interest	(11,000)	
Amortization of bond premiums	248,819	
Compensated absences	<u>11,826</u>	249,645

**Change in net position - governmental activities** \$ 1,627,033

AKRON CENTRAL SCHOOL DISTRICT

**Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP) and Actual - General Fund**

For the year ended June 30, 2024

	Budgeted Amounts		Actual (Budgetary Basis)	Encumbrances	Variance with Final Budget Over/(Under)
	Original	Final			
<b>Revenues</b>					
Local sources					
Real property taxes	\$ 9,037,575	\$ 9,037,575	\$ 9,334,059		\$ 296,484
Real property tax items	1,293,200	1,293,200	1,023,641		(269,559)
Nonproperty tax items	1,300,000	1,300,000	1,530,406		230,406
Charges for services	2,482,500	2,482,500	2,077,477		(405,023)
Use of money and property	30,000	30,000	894,312		864,312
Sale of property and compensation for loss	25,000	25,000	45,274		20,274
Miscellaneous	353,500	353,500	335,605		(17,895)
State sources	17,860,091	17,860,091	18,329,376		469,285
Federal sources	790,000	790,000	1,364,064		574,064
Total revenues	33,171,866	33,171,866	34,934,214		1,762,348
<b>Expenditures</b>					
General support					
Board of education	64,800	68,190	61,658	1,170	(5,362)
Central administration	276,469	371,010	296,098	600	(74,312)
Finance	534,583	593,502	506,551	-	(86,951)
Staff	217,360	294,315	267,262	600	(26,453)
Central services	2,997,746	3,016,059	2,711,622	6,530	(297,907)
Special items	277,500	281,199	275,560	-	(5,639)
Instruction					
Instruction, administration, and improvement	1,465,050	1,560,248	1,492,211	1,776	(66,261)
Teaching - regular school	8,545,924	8,541,423	8,111,205	10,500	(419,718)
Programs for children with handicapping conditions	4,864,731	4,852,776	3,943,321	5,850	(903,605)
Occupational education	819,996	837,996	837,756	-	(240)
Teaching - special schools	46,250	49,034	16,442	-	(32,592)
Instructional media	1,452,088	1,451,240	1,346,674	378	(104,188)
Pupil services	1,836,413	1,840,350	1,679,356	677	(160,317)
Pupil transportation	1,692,132	1,691,275	1,469,033	1,191	(221,051)
Employee benefits	7,759,625	7,374,050	6,856,411	3,954	(513,685)
Total expenditures	32,850,667	32,822,667	29,871,160	33,226	(2,918,281)
Excess revenues (expenditures)	321,199	349,199	5,063,054	(33,226)	4,680,629
<b>Other financing sources (uses)</b>					
Operating transfers out	(3,545,592)	(3,573,592)	(3,561,261)		(12,331)
Appropriated fund balance, reserves, and carryover encumbrances	3,224,393	3,224,393	-		(3,224,393)
Total other financing sources (uses)	(321,199)	(349,199)	(3,561,261)		(3,212,062)
Excess revenues (expenditures) and other financing sources (uses)	\$ -	\$ -	\$ 1,501,793	\$ (33,226)	\$ 1,468,567

AKRON CENTRAL SCHOOL DISTRICT

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**Statement of Fiduciary Net Position - Custodial Fund**

June 30, 2024

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**Assets**

Cash \$ 73,283

**Liabilities**

Accounts payable 1,319

**Net Position**

Extraclassroom activity balances \$ 71,964

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AKRON CENTRAL SCHOOL DISTRICT

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**Statement of Changes in Fiduciary Net Position - Custodial Fund**

For the year ended June 30, 2024

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**Additions**

Student activity additions \$ 103,849

**Deductions**

Student activity deductions 110,085

Change in net position (6,236)

Net position - beginning 78,200

**Net position - ending** \$ 71,964

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## Notes to Financial Statements

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### 1. Summary of Significant Accounting Policies

#### Reporting Entity

Akron Central School District (the District) is governed by Education and other laws of the State of New York (the State). The District's Board of Education has responsibility and control over all activities related to public school education within the District. The District's Superintendent is the chief executive officer, and the President of the Board serves as the chief fiscal officer. The Board members are elected by the public and have decision-making authority, the power to designate management, the ability to influence operations, and the primary accountability for fiscal matters.

The District provides education and support services such as administration, transportation, and plant maintenance. The District receives funding from local, state, and federal sources and must comply with requirements of these funding sources. However, the District is not included in any other governmental reporting entity as defined by accounting principles generally accepted in the United States of America (GAAP), nor does it contain any component units.

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

#### Joint Venture

The District is one of 19 participating school districts in the Erie 1 Board of Cooperative Educational Services (BOCES). Formed under §1950 of Education Law, a BOCES is a voluntary cooperative association of school districts in a geographic area that shares planning, services, and programs, and also provides educational and support activities. There is no authority or process by which the District can terminate its status as a component of BOCES.

The component school district boards elect the members of the BOCES governing body. There are no equity interests, and no single participant controls the financial or operating policies. BOCES may also contract with other municipalities on a cooperative basis under State General Municipal Law.

A BOCES' budget is comprised of separate spending plans for administrative, program, and capital costs. Each component school district shares in administrative and capital costs determined by its enrollment. Participating districts are charged a service fee for programs in which students participate, and for other shared contracted administrative services. Participating districts may also issue debt on behalf of BOCES; there is no such debt issued by the District.

During the year ended June 30, 2024, the District was billed \$3,655,000 for BOCES administrative and program costs and recognized \$196,000 in revenue as a refund from prior year expenditures. Audited financial statements are available from BOCES' administrative offices.

#### Risk Management

The District participates in the New York State Public Schools Statewide Workers' Compensation Self-Insurance Trust and the NY44 Health Benefits Plan Trust, which are public entity risk pools. These plans are designed to provide workers' compensation and health insurance coverage for participating entities. These activities are further discussed in Note 9.

## Basis of Presentation

*Government-Wide Statements:* The statement of net position and the statement of activities display financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize double counting of internal activities. These statements are required to distinguish between *governmental* and *business-type* activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The District does not maintain any business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or are clearly identifiable to a particular function. Indirect expenses relate to the administration and support of the District's programs, including personnel, overall administration, and finance. Employee benefits are allocated to functional expenses as a percentage of related payroll expense.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational requirements of a particular program, and (c) capital grants and contributions limited to the purchase or construction of specific capital assets, if any. Revenues that are not classified as program revenues, including all taxes and state aid, are presented as general revenues.

*Fund Financial Statements:* The fund financial statements provide information about the District's funds. Separate statements for each fund category – *governmental and fiduciary* – are presented. The emphasis of the fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major funds:

- *General fund.* This is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- *Capital projects fund.* This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- *Special aid fund.* This fund is used to account for the proceeds of specific revenue sources – other than expendable trusts or major capital projects – such as federal, state, and local grants and awards that are restricted or committed to expenditure for specific purposes. Either governments or other third parties providing the grant funds impose these restrictions.

The District also elected to display the following as major funds:

- *Debt service fund.* This fund is used to account for resources that are restricted to expenditure for principal and interest.
- *Food service fund.* This fund is a special revenue fund whose specific revenue sources, including free and reduced meal subsidies received from state and federal programs, are assigned to the operation of the District's breakfast and lunch programs.
- *Miscellaneous special revenue fund.* This fund is used to account for resources that are restricted to student scholarships. Donations are made by third parties and District personnel manage the funds and assist with determination of scholarship recipients.

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report fiduciary activities, which may include pension and other postemployment benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The District maintains a custodial fund for its student activity accounts.

The financial statements include certain prior year summarized comparative information in total but not by separate governmental activities and major funds. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2023, from which the summarized information was derived.

### **Basis of Accounting and Measurement Focus**

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District receives value directly without giving equal value in exchange, include property and sales taxes, grants, and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within ninety days after year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset purchases are reported as expenditures in governmental funds. Proceeds of long-term liabilities are reported as other financing sources.

Under the terms of grant agreements, revenues are recognized to the extent of program expenditures. Amounts received in advance of the expenditures are considered unearned and reported as revenue when the expense is incurred.

### **Estimates**

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

### **Property Taxes**

The District levies real property taxes no later than September 1. For the year ended June 30, 2024, the tax lien was issued on August 9, 2023 for collection from September 15 through November 15, 2023 for Niagara and Genesee Counties and November 30, 2023 for Erie County. Thereafter, uncollected amounts became the responsibility of the respective counties and were submitted to the District by April 1<sup>st</sup> of the following year as required by law.

### **Budget Process, Amendments, and Encumbrances**

District administration prepares a proposed budget for the general fund requiring approval by the Board. A public hearing is held upon completion and filing of the tentative budget. Subsequently, the budget is adopted by the Board. The proposed budget is then presented to voters of the District. The budget for the fiscal year beginning July 1, 2023 was approved by a majority of the voters in a general election held on May 16, 2023.

Annual appropriations are adopted and employed for control of the general fund. These budgets are adopted on a GAAP basis under the modified accrual basis of accounting. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations authorized for the current year may be increased by the planned use of specific restricted, committed, and assigned fund balances and subsequent budget amendments approved by the Board as a result of new revenue sources not included in the original budget.

Major capital expenditures are subject to individual project budgets based on the cost of the project and external financing rather than annual appropriations. For the capital projects fund, these budgets do not lapse at year end and are carried over to the completion of the project.

Encumbrance accounting is used to assure budgetary control over commitments related to unperformed (executory) contracts for goods or services outstanding at the end of the year. Encumbrances are budgetary expenditures in the year committed and again in the subsequent period when the expenditure is paid. All budget appropriations that are unencumbered lapse at the end of the fiscal year. Encumbrances outstanding at year end are presented for GAAP-related purposes as committed or assigned fund balances and do not constitute expenditures or liabilities. At July 1, encumbrances carried forward from the prior year are reestablished as budgeted appropriations.

**Cash and Investments**

Cash and investment management is governed by State laws and as established in the District’s written policies. Cash must be deposited in FDIC-insured commercial banks or trust companies located within the State. The District’s banking policies permit the Treasurer to use demand and time accounts, certificates of deposit, obligations of the United States Treasury and its Agencies, and obligations of the State or its localities, including those held under repurchase agreements or in external investment pools.

Investments include certificates of deposit and obligations of the United States Treasury with original maturities greater than 90 days.

Custodial credit risk is the risk that in the event of a bank failure the District’s deposits may not be returned to it. Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. At June 30, 2024, the District’s bank deposits were fully collateralized by FDIC coverage and securities held by the pledging institutions’ agents in the District’s name.

**Inventory**

Inventory consists of food and similar goods related to food service operations and is recorded at the lower of first-in, first-out cost or net realizable value. Donated commodities are stated at values which approximate market.

**Capital Assets**

Capital assets are reported at actual or estimated historical cost based on appraisals. Contributed assets are recorded at fair value when received. Depreciation and amortization are provided in the government-wide statements over estimated useful lives using the straight-line method. Maintenance and repairs are expensed as incurred; significant improvements are capitalized.

Capitalization thresholds for determining which assets are added to capital accounts and the estimated useful lives of capital assets are:

	Capitalization Policy	Estimated Useful Life in Years
Land improvements	\$ 5,000	30
Buildings and improvements	\$ 10,000	50
Vehicles	\$ 1,000	8
Furniture and equipment	\$ 1,000	5-20

## **Bond Premiums**

Premiums received upon the issuance of debt are included as other financing sources in the governmental funds statements when issued. In the government-wide statements, premiums are recognized with the related debt issue and amortized on a straight-line basis as a component of interest expense over the life of the related obligation.

## **Pensions**

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS) (the Systems), as mandated by State law. The Systems recognize benefit payments when due and payable in accordance with benefit terms; investment assets are reported at fair value. On the government-wide statements, the District recognizes its proportionate share of net pension position, deferred outflows and deferred inflows of resources, pension expense (revenue), and information about and changes in the fiduciary net position on the same basis as reported by the respective defined benefit pension plans.

## **Other Postemployment Benefits (OPEB)**

On the government-wide statements, the total OPEB liability, deferred outflows and deferred inflows of resources, and OPEB expense for the District's defined benefit healthcare plan (Note 8) have been measured on the same basis as reported by the plan. Benefit payments are due and payable in accordance with benefit terms.

## **Compensated Absences**

The liability for compensated absences reported in the government-wide financial statements consists of unpaid accumulated sick and vacation time. The liability has been calculated using the vesting method, in which leave amounts for both employees currently eligible to receive payments and those expected to become eligible to receive such payments are included. Sick pay is accrued on the basis of negotiated contracts with administrators and employee groups which provide for the payment of accumulated sick time or the option of converting this amount to provide for payment of health insurance at retirement until exhausted.

The government-wide financial statements reflect the entire liability, while in the governmental funds financial statements, only the amount of matured liabilities is accrued based on expendable available financial resources.

## **Equity Classifications**

### **Government-Wide Statements**

The District is required to classify net position into three categories:

- *Net investment in capital assets* – consists of capital assets, net of accumulated depreciation and amortization, reduced by outstanding balances of any related debt obligations that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – consists of restricted assets reduced by related liabilities and deferred inflows of resources. Restrictions are imposed by external organizations such as federal or state laws or the terms of the District's bonds.
- *Unrestricted* – the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position and therefore are available for general use by the District.

## Governmental Fund Statements

The District considers unrestricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, unless the use of the restricted amount was appropriated in the current year's budget. Within unrestricted fund balance, the District considers committed, assigned, then unassigned resources to have been spent when an expenditure is incurred for which amounts in any of those fund balance classifications could be used.

Fund balance is categorized as follows:

Nonspendable:	
Inventory	\$ 56,750
Restricted:	
Capital	9,540,182
Debt service	428,925
Employee benefit accrued liability	1,338,640
Retirement contribution	5,861,252
Workers' compensation	997,545
Scholarships	216,975
Assigned:	
Designated for subsequent year	1,940,000
Encumbrances	33,226
Food service	296,766
Unassigned	2,246,796
	<u>\$ 22,957,057</u>

Nonspendable fund balances represent resources that cannot be spent as they are not expected to be converted to cash.

Restricted fund balances generally result from reserves created by the State of New York Legislature and included in General Municipal Law, State Education Law, or Real Property Tax Law as authorized for use by the Board of Education. Certain reserves may require voter approval for their establishment and/or use. Earnings on invested resources are required to be added to the various reserves.

Fund balance restrictions include scholarships donated to the District by third parties for the benefit of students and the following reserves:

- *Capital* – is used to accumulate funds to finance all or a portion of future capital projects for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve. In 2017 and 2023, voters approved capital reserves totaling \$17,500,000, which have been funded \$11,500,000. Amounts remaining and available for use in the general fund at June 30, 2024 total \$9,540,182.
- *Debt service* – is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations (including bond premiums), and remaining bond proceeds not needed for their original purpose as required under §165 of Finance Law. This reserve must be used to pay the debt service obligations for which the original money was generated.
- *Employee benefit accrued liability* – is used to account for the payment of accumulated vacation and sick time due upon termination of an employee's services. It is established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.
- *Retirement contribution* – is used to finance retirement contributions payable to TRS and ERS. Funding specific for TRS is limited to 2% annually of eligible salaries up to a maximum reserve of 10% of eligible salaries. At June 30, 2024, the retirement contribution reserve includes \$1,152,546 for TRS and \$4,708,706 for ERS.
- *Workers' compensation* – is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this program.

Committed fund balances are authorized by the Board of Education as recommended by the District’s management prior to the end of the fiscal year, although funding of the commitment may be established subsequent to year end.

Assigned fund balances include the planned use of existing fund balance to offset the subsequent year’s tax levy. Additionally, the Board of Education has given the District’s management the authority to assign fund balances for specific purposes that are neither restricted nor committed.

**Interfund Balances**

The operations of the District include transactions between funds including resources for cash flow purposes. These interfund receivables and payables are repaid within one year. Permanent transfers of funds provide financing or other services.

In the government-wide statements, the amounts reported on the statement of net position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to fiduciary funds.

Interfund receivables and payables are netted on the accompanying governmental funds balance sheet as the right of legal offset exists. It is the District’s practice to settle these amounts at the net balances due between funds.

**2. Stewardship and Compliance**

The District’s unassigned fund balance in the general fund exceeds 4% of the 2025 budget, which is a limitation imposed by New York State Real Property Tax Law §1318.

The capital projects fund’s deficit fund balance of \$2,643,133 will be funded when bond anticipation notes are redeemed from subsequent budget appropriations or converted to permanent financing.

**3. Interfund Transactions – Fund Financial Statements**

Fund	Receivable	Payable	Transfers	
			In	Out
General	\$ 2,582,589	\$ 1,951	\$ -	\$ 3,561,261
Capital projects	-	1,264,373	-	-
Special aid	-	1,318,216	58,263	-
Debt service	-	-	3,502,998	-
Food service	1,951	-	-	-
	<u>\$ 2,584,540</u>	<u>\$ 2,584,540</u>	<u>\$ 3,561,261</u>	<u>\$ 3,561,261</u>

The District’s general fund provides cash flow to the various other funds; these amounts are repaid in the subsequent year when funds are received from the State after final expenditure reports have been submitted and approved or when permanent financing is obtained. The general fund made permanent transfers to the special aid fund to cover its share of costs related to the summer school handicap program and to the debt service fund for the District’s annual debt payments.

#### 4. Capital Assets

	July 1, 2023	Increases	Retirements/ Reclassifications	June 30, 2024
<b>Non-depreciable and non-amortizable capital assets:</b>				
Land	\$ 217,389	\$ -	\$ -	\$ 217,389
<b>Depreciable capital assets:</b>				
Land improvements	4,904,560	-	-	4,904,560
Buildings and improvements	71,738,772	1,355,410	-	73,094,182
Vehicles	3,443,651	557,574	(293,380)	3,707,845
Furniture and equipment	5,056,222	170,670	(51,397)	5,175,495
Total depreciable assets	85,143,205	2,083,654	(344,777)	86,882,082
<b>Accumulated depreciation:</b>				
Land improvements	(2,496,988)	(191,678)	-	(2,688,666)
Buildings and improvements	(24,924,318)	(1,728,310)	-	(26,652,628)
Vehicles	(1,839,360)	(320,795)	293,380	(1,866,775)
Furniture and equipment	(3,240,595)	(314,279)	51,397	(3,503,477)
Total accumulated depreciation	(32,501,261)	(2,555,062)	344,777	(34,711,546)
Total depreciable assets, net	52,641,944	(471,408)	-	52,170,536
<b>Right-to-use lease assets:</b>				
Equipment	825,986	163,070	(16,713)	972,343
Accumulated amortization	(91,425)	(165,200)	16,713	(239,912)
Total right-to-use assets, net	734,561	(2,130)	-	732,431
	\$ 53,593,894	\$ (473,538)	\$ -	\$ 53,120,356

Depreciation and amortization expense has been allocated to the following functions: general support \$286,567, instruction \$2,167,140, pupil transportation \$213,492, and food service \$53,063.

As of June 30, 2024, net investment in capital assets consists of the following:

Capital assets, net of accumulated depreciation and amortization	\$ 53,120,356
Bond anticipation notes payable	(1,287,723)
Bonds and related premiums	(12,687,566)
	<u>\$ 39,145,067</u>

#### 5. Short-Term Debt

Bond anticipation notes (BANs) outstanding at June 30, 2024 amounted to \$1,287,723 (\$1,179,088 as of June 30, 2023) and carry interest at 4.50% (2.91% as of June 30, 2023). In 2024, BANs of \$390,044 were redeemed from appropriations and \$1,287,723 were issued to provide \$498,679 of additional capital project funding and to refinance \$789,044 of existing BANs. Subsequent to June 30, 2024, the District issued BANs of \$1,398,203 to finance bus purchases and to refinance a portion of existing BANs.

## 6. Long-Term Liabilities

	July 1, 2023	Increases	Decreases	June 30, 2024	Amount Due in One Year
Serial bonds	\$ 14,460,000	\$ -	\$ 2,515,000	\$ 11,945,000	\$ 2,630,000
Bond premiums	991,385	-	248,819	742,566	-
Compensated absences	1,322,677	-	11,826	1,310,851	393,255
	<u>\$ 16,774,062</u>	<u>\$ -</u>	<u>\$ 2,775,645</u>	<u>\$ 13,998,417</u>	<u>\$ 3,023,255</u>

## Existing Obligations

Description	Maturity	Rate	Balance
Refunding bonds 2017	June 2025	1.0%-5.0%	\$ 1,750,000
DASNY bonds 2017	June 2032	3.0%-5.0%	3,825,000
Serial bonds 2022	December 2035	2.5%-3.0%	6,370,000
			<u>\$ 11,945,000</u>

## Debt Service Requirements

Years ending June 30,	Principal	Interest
2025	\$ 2,630,000	\$ 449,238
2026	910,000	329,238
2027	950,000	295,425
2028	980,000	260,050
2029	1,015,000	223,425
2030-2034	4,265,000	535,875
2035-2036	1,195,000	36,075
	<u>\$ 11,945,000</u>	<u>\$ 2,129,326</u>

## 7. Pension Plans

The District participates in the following cost-sharing, multiple employers, public employee retirement systems:

- TRS is administered by the New York State Teachers' Retirement Board and provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained from the New York State Teachers' Retirement System at [www.nystrs.org](http://www.nystrs.org).
- ERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute and provide benefits to employees. ERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained from the New York State and Local Retirement System at [www.osc.state.ny.us/retire](http://www.osc.state.ny.us/retire).

*Benefits:* The Systems provide retirement, disability, and death benefits for eligible members, including automatic cost of living adjustments. In general, retirement benefits are determined based on an employee's individual circumstances using a pension factor, an age factor, and final average salary. The benefits vary depending on the individual's employment tier. Pension factors are determined based on tier and an employee's years of service, among other factors.

*Contribution Requirements:* No employee contribution is required for those hired prior to July 1976. The Systems require employee contributions of 3% of salary for the first 10 years of service for those employees who joined the Systems from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3.5% (TRS) or 3% (ERS) of compensation throughout their active membership in the Systems. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. Pursuant to Article 11 of Education Law, an actuarially determined contribution rate is established annually for TRS by the New York State Teachers' Retirement Board. This rate was 9.76% for 2024. For ERS, the Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the District to the pension accumulation fund. For 2024, these rates ranged from 9.6% - 15.0%.

The amount outstanding and payable to TRS for the year ended June 30, 2024 was \$1,180,396. A liability to ERS of \$198,271 is accrued based on the District's legally required contribution for employee services rendered from April 1 through June 30, 2024.

**Net Pension Position, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources**

At June 30, 2024, the District reported a liability of \$736,959 for its proportionate share of the TRS net pension position and a liability of \$1,488,164 for its proportionate share of the ERS net pension position.

The TRS total pension liability at the June 30, 2023 measurement date was determined by an actuarial valuation as of June 30, 2022, with update procedures applied to roll forward the total pension liability to June 30, 2023. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to TRS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At June 30, 2023, the District's proportion was 0.064443%, a decrease of 0.00008 from its proportion measured as of June 30, 2022.

The ERS total pension liability at the March 31, 2024 measurement date was determined by an actuarial valuation as of April 1, 2023, with update procedures applied to roll forward the total pension liability to March 31, 2024. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At March 31, 2024, the District's proportion was 0.0101070%, an increase of 0.0012661 from its proportion measured as of March 31, 2023.

For the year ended June 30, 2024, the District recognized net pension expense of \$2,819,939 on the government-wide statements (TRS expense of \$2,069,732 and ERS expense of \$750,207). At June 30, 2024, the District reported deferred outflows and deferred inflows of resources as follows:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,786,929	\$ (4,416)	\$ 479,336	\$ (40,578)
Changes of assumptions	1,586,650	(345,802)	562,641	-
Net difference between projected and actual earnings on pension plan investments	376,719	-	-	(726,955)
Changes in proportion and differences between contributions and proportionate share of contributions	53,294	(152,860)	321,642	(29,347)
District contributions subsequent to the measurement date	1,180,396	-	198,271	-
	<u>\$ 4,983,988</u>	<u>\$ (503,078)</u>	<u>\$ 1,561,890</u>	<u>\$ (796,880)</u>

District contributions subsequent to the measurement date will be recognized as an addition to (a reduction of) the net pension asset (liability) in the subsequent year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30,	TRS	ERS
2025	\$ 275,941	\$ (178,850)
2026	(394,059)	369,729
2027	2,932,836	489,130
2028	207,997	(113,270)
2029	167,197	-
Thereafter	110,602	-
	\$ 3,300,514	\$ 566,739

**Actuarial Assumptions**

For TRS, the actuarial assumptions used in the June 30, 2022 valuation, with update procedures used to roll forward the total pension liability to June 30, 2023, were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020. These assumptions are:

- Inflation* – 2.4%
- Salary increases* – Based on TRS member experience, dependent on service, ranging from 1.95%-5.18%
- Projected Cost of Living Adjustments (COLA)* – 1.3% compounded annually
- Investment rate of return* – 6.95% compounded annually, net of investment expense, including inflation
- Mortality* – Based on TRS member experience, with adjustments for mortality improvements based on Society of Actuaries’ Scale MP-2021, applied on a generational basis
- Discount rate* – 6.95%

The long-term expected rate of return on TRS pension plan investments was determined in accordance with Actuarial Standard of Practice No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

For ERS, the actuarial assumptions used in the April 1, 2023 valuation, with update procedures used to roll forward the total pension liability to March 31, 2024, were based on the results of an actuarial experience study for the period April 1, 2015 to March 31, 2020. These assumptions are:

- Inflation* – 2.9%
- Salary increases* – 4.4%
- COLA* – 1.5% annually
- Investment rate of return* – 5.9% compounded annually, net of investment expense, including inflation
- Mortality* – Society of Actuaries’ Scale MP-2021
- Discount rate* – 5.9%

The long-term expected rate of return on ERS pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

## Investment Asset Allocation

Best estimates of arithmetic real rates of return (net of the long-term inflation assumption) for each major asset class and the Systems' target asset allocations as of the applicable valuation dates are summarized as follows:

Asset Class	TRS		ERS	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	33%	6.8%	32%	4.0%
Global and international equities	19%	7.2%-7.6%	15%	6.7%
Private equities	9%	10.1%	10%	7.3%
Real estate equities	11%	6.3%	9%	4.6%
Domestic fixed income securities	16%	2.2%	23%	1.5%
Global fixed income securities	2%	1.6%	-	-
Bonds and mortgages	6%	3.2%	-	-
Short-term	1%	0.3%	1%	0.3%
Other	3%	4.4%-6.0%	10%	5.3%-5.8%
	<u>100%</u>		<u>100%</u>	

## Discount Rate

The discount rate projection of cash flows assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Systems' fiduciary net position was projected to be available to make all projected 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 benefit payments to determine the total pension liability.

The following presents the District's proportionate share of its net pension position calculated using the discount rate of 6.95% (TRS) and 5.9% (ERS) and the impact of using a discount rate that is 1% higher or lower than the current rate.

	At Current		
	1.0% Decrease	Discount Rate	1.0% Increase
District's proportionate share of the TRS net pension asset (liability)	\$ (11,224,257)	\$ (736,959)	\$ 8,083,312
District's proportionate share of the ERS net pension asset (liability)	\$ (4,678,939)	\$ (1,488,164)	\$ 1,176,795

## 8. OPEB

### Plan Description

The District maintains a single employer defined benefit healthcare plan (the Plan) providing for continuation of medical insurance benefits for certain District retirees and their spouses. Benefit provisions are based on individual contracts with the District, as negotiated from time to time. The Plan provides an implicit rate subsidy for retirees that choose to remain on the District's healthcare plan subsequent to retirement at their own expense. Eligibility is based on covered employees who retire from the District and have met vesting requirements. The Plan has no assets, does not issue financial statements, and is not a trust.

At June 30, 2023, employees covered by the Plan include:

Active employees	217
Inactive employees or beneficiaries currently receiving benefits	30
Inactive employees entitled to but not yet receiving benefits	-
	<u>247</u>

**Total OPEB Liability**

The District’s total OPEB liability of \$1,912,044 was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2023.

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Healthcare cost trend rates* – based on a review of published national trend survey data for short-term rates and the Society of Actuaries Getzen Long-Term Healthcare Cost Trends Model v2023\_1f for long-term rates, initially 7.75% for pre-65 and 4.5% for post-65, declining to 4.04% in 2075
- Salary increases* – 3.0%
- Mortality* – Pub-2010 sex distinct mortality tables for employees and healthy annuitants adjusted for mortality improvements with Scale MP-2021 mortality improvement scale on a fully generational basis
- Discount rate* – 3.86% based on the Fidelity Municipal GO AA 20-Year Bond rate as of the measurement date
- Inflation rate* – 2.50%

**Changes in the Total OPEB Liability**

	Total OPEB Liability
Balance at June 30, 2023	<u>\$ (2,066,748)</u>
Changes for the year:	
Service cost	(90,096)
Interest	(77,320)
Changes of benefit terms	-
Differences between expected and actual experience	246,911
Changes of assumptions or other inputs	(47,693)
Benefit payments	<u>122,902</u>
Net changes	<u>154,704</u>
Balance at June 30, 2024	<u>\$ (1,912,044)</u>

The following presents the sensitivity of the District’s total OPEB liability to changes in the discount rate, including what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1% higher or lower than the current discount rate:

	1.0% Decrease	Discount Rate	1.0% Increase
	(2.86%)	(3.86%)	(4.86%)
Total OPEB liability	<u>\$ (2,059,891)</u>	<u>\$ (1,912,044)</u>	<u>\$ (1,773,320)</u>

The following presents the sensitivity of the District’s total OPEB liability to changes in the healthcare cost trend rates, including what the District’s total OPEB liability would be if it were calculated using trend rates that are 1% higher or lower than the current healthcare cost trend rates:

	1.0% Decrease	Healthcare Cost Trend Rate	1.0% Increase
	(7.75% to 3.04%)	(7.75% to 4.04%)	(7.75% to 5.04%)
Total OPEB liability	<u>\$ (1,717,560)</u>	<u>\$ (1,912,044)</u>	<u>\$ (2,138,318)</u>

## OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2024, the District recognized OPEB income of \$293,036. At June 30, 2024, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (1,911,129)
Changes of assumptions or other inputs	205,540	(860,257)
Benefit payments subsequent to the measurement date	96,296	-
	<u>\$ 301,836</u>	<u>\$ (2,771,386)</u>

Benefits paid subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the subsequent year. Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30,	
2025	\$ (460,452)
2026	(460,452)
2027	(448,057)
2028	(407,549)
2029	(389,368)
Thereafter	(399,968)
	<u>\$ (2,565,846)</u>

## 9. Risk Management

### General Liability

The District purchases commercial insurance for various risks of loss due to torts, theft, damage, errors and omissions, and natural disasters. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three years.

### Workers' Compensation

The District participates in the New York State Public Schools Statewide Workers' Compensation Self-Insurance Trust (the Trust). The Plan administers a workers' compensation insurance fund pursuant to Article 5 of the Workers' Compensation Law to finance the liability and risk related to workers' compensation claims and to lower the costs of coverage to the participating members. The Plan includes 18 members as of June 30, 2023 (the most recent information available).

The District has transferred partial risk to the Plan. Plan members pay monthly premium equivalents based upon a pro-rata share of expenditures. All funds received are pooled and administered as a common fund. Plan members could be subjected, however, to pro-rata supplemental assessments in the event that the Plan's assets are not adequate to meet claims. No such supplemental assessments have been required in the past three years.

The Plan has published its own financial report for the year ended June 30, 2023, which can be obtained from New York State Public Schools Statewide Workers' Compensation Self-Insurance Trust, P.O. Box 7657, Garden City, New York 11530.

## **Health Insurance**

The District participates in the NY44 Health Benefits Plan Trust (the Plan) for certain employee groups. The Plan has been established to administer a health insurance program to lower the costs of such coverage to the 18 participating members as of June 30, 2023 (the most recent information available).

The District has transferred all risk to the Plan. Plan members pay monthly premium equivalents based upon a pro-rata share of expenditures. All funds received are pooled and administered as a common fund. Refunds are not made, nor additional assessments charged, other than the annual premium equivalents. If the Plan's assets were to be exhausted, members would be equally responsible for the remaining liabilities.

The Plan has published its own financial report for the year ended June 30, 2023, which can be obtained from Erie 1 BOCES, 355 Harlem Road, West Seneca, New York 14224.

## **10. Commitments and Contingencies**

### **Grants**

The District receives financial assistance from federal and state agencies in the form of grants and calculated aid as determined by the State. The expenditure of grant funds generally requires compliance with the terms and conditions specified in the agreements and are subject to audit by the grantor agencies. State aid payments are based upon estimated expenditures and pupil statistics, are complex, and subject to adjustment. Any disallowed claims resulting from such audits could become a liability of the District. Based on prior experience, management expects such amounts to be immaterial.

### **Litigation**

The District is subject to claims and lawsuits that arise in the ordinary course of business. In the opinion of management, these claims and lawsuits will not have a material adverse effect upon the financial position of the District.

### **Construction Commitments**

The District's taxpayers have approved the 2023 capital improvements project that remains in progress at year end and is budgeted not to exceed \$29,830,000. At June 30, 2024, \$1,355,000 has been expended on the project and numerous open contracts are in place.

AKRON CENTRAL SCHOOL DISTRICT

**Required Supplementary Information (Unaudited)**  
**Schedule of the District's Proportionate Share of the Net Pension Position**  
**New York State Teachers' Retirement System**

As of the measurement date of June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension position	0.064443%	0.064523%	0.062806%	0.063031%	0.060446%	0.062535%	0.061311%	0.061714%	0.060790%	0.060690%
District's proportionate share of the net pension asset (liability)	\$ (736,959)	\$ (1,238,128)	\$ 10,883,657	\$ (1,741,716)	\$ 1,570,684	\$ 1,130,790	\$ 466,021	\$ (660,985)	\$ 6,314,192	\$ 6,760,503
District's covered payroll	\$ 11,902,468	\$ 11,432,602	\$ 10,660,168	\$ 10,698,792	\$ 10,603,390	\$ 10,174,061	\$ 9,715,708	\$ 9,338,929	\$ 9,240,795	\$ 8,968,316
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	(6.19%)	(10.83%)	102.10%	(16.28%)	14.81%	11.11%	4.80%	(7.08%)	68.33%	75.38%
Plan fiduciary net position as a percentage of the total pension liability	99.17%	98.57%	113.20%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%

The following is a summary of changes of assumptions:

Inflation	2.4%	2.4%	2.4%	2.2%	2.2%	2.25%	2.5%	2.5%	3.0%	3.0%
Salary increases	1.95%-5.18%	1.95%-5.18%	1.95%-5.18%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	4.0%-10.9%	4.0%-10.9%
Cost of living adjustments	1.3%	1.3%	1.3%	1.3%	1.3%	1.5%	1.5%	1.5%	1.625%	1.625%
Investment rate of return	6.95%	6.95%	6.95%	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%
Discount rate	6.95%	6.95%	6.95%	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%
Society of Actuaries' mortality scale	MP-2021	MP-2021	MP-2020	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	AA	AA

AKRON CENTRAL SCHOOL DISTRICT

**Required Supplementary Information (Unaudited)  
Schedule of District Contributions  
New York State Teachers' Retirement System**

For the years ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 1,180,396	\$ 1,224,764	\$ 1,120,395	\$ 1,015,914	\$ 947,913	\$ 1,126,080	\$ 997,058	\$ 1,138,681	\$ 1,238,342	\$ 1,619,911
Contribution in relation to the contractually required contribution	(1,180,396)	(1,224,764)	(1,120,395)	(1,015,914)	(947,913)	(1,126,080)	(997,058)	(1,138,681)	(1,238,342)	(1,619,911)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 12,094,221	\$ 11,902,468	\$ 11,432,602	\$ 10,660,168	\$ 10,698,792	\$ 10,603,390	\$ 10,174,061	\$ 9,715,708	\$ 9,338,929	\$ 9,240,795
Contributions as a percentage of covered payroll	9.76%	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%

AKRON CENTRAL SCHOOL DISTRICT

**Required Supplementary Information (Unaudited)**  
**Schedule of the District's Proportionate Share of the Net Pension Position**  
**New York State and Local Employees' Retirement System**

As of the measurement date of March 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension position	0.0101070%	0.0088409%	0.0092424%	0.0086120%	0.0093402%	0.0100266%	0.0097210%	0.0095773%	0.0094293%	0.009129%
District's proportionate share of the net pension asset (liability)	\$ (1,488,164)	\$ (1,895,840)	\$ 755,526	\$ (8,575)	\$ (2,473,348)	\$ (710,415)	\$ (313,740)	\$ (899,909)	\$ (1,513,432)	\$ (308,402)
District's covered payroll	\$ 3,991,035	\$ 3,284,259	\$ 3,131,859	\$ 3,330,779	\$ 3,238,510	\$ 3,278,940	\$ 3,072,177	\$ 2,922,268	\$ 2,778,918	\$ 2,896,330
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	(37.29%)	(57.73%)	24.12%	(0.26%)	(76.37%)	(21.67%)	(10.21%)	(30.79%)	(54.46%)	(10.65%)
Plan fiduciary net position as a percentage of the total pension liability	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

The following is a summary of changes of assumptions:

Inflation	2.9%	2.9%	2.7%	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.7%
Salary increases	4.4%	4.4%	4.4%	4.4%	4.2%	4.2%	3.8%	3.8%	3.8%	4.9%
Cost of living adjustments	1.5%	1.5%	1.4%	1.4%	1.3%	1.3%	1.3%	1.3%	1.3%	1.4%
Investment rate of return	5.9%	5.9%	5.9%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Discount rate	5.9%	5.9%	5.9%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Society of Actuaries' mortality scale	MP-2021	MP-2021	MP-2020	MP-2020	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014	MP-2014

AKRON CENTRAL SCHOOL DISTRICT

**Required Supplementary Information (Unaudited)**  
**Schedule of District Contributions**  
**New York State and Local Employees' Retirement System**

For the years ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 509,836	\$ 377,368	\$ 497,498	\$ 478,728	\$ 465,336	\$ 492,714	\$ 467,897	\$ 446,621	\$ 531,235	\$ 532,850
Contribution in relation to the contractually required contribution	(509,836)	(377,368)	(497,498)	(478,728)	(465,336)	(492,714)	(467,897)	(446,621)	(531,235)	(532,850)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 3,991,035	\$ 3,284,259	\$ 3,131,859	\$ 3,330,779	\$ 3,238,510	\$ 3,278,940	\$ 3,072,177	\$ 2,922,268	\$ 2,778,918	\$ 2,896,330
Contributions as a percentage of covered payroll	12.77%	11.49%	15.89%	14.37%	14.37%	15.03%	15.23%	15.28%	19.12%	18.40%

AKRON CENTRAL SCHOOL DISTRICT

**Required Supplementary Information (Unaudited)  
Schedule of Changes in the District's  
Total OPEB Liability and Related Ratios**

For the years ended June 30,	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability - beginning	\$ (2,066,748)	\$ (2,057,773)	\$ (3,036,866)	\$ (3,065,589)	\$ (4,468,338)	\$ (4,424,580)	\$ (4,632,817)
Changes for the year:							
Service cost	(90,096)	(98,932)	(159,414)	(140,620)	(194,120)	(199,182)	(228,785)
Interest	(77,320)	(40,512)	(76,878)	(99,698)	(166,620)	(162,436)	(140,309)
Changes of benefit terms	-	-	-	(713,378)	-	-	-
Differences between expected and actual experience	246,911	-	505,714	1,212,263	1,222,840	-	-
Changes of assumptions or other inputs	(47,693)	37,065	592,906	(271,757)	421,266	195,922	464,355
Benefit payments	122,902	93,404	116,765	41,913	119,383	121,938	112,976
Net change in total OPEB liability	154,704	(8,975)	979,093	28,723	1,402,749	(43,758)	208,237
Total OPEB liability - ending	\$ (1,912,044)	\$ (2,066,748)	\$ (2,057,773)	\$ (3,036,866)	\$ (3,065,589)	\$ (4,468,338)	\$ (4,424,580)
Covered-employee payroll	\$ 16,582,487	\$ 15,541,443	\$ 14,370,575	\$ 14,636,872	\$ 13,498,472	\$ 13,120,200	\$ 13,955,609
Total OPEB liability as a percentage of covered-employee payroll	11.5%	13.3%	14.3%	20.7%	22.7%	34.1%	31.7%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Differences between expected and actual experience include updates to healthcare trends and demographics in 2024, the impact of revising the election coverage percentage for future retirees from 60% to 40% in 2022, plan changes to move certain participants to new plans for pre-age 65 and Medicare eligible participants in 2021, and the impact of Congress' repeal of the Affordable Care Act's excise Cadillac taxes in 2020.

The following is a summary of changes of assumptions:

Healthcare cost trend rates	7.75%-4.04%	6.75%-3.78%	6.75%-3.78%	6.50%-4.40%	6.75%-4.75%	7.0%-5.0%	7.25%-5.0%
Salary increases	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Discount rate	3.86%	3.69%	1.92%	2.45%	3.13%	3.62%	3.56%
Inflation rate	2.50%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Society of Actuaries' mortality scale	MP-2021	MP-2021	MP-2020	MP-2019	MP-2018	MP-2017	MP-2017

Data prior to 2018 is unavailable.

**Supplementary Information**  
**Schedule of Change from Original to Final Budget and**  
**Calculation of Unrestricted Fund Balance Limit - General Fund**

For the year ended June 30, 2024

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Original expenditure budget	\$ 36,221,866
Encumbrances carried over from prior year	<u>174,393</u>
Revised expenditure budget	<u>\$ 36,396,259</u>

\* \* \*

Unrestricted Fund Balance	
Assigned	\$ 1,973,226
Unassigned	<u>4,889,929</u>
	6,863,155
Encumbrances included in assigned fund balance	(33,226)
Less appropriated fund balance used for tax levy	<u>(1,940,000)</u>
Amount subject to 4% limit pursuant to Real Property Tax Law §1318	<u>\$ 4,889,929</u>
§1318 of Real Property Tax Law - unrestricted fund balance limit calculation	
2025 expenditure budget (unaudited)	\$ 43,926,821
4% of budget	<u>1,757,073</u>
Actual percentage of 2025 expenditure budget	<u>11.1%</u>

**Supplementary Information**  
**Schedule of Capital Project Expenditures**

June 30, 2024

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Project Title	Original Budget	Expenditures			Unexpended Balance
		Prior Years	Current Year	Total	
Capital Improvements Project 2023	\$ 29,829,634	\$ -	\$ 1,355,410	\$ 1,355,410	\$ 28,474,224
Smart Schools Bond Act	1,255,318	876,371	-	876,371	378,947
	<u>\$ 31,084,952</u>	<u>\$ 876,371</u>	<u>\$ 1,355,410</u>	<u>\$ 2,231,781</u>	<u>\$ 28,853,171</u>

AKRON CENTRAL SCHOOL DISTRICT

**Supplementary Information  
Schedule of Expenditures of Federal Awards**

For the year ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grantor Number	Expenditures
<u>U.S. Department of Education:</u>			
Impact Aid	84.041	N/A	\$ 1,128,848
Indian Education Grants to Local Educational Agencies	84.060	S060A230949	100,101
			1,228,949
Passed Through New York State Education Department			
Special Education Cluster:			
Special Education Grants to States	84.027	0032-24-0236	354,234
Special Education Preschool Grants	84.173	0033-24-0236	8,841
COVID-19 Special Education Preschool Grants	84.173	5533-22-0236	1,800
Total Special Education Cluster			364,875
Title I Grants to Local Educational Agencies	84.010	0021-24-0830	222,474
Supporting Effective Instruction State Grants	84.367	0147-24-0830	34,459
Student Support and Academic Enrichment Program	84.424	0204-24-0830	17,515
Education Stabilization Fund:			
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5880-21-0830	438,021
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5882-21-0830	16,073
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5883-21-0830	66,698
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5884-21-0830	288,854
Total Education Stabilization Fund			809,646
Total U.S. Department of Education			2,677,918
<u>U.S. Department of Agriculture:</u>			
Passed Through New York State Education Department			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	103,170
National School Lunch Program	10.555	N/A	372,604
Passed Through New York State Office of General Services			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	40,909
Total U.S. Department of Agriculture and Child Nutrition Cluster			516,683
Total Expenditures of Federal Awards			\$ 3,194,601

See accompanying notes.

**Notes to Schedule of Expenditures of Federal Awards**

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**1. Summary of Significant Accounting Policies**

**Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs administered by Akron Central School District (the District), an entity as defined in Note 1 to the District's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other governmental agencies, are included on the Schedule of Expenditures of Federal Awards.

**Basis of Accounting**

The District uses the modified accrual basis of accounting for each federal program, consistent with the fund basis financial statements.

The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable programs and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program, which are periodically reconciled with the District's financial reporting system.

**Indirect Costs**

The District does not use the 10% de minimis indirect cost rate permitted by the Uniform Guidance.

**Non-Monetary Federal Program**

The District is the recipient of a federal award program that does not result in cash receipts or disbursements, termed a "non-monetary program." During the year ended June 30, 2024, the District used \$40,909 worth of commodities under the National School Lunch Program (Assistance Listing Number 10.555).

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

The Board of Education  
Akron Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America (GAAP) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the remaining fund information of Akron Central School District (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 September 25, 2024.

**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 entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**Report on Compliance and Other Matters**

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

### **Purpose of this Report**

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

A handwritten signature in blue ink that reads "Lyndon & McCormick, LLP". The signature is written in a cursive, flowing style.

September 25, 2024

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Education  
Akron Central School District

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

***Opinion on Each Major Federal Program***

We have audited Akron Central School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

***Responsibilities of Management for Compliance***

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.

### ***Auditors' 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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 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 that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Lyndon & McCormick, LLP". The signature is written in a cursive, flowing style.

September 25, 2024

**Schedule of Findings and Questioned Costs**

For the year ended June 30, 2024

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**Section I. Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? No

Identification of major programs:

Name of Federal Program or Cluster	Assistance Listing Number	Amount
Impact Aid	84.041	\$ 1,128,848

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low risk auditee? Yes

**Section II. Financial Statement Findings**

No matters were reported.

**Section III. Federal Award Findings and Questioned Costs**

No matters were reported.