

**AKRON CENTRAL SCHOOL DISTRICT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2019**

## AKRON CENTRAL SCHOOL DISTRICT

---

### Table of Contents

June 30, 2019

---

Independent Auditors' Report

Management's Discussion and Analysis

#### Financial Statements

Statement of Net Position

Statement of Activities

Balance Sheet – Governmental Funds

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

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

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

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

Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position

Notes to Financial Statements

#### Required Supplementary Information (Unaudited)

Schedule of the District's Proportionate Share of the Net Pension Position – New York State Teachers' Retirement System

Schedule of District Contributions – New York State Teachers' Retirement System

Schedule of the District's Proportionate Share of the Net Pension Position – New York State and Local Employees' Retirement System

Schedule of District Contributions – New York State and Local Employees' Retirement System

Schedule of Changes in the District's Total OPEB Liability and Related Ratios

#### Supplementary Information

Schedule of Change from Original to Final Budget and Calculation of Unrestricted Fund Balance Limit – General Fund

Schedule of Capital Project Expenditures

Schedule of Expenditures of Federal Awards and related notes

#### Reports on Federal Award Programs

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*

Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance

Schedule of Findings and Questioned Costs

## INDEPENDENT AUDITORS' REPORT

The Board of Education  
Akron Central School District

We have audited the accompanying 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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining fund information of the District as of June 30, 2019, 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.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require 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, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the 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.

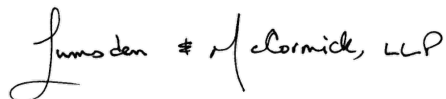
### *Supplementary Information*

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 financial statements.

The accompanying supplementary information including the schedule of expenditures of federal awards is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such 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 auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information including the schedule of expenditures of federal awards 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 4, 2019 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 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 cursive script that reads "J. J. McCormick, LLP".

September 4, 2019

**Akron Central School District**  
**Management's Discussion and Analysis**  
**June 30, 2019**  
***Unaudited***

**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, 2019. 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) agency 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, deferred outflows of resources, liabilities, and deferred inflows of resources with the net 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.

Agency funds are used to account for resources held for the benefit of parties outside the District. Agency funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's programs. The notes to the financial statements provide additional information that is essential for a full understanding of the government-wide and governmental fund financial statements.

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

<b>Condensed Statement of Net Position</b>	<b>Change</b>			
	<b>2019</b>	<b>2018</b>	<b>\$</b>	<b>%</b>
Current assets	\$ 20,822,000	\$ 18,462,000	\$ 2,360,000	12.8%
Capital assets	48,374,000	49,616,000	(1,242,000)	(2.5%)
Net pension asset	1,131,000	466,000	665,000	142.7%
Total assets	70,327,000	68,544,000	1,783,000	2.6%
Deferred outflows of resources	6,743,000	7,386,000	(643,000)	(8.7%)
Long-term liabilities	26,254,000	29,164,000	(2,910,000)	(10.0%)
Other liabilities	2,874,000	2,285,000	589,000	25.8%
Total liabilities	29,128,000	31,449,000	(2,321,000)	(7.4%)
Deferred inflows of resources	2,325,000	2,831,000	(506,000)	(17.9%)
Net position				
Net investment in capital assets	27,513,000	25,545,000	1,968,000	7.7%
Restricted	13,106,000	10,960,000	2,146,000	19.6%
Unrestricted	4,998,000	5,145,000	(147,000)	(2.9%)
Total net position	\$ 45,617,000	\$ 41,650,000	\$ 3,967,000	9.5%

Net position amounted to \$45,617,000 and \$41,650,000 as of June 30, 2019 and 2018, respectively. The largest portion of the District's net position reflects its investment in capital assets consisting of land, buildings and improvements, and furniture and equipment, 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 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 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 accumulated vacation and sick time. 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 \$1,783,000 (\$562,000 increase in 2018). Current assets increased by \$2,360,000 and capital assets decreased by \$1,242,000 (increase of \$1,487,000 and decrease of \$1,391,000 in 2018). The capital asset decrease is the result of depreciation expense exceeding equipment purchases. The increase in current assets is primarily due to positive operating results resulting in an increase of cash balances. The net pension asset of \$1,131,000 is the District's proportionate share of the New York State Teachers' Retirement System (TRS) net pension position. The \$665,000 change is largely a result of changes in actuarial assumptions and actual earnings outpacing projected amounts.

Long-term liabilities decreased by \$2,910,000 (\$979,000 decrease in 2018) due to the repayment of \$2,935,000 of bond principal.

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, and as such are not included in the current net pension position. 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. The District has no control or authority over these transactions relative to pensions.

<b>Condensed Statement of Activities</b>	<b>2019</b>	<b>2018</b>	<b>Change</b>	
			<b>\$</b>	<b>%</b>
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 2,268,000	\$ 1,766,000	\$ 502,000	28.4%
Operating grants and contributions	2,568,000	2,220,000	348,000	15.7%
Capital grants and contributions	184,000	162,000	22,000	13.6%
General revenues				
Real property taxes	9,811,000	9,722,000	89,000	0.9%
Sales tax	1,269,000	1,218,000	51,000	4.2%
Other	580,000	454,000	126,000	27.8%
State aid	16,548,000	16,597,000	(49,000)	(0.3%)
Total revenue	33,228,000	32,139,000	1,089,000	3.4%
<b>Expenses</b>				
Instruction	21,920,000	21,607,000	313,000	1.4%
Support services				
General support	4,336,000	3,863,000	473,000	12.2%
Pupil transportation	1,840,000	2,176,000	(336,000)	(15.4%)
Food service	623,000	673,000	(50,000)	(7.4%)
Interest	542,000	757,000	(215,000)	(28.4%)
Total expenses	29,261,000	29,076,000	185,000	0.6%
Increase in net position	3,967,000	3,063,000	904,000	29.5%
Net position – beginning	41,650,000	38,587,000	3,063,000	7.9%
Net position – ending	\$ 45,617,000	\$ 41,650,000	\$ 3,967,000	9.5%

District revenues increased by 3.4% or \$1,089,000 in 2019 (0.4% or \$123,000 in 2018) due to increases in charges for services related to Native American tuition and operating grants and contributions related to Federal Impact Aid received. Impact Aid assists districts that have lost property tax revenue due to Indian lands that are exempt from property tax. Total expenses increased by \$185,000 compared to an increase in 2018 of \$791,000 or 2.8%. Increases are primarily due to employee wages of 3% offset by certain employee benefits. Pension expense decreased \$202,000 and interest expense decreased \$215,000 due to a reduction in outstanding debt.

### Financial Analysis of the District's Funds

Total fund balances for the governmental funds increased from \$14,803,000 to \$16,976,000 as described below:

- On an overall basis, revenues and other financing sources of \$33,949,000 exceeded expenditures of \$31,776,000 resulting in an increase of \$2,173,000 in fund balances.
- The general fund experienced a net surplus of \$918,000 (\$1,841,000 surplus in 2018) for the following reasons:
  - Revenues increased \$1,333,000 due to increases in property taxes, Native American tuition, and Federal Impact Aid.
  - Expenses increased \$874,000 primarily due to payroll and related employee benefit increases.
  - Transfers to other funds increased \$1,382,000 due to transferring \$1,423,000 of debt reserve funds to a separate debt service fund.
- Spending across all governmental funds increased by \$1,026,000 or 3.3% due to the reasons explained above.

### General Fund Budgetary Highlights

The final general fund revenue budget was \$30,013,000 with actual revenues amounting to \$31,595,000, a favorable difference of \$1,582,000 or 5.3%. This was primarily caused by more Native American tuition and Federal Impact Aid than originally expected. Actual expenditures and carryover encumbrances were less than the final amended budget by \$893,000 or 3.0%. This difference is attributable to many factors and many unknown items when the budget is prepared.

## Capital Assets

	2019	2018
Land and land improvements	\$ 4,043,000	\$ 4,043,000
Buildings and improvements	62,396,000	62,391,000
Furniture, equipment, and vehicles	6,636,000	6,484,000
Construction in progress	139,000	-
	73,214,000	72,918,000
Accumulated depreciation	(24,840,000)	(23,302,000)
	<b>\$ 48,374,000</b>	<b>\$ 49,616,000</b>

Current year additions of \$737,000 were offset by depreciation expense and other changes of \$1,979,000.

## Debt

At June 30, 2019, the District had \$17,665,000 in bonds outstanding, with \$3,045,000 due within one year (\$20,600,000 outstanding at June 30, 2018). Outstanding compensated absences payable were \$1,139,000 with \$342,000 expected to be paid within one year (\$1,184,000 outstanding at June 30, 2018).

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

## Current Financial Issues and Concerns

School districts in New York State are impacted by the political pressures imposed on officials in funding of education. Year to year changes in funding levels and state aid formulas complicate this process.

The District will continue to make every attempt to mitigate uncertainty of State funding on the overall budget, including using reserve funds as permitted by law to lessen the budget impact of rising costs. The property tax levy cap emphasizes the importance of using reserves judiciously. These issues and concerns require management to plan carefully and prudently to provide the educational resources necessary to meet student needs.

## Contacting the School 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 Mr. Patrick McCabe, Superintendent of Schools (716-542-5010) or Cynthia M. Tretter, School Business Administrator (716-542-5020).



## AKRON CENTRAL SCHOOL DISTRICT

### Statement of Net Position

June 30, 2019

(With comparative totals as of June 30, 2018)

	2019	2018
<b>Assets</b>		
Cash	\$ 17,840,620	\$ 14,924,822
Due from other governments	848,385	1,065,229
State, federal aid, and other receivables	1,990,864	2,413,534
Due from fiduciary funds	75,027	-
Inventory	67,112	57,937
Net pension asset	1,130,790	466,021
Capital assets (Note 5)	73,214,025	72,918,189
Accumulated depreciation	(24,840,261)	(23,302,343)
<b>Total assets</b>	<b>70,326,562</b>	<b>68,543,389</b>
<b>Deferred Outflows of Resources</b>		
Defeasance loss	9,741	13,914
Deferred outflows of resources related to pensions	6,614,841	7,250,323
Deferred outflows of resources related to OPEB	119,383	121,938
<b>Total deferred outflows of resources</b>	<b>6,743,965</b>	<b>7,386,175</b>
<b>Liabilities</b>		
Accounts payable	582,865	321,190
Accrued liabilities	63,000	66,500
Due to retirement systems	1,320,291	1,097,717
Bond anticipation notes payable	908,144	799,635
Long-term liabilities		
Due within one year		
Bonds	3,045,000	2,935,000
Compensated absences	341,724	355,064
Due beyond one year		
Bonds	16,891,282	20,307,082
Compensated absences	797,356	828,481
Net pension liability	710,415	313,740
Total OPEB liability	4,468,338	4,424,580
<b>Total liabilities</b>	<b>29,128,415</b>	<b>31,448,989</b>
<b>Deferred Inflows of Resources</b>		
Defeasance gain	25,905	43,178
Deferred inflows of resources related to pensions	1,754,680	2,323,528
Deferred inflows of resources related to OPEB	544,812	464,355
<b>Total deferred inflows of resources</b>	<b>2,325,397</b>	<b>2,831,061</b>
<b>Net Position</b>		
Net investment in capital assets	27,513,174	25,544,865
Restricted	13,105,356	10,960,159
Unrestricted	4,998,185	5,144,490
<b>Total net position</b>	<b>\$ 45,616,715</b>	<b>\$ 41,649,514</b>

See accompanying notes.

**AKRON CENTRAL SCHOOL DISTRICT**

**Statement of Activities**

For the year ended June 30, 2019

(With summarized comparative totals for June 30, 2018)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2019	2018
<b>Government activities</b>						
General support	\$ 4,336,185	\$ 65,521	\$ -	\$ -	\$ (4,270,664)	\$ (3,788,245)
Instruction	21,919,595	1,944,639	2,171,636	184,866	(17,618,454)	(18,124,671)
Pupil transportation	1,839,752	-	-	-	(1,839,752)	(2,175,556)
Interest expense	542,285	-	-	-	(542,285)	(757,458)
School food service	623,135	257,802	395,985	-	30,652	(81,878)
	<u>\$ 29,260,952</u>	<u>\$ 2,267,962</u>	<u>\$ 2,567,621</u>	<u>\$ 184,866</u>	<u>(24,240,503)</u>	<u>(24,927,808)</u>
<b>General revenues</b>						
Real property taxes					9,810,715	9,721,917
Sales taxes					1,268,810	1,217,868
Other					579,937	454,020
State aid					16,548,242	16,596,761
<b>Total general revenues</b>					<u>28,207,704</u>	<u>27,990,566</u>
<b>Change in net position</b>					3,967,201	3,062,758
<b>Net position - beginning</b>					<u>41,649,514</u>	<u>38,586,756</u>
<b>Net position - ending</b>					<u>\$ 45,616,715</u>	<u>\$ 41,649,514</u>

See accompanying notes.

**AKRON CENTRAL SCHOOL DISTRICT**
**Balance Sheet - Governmental Funds**
**June 30, 2019**
**(With summarized comparative totals as of June 30, 2018)**

						<b>Total</b>	
	<b>General</b>	<b>Capital Projects</b>	<b>Special Aid</b>	<b>School Lunch</b>	<b>Debt Service</b>	<b>Governmental Funds</b>	
						<b>2019</b>	<b>2018</b>
<b>Assets</b>							
Cash	\$ 16,242,492	\$ 24,009	\$ 44,398	\$ 56,915	\$ 1,472,806	\$ 17,840,620	\$ 14,924,822
Due from other governments	848,385	-	-	-	-	848,385	1,065,229
State, federal aid, and other receivables	1,408,684	184,866	371,150	26,164	-	1,990,864	2,413,534
Due from other funds, net	640,888	-	-	-	-	640,888	444,587
Inventory	-	-	-	67,112	-	67,112	57,937
<b>Total assets</b>	<b>\$ 19,140,449</b>	<b>\$ 208,875</b>	<b>\$ 415,548</b>	<b>\$ 150,191</b>	<b>\$ 1,472,806</b>	<b>\$ 21,387,869</b>	<b>\$ 18,906,109</b>
<b>Liabilities and Fund Balances</b>							
Accounts payable	\$ 351,583	\$ 229,065	\$ -	\$ 2,217	\$ -	\$ 582,865	\$ 321,190
Due to retirement systems	1,320,291	-	-	-	-	1,320,291	1,097,717
Due to other funds, net	-	106,496	415,548	74	43,743	565,861	444,587
Unearned revenue	1,034,494	-	-	-	-	1,034,494	1,439,752
Bond anticipation notes payable	-	908,144	-	-	-	908,144	799,635
<b>Total liabilities</b>	<b>2,706,368</b>	<b>1,243,705</b>	<b>415,548</b>	<b>2,291</b>	<b>43,743</b>	<b>4,411,655</b>	<b>4,102,881</b>
<b>Fund Balances</b>							
Nonspendable:							
Inventory	-	-	-	67,112	-	67,112	57,937
Restricted:							
Employee benefit accrued liability	1,012,738	-	-	-	-	1,012,738	1,183,263
Workers' compensation	518,684	-	-	-	-	518,684	510,933
Retirement contribution	3,866,822	-	-	-	-	3,866,822	4,109,038
Debt service	-	-	-	-	1,429,063	1,429,063	1,472,693
Capital	6,278,049	-	-	-	-	6,278,049	3,684,232
Assigned:							
Designated for subsequent year's expenditures	1,600,000	-	-	-	-	1,600,000	1,600,000
Other purposes	85,842	-	-	80,788	-	166,630	71,545
Unassigned	3,071,946	(1,034,830)	-	-	-	2,037,116	2,113,587
<b>Total fund balances (deficit)</b>	<b>16,434,081</b>	<b>(1,034,830)</b>	<b>-</b>	<b>147,900</b>	<b>1,429,063</b>	<b>16,976,214</b>	<b>14,803,228</b>
<b>Total liabilities and fund balances</b>	<b>\$ 19,140,449</b>	<b>\$ 208,875</b>	<b>\$ 415,548</b>	<b>\$ 150,191</b>	<b>\$ 1,472,806</b>	<b>\$ 21,387,869</b>	<b>\$ 18,906,109</b>

**AKRON CENTRAL SCHOOL DISTRICT**

---

**Reconciliation of the Governmental Funds  
Balance Sheet to the Statement of Net Position****June 30, 2019**

---

<b>Total fund balances - governmental funds</b>		<b>\$ 16,976,214</b>
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.		48,373,764
Tuition assistance received after the period of availability to pay current year expenditures is not recognized in the governmental funds until received.		1,034,494
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:		
Net pension asset	1,130,790	
Deferred outflows of resources related to pensions	6,614,841	
Net pension liability	(710,415)	
Deferred inflows of resources related to pensions	<u>(1,754,680)</u>	5,280,536
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	119,383	
Total OPEB liability	(4,468,338)	
Deferred inflows of resources related to OPEB	<u>(544,812)</u>	(4,893,767)
Certain liabilities are not due and payable currently and therefore are not reported as liabilities of the governmental funds. These liabilities are:		
Bonds and related premiums	19,936,282	
Accrued interest	63,000	
Compensated absences	<u>1,139,080</u>	(21,138,362)
The net amount of defeasance losses and gains associated with bond refundings is recognized as deferred outflows and deferred inflows of resources in the government-wide statements.		<u>(16,164)</u>
<b>Net position - governmental activities</b>		<b>\$ 45,616,715</b>

**AKRON CENTRAL SCHOOL DISTRICT**
**Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Governmental Funds**

For the year ended June 30, 2019  
(With summarized comparative totals for June 30, 2018)

	General	Capital Projects	Special Aid	School Lunch	Debt Service	Total Governmental Funds	
						2019	2018
<b>Revenues</b>							
Real property taxes	\$ 8,345,652	\$ -	\$ -	\$ -	\$ -	\$ 8,345,652	\$ 8,142,094
Real property tax items	1,465,063	-	-	-	-	1,465,063	1,579,823
Nonproperty tax items	1,268,810	-	-	-	-	1,268,810	1,217,868
Charges for services	2,349,897	-	-	-	-	2,349,897	1,613,759
Use of money and property	302,437	-	-	130	113	302,680	168,016
Sale of property and compensation for loss	54,189	-	-	-	-	54,189	51,391
Miscellaneous	332,431	-	-	17,451	6,257	356,139	324,095
State sources	16,548,242	184,866	545,251	36,310	-	17,314,669	17,326,920
Federal sources	878,557	-	747,828	359,675	-	1,986,060	1,652,204
Sales	-	-	-	240,351	-	240,351	223,858
<b>Total revenues</b>	<b>31,545,278</b>	<b>184,866</b>	<b>1,293,079</b>	<b>653,917</b>	<b>6,370</b>	<b>33,683,510</b>	<b>32,300,028</b>
<b>Expenditures</b>							
General support	3,482,150	-	17,047	222,935	-	3,722,132	3,328,656
Instruction	14,466,014	-	1,316,096	-	-	15,782,110	15,610,048
Pupil transportation	1,042,980	362,403	-	-	-	1,405,383	1,336,338
Employee benefits	6,043,098	-	-	110,677	-	6,153,775	5,802,912
Debt service							
Principal	3,200,894	-	-	-	-	3,200,894	3,105,815
Interest	929,685	-	-	-	-	929,685	1,146,858
Cost of sales	-	-	-	258,887	-	258,887	257,391
Capital outlay	-	323,552	-	-	-	323,552	162,087
<b>Total expenditures</b>	<b>29,164,821</b>	<b>685,955</b>	<b>1,333,143</b>	<b>592,499</b>	<b>-</b>	<b>31,776,418</b>	<b>30,750,105</b>
<b>Excess revenues (expenditures)</b>	<b>2,380,457</b>	<b>(501,089)</b>	<b>(40,064)</b>	<b>61,418</b>	<b>6,370</b>	<b>1,907,092</b>	<b>1,549,923</b>
<b>Other financing sources (uses)</b>							
Operating transfers, net	(1,462,757)	-	40,064	-	1,422,693	-	-
BANs redeemed from appropriations	-	265,894	-	-	-	265,894	250,815
<b>Total other financing sources (uses)</b>	<b>(1,462,757)</b>	<b>265,894</b>	<b>40,064</b>	<b>-</b>	<b>1,422,693</b>	<b>265,894</b>	<b>250,815</b>
<b>Net change in fund balances</b>	<b>917,700</b>	<b>(235,195)</b>	<b>-</b>	<b>61,418</b>	<b>1,429,063</b>	<b>2,172,986</b>	<b>1,800,738</b>
<b>Fund balances (deficit) - beginning</b>	<b>15,516,381</b>	<b>(799,635)</b>	<b>-</b>	<b>86,482</b>	<b>-</b>	<b>14,803,228</b>	<b>13,002,490</b>
<b>Fund balances (deficit) - ending</b>	<b>\$ 16,434,081</b>	<b>\$ (1,034,830)</b>	<b>\$ -</b>	<b>\$ 147,900</b>	<b>\$ 1,429,063</b>	<b>\$ 16,976,214</b>	<b>\$ 14,803,228</b>

**AKRON CENTRAL SCHOOL DISTRICT**

---

**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, 2019**

---

**Total net change in fund balances - governmental funds** **\$ 2,172,986**

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 expense. This is the amount by which depreciation expense exceeds capital outlays and disposals. (1,242,082)

Tuition assistance collected several months after the District's year end is not considered available and is recognized in the governmental funds when received. (405,258)

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:

2019 TRS and ERS contributions	1,618,794	
2019 ERS accrued contribution	145,683	
2018 ERS accrued contribution	(140,725)	
2019 TRS net pension expense	(856,786)	
2019 ERS net pension expense	<u>(565,506)</u>	201,460

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. (126,770)

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. 2,935,000

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:

Compensated absences	44,465	
Net amortization of defeasance gains/losses	13,100	
Amortization of bond premium	370,800	
Interest	<u>3,500</u>	431,865

---

**Change in net position - governmental activities** **\$ 3,967,201**

---

**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, 2019**

	<b>Budgeted Amounts</b>		<b>Actual (Budgetary Basis)</b>	<b>Encumbrances</b>	<b>Variance with Final Budget Over/(Under)</b>
	<b>Original</b>	<b>Final</b>			
<b>Revenues</b>					
Local sources					
Real property taxes	\$ 8,117,234	\$ 8,117,234	\$ 8,345,652		\$ 228,418
Real property tax items	1,691,126	1,691,126	1,465,063		(226,063)
Nonproperty tax items	1,200,000	1,200,000	1,268,810		68,810
Charges for services	1,574,000	1,574,000	2,349,897		775,897
Use of money and property	102,000	102,000	302,437		200,437
Sale of property and compensation for loss	25,000	25,000	54,189		29,189
Miscellaneous	175,000	175,000	332,431		157,431
State sources	16,632,525	16,632,525	16,548,242		(84,283)
Federal sources	446,218	446,218	878,557		432,339
<b>Total revenues</b>	<b>29,963,103</b>	<b>29,963,103</b>	<b>31,545,278</b>		<b>1,582,175</b>
<b>Expenditures</b>					
General support					
Board of education	19,100	35,100	29,293	98	(5,709)
Central administration	251,499	251,499	250,422	-	(1,077)
Finance	467,375	495,079	459,376	9,974	(25,729)
Staff	111,500	193,000	157,123	378	(35,499)
Central services	2,453,593	2,694,243	2,358,695	41,648	(293,900)
Special items	268,000	270,514	227,241	-	(43,273)
Instruction					
Instruction, administration, and improvement	1,193,983	1,250,372	1,091,834	96	(158,442)
Teaching - regular school	7,984,367	7,686,944	7,569,988	5,057	(111,899)
Programs for children with handicapping conditions	4,054,270	3,097,073	3,084,275	9,084	(3,714)
Occupational education	540,794	540,794	540,794	-	-
Teaching - special schools	52,500	52,500	36,510	-	(15,990)
Instructional media	1,007,398	939,657	883,282	4,347	(52,028)
Pupil services	1,390,796	1,377,947	1,259,331	11,880	(106,736)
Pupil transportation	1,135,216	1,161,320	1,042,980	3,280	(115,060)
Employee benefits	6,515,099	5,966,725	6,043,098	-	76,373
Debt service					
Principal	3,200,894	3,200,894	3,200,894	-	-
Interest	939,719	929,685	929,685	-	-
<b>Total expenditures</b>	<b>31,586,103</b>	<b>30,143,346</b>	<b>29,164,821</b>	<b>85,842</b>	<b>(892,683)</b>
<b>Excess revenues (expenditures)</b>	<b>(1,623,000)</b>	<b>(180,243)</b>	<b>2,380,457</b>	<b>(85,842)</b>	<b>2,474,858</b>
<b>Other financing sources (uses)</b>					
Operating transfers out	(70,000)	(1,512,757)	(1,512,757)		-
Operating transfers in	50,000	50,000	50,000		-
Appropriated fund balance and carryover encumbrances	1,643,000	1,643,000	-		(1,643,000)
<b>Total other financing sources (uses)</b>	<b>1,623,000</b>	<b>180,243</b>	<b>(1,462,757)</b>		<b>(1,643,000)</b>
<b>Excess revenues (expenditures) and other financing sources (uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 917,700</b>	<b>\$ (85,842)</b>	<b>\$ 831,858</b>

*See accompanying notes.*

**AKRON CENTRAL SCHOOL DISTRICT**

---

**Statement of Fiduciary Net Position****June 30, 2019**

---

	Private-Purpose Trusts	Agency
<b>Assets</b>		
Cash	\$ 214,877	\$ 432,921
Accounts receivable	-	5,140
	<u>214,877</u>	<u>\$ 438,061</u>
<b>Liabilities</b>		
Other liabilities	225	\$ 277,512
Extraclassroom activity balances	-	85,522
Due to governmental funds	-	75,027
<b>Total liabilities</b>	<u>225</u>	<u>\$ 438,061</u>
<b>Net Position</b>		
Restricted for scholarships	<u>\$ 214,652</u>	

\* \* \*

**AKRON CENTRAL SCHOOL DISTRICT**

---

**Statement of Changes in Fiduciary Net Position****For the year ended June 30, 2019**

---

	Private-Purpose Trusts
<b>Additions</b>	
Gifts and contributions	\$ 58,424
<b>Deductions</b>	
Scholarship awards and other expenses	<u>41,718</u>
<b>Change in net position</b>	<u>16,706</u>
<b>Net position - beginning</b>	<u>197,946</u>
<b>Net position - ending</b>	<u>\$ 214,652</u>



**Notes to Financial Statements**

---

**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, nor does it contain any component units.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (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, 2019, the District was billed \$2,930,000 for BOCES administrative and program costs and recognized \$191,000 in revenue as a refund from prior year expenditures paid to BOCES and \$48,000 in building/classroom rental. Audited financial statements are available from BOCES' administrative offices.

**Public Entity Risk Pools**

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 10.

## 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) grants and contributions limited to the purchase of specific capital assets. 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, including fiduciary 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.

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

- *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.
- *School lunch 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.
- *Debt service fund.* This fund is used to account for resources that are restricted to expenditure for principal and interest. Financial resources that are being accumulated for principal and interest payments maturing in future years are also included in this fund.

The District reports the following fiduciary funds:

- *Private-purpose trust fund.* This fund reports trust arrangements under which principal and income benefit various third party scholarship arrangements.
- *Agency fund.* This fund accounts for assets held by the District as agent for various student groups and clubs, payroll, and employee third party withholdings. The agency fund is custodial in nature and does not involve measurement of results of operations.

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 accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2018, 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 and equipment and property purchased under capital leases 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 accounting principles generally accepted in the United States of America 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 Tax Calendar**

The District levies real property taxes no later than September 1. For the year ended June 30, 2019, the tax lien was issued on August 1, 2018 for collection from September 15 through November 15, 2018 for Niagara and Genesee Counties and December 1, 2018 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, 2018 was approved by a majority of the voters in a general election held on May 15, 2018.

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.

**Inventory**

Inventory consists of food and similar food service goods related to school lunch 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 is 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 asset purchases 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	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.

**Bond Defeasances**

In the government-wide financial statements, gains or losses on bond refundings represent the difference between the price required to repay previously issued debt and the net carrying amount of the retired debt, and are recorded as either a deferred outflow or deferred inflow of resources. In subsequent years, these amounts are amortized on a straight-line basis as a component of interest expense over the shorter of the life of the old or new debt.

**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.

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

The total OPEB liability, deferred outflows and deferred inflows of resources, and OPEB expense of the District's defined benefit healthcare plan (Note 9) have been measured on the same basis as reported by the plan on the government-wide statements. Benefit payments are due and payable in accordance with benefit terms on the governmental fund statements.

## **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 estimated 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**

- *Net investment in capital assets* – consists of capital assets, net of accumulated depreciation, 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 liabilities and deferred inflows of resources related to those assets if their use is constrained to a particular purpose. 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.

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.

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

Fund balance restrictions consist of the following reserves:

- *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.
- *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.
- *Retirement contribution* – is used to finance retirement contributions payable to ERS and TRS. 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, 2019, the retirement contribution reserve includes \$3,663,788 for ERS and \$203,034 for TRS.
- *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.
- *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. During 2017, voters approved capital reserves totaling \$7,500,000, of which \$6,150,000 has been funded to date.

### **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 capital projects deficit fund balance of \$1,034,830 will be funded when bond anticipation notes are redeemed from subsequent budget appropriations or converted to permanent financing.

The District's unassigned fund balance in the general fund exceeds the 4% limit of the 2020 budget, which is a limitation imposed by New York State Real Property Tax Law §1318.

### **3. Cash**

Cash management is governed by State laws and as established in the District's written policies. Cash resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Policies permit the Treasurer to use demand accounts and certificates of deposit. Invested resources are limited to obligations of the United States Treasury and its Agencies, repurchase agreements, and obligations of the State or its localities.

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.

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. At June 30, 2019, the District's bank deposits were fully collateralized by FDIC coverage and securities held by the pledging institution's agent in the District's name.

#### 4. Interfund Transactions – Fund Financial Statements

Fund	Receivable	Payable	Transfers	
			In	Out
General	\$ 643,762	\$ 2,874	\$ 50,000	\$ 1,512,757
Capital projects	-	106,496	-	-
Special aid	1,677	417,225	40,064	-
School lunch	-	74	-	-
Debt service	-	43,743	1,472,693	50,000
Fiduciary	1,197	76,224	-	-
	<b>\$ 646,636</b>	<b>\$ 646,636</b>	<b>\$ 1,562,757</b>	<b>\$ 1,562,757</b>

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 the debt service fund to transfer the debt service reserve to its own fund. The transfer from the debt service fund to the general fund is for a portion of the District's annual payments.

#### 5. Capital Assets

	July 1, 2018	Increases	Retirements/ Reclassifications	June 30, 2019
Non-depreciable capital assets:				
Land	\$ 217,389	\$ -	\$ -	\$ 217,389
Construction in progress	-	138,686	-	138,686
	<b>217,389</b>	<b>138,686</b>	<b>-</b>	<b>356,075</b>
Depreciable capital assets:				
Land improvements	3,825,487	-	-	3,825,487
Buildings and improvements	62,391,040	5,110	-	62,396,150
Vehicles	3,357,501	362,403	(440,824)	3,279,080
Furniture and equipment	3,126,772	230,461	-	3,357,233
Total depreciable assets	<b>72,700,800</b>	<b>597,974</b>	<b>(440,824)</b>	<b>72,857,950</b>
Less accumulated depreciation:				
Land improvements	1,703,653	138,388	-	1,842,041
Buildings and improvements	17,145,932	1,374,211	-	18,520,143
Vehicles	2,264,834	222,198	(390,725)	2,096,307
Furniture and equipment	2,187,924	193,846	-	2,381,770
Total accumulated depreciation	<b>23,302,343</b>	<b>1,928,643</b>	<b>(390,725)</b>	<b>24,840,261</b>
Total depreciable assets, net	<b>49,398,457</b>	<b>(1,330,669)</b>	<b>(50,099)</b>	<b>48,017,689</b>
	<b>\$ 49,615,846</b>	<b>\$ (1,191,983)</b>	<b>\$ (50,099)</b>	<b>\$ 48,373,764</b>

Depreciation expense has been allocated to the following functions: general support \$232,668, instruction \$1,545,661, pupil transportation \$119,678, and food service \$30,636.

As of June 30, 2019, net investment in capital assets consists of the following:

Capital assets, net of accumulated depreciation	\$ 48,373,764
Bonds and related premiums	(19,936,282)
Bond anticipation notes payable	(908,144)
Defeasance gain, net	(16,164)
	<b>\$ 27,513,174</b>

## 6. Short-Term Debt

Bond anticipation notes (BANs) outstanding at June 30, 2019 amounted to \$908,144 (\$799,635 as of June 30, 2018) and carry interest at 3.0% (1.55% as of June 30, 2018). In 2019, BANs of \$265,894 were redeemed from appropriations and \$908,144 were issued to provide \$374,403 of additional capital project funding and to refinance \$533,741 of existing BANs. In August 2019, the District also issued \$999,757 in BANs to refinance bus BANs.

## 7. Long-Term Liabilities

	July 1, 2018	Increases	Decreases	June 30, 2019	Amount Due in One Year
Serial bonds	\$ 20,600,000	\$ -	\$ (2,935,000)	\$ 17,665,000	\$ 3,045,000
Bond premiums	2,642,082	-	(370,800)	2,271,282	-
Compensated absences	1,183,545	-	(44,465)	1,139,080	341,724
	<b>\$ 24,425,627</b>	<b>\$ -</b>	<b>\$ (3,350,265)</b>	<b>\$ 21,075,362</b>	<b>\$ 3,386,724</b>

### Existing Obligations

Description	Maturity	Rate	Balance
Advance refunding 2009	June 2021	4.25%-4.75%	\$ 690,000
DASNY refunding 2012	June 2021	2.0%-5.0%	1,935,000
Refunding bonds 2017	June 2025	1.0%-5.0%	9,390,000
DASNY bonds 2017	June 2032	3.0%-5.0%	5,650,000
			<b>\$ 17,665,000</b>

### Debt Service Requirements

Years ending June 30,	Principal	Interest
2020	\$ 3,045,000	\$ 804,375
2021	3,140,000	714,050
2022	1,885,000	555,000
2023	1,960,000	475,950
2024	2,060,000	381,750
2025-2029	4,045,000	825,500
2030-2032	1,530,000	148,750
	<b>\$ 17,665,000</b>	<b>\$ 3,905,375</b>

## 8. Pension Plans

The District participates in the following cost-sharing, multiple employer, 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 10.62% for 2019. 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 2019, these rates ranged from 9.4% - 19.7%.

The amount outstanding and payable to TRS for the year ended June 30, 2019 was \$1,126,080. A liability to ERS of \$145,683 is accrued based on the District's legally required contribution for employee services rendered from April 1, 2019 through June 30, 2019.

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

At June 30, 2019, the District reported an asset of \$1,130,790 for its proportionate share of the TRS net pension position and a liability of \$710,415 for its proportionate share of the ERS net pension position.

The TRS net pension position was measured as of June 30, 2018, and the total pension liability was determined by an actuarial valuation as of June 30, 2017, with update procedures applied to roll forward the net pension position to June 30, 2018. 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, 2018, the District's proportion was 0.062535%, an increase of 0.001224 from its proportion measured as of June 30, 2017.

The ERS net pension position was measured as of March 31, 2019, and the total pension liability was determined by an actuarial valuation as of April 1, 2018. 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 the March 31, 2019 measurement date, the District's proportion was 0.0100266%, an increase of 0.0003056 from its proportion measured as of March 31, 2018.

For the year ended June 30, 2019, the District recognized net pension expense of \$1,422,292 on the government-wide statements (TRS expense of \$856,786 and ERS expense of \$565,506). At June 30, 2019, 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	\$ 845,030	\$ 153,068	\$ 139,896	\$ 47,689
Changes of assumptions	3,952,854	-	178,569	-
Net difference between projected and actual earnings on pension plan investments	-	1,255,263	-	182,332
Changes in proportion and differences between contributions and proportionate share of contributions	20,556	116,328	206,173	-
District contributions subsequent to the measurement date	1,126,080	-	145,683	-
	<b>\$ 5,944,520</b>	<b>\$ 1,524,659</b>	<b>\$ 670,321</b>	<b>\$ 230,021</b>

District contributions subsequent to the measurement date will be recognized as an addition to (a reduction of) the net pension asset (liability) in the year ending June 30, 2020. 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	
2020	\$	1,114,319	\$	230,049
2021		750,423		(83,068)
2022		62,045		28,558
2023		747,758		119,078
2024		509,943		-
Thereafter		109,293		-
	\$	<b>3,293,781</b>	\$	<b>294,617</b>

### Actuarial Assumptions

For TRS, the actuarial assumptions used in the June 30, 2017 valuation, with update procedures used to roll forward the total pension liability to June 30, 2018, were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014. These assumptions are:

**Inflation** – 2.25% (2.50% for the 2017 measurement)

**Salary increases** – Based on TRS member experience, dependent on service, ranging from 1.90%-4.72%

**Projected Cost of Living Adjustments (COLA)** – 1.5% compounded annually

**Investment rate of return** – 7.25% 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-2014, applied on a generational basis

**Discount rate** – 7.25%

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, 2018 valuation, with update procedures used to roll forward the total pension liability to March 31, 2019, were based on the results of an actuarial experience study for the period April 1, 2010 to March 31, 2015. These assumptions are:

**Inflation** – 2.5%

**Salary increases** – 4.2% (3.8% for the 2018 measurement)

**COLA** – 1.3% annually

**Investment rate of return** – 7.0% compounded annually, net of investment expense, including inflation

**Mortality** – Society of Actuaries' Scale MP-2014

**Discount rate** – 7.0%

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%	5.8%	36%	4.6%
Global and international equities	20%	6.7%-7.3%	14%	6.4%
Private equities	8%	8.9%	10%	7.5%
Real estate	11%	4.9%	10%	5.6%
Inflation-indexed bonds	-	-	4%	1.3%
Domestic fixed income securities	16%	1.3%	-	-
Global fixed income securities	2%	0.9%	-	-
Bonds and mortgages	7%	2.8%	17%	1.3%
Short-term	1%	0.3%	1%	(0.3)%
Other	2%	3.5%-6.8%	8%	3.8%-5.7%
	<b>100%</b>		<b>100%</b>	

## 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 7.25% (TRS) and 7.0% (ERS) and the impact of using a discount rate that is 1% higher or lower than the current rate.

	1.0% Decrease	At Current Discount Rate	1.0% Increase
District's proportionate share of the TRS net pension asset (liability)	\$ (7,768,713)	\$ 1,130,790	\$ 8,586,101
District's proportionate share of the ERS net pension asset (liability)	\$ (3,106,046)	\$ (710,415)	\$ 1,302,086

## 9. 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 spouses. Benefit provisions are based on individual contracts with the District, as negotiated from time to time. The Plan also provides an implicit rate subsidy for retirees that choose to remain on the District's healthcare subsequent to retirement. Eligibility is based on covered employees who retire from the District at age 55 or older and have met vesting requirements. The retiree pays the entire amount of the monthly insurance premium. The Plan has no assets, does not issue financial statements, and is not a trust.

At July 1, 2017, employees covered by the Plan include:

Active employees	186
Inactive employees or beneficiaries currently receiving benefits	36
Inactive employees entitled to but not yet receiving benefits	-
	<u><b>222</b></u>

#### Total OPEB Liability

The District's total OPEB liability of \$4,468,338 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017, rolled forward through an interim valuation to June 30, 2019.

The total OPEB liability in the June 30, 2019 interim valuation 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 v2018\_c for long-term rates, initially 7.00% for pre-65 and 5.0% for post-65 (10.25% for prescription drug), declining to 3.886% in 2075

**Salary increases** – 3.0%

**Mortality** – RP-2014 sex distinct mortality tables for employees and healthy annuitants, adjusted backwards to 2006 with MP-2014, and then adjusted for mortality improvements with Scale MP-2017 mortality improvement scale on a fully generational basis

**Discount rate** – 3.62% based on the Fidelity General Obligation 20-Year AA Municipal Bond Index as of the measurement date

**Inflation rate** – 2.25%

#### Changes in the Total OPEB Liability

	<u><b>Total OPEB Liability</b></u>
Balance at June 30, 2018	<u>\$ 4,424,580</u>
Changes for the year:	
Service cost	199,182
Interest	162,436
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	(195,922)
Benefit payments	<u>(121,938)</u>
Net changes	<u>43,758</u>
	<u><b>\$ 4,468,338</b></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:

	<u><b>1.0% Decrease (2.62%)</b></u>	<u><b>Discount Rate (3.62%)</b></u>	<u><b>1.0% Increase (4.62%)</b></u>
Total OPEB liability	<u><b>\$ (5,240,122)</b></u>	<u><b>\$ (4,468,338)</b></u>	<u><b>\$ (3,856,104)</b></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:

	Healthcare Cost		
	1.0% Decrease (6.00% to 2.886%)	Trend Rate (7.00% to 3.886%)	1.0% Increase (8.00% to 4.886%)
Total OPEB liability	\$ (3,739,671)	\$ (4,468,338)	\$ (5,419,916)

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$246,153. At June 30, 2019, 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
Changes of assumptions or other inputs	\$ -	\$ 544,812
Benefit payments subsequent to the measurement date	119,383	-
	<u>\$ 119,383</u>	<u>\$ 544,812</u>

Payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2020. Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30,		
	2020	\$ (67,790)
	2021	(67,790)
	2022	(67,790)
	2023	(67,790)
	2024	(67,790)
	Thereafter	(205,862)
		<u>\$ (544,812)</u>

## 10. 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 19 schools as of June 30, 2018 (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. The Plan's deficit as of June 30, 2018 was allocated among Plan members and each member has the option to fund their entire portion of the deficit or fund the minimum contribution, 5% of the member's share of the deficit. The District's portion of the deficit at June 30, 2018 amounted to \$211,772 and \$10,589 was paid during 2019.

The Plan has published its own financial report for the year ended June 30, 2018, 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). The Plan has been established to administer a health insurance program to lower the costs of such coverage to the 44 participating members as of June 30, 2018 (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. As of June 30, 2018, the Plan reflects deficit net assets of \$10,676,000.

The Plan has published its own financial report for the year ended June 30, 2018, which can be obtained from Erie 1 BOCES, 355 Harlem Road, West Seneca, New York, 14224.

## **11. 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.

### **Construction Commitments**

The District has entered into contracts with various construction companies for several capital projects. District voters approved spending up to \$13,229,000 across all projects. To date the District has spent \$880,000.

# AKRON CENTRAL SCHOOL DISTRICT

## Required Supplementary Information 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,	2018	2017	2016	2015	2014	2013
District's proportion of the net pension position	0.062535%	0.061311%	0.061714%	0.060790%	0.060690%	0.059539%
District's proportionate share of the net pension asset (liability)	\$ 1,130,790	\$ 466,021	\$ (660,985)	\$ 6,314,192	\$ 6,760,503	\$ 391,918
District's covered payroll	\$ 10,174,061	\$ 9,715,708	\$ 9,338,929	\$ 9,240,795	\$ 8,968,316	\$ 8,884,259
District's proportionate share of the net pension position as a percentage of its covered payroll	11.11%	4.80%	7.08%	68.33%	75.38%	4.41%
Plan fiduciary net position as a percentage of the total pension liability	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%
The following is a summary of changes of assumptions:						
Inflation	2.25%	2.5%	2.5%	3.0%	3.0%	3.0%
Salary increases	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	4.0%-10.9%	4.0%-10.9%	4.0%-10.9%
Cost of living adjustments	1.5%	1.5%	1.5%	1.625%	1.625%	1.625%
Investment rate of return	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Discount rate	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Society of Actuaries' mortality scale	MP-2014	MP-2014	MP-2014	AA	AA	AA

Data prior to 2013 is unavailable.

**AKRON CENTRAL SCHOOL DISTRICT**
**Required Supplementary Information  
Schedule of District Contributions  
New York State Teachers' Retirement System**

June 30,	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 1,126,080	\$ 997,058	\$ 1,138,681	\$ 1,238,342	\$ 1,619,911	\$ 1,456,793	\$ 1,051,896
Contribution in relation to the contractually required contribution	(1,126,080)	(997,058)	(1,138,681)	(1,238,342)	(1,619,911)	(1,456,793)	(1,051,896)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 10,603,390	\$ 10,174,061	\$ 9,715,708	\$ 9,338,929	\$ 9,240,795	\$ 8,968,316	\$ 8,884,259
Contributions as a percentage of covered payroll	10.62%	9.80%	11.72%	13.26%	17.53%	16.24%	11.84%

*Data prior to 2013 is unavailable.*



# AKRON CENTRAL SCHOOL DISTRICT

## Required Supplementary Information 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,	2019	2018	2017	2016	2015
District's proportion of the net pension position	0.0100266%	0.0097210%	0.0095773%	0.0094293%	0.009129%
District's proportionate share of the net pension liability	\$ (710,415)	\$ (313,740)	\$ (899,909)	\$ (1,513,432)	\$ (308,402)
District's covered payroll	\$ 3,278,940	\$ 3,072,177	\$ 2,922,268	\$ 2,778,918	\$ 2,896,330
District's proportionate share of the net pension position as a percentage of its covered payroll	21.67%	10.21%	30.79%	54.46%	10.65%
Plan fiduciary net position as a percentage of the total pension liability	96.27%	98.24%	94.70%	90.70%	97.90%
The following is a summary of changes of assumptions:					
Inflation	2.5%	2.5%	2.5%	2.5%	2.7%
Salary increases	4.2%	3.8%	3.8%	3.8%	4.9%
Cost of living adjustments	1.3%	1.3%	1.3%	1.3%	1.4%
Investment rate of return	7.0%	7.0%	7.0%	7.0%	7.5%
Discount rate	7.0%	7.0%	7.0%	7.0%	7.5%

Data prior to 2015 is unavailable.

# AKRON CENTRAL SCHOOL DISTRICT

## Required Supplementary Information Schedule of District Contributions New York State and Local Employees' Retirement System

June 30,	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 492,714	\$ 467,897	\$ 446,621	\$ 531,235	\$ 532,850	\$ 484,896	\$ 543,973
Contribution in relation to the contractually required contribution	(492,714)	(467,897)	(446,621)	(531,235)	(532,850)	(484,896)	(543,973)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 3,278,940	\$ 3,072,177	\$ 2,922,268	\$ 2,778,918	\$ 2,896,330	\$ 2,657,303	\$ 2,800,065
Contributions as a percentage of covered payroll	15.03%	15.23%	15.28%	19.12%	18.40%	18.25%	19.43%

*Data prior to 2013 is unavailable.*

**AKRON CENTRAL SCHOOL DISTRICT**

---

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

<b>June 30,</b>	<b>2019</b>	<b>2018</b>
Total OPEB liability - beginning	\$ 4,424,580	\$ 4,632,817
Changes for the year:		
Service cost	199,182	228,785
Interest	162,436	140,309
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions or other inputs	(195,922)	(464,355)
Benefit payments	(121,938)	(112,976)
Net change in total OPEB liability	43,758	(208,237)
Total OPEB liability - ending	\$ 4,468,338	\$ 4,424,580
Covered-employee payroll	\$ 13,955,609	\$ 13,955,609
Total OPEB liability as a percentage of covered-employee payroll	32.0%	31.7%

*Data prior to 2018 is unavailable.*

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

**AKRON CENTRAL SCHOOL DISTRICT**

---

**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, 2019**

---

<b>Original expenditure budget</b>	\$ 31,613,103
Encumbrances carried over from prior year	<u>43,000</u>
<b>Revised expenditure budget</b>	<u><u>\$ 31,656,103</u></u>

\* \* \*

**Unrestricted Fund Balance**

Assigned	\$ 1,685,842
Unassigned	<u>3,071,946</u>
	4,757,788
Encumbrances included in assigned fund balance	(85,842)
Less appropriated fund balance used for tax levy	<u>(1,600,000)</u>
<b>Amount subject to 4% limit pursuant to Real Property Tax Law §1318</b>	<u><u>\$ 3,071,946</u></u>

**§1318 of Real Property Tax Law - unrestricted fund balance limit calculation**

2020 expenditure budget (unaudited)	\$ 35,187,360
4% of budget	<u>1,407,494</u>
<b>Actual percentage of 2020 expenditure budget</b>	<u><u>8.7%</u></u>

---

**AKRON CENTRAL SCHOOL DISTRICT**

**Supplementary Information  
Schedule of Capital Project Expenditures**

**June 30, 2019**

Project Title	Budget	Expenditures			Unexpended Balance
		Prior Years	Current Year	Total	
Capital Improvements Project 2019	\$ 11,973,108	\$ -	\$ 138,686	\$ 138,686	\$ 11,834,422
Buses and Vehicles 18-19	381,400	-	362,403	362,403	18,997
Smart Schools Bond Act	1,255,318	556,912	184,866	741,778	513,540
	<u>\$ 13,609,826</u>	<u>\$ 556,912</u>	<u>\$ 685,955</u>	<u>\$ 1,242,867</u>	<u>\$ 12,366,959</u>

**AKRON CENTRAL SCHOOL DISTRICT**

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

For the year ended June 30, 2019

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>CFDA Number</b>	<b>Grantor Number</b>	<b>Expenditures</b>
<b><u>U.S. Department of Education:</u></b>			
Indian Education Grants to Local Educational Agencies	84.060	N/A	\$ 93,471
Impact Aid	84.041	N/A	591,481
<b>Passed Through New York State Education Department</b>			
<b>Special Education Cluster:</b>			
Special Education Grants to States	84.027	0032-19-0236	337,517
Special Education Preschool Grants	84.173	0033-19-0236	6,266
<b>Total Special Education Cluster</b>			<u>343,783</u>
Title I Grants to Local Educational Agencies	84.010	0021-19-0830	243,361
Supporting Effective Instruction State Grants	84.367	0147-19-0830	46,375
Student Support and Academic Enrichment Program	84.424	0204-19-0830	20,838
<b>Total U.S. Department of Education</b>			<u>1,339,309</u>
<b><u>U.S. Department of Agriculture:</u></b>			
<b>Passed Through New York State Education Department</b>			
<b>Child Nutrition Cluster:</b>			
School Breakfast Program	10.553	N/A	50,408
National School Lunch Program	10.555	N/A	266,495
<b>Total Child Nutrition Cluster</b>			<u>316,903</u>
<b>Passed Through New York State Office of General Services</b>			
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	42,772
<b>Total U.S. Department of Agriculture</b>			<u>359,675</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 1,698,984</u>

See accompanying notes.

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

---

**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 introduced 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, 2019, the District used \$42,772 worth of commodities under the Child Nutrition Discretionary Grants Limited Availability program (CFDA Number 10.579).

**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 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, 2019, 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 4, 2019.

**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) to determine the 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 may exist that have not been identified.

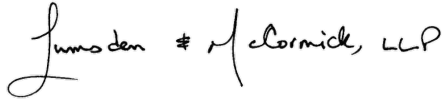
**Compliance and Other Matters**

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 determination of financial statement amounts. 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 cursive script that reads "Junsden & McCormick, LLP".

September 4, 2019

**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**

We have audited Akron Central School District's (the District) compliance with the types of compliance requirements described 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, 2019. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

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, 2019.

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Imboden & McCormick, LLP

41

## AKRON CENTRAL SCHOOL DISTRICT

### Schedule of Findings and Questioned Costs

For the year ended June 30, 2019

#### 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	CFDA #	Amount
<b>Special Education Cluster:</b>		
Special Education Grants to States	84.027	\$ 337,517
Special Education Preschool Grants	84.173	6,266
		<u>\$ 343,783</u>

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.