

**AKRON CENTRAL SCHOOL DISTRICT**

**FINANCIAL STATEMENTS**

**JUNE 30, 2021**

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## 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, 2021, 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, 2021, 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

### *Change in Accounting Principle*

As described in Note 2 to the financial statements, the District adopted GASB Statement No. 84, *Fiduciary Activities*, in 2021. Our opinion is not modified with respects to this matter.

### *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 22, 2021 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 blue ink that reads "Lyndon & McCormick, LLP". The signature is written in a cursive, flowing style.

September 22, 2021

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

June 30, 2021

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**Introduction**

Management's Discussion and Analysis (MD&A) of Akron Central School District (the District) provides an overview of the District's financial activities and performance for the year ended June 30, 2021. The information contained in the MD&A should be considered in conjunction with the information presented as part of the District's financial statements that follow. This MD&A, the financial statements, and notes thereto are essential to obtaining a full understanding of the District's financial position and results of operations. The District's financial statements have the following components: (1) government-wide financial statements, (2) governmental fund financial statements, (3) reconciliations between the government-wide and governmental fund financial statements, (4) fiduciary fund statements, (5) notes to the financial statements, and (6) supplementary information.

In 2021, the District adopted GASB Statement No. 84, *Fiduciary Activities*. This statement redefines activities considered to be fiduciary, and as a result, payroll, employee third party withholdings, and certain other activities are now recorded in the general fund and scholarship activity is reflected in a miscellaneous special revenue fund. In addition, fiduciary liabilities are only recognized when an event has occurred that compels the District to disburse fiduciary resources.

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.

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

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

Condensed Statement of Net Position	2021	2020	Change	
			\$	%
Current and other assets	\$ 24,716,000	\$ 23,646,000	\$ 1,070,000	4.5%
Capital assets	53,592,000	49,407,000	4,185,000	8.5%
<b>Total assets</b>	<b>78,308,000</b>	<b>73,053,000</b>	<b>5,255,000</b>	<b>7.2%</b>
Deferred outflows of resources	8,425,000	6,982,000	1,443,000	20.7%
Long-term liabilities	18,948,000	23,148,000	(4,200,000)	(18.1%)
Other liabilities	9,688,000	3,905,000	5,783,000	148.1%
<b>Total liabilities</b>	<b>28,636,000</b>	<b>27,053,000</b>	<b>1,583,000</b>	<b>5.9%</b>
Deferred inflows of resources	6,474,000	4,236,000	2,238,000	52.8%
Net position				
Net investment in capital assets	33,484,000	31,883,000	1,601,000	5.0%
Restricted	13,024,000	12,815,000	209,000	1.6%
Unrestricted	5,115,000	4,048,000	1,067,000	26.4%
<b>Total net position</b>	<b>\$ 51,623,000</b>	<b>\$ 48,746,000</b>	<b>\$ 2,877,000</b>	<b>5.9%</b>

Net position amounted to \$51,623,000 and \$48,746,000 as of June 30, 2021 and 2020, 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 State-wide retirement systems; the debt service reserve, which is set aside for the repayment of bonds issued to finance capital projects; and an employee benefit accrued liability reserve which must be used to pay employees' accumulated vacation and sick time upon retirement or other separation. Other restricted resources include the capital and workers' compensation reserves, which are similarly restricted for spending as indicated by their names.

Total assets increased by \$5,255,000 (\$2,726,000 increase in 2020). Current and other assets increased by \$1,070,000 and net capital assets increased by \$4,185,000 (increase of \$1,693,000 and \$1,033,000 in 2020). The capital asset increase is the result of building and improvements exceeding depreciation expense. The increase in current and other assets is primarily due to an increase in cash of \$3,407,000 offset by funding capital projects and debt service. Additionally, the District's proportionate share of the New York State Teachers' Retirement System (TRS) net pension asset as of June 30, 2020 amounted to \$1,570,000. In 2021, the District's proportionate share of TRS was a liability in the amount of \$1,750,000 and overall net pension position decreased by \$847,000.

Long-term liabilities decreased by \$4,200,000 (\$3,106,000 decrease in 2020) due to the repayment of \$3,140,000 of bond principal. Other liabilities increased \$5,783,000 due to the issuance of bond anticipation notes of \$7,100,000 for the ongoing capital project (\$1,000,000 in 2020).

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.

Condensed Statement of Activities	2021	2020	Change	
			\$	%
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 2,503,000	\$ 2,259,000	\$ 244,000	10.8%
Operating and capital grant contributions	3,235,000	2,657,000	578,000	21.8%
General revenues				
Real property taxes	10,090,000	9,901,000	189,000	1.9%
Sales tax	1,338,000	1,189,000	149,000	12.5%
Other	424,000	493,000	(69,000)	(14.0%)
State aid	16,650,000	17,930,000	(1,280,000)	(7.1%)
Total revenue	34,240,000	34,429,000	(189,000)	(0.5%)
<b>Expenses</b>				
Instruction	24,355,000	23,648,000	707,000	3.0%
Support services				
General support	4,390,000	4,401,000	(11,000)	(0.2%)
Pupil transportation	1,910,000	2,040,000	(130,000)	(6.4%)
Food service	673,000	768,000	(95,000)	(12.4%)
Interest	382,000	443,000	(61,000)	(13.8%)
Total expenses	31,710,000	31,300,000	410,000	1.3%
Change in net position	2,530,000	3,129,000	(599,000)	(19.1%)
Net position – beginning	48,746,000	45,617,000	3,129,000	6.9%
Cumulative effect of a change in accounting principle	347,000	-	347,000	
<b>Net position – ending</b>	<b>\$ 51,623,000</b>	<b>\$ 48,746,000</b>	<b>\$ 2,877,000</b>	<b>5.9%</b>

District revenues decreased by 0.5% or \$189,000 in 2021 (3.6% or \$1,201,000 increase in 2020) due to decreases in State aid related to Native American building aid offset by additional federal aid related to the COVID-19 pandemic and Native American tuition rate increases. Total expenses increased by \$410,000 compared to an increase in 2020 of \$2,039,000 or 7.0%. Increases are primarily due to special education costs, COVID-19 related supplies and purchases, and the District's share of the BOCES capital project.

### Financial Analysis of the District's Funds

Total fund balances for the governmental funds decreased from \$18,229,000 to \$15,146,000 as described below:

- On an overall basis, expenditures of \$38,001,000 exceeded revenues and other financing sources of \$34,571,000 resulting in a decrease of \$3,430,000 in fund balances.
- The general fund experienced a net surplus of \$2,663,000 (\$356,000 surplus in 2020) for the following reasons:
  - Revenues decreased \$1,244,000 primarily due to decrease Native American building aid.
  - Expenses decreased \$3,933,000 primarily due to the debt service, which amounted to \$4,146,000 in the current year. The general fund transferred \$3,846,000 to the debt service fund for these payments.
- Spending across all governmental funds increased by \$3,462,000 or 10.0% primarily due to capital project expenditures of \$5,971,000, an increase of \$3,378,000 over 2020 capital expenditures.

## General Fund Budgetary Highlights

The final general fund revenue budget was \$31,571,000 with actual revenues amounting to \$32,085,000, a favorable difference of \$513,000 or 1.6%. This was primarily caused by CARES Act funding from the Federal government which was passed on to the District from New York State and Erie County and offset by an unexpected decrease of \$1,153,000 from State sources. Actual expenditures and carryover encumbrances were less than the final amended budget by \$2,668,000 or 9.4%. This difference is attributable to many factors and many unknown items when the budget is prepared.

## Capital Assets

	2021	2020
Land and land improvements	\$ 4,131,000	\$ 4,043,000
Buildings and improvements	70,073,000	65,051,000
Furniture, equipment, and vehicles	7,647,000	6,726,000
	81,851,000	75,820,000
Accumulated depreciation	(28,259,000)	(26,413,000)
	\$ 53,592,000	\$ 49,407,000

Current year additions of \$6,471,000 were related to the ongoing capital improvement projects offset by depreciation expense and other changes of \$2,286,000.

## Debt

At June 30, 2021, the District had \$11,480,000 in bonds outstanding, with \$1,885,000 due within one year (\$14,620,000 outstanding at June 30, 2020). Outstanding compensated absences payable were \$1,151,000 with \$345,000 expected to be paid within one year (\$1,088,000 outstanding at June 30, 2020).

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

## Current Financial Issues and Concerns

The extent of the impact of COVID-19 on the District's operational and financial performance will depend on further developments, including the duration and spread of the outbreak and its impact on all school districts, residents, employees, and vendors, none of which can be predicted.

The District will need to plan accordingly to mitigate the impact of rising expenses. Federal revenue sources are expected to increase due to additional pandemic relief funding, but the full extent of federal assistance is not yet known. It is very difficult to plan in these unprecedented times. Although Federal dollars are increasing, State dollars are diminishing. As such, budget planning and the use of reserve dollars are paramount. These issues and concerns are exacerbated by COVID-19 requiring management to plan carefully and prudently to provide the educational resources necessary to meet student needs and flexibility on how students are taught.

## 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, 2021

(With comparative totals as of June 30, 2020)

	2021	2020
<b>Assets</b>		
Cash	\$ 22,005,131	\$ 18,598,334
Due from other governments	597,542	796,077
State, federal aid, and other receivables	2,035,112	2,599,553
Inventory	77,263	81,561
Net pension asset	-	1,570,384
Capital assets (Note 6)	81,850,727	75,819,947
Accumulated depreciation	(28,258,987)	(26,413,128)
<b>Total assets</b>	<b>78,306,788</b>	<b>73,052,728</b>
<b>Deferred Outflows of Resources</b>		
Defeasance loss	1,395	5,568
Deferred outflows of resources related to pensions	8,062,489	6,934,509
Deferred outflows of resources related to OPEB	361,212	41,913
<b>Total deferred outflows of resources</b>	<b>8,425,096</b>	<b>6,981,990</b>
<b>Liabilities</b>		
Accounts payable	1,260,513	1,736,293
Accrued liabilities	118,000	58,500
Due to retirement systems	1,209,327	1,110,285
Bond anticipation notes payable	7,099,581	999,757
Long-term liabilities		
Due within one year		
Bonds	1,885,000	3,140,000
Compensated absences	345,240	326,508
Due beyond one year		
Bonds	11,124,682	13,380,482
Compensated absences	805,561	761,853
Net pension liability	1,750,291	2,473,348
Total OPEB liability	3,036,866	3,065,589
<b>Total liabilities</b>	<b>28,635,061</b>	<b>27,052,615</b>
<b>Deferred Inflows of Resources</b>		
Defeasance gain	-	8,632
Deferred inflows of resources related to pensions	3,659,692	2,270,863
Deferred inflows of resources related to OPEB	2,814,286	1,956,388
<b>Total deferred inflows of resources</b>	<b>6,473,978</b>	<b>4,235,883</b>
<b>Net Position</b>		
Net investment in capital assets	33,483,872	31,883,516
Restricted	13,023,656	12,814,530
Unrestricted	5,115,317	4,048,174
<b>Total net position</b>	<b>\$ 51,622,845</b>	<b>\$ 48,746,220</b>

See accompanying notes.

AKRON CENTRAL SCHOOL DISTRICT

**Statement of Activities**

For the year ended June 30, 2021

(With summarized comparative totals for June 30, 2020)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2021	2020
<b>Government activities</b>						
General support	\$ 4,390,054	\$ 2,533	\$ 432,276	\$ -	<b>\$ (3,955,245)</b>	\$ (4,330,820)
Instruction	24,354,981	2,475,259	1,972,183	123,268	<b>(19,784,271)</b>	(19,657,723)
Pupil transportation	1,910,357	-	-	-	<b>(1,910,357)</b>	(2,039,296)
Interest expense	382,210	-	-	-	<b>(382,210)</b>	(443,143)
School food service	672,803	25,059	707,504	-	<b>59,760</b>	86,403
	<u>\$ 31,710,405</u>	<u>\$ 2,502,851</u>	<u>\$ 3,111,963</u>	<u>\$ 123,268</u>	<u><b>(25,972,323)</b></u>	<u>(26,384,579)</u>
<b>General revenues</b>						
Real property taxes					<b>10,089,707</b>	9,901,712
Sales taxes					<b>1,338,031</b>	1,189,365
Other					<b>424,062</b>	493,163
State aid					<b>16,650,363</b>	17,929,844
<b>Total general revenues</b>					<u><b>28,502,163</b></u>	<u>29,514,084</u>
Change in net position					<b>2,529,840</b>	3,129,505
Net position - beginning					<b>48,746,220</b>	45,616,715
Cumulative effect of a change in accounting principle (Note 2)					<b>346,785</b>	-
Net position - beginning as restated					<u><b>49,093,005</b></u>	<u>45,616,715</u>
<b>Net position - ending</b>					<b>\$ 51,622,845</b>	<b>\$ 48,746,220</b>

See accompanying notes.

AKRON CENTRAL SCHOOL DISTRICT

**Balance Sheet - Governmental Funds**

June 30, 2021

(With summarized comparative totals as of June 30, 2020)

	General	Capital Projects	Debt Service	Special Aid	School Lunch	Miscellaneous Special Revenue	Total Governmental Funds	
							2021	2020
<b>Assets</b>								
Cash	\$ 19,056,779	\$ 1,640,389	\$ 834,975	\$ 110,175	\$ 158,060	\$ 204,753	\$ 22,005,131	\$ 18,598,334
Due from other governments	597,542	-	-	-	-	-	597,542	796,077
State, federal aid, and other receivables	1,285,559	123,268	-	475,812	150,473	-	2,035,112	2,599,541
Due from other funds, net	552,174	-	-	-	-	-	552,174	1,202,772
Inventory	-	-	-	-	77,263	-	77,263	81,561
<b>Total assets</b>	<b>\$ 21,492,054</b>	<b>\$ 1,763,657</b>	<b>\$ 834,975</b>	<b>\$ 585,987</b>	<b>\$ 385,796</b>	<b>\$ 204,753</b>	<b>\$ 25,267,222</b>	<b>\$ 23,278,285</b>
<b>Liabilities and Fund Balances</b>								
Accounts payable	\$ 689,693	\$ 515,127	\$ -	\$ 34,258	\$ 21,435	\$ -	\$ 1,260,513	\$ 1,736,293
Due to retirement systems	1,209,327	-	-	-	-	-	1,209,327	1,110,285
Due to other funds, net	-	101	79	551,729	34	231	552,174	1,202,760
Bond anticipation notes payable	-	7,099,581	-	-	-	-	7,099,581	999,757
<b>Total liabilities</b>	<b>1,899,020</b>	<b>7,614,809</b>	<b>79</b>	<b>585,987</b>	<b>21,469</b>	<b>231</b>	<b>10,121,595</b>	<b>5,049,095</b>
<b>Fund Balances</b>								
Nonspendable:								
Inventory	-	-	-	-	77,263	-	77,263	81,561
Restricted:								
Employee benefit accrued liability	946,774	-	-	-	-	-	946,774	983,362
Workers' compensation	523,770	-	-	-	-	-	523,770	523,318
Retirement contribution	5,436,339	-	-	-	-	-	5,436,339	5,061,645
Debt service	-	-	834,896	-	-	-	834,896	1,087,468
Capital	5,077,355	-	-	-	-	-	5,077,355	5,158,737
Scholarships	-	-	-	-	-	204,522	204,522	-
Assigned:								
Designated for subsequent year's expenditures	1,265,864	-	-	-	-	-	1,265,864	1,152,276
Other purposes	67,030	-	-	-	287,064	-	354,094	315,512
Unassigned	6,275,902	(5,851,152)	-	-	-	-	424,750	3,865,311
<b>Total fund balances (deficit)</b>	<b>19,593,034</b>	<b>(5,851,152)</b>	<b>834,896</b>	<b>-</b>	<b>364,327</b>	<b>204,522</b>	<b>15,145,627</b>	<b>18,229,190</b>
<b>Total liabilities and fund balances</b>	<b>\$ 21,492,054</b>	<b>\$ 1,763,657</b>	<b>\$ 834,975</b>	<b>\$ 585,987</b>	<b>\$ 385,796</b>	<b>\$ 204,753</b>	<b>\$ 25,267,222</b>	<b>\$ 23,278,285</b>

See accompanying notes.

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

June 30, 2021

<b>Total fund balances - governmental funds</b>		\$ 15,145,627
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported as assets in governmental funds.		53,591,740
The District's proportionate share of net pension position as well as pension-related deferred outflows and deferred inflows of resources are recognized on the government-wide statements and include:		
Deferred outflows of resources related to pensions	8,062,489	
Net pension liability	(1,750,291)	
Deferred inflows of resources related to pensions	<u>(3,659,692)</u>	2,652,506
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	361,212	
Total OPEB liability	(3,036,866)	
Deferred inflows of resources related to OPEB	<u>(2,814,286)</u>	(5,489,940)
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	(13,009,682)	
Accrued interest	(118,000)	
Compensated absences	<u>(1,150,801)</u>	(14,278,483)
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>1,395</u>
<b>Net position - governmental activities</b>		<b>\$ 51,622,845</b>

AKRON CENTRAL SCHOOL DISTRICT

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

For the year ended June 30, 2021  
(With summarized comparative totals for June 30, 2020)

	General	Capital Projects	Debt Service	Special Aid	School Lunch	Miscellaneous Special Revenue	Total Governmental Funds	
							2021	2020
<b>Revenues</b>								
Real property taxes	\$ 8,787,519	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,787,519	\$ 8,519,961
Real property tax items	1,302,188	-	-	-	-	-	1,302,188	1,381,751
Nonproperty tax items	1,338,031	-	-	-	-	-	1,338,031	1,189,365
Charges for services	2,475,259	-	-	-	-	-	2,475,259	3,043,228
Use of money and property	16,809	-	2,580	-	98	-	19,487	213,404
Sale of property and compensation for loss	51,715	-	-	-	-	-	51,715	62,577
Miscellaneous	286,422	-	44,848	-	6,087	46,898	384,255	314,487
State sources	16,650,363	123,268	-	492,759	23,052	-	17,289,442	18,534,070
Federal sources	1,176,233	-	-	735,467	684,452	-	2,596,152	2,052,764
Sales	-	-	-	-	18,972	-	18,972	172,591
<b>Total revenues</b>	<b>32,084,539</b>	<b>123,268</b>	<b>47,428</b>	<b>1,228,226</b>	<b>732,661</b>	<b>46,898</b>	<b>34,263,020</b>	<b>35,484,198</b>
<b>Expenditures</b>								
General support	3,500,282	-	-	2,533	265,407	48,993	3,817,215	3,649,854
Instruction	15,058,542	-	-	1,024,069	-	-	16,082,611	15,901,327
Pupil transportation	1,006,066	397,624	-	222,338	-	-	1,626,028	1,688,729
Employee benefits	5,990,248	-	-	-	106,710	-	6,096,958	6,176,438
Debt service								
Principal	-	-	3,448,176	-	-	-	3,448,176	3,352,957
Interest	-	-	697,969	-	-	-	697,969	831,543
Cost of sales	-	-	-	-	261,850	-	261,850	345,256
Capital outlay	-	5,970,737	-	-	-	-	5,970,737	2,593,075
<b>Total expenditures</b>	<b>25,555,138</b>	<b>6,368,361</b>	<b>4,146,145</b>	<b>1,248,940</b>	<b>633,967</b>	<b>48,993</b>	<b>38,001,544</b>	<b>34,539,179</b>
Excess revenues (expenditures)	6,529,401	(6,245,093)	(4,098,717)	(20,714)	98,694	(2,095)	(3,738,524)	945,019
<b>Other financing sources (uses)</b>								
Operating transfers	(3,866,859)	-	3,846,145	20,714	-	-	-	-
BANs redeemed from appropriations	-	308,176	-	-	-	-	308,176	307,957
<b>Total other financing sources (uses)</b>	<b>(3,866,859)</b>	<b>308,176</b>	<b>3,846,145</b>	<b>20,714</b>	<b>-</b>	<b>-</b>	<b>308,176</b>	<b>307,957</b>
Net change in fund balances	2,662,542	(5,936,917)	(252,572)	-	98,694	(2,095)	(3,430,348)	1,252,976
Fund balances - beginning	16,790,324	85,765	1,087,468	-	265,633	-	18,229,190	16,976,214
Cumulative effect of a change in accounting principle (Note 2)	140,168	-	-	-	-	206,617	346,785	-
Fund balances - beginning as restated	16,930,492	85,765	1,087,468	-	265,633	206,617	18,575,975	16,976,214
<b>Fund balances (deficit) - ending</b>	<b>\$ 19,593,034</b>	<b>\$ (5,851,152)</b>	<b>\$ 834,896</b>	<b>\$ -</b>	<b>\$ 364,327</b>	<b>\$ 204,522</b>	<b>\$ 15,145,627</b>	<b>\$ 18,229,190</b>

See accompanying notes.

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

For the year ended June 30, 2021

**Total net change in fund balances - governmental funds** \$ (3,430,348)

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 capital outlays exceed depreciation expense and disposals. 4,184,921

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:

2021 TRS and ERS contributions	1,494,642	
2021 ERS accrued contribution	148,945	
2020 ERS accrued contribution	(143,495)	
2021 TRS net pension expense	(2,331,343)	
2021 ERS net pension expense	(276,925)	(1,108,176)

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.

(509,876)

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.

3,140,000

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	(62,440)	
Net amortization of defeasance gains/losses	4,459	
Amortization of bond premium	370,800	
Interest	(59,500)	253,319

**Change in net position - governmental activities** \$ 2,529,840

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, 2021

	Budgeted Amounts		Actual (Budgetary Basis)	Encumbrances	Variance with Final Budget Over/(Under)
	Original	Final			
<b>Revenues</b>					
Local sources					
Real property taxes	\$ 8,708,568	\$ 8,708,568	\$ 8,787,519		\$ 78,951
Real property tax items	1,386,641	1,386,641	1,302,188		(84,453)
Nonproperty tax items	809,500	809,500	1,338,031		528,531
Charges for services	1,724,000	1,724,000	2,475,259		751,259
Use of money and property	220,000	220,000	16,809		(203,191)
Sale of property and compensation for loss	45,000	45,000	51,715		6,715
Miscellaneous	272,500	272,500	286,422		13,922
State sources	17,803,681	17,803,681	16,650,363		(1,153,318)
Federal sources	601,392	601,392	1,176,233		574,841
Total revenues	31,571,282	31,571,282	32,084,539		513,257
<b>Expenditures</b>					
General support					
Board of education	34,800	35,760	26,067	-	(9,693)
Central administration	241,751	240,791	223,830	-	(16,961)
Finance	481,428	498,474	480,017	2,826	(15,631)
Staff	193,250	269,549	259,172	-	(10,377)
Central services	2,448,995	2,437,148	2,099,647	12,000	(325,501)
Special items	283,000	453,221	411,549	-	(41,672)
Instruction					
Instruction, administration, and improvement	1,099,825	1,197,914	1,061,148	3,805	(132,961)
Teaching - regular school	8,118,603	8,002,942	7,592,998	3,479	(406,465)
Programs for children with handicapping conditions	4,237,339	3,990,405	3,362,127	11,793	(616,485)
Occupational education	682,680	682,680	674,406	-	(8,274)
Teaching - special schools	58,500	58,500	15,724	6,065	(36,711)
Instructional media	975,773	1,030,681	1,007,495	2,438	(20,748)
Pupil services	1,532,723	1,541,023	1,344,644	24,624	(171,755)
Pupil transportation	1,232,785	1,242,285	1,006,066	-	(236,219)
Employee benefits	6,658,314	6,598,393	5,990,248	-	(608,145)
Debt service					
Principal	3,448,177	10,000	-	-	(10,000)
Interest	708,047	-	-	-	-
Total expenditures	32,435,990	28,289,766	25,555,138	67,030	(2,667,598)
Excess revenues (expenditures)	(864,708)	3,281,516	6,529,401	(67,030)	3,180,855
<b>Other financing sources (uses)</b>					
Operating transfers out	(1,392,042)	(5,538,266)	(3,866,859)		(1,671,407)
Operating transfers in	300,000	300,000	-		300,000
Appropriated fund balance, reserves, and carryover encumbrances	1,956,750	1,956,750	-		(1,956,750)
Total other financing sources (uses)	864,708	(3,281,516)	(3,866,859)		(585,343)
<b>Excess revenues (expenditures) and other financing sources (uses)</b>	\$ -	\$ -	\$ 2,662,542	\$ (67,030)	\$ 2,595,512

See accompanying notes.

AKRON CENTRAL SCHOOL DISTRICT

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

June 30, 2021

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**Assets**

Cash	\$ 70,682
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**Liabilities**

Accounts payable	<u>1,425</u>
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**Net Position**

Extraclassroom activity balances	<u>\$ 69,257</u>
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AKRON CENTRAL SCHOOL DISTRICT

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

For the year ended June 30, 2021

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**Additions**

Student activity receipts	\$ 45,737
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**Deductions**

Student activity disbursements	<u>47,114</u>
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Change in net position	(1,377)
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Net position - beginning	206,617
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Cumulative effect of a change in accounting principle (Note 2)	<u>(135,983)</u>
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Net position - beginning as restated	<u>70,634</u>
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<b>Net position - ending</b>	<u>\$ 69,257</u>
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## **Notes to Financial Statements**

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### **1. Summary of Significant Accounting Policies**

#### **Reporting Entity**

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

The District provides education and support services such as administration, transportation, and plant maintenance. The District receives funding from local, state, and federal sources and must comply with requirements of these funding sources. However, the District is not included in any other governmental reporting entity as defined by accounting principles generally accepted in the United States of America, 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, 2021, the District was billed \$2,960,000 for BOCES administrative and program costs and recognized \$157,000 in revenue as a refund from prior year expenditures. 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 11.

## 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.
- *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 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.
- *Miscellaneous special revenue fund.* This fund is used to account for resources that are restricted to student scholarships. Donations are made by third parties and District personnel manage the funds and assist with determination of scholarship recipients.

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

The financial statements include certain prior year summarized comparative information in total but not by separate governmental activities and major funds. Such information does not include sufficient detail to constitute a presentation in conformity with 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, 2020, 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 Taxes**

The District levies real property taxes no later than September 1. For the year ended June 30, 2021, the tax lien was issued on August 12, 2020 for collection from September 15 through November 16, 2020 for Niagara and Genesee Counties and November 30, 2020 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, 2020 was approved by a majority of the voters in a general election held on June 9, 2020.

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.

## Other Postemployment Benefits (OPEB)

On the government-wide statements, the total OPEB liability, deferred outflows and deferred inflows of resources, and OPEB expense of the District's defined benefit healthcare plan (Note 10) have been measured on the same basis as reported by the plan. Benefit payments are due and payable in accordance with benefit terms.

## Compensated Absences

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

The government-wide financial statements reflect the 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 include 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, 2021, the retirement contribution reserve includes \$4,854,201 for ERS and \$582,138 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, which has been fully funded.

Restricted fund balance also includes scholarships donated to the District by third parties for the benefit of students.

## 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. Change in Accounting Principle

Effective July 1, 2020, the District adopted GASB Statement No. 84, *Fiduciary Activities*. This statement redefines activities considered to be fiduciary, and as a result, payroll, employee third party withholdings, and certain other activities are now recorded in the general fund and scholarship activity is reflected in a miscellaneous special revenue fund. In addition, fiduciary liabilities are only recognized when an event has occurred that compels the District to disburse the fiduciary resources or no further action, approval, or condition is required prior to release of the assets. The impact of these required accounting changes on the District's government-wide, governmental fund, and fiduciary funds is as follows:

	General Fund	Miscellaneous Special Revenue Fund	Total Government- Wide	Fiduciary Funds
Fund balance/net position/fiduciary net position, July 1, 2020	\$ 16,790,324	\$ -	\$ 16,790,324	\$ 206,617
Section 105(h) plan benefits	140,168	-	140,168	-
Scholarship activity	-	206,617	206,617	(206,617)
Student activity accounts	-	-	-	70,634
Fund balance/net position/fiduciary net position, as restated, July 1, 2020	\$ 16,930,492	\$ 206,617	\$ 17,137,109	\$ 70,634

Fund balance and net position have not been restated in the prior year columns of the applicable financial statements as such information does not constitute a full comparative presentation of the prior year.

### 3. Stewardship and Compliance

The District's unassigned fund balance in the general fund exceeds the 4% limit of the 2022 budget, which is a limitation imposed by New York State Real Property Tax Law §1318.

The capital projects fund's deficit fund balance of \$5,851,152 will be funded when bond anticipation notes are redeemed from subsequent budget appropriations or converted to permanent financing.

### 4. 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. The District's banking 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, 2021, 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.

### 5. Interfund Transactions – Fund Financial Statements

Fund	Receivable	Payable	Transfers	
			In	Out
General	\$ 642,431	\$ 90,257	\$ -	\$ 3,866,859
Capital projects	-	101	-	-
Special aid	90,228	641,957	20,714	-
School lunch	-	34	-	-
Debt service	-	79	3,846,145	-
Miscellaneous special revenue	-	231	-	-
	<u>\$ 732,659</u>	<u>\$ 732,659</u>	<u>\$ 3,866,859</u>	<u>\$ 3,866,859</u>

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

## 6. Capital Assets

	July 1, 2020	Increases	Retirements/ Reclassifications	June 30, 2021
Non-depreciable capital assets:				
Land	\$ 217,389	\$ -	\$ -	\$ 217,389
Depreciable capital assets:				
Land improvements	3,825,487	88,321	-	3,913,808
Buildings and improvements	65,050,797	5,021,971	-	70,072,768
Vehicles	3,270,382	436,877	(418,922)	3,288,337
Furniture and equipment	3,455,892	924,289	(21,756)	4,358,425
Total depreciable assets	75,602,558	6,471,458	(440,678)	81,633,338
Less accumulated depreciation:				
Land improvements	1,980,430	139,412	-	2,119,842
Buildings and improvements	19,915,427	1,593,940	-	21,509,367
Vehicles	2,056,969	261,437	(398,325)	1,920,081
Furniture and equipment	2,460,302	268,973	(19,578)	2,709,697
Total accumulated depreciation	26,413,128	2,263,762	(417,903)	28,258,987
Total depreciable assets, net	49,189,430	4,207,696	(22,775)	53,374,351
	\$ 49,406,819	\$ 4,207,696	\$ (22,775)	\$ 53,591,740

Depreciation expense has been allocated to the following functions: general support \$222,584, instruction \$1,857,341, pupil transportation \$145,001, and food service \$38,836.

As of June 30, 2021, net investment in capital assets consists of the following:

Capital assets, net of accumulated depreciation	\$ 53,591,740
Bonds and related premiums	(13,009,682)
Bond anticipation notes payable	(7,099,581)
Defeasance loss	1,395
	<u>\$ 33,483,872</u>

## 7. Short-Term Debt

Bond anticipation notes (BANs) outstanding at June 30, 2021 amounted to \$7,099,581 (\$999,757 as of June 30, 2020) and carry interest at 1.25% (1.4% as of June 30, 2020). In 2021, BANs of \$308,176 were redeemed from appropriations and \$7,099,581 were issued to provide \$6,408,000 of additional capital project funding and to refinance \$691,581 of existing BANs. Subsequent to June 30, 2021, the District also issued a \$8,070,486 BAN to finance capital improvements and to refinance an existing \$6,000,000 BAN.



## 8. Long-Term Liabilities

	July 1, 2020	Increases	Decreases	June 30, 2021	Amount Due in One Year
Serial bonds	\$ 14,620,000	\$ -	\$ (3,140,000)	\$ 11,480,000	\$ 1,885,000
Bond premiums	1,900,482	-	(370,800)	1,529,682	-
Compensated absences	1,088,361	62,440	-	1,150,801	345,240
	<u>\$ 17,608,843</u>	<u>\$ 62,440</u>	<u>\$ (3,510,800)</u>	<u>\$ 14,160,483</u>	<u>\$ 2,230,240</u>

### Existing Obligations

Description	Maturity	Rate	Balance
Refunding bonds 2017	June 2025	1.0%-5.0%	\$ 6,515,000
DASNY bonds 2017	June 2032	3.0%-5.0%	4,965,000
			<u>\$ 11,480,000</u>

### Debt Service Requirements

Years ending June 30,	Principal	Interest
2022	\$ 1,885,000	\$ 555,000
2023	1,960,000	475,950
2024	2,060,000	381,750
2025	2,165,000	278,750
2026	435,000	170,500
2027-2031	2,530,000	502,750
2032	445,000	22,250
	<u>\$ 11,480,000</u>	<u>\$ 2,386,950</u>

## 9. 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 9.53% for 2021. 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 2021, these rates ranged from 9.7% - 16.2%.

The amount outstanding and payable to TRS for the year ended June 30, 2021 was \$1,015,914. A liability to ERS of \$148,945 is accrued based on the District's legally required contribution for employee services rendered from April 1, through June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$1,741,716 for its proportionate share of the TRS net pension position and a liability of \$8,575 for its proportionate share of the ERS net pension position.

The TRS net pension position was measured as of June 30, 2020, and the total pension liability was determined by an actuarial valuation as of June 30, 2019, with update procedures applied to roll forward the net pension position to June 30, 2020. 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, 2020, the District's proportion was 0.063031%, an increase of 0.002585 from its proportion measured as of June 30, 2019.

The ERS net pension position was measured as of March 31, 2021, and the total pension liability was determined by an actuarial valuation as of April 1, 2020. 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, 2021 measurement date, the District's proportion was 0.0086120%, a decrease of 0.0007282 from its proportion measured as of March 31, 2020.

For the year ended June 30, 2021, the District recognized net pension expense of \$2,608,268 on the government-wide statements (TRS expense of \$2,331,343 and ERS expense of \$276,925). At June 30, 2021, the District reported deferred outflows and deferred inflows of resources as follows:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,526,092	\$ 89,260	\$ 104,727	\$ -
Changes of assumptions	2,202,866	785,207	1,576,716	29,737
Net difference between projected and actual earnings on pension plan investments	1,137,493	-	-	2,463,323
Changes in proportion and differences between contributions and proportionate share of contributions	120,954	200,941	228,782	91,224
District contributions subsequent to the measurement date	1,015,914	-	148,945	-
	<u>\$ 6,003,319</u>	<u>\$ 1,075,408</u>	<u>\$ 2,059,170</u>	<u>\$ 2,584,284</u>

District contributions subsequent to the measurement date will be recognized as an addition to (a reduction of) the net pension asset (liability) in the year ending June 30, 2022. 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
2022	\$ 665,381	\$ (84,228)
2023	1,356,537	(9,071)
2024	1,116,776	(114,716)
2025	684,387	(466,044)
2026	29,300	-
Thereafter	59,616	-
	<u>\$ 3,911,997</u>	<u>\$ (674,059)</u>

### Actuarial Assumptions

For TRS, the actuarial assumptions used in the June 30, 2019 valuation, with update procedures used to roll forward the total pension liability to June 30, 2020, were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014. These assumptions are:

*Inflation* – 2.2%

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

*Projected Cost of Living Adjustments (COLA)* – 1.3% compounded annually

*Investment rate of return* – 7.1% 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-2019, applied on a generational basis

*Discount rate* – 7.1%

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, 2020 valuation, with update procedures used to roll forward the total pension liability to March 31, 2021, were based on the results of an actuarial experience study for the period April 1, 2015 to March 31, 2020. These assumptions are:

*Inflation* – 2.7%

*Salary increases* – 4.4%

*COLA* – 1.4% annually

*Investment rate of return* – 5.9% compounded annually, net of investment expense, including inflation

*Mortality* – Society of Actuaries’ Scale MP-2020

*Discount rate* – 5.9%

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

## Investment Asset Allocation

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

Asset Class	TRS		ERS	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	33%	7.1%	32%	4.1%
Global and international equities	20%	7.4%-7.7%	15%	6.3%
Private equities	8%	10.4%	10%	6.8%
Real estate	11%	6.8%	9%	5.0%
Domestic fixed income securities	16%	1.8%	23%	-
Global fixed income securities	2%	1.0%	-	-
Bonds and mortgages	7%	3.6%	-	-
Short-term	1%	0.7%	1%	0.5%
Other	2%	3.9%-5.2%	10%	3.6%-6.0%
	<u>100%</u>		<u>100%</u>	

## Discount Rate

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

The following presents the District's proportionate share of its net pension position calculated using the discount rate of 7.1% (TRS) and 5.9% (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)	\$ (11,001,822)	\$ (1,741,716)	\$ 6,029,859
District's proportionate share of the ERS net pension asset (liability)	\$ (2,380,175)	\$ (8,575)	\$ 2,178,594

## 10. OPEB

### Plan Description

The District maintains a single-employer defined benefit healthcare plan (the Plan) providing for continuation of medical insurance benefits for certain District retirees and their spouses. Benefit provisions are based on individual contracts with the District, as negotiated from time to time. The Plan provides an implicit rate subsidy for retirees that choose to remain on the District's healthcare plan subsequent to retirement at their own expense. Eligibility is based on covered employees who retire from the District at age 55 or older and have met vesting requirements. The Plan has no assets, does not issue financial statements, and is not a trust.

At June 30, 2019, employees covered by the Plan include:

Active employees	184
Inactive employees or beneficiaries currently receiving benefits	36
Inactive employees entitled to but not yet receiving benefits	-
	<u>220</u>

### Total OPEB Liability

The District's total OPEB liability of \$3,036,866 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019 rolled forward through an interim valuation to June 30, 2021.

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

*Healthcare cost trend rates* – based on a review of published national trend survey data for short-term rates and the Society of Actuaries Getzen Long-Term Healthcare Cost Trends Model v2020\_b for long-term rates, initially 6.50% for pre-65 and 4.40% for post-65 (6.75% for prescription drug), declining to 3.784% in 2075

*Salary increases* – 3.0%

*Mortality* – Pub-2010 sex distinct mortality tables for employees and healthy annuitants adjusted for mortality improvements with Scale MP-2019 mortality improvement scale on a fully generational basis

*Discount rate* – 2.45% 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

	Total OPEB Liability
Balance at June 30, 2020	<u>\$ 3,065,589</u>
Changes for the year:	
Service cost	140,620
Interest	99,698
Changes of benefit terms	713,378
Differences between expected and actual experience	(1,212,263)
Changes of assumptions or other inputs	271,757
Benefit payments	<u>(41,913)</u>
Net changes	<u>(28,723)</u>
Balance at June 30, 2021	<u>\$ 3,036,866</u>

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

	1.0% Decrease (1.45%)	Discount Rate (2.45%)	1.0% Increase (3.45%)
Total OPEB liability	<u>\$ (3,250,204)</u>	<u>\$ (3,036,866)</u>	<u>\$ (2,832,508)</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 (5.50% to 2.784%)	Trend Rate (6.50% to 3.784%)	1.0% Increase (7.50% to 4.784%)
Total OPEB liability	\$ (2,718,058)	\$ (3,036,866)	\$ (3,407,270)

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$626,643. At June 30, 2021, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 2,068,210
Changes of assumptions or other inputs	244,445	746,076
Benefit payments subsequent to the measurement date	116,767	-
	<u>\$ 361,212</u>	<u>\$ 2,814,286</u>

Payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2022. Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30,	
2022	\$ (327,053)
2023	(327,053)
2024	(327,053)
2025	(327,053)
2026	(327,053)
Thereafter	(934,576)
	<u>\$ (2,569,841)</u>

## 11. 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, 2020 (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 Plan has published its own financial report for the year ended June 30, 2019, 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 23 participating members as of June 30, 2020 (the most recent information available). Effective June 1, 2020, certain employee groups of the District are covered by a commercial health insurance plan.

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

The Plan has published its own financial report for the year ended June 30, 2020, which can be obtained from Erie 1 BOCES, 355 Harlem Road, West Seneca, New York, 14224.

## **12. 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 \$13,228,500 across all projects. To date the District has spent \$9,437,000.

## **13. Risks and Uncertainties**

On January 31, 2020, the United States Secretary of Health and Human Services (HHS) declared a public health emergency related to the global spread of coronavirus COVID-19, and a pandemic was declared by the World Health Organization in February 2020. Efforts to fight the widespread disease continued into 2021, and the District was required to implement numerous safety measures and remote learning initiatives. The full extent of the impact of COVID-19 on the District's operational and financial performance will depend on further developments, including the duration and spread of the outbreak and its impact on school districts, residents, employees, and vendors, none of which can be predicted.

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,	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension position	0.063031%	0.060446%	0.062535%	0.061311%	0.061714%	0.060790%	0.060690%	0.059539%
District's proportionate share of the net pension asset (liability)	\$ (1,741,716)	\$ 1,570,684	\$ 1,130,790	\$ 466,021	\$ (660,985)	\$ 6,314,192	\$ 6,760,503	\$ 391,918
District's covered payroll	\$ 10,698,792	\$ 10,603,390	\$ 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	16.28%	14.81%	11.11%	4.80%	7.08%	68.33%	75.38%	4.41%
Plan fiduciary net position as a percentage of the total pension liability	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%
The following is a summary of changes of assumptions:								
Inflation	2.2%	2.2%	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%	1.90%-4.72%	1.90%-4.72%	4.0%-10.9%	4.0%-10.9%	4.0%-10.9%
Cost of living adjustments	1.3%	1.3%	1.5%	1.5%	1.5%	1.625%	1.625%	1.625%
Investment rate of return	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Discount rate	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Society of Actuaries' mortality scale	MP-2019	MP-2018	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**

For the years ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 1,015,914	\$ 947,913	\$ 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	(1,015,914)	(947,913)	(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	\$ 10,660,168	\$ 10,698,792	\$ 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	9.53%	8.86%	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,	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension position	0.0086120%	0.0093402%	0.0100266%	0.0097210%	0.0095773%	0.0094293%	0.009129%
District's proportionate share of the net pension liability	\$ (8,575)	\$ (2,473,348)	\$ (710,415)	\$ (313,740)	\$ (899,909)	\$ (1,513,432)	\$ (308,402)
District's covered payroll	\$ 3,330,779	\$ 3,238,510	\$ 3,278,940	\$ 3,072,177	\$ 2,922,268	\$ 2,778,918	\$ 2,896,330
District's proportionate share of the net pension position as a percentage of its covered payroll	0.26%	76.37%	21.67%	10.21%	30.79%	54.46%	10.65%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
The following is a summary of changes of assumptions:							
Inflation	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.7%
Salary increases	4.4%	4.2%	4.2%	3.8%	3.8%	3.8%	4.9%
Cost of living adjustments	1.4%	1.3%	1.3%	1.3%	1.3%	1.3%	1.4%
Investment rate of return	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Discount rate	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Society of Actuaries' mortality scale	MP-2020	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014	MP-2014

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**

For the years ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 478,728	\$ 465,336	\$ 492,714	\$ 467,897	\$ 446,621	\$ 531,235	\$ 532,850	\$ 484,896	\$ 543,973
Contribution in relation to the contractually required contribution	(478,728)	(465,336)	(492,714)	(467,897)	(446,621)	(531,235)	(532,850)	(484,896)	(543,973)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 3,330,779	\$ 3,238,510	\$ 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	14.37%	14.37%	15.03%	15.23%	15.28%	19.12%	18.40%	18.25%	19.43%

*Data prior to 2013 is unavailable.*

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

For the years ended June 30,	2021	2020	2019	2018
Total OPEB liability - beginning	\$ 3,065,589	\$ 4,468,338	\$ 4,424,580	\$ 4,632,817
Changes for the year:				
Service cost	140,620	194,120	199,182	228,785
Interest	99,698	166,620	162,436	140,309
Changes of benefit terms	713,378	-	-	-
Differences between expected and actual experience	(1,212,263)	(1,222,840)	-	-
Changes of assumptions or other inputs	271,757	(421,266)	(195,922)	(464,355)
Benefit payments	(41,913)	(119,383)	(121,938)	(112,976)
Net change in total OPEB liability	(28,723)	(1,402,749)	43,758	(208,237)
Total OPEB liability - ending	\$ 3,036,866	\$ 3,065,589	\$ 4,468,338	\$ 4,424,580
Covered-employee payroll	\$ 13,498,472	\$ 13,498,472	\$ 13,955,609	\$ 13,955,609
Total OPEB liability as a percentage of covered-employee payroll	22.5%	22.7%	32.0%	31.7%

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

Changes in benefit terms reflect plan changes to move certain participants to new plans for pre-age 65 and Medicare eligible participants. This plan change was effective June 1, 2020 and reflected immediately as a plan change for the year ended June 30, 2021.

Differences between expected and actual experience for 2020 include the impact of Congress' repeal of the Affordable Care Act's excise "Cadillac" taxes.

The following is a summary of changes of assumptions:

Healthcare cost trend rates	6.50%-4.40%	6.75% - 4.75%	7.0% - 5.0%	7.25% - 5.0%
Salary increases	3.0%	3.0%	3.0%	3.0%
Discount rate	2.45%	3.13%	3.62%	3.56%
Inflation rate	2.25%	2.25%	2.25%	2.25%
Society of Actuaries' mortality scale	MP-2019	MP-2018	MP-2017	MP-2017

Data prior to 2018 is unavailable.

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

For the year ended June 30, 2021

Original expenditure budget	\$ 33,696,592
Encumbrances carried over from prior year	<u>131,440</u>
Revised expenditure budget	<u>\$ 33,828,032</u>
* * *	
Unrestricted Fund Balance	
Assigned	\$ 1,332,894
Unassigned	<u>6,275,902</u>
	7,608,796
Encumbrances included in assigned fund balance	(67,030)
Less appropriated fund balance used for tax levy	<u>(1,265,864)</u>
Amount subject to 4% limit pursuant to Real Property Tax Law §1318	<u>\$ 6,275,902</u>
§1318 of Real Property Tax Law - unrestricted fund balance limit calculation	
2022 expenditure budget (unaudited)	\$ 32,597,101
4% of budget	<u>1,303,884</u>
Actual percentage of 2022 expenditure budget	<u>19.3%</u>

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

June 30, 2021

Project Title	Budget	Expenditures			Unexpended Balance
		Prior Years	Current Year	Total	
Capital Improvements Project 2019 - Phase 1	\$ 11,139,035	\$ 2,718,498	\$ 5,717,790	\$ 8,436,288	\$ 2,702,747
Capital Improvements Project 2019 - Phase 2	834,073	-	129,679	129,679	704,394
Smart Schools Bond Act	1,255,318	747,853	123,268	871,121	384,197
	<u>\$ 13,228,426</u>	<u>\$ 3,466,351</u>	<u>\$ 5,970,737</u>	<u>\$ 9,437,088</u>	<u>\$ 3,791,338</u>

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

For the year ended June 30, 2021

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grantor Number</u>	<u>Expenditures</u>
<u>U.S. Department of Education:</u>			
Indian Education Grants to Local Educational Agencies	84.060	N/A	\$ 90,160
Impact Aid	84.041	N/A	616,835
			<u>706,995</u>
Passed Through New York State Education Department			
Special Education Cluster:			
Special Education Grants to States	84.027	0032-21-0236	340,988
Special Education Preschool Grants	84.173	0033-21-0236	6,587
Total Special Education Cluster			<u>347,575</u>
Title I Grants to Local Educational Agencies	84.010	0021-21-0830	237,257
Supporting Effective Instruction State Grants	84.367	0147-21-0830	41,752
Student Support and Academic Enrichment Program	84.424	0204-21-0830	18,723
Education Stabilization Fund - Elementary and Secondary School Relief Fund	84.425C	5895-21-0830	38,367 <sup>1</sup>
Education Stabilization Fund - Governor's Emergency Education Relief Fund	84.425D	5890-21-0830	225,854 <sup>1</sup>
Total U.S. Department of Education			<u>1,616,523</u>
<u>U.S. Department of the Treasury:</u>			
Passed Through Erie County Coronavirus Relief Fund	21.019	N/A	<u>162,050</u>
<u>U.S. Department of Homeland Security:</u>			
Passed Through New York State Division of Homeland Security and Emergency Services Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	148645	<u>6,005</u>
<u>U.S. Department of Agriculture:</u>			
Passed Through New York State Education Department			
Child Nutrition Cluster:			
COVID-19 - Summer Food Service Program for Children	10.559	N/A	633,940
Passed Through New York State Office of General Services			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	50,512
Total Child Nutrition Cluster and U.S. Department of Agriculture			<u>684,452</u>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 2,469,030</b>

<sup>1</sup> Total Education Stabilization Fund - \$264,221

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

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### **1. Summary of Significant Accounting Policies**

#### **Basis of Presentation**

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

#### **Basis of Accounting**

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

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

#### **Indirect Costs**

The District does not use the 10% de minimis indirect cost rate 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, 2021, the District used \$50,512 worth of commodities under the National School Lunch Program (CFDA Number 10.555).



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

The Board of Education  
Akron Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America 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, 2021, 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 22, 2021.

### **Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### Purpose of this Report

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

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

September 22, 2021

## 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, 2021. 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, 2021.

## Report on Internal Control Over Compliance

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.

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

Our consideration of internal control over compliance was for the limited purpose described in the 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.

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

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

September 22, 2021

**Schedule of Findings and Questioned Costs**For the year ended June 30, 2021

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

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

Name of Federal Program or Cluster	CFDA #	Amount
Child Nutrition Cluster:		
COVID-19 - Summer Food Serve Program for Children	10.559	\$ 633,940
National School Lunch Program	10.555	50,512
		<u>\$ 684,452</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.