

***Akron School District R-1***  
**Akron, Colorado**

**Financial Statements**

**For the Year ended June 30, 2023**

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## **Independent Auditors' Report**

Board of Education  
Akron School District R-1  
Akron, Colorado

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Akron School District R-1 (the District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Responsibilities of Management for the Financial Statements**

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

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

## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

In performing the audit in accordance with generally accepted auditing standards, we:

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

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and historical pension and other post-employment benefit information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the

United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other 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 other supplementary information and the auditors' integrity report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the auditors' integrity report are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Lauer, Szabo & Associates, P.C.*

Sterling, Colorado  
October 31, 2023

**AKRON SCHOOL DISTRICT R-1  
Management Discussion and Analysis  
For Fiscal Year Ended June 30, 2023**

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This section of Akron School District R-1 annual financial report presents its discussion and analysis of the District's financial performance during the year ended June 30, 2023.

**Financial Highlights**

- The assets and deferred outflows of the Akron School District R-1 exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year. Our net position as of June 30, 2023 is \$12,727,361.
- The district's total net position increased by \$1,292,103, due primarily to the implementation of GASB 68 and 75.
- General revenues accounted for \$5,808,418 or 68% of the \$8,511,997 in total revenues. Program specific revenues in the form of charges for services, sales, and grants accounted for \$2,703,579 or 32% of revenues.
- The general fund ending fund balance reached \$1,912,787. This was a decrease of \$203,737 from last year.

**Overview of Financial Statements**

The discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. A comparison to the prior year's activity is normally provided in the document. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statement. This report also contains required and other supplementary information in addition to the basic financial statements.

**Government-wide Statements**

The Government-wide financial statements are designed to provide readers with information about the School District as a whole using accounting methods similar to those used by private-sector businesses.

The statement of net position includes all of the School District's assets and deferred outflow of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes.). In the government-wide financial statements, the School District's activities include the following:

- **Governmental activities:** Most of the School District's basic services are included here, such as instruction, transportation, maintenance, operations, administration, food service and pupil activities. Taxes and intergovernmental revenues principally support these activities.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements provide more detailed information about the School District's operations, focusing on the most significant or "major" funds, not the School District as a whole. The School District has two kinds of funds: governmental funds and fiduciary funds.

## **Governmental Funds**

Most of the District's basic services are included in the governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine the status of financial resources that can be spent in the near future to finance the School District's program.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Thus, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and change in fund balances provide reconciliation to the government-wide financial statements in order to facilitate this comparison between governmental funds and governmental activities.

The School District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures and change in fund balances for the General Fund, Bond Redemption Fund and Capital Reserve Capital Projects Fund, which are considered to be major funds. Data for the other two governmental funds are combined in a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on pages 16-19 of this report.

## **Fiduciary Funds**

Fiduciary funds are used to count for resources held for the benefit of parties outside the school district. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund financial statements can be found on page 20-21 of this report.

**Notes to the financial statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements may be found on pages 22-58 of this report.

**Other information**

In addition to the basic financial statements, this report also presents other supplementary information concerning the School District’s annual appropriated budgets with comparison statements that demonstrate compliance with budgets. Budgeted amounts may be found on pages 74-90.

**Financial Analysis of the School District as a Whole**

As noted earlier, net position may serve over time as a useful indicator of the School District’s financial position.

82% of the School District’s assets are capital assets (e.g., land, buildings and equipment). The school District uses these assets to provide instruction and related services to its students.

The following table provides a summary of the district’s net position as of June 30, 2023.

	Governmental Activities		Total Percentage Change
	2023	2022	2022-2023
Current and Other assets	\$ 4,646,448	\$ 3,920,782	18.51%
Capital assets	21,086,505	19,900,706	5.96%
<b>Total assets</b>	<b>25,732,953</b>	<b>23,821,488</b>	<b>8.02%</b>
Deferred outflows of resources	1,475,872	1,483,050	-0.48%
<b>Total assets and deferred outflows of resources</b>	<b>\$ 27,208,825</b>	<b>\$ 25,304,538</b>	<b>7.53%</b>
Long term liabilities	\$ 11,092,011	\$ 9,589,891	15.66%
Other liabilities	1,232,436	524,351	135.04%
<b>Total liabilities</b>	<b>12,324,447</b>	<b>10,114,242</b>	<b>21.85%</b>
Deferred inflows of resources	864,914	2,558,156	-66.19%
Net investment in capital assets	16,781,435	15,209,305	10.34%
Restricted	922,992	835,303	10.50%
Unrestricted	(3,684,963)	(3,412,468)	7.99%
<b>Total net position</b>	<b>14,019,464</b>	<b>12,632,140</b>	<b>10.98%</b>
<b>Total liabilities, deferred inflows of resources and net position</b>	<b>\$ 27,208,825</b>	<b>\$ 25,304,538</b>	<b>7.53%</b>

The following table is a summary of the District's change in net position.

	Governmental Activities		Total Percentage Change
	2023	2022	2022-2023
<b>Revenues</b>			
Program Revenues			
Charges for services	\$ 113,047	\$ 35,812	215.67%
Operating Grants & Contributions	1,495,903	1,135,215	31.77%
Capital Grants & Contributions	1,094,629	5,307	20,526.14%
General Revenues			
Property taxes	1,978,195	1,889,866	4.67%
State equalization	3,378,723	3,044,637	10.97%
Other	451,500	376,313	19.98%
<b>Total Revenue</b>	<b>8,511,997</b>	<b>6,487,150</b>	<b>31.21%</b>
<b>Expenses</b>			
Instruction	4,148,548	2,345,033	76.91%
Pupil & Instructional Services	371,158	335,912	10.49%
Administration & Business	795,024	383,474	107.32%
Maintenance & Operations	469,746	364,314	28.94%
Transportation	387,340	248,293	56.00%
Other	1,048,078	1,007,765	4.00%
<b>Total Expenses</b>	<b>7,219,894</b>	<b>4,684,791</b>	<b>54.11%</b>
<b>Change in net position</b>	<b>\$ 1,292,103</b>	<b>\$ 1,802,359</b>	<b>-28.31%</b>

### Governmental Activities

The primary source of operating revenue for school districts comes from the School Finance Act of 1994, as amended (SFA). Under the SFA the School District received \$11,008 per funded student. In fiscal year 2023 the funded pupil count was 434.0. Funding for the SFA comes from property taxes, specific ownership tax and state equalization. The School District receives approximately 69 percent of this funding from state equalization while the remaining amount comes from property taxes and specific ownership tax. The School District's assessed valuation generated \$1,279,883 in property taxes for general purposes for fiscal year 2023.

### Governmental Funds

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School district's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the School District's net resources available for spending at the end of the fiscal year.

At the end of the fiscal year, the School District's governmental funds reported combined ending fund balances of \$3,401,776, a decrease of \$77,927. The General Fund, Bond Redemption Fund, Capital Reserve Capital Projects Fund and Other Governmental Funds had fund balance increases (decreases) of (\$207,737), \$21,888, \$112,599 and (\$8,677) respectively.

## General Fund Budget Highlights

The District's budget is prepared according to Colorado law and is based on accounting for transactions under generally accepted accounting principles. The most significant budgeted fund is the General Fund.

Budget highlights in the 2022-2023 school year are as follows:

- The District received \$187,907 in small-rural funding.
- The District was awarded a BEST Grant totaling \$2,391,328 to be used for a permanent HVAC fix. The District was required to match 27% of the total \$3.2 million project expense. The District will use the remaining ESSER II funds of \$117,697 and ESSER III funds of \$504,070 for the project with the remaining \$262,697 coming from the General Fund.
- All staff members received a raise for the 2022-2023 school year. The beginning teacher's salary was increased to \$37,000. The administration salaries were increased to match the average of the NE BOCES school's salaried employees.
- A Building Trades teacher was hired for the high school, and two additional elementary paraprofessionals were hired as well.
- Student enrollment numbers have continued to increase over the last several years. The increase in class size trend has therefore increased the PPR the District receives.
- The Colorado Preschool Program (CPP) Fund is in its nineteenth year and continues to operate without additional District subsidy. With the passing of full-day kindergarten legislation, ECARE slots became available thus allowing the District CPP program to form a community partnership with ABC Daycare and Akron Head Start. The District was able to count those students who qualified for a CPP position and funnel state monies to those community partners.
- The Food Service Program had a successful year. Families were required to pay for their student's meals if they did not qualify for free or reduced lunches. An additional freezer was purchased for storage. A transfer from the General Fund was required, which consisted of paying the salaries and benefits for the food service employees for the last month of the fiscal year.
- The Capital Reserve Fund balance continues to increase. This fund makes the annual payment for the four-classroom addition, and will be paid in full in 2035. The District has budgeted for a future bus lease in this fund as well.
- The Bond Redemption Fund is in its eleventh year. The State Treasurer's Office allowed the district to refinance the bond since ten years of payments have been made. This dropped the interest rate from 4.082% to 1.91% thus saving Akron's taxpayers approximately \$455,000. The bond will be paid in entirety in 2030.
- The non-profit scholarship trust performed well with interest totaling over \$20,000. This allowed the District to award three \$5,000 Simonsen Scholarships and \$5,000 in Akron Community Scholarships. One \$2,000 scholarship was also awarded from the Trust & Agency account.
- The District completed the final year of the five-year lease for the two Thomas buses.

## Capital Assets and Debt Administration

### Capital Assets

The School Districts investment in capital assets for its governmental activities as of June 30, 2023 amounts to \$21,086,505 (net of accumulated depreciation). This investment in capital assets includes land, buildings, and improvements, equipment, and construction in progress all with an original cost greater than \$5,000.

The School District's total capital assets at June 30, 2023 net of accumulated depreciation were as follows:

Additional information on the School District's capital assets can be found in note E to the basic financial statements.

	Governmental Activities
Building & Improvements	\$ 19,297,459
Other equipment	134,988
Leased equipment	73,017
Licensed vehicles	81,549
Construction in progress	<u>1,499,492</u>
Total Capital Assets	<u>\$ 21,086,505</u>

### Long-Term Debt

At year-end, the School District's long-term debt of \$4,365,214 represented its compensated absences of \$60,143, financed purchases of \$748,363, general obligation bonds of \$3,483,691 and lease payable of \$73,017.

### Economic Factors

The budget is based upon the goals and objectives of the accountability committee and the Board of Education. The five goals are: 1) improving student achievement, 2) maintaining a high graduation rate, 3) maintaining a high attendance rate, 4) ensuring a quality learning environment, and 5) retaining and hiring highly qualified staff. Many factors were considered by the District's administration during the process of developing the fiscal year 22-23 budget. Among them:

- Student enrollment increased in FY23, and the enrollment outlook for FY24 is projected to remain steady.
- Health and Property insurance premiums continue to increase, but the Workman's Compensation premiums showed a slight decrease.
- Goals continue to be in place to build up reserves in the Capital Reserve Fund, and a transfer from the General Fund to the Capital Reserve Fund for a future bus lease and the classroom addition continue.
- Goals continue to have the Food Service and Pupil Activity Funds be self-sustaining; however, a transfer of \$15,000 to the Pupil Activity Fund has become necessary due to the increase in officials, supplies, and entry expenses.

- The Bond Redemption Fund is in its eleventh year and is used to collect property taxes. Two semi-annual bond debt payments are made from this fund. The specific ownership taxes collected from the bond are deposited into the General Fund.
- The 22/23 budget included the following considerations:
  - Salary – The beginning teacher’s salary was increased by \$2,750 plus a step, which resulted in an 8% raise to all staff members. The administration received a 5.8% increase to match the average of NE BOCES school’s salaried employees.
  - Fringe benefits – The District remained with the Colorado Public Education Health Plan (formerly known as BEST) sponsored by CASB. The health insurance premiums increased 6.8%.
  - PERA – There was a 0.5% increase in PERA rates. The employer contribution rate is 21.4% and the employee contribution rate is 11%.
  - Central Support Services – The multi-coverage insurance increased 12%, but the District experienced a slight savings on Workman’s Compensation Insurance.
  - Operation & Maintenance –The District continues to work on a permanent fix to the HVAC system using General Funds and ESSER II/III funds. The District replaced the playground turf using small rural funds, purchased new pole vault standards, purchased additional security cameras and projectors, and budgeted for regular maintenance needs. A new marquee sign was installed, and the District received a donation from Viaero Wireless for the entire cost of the project.
  - Pupil Transportation – The District has been committed to keep the transportation fleet up to date. The five-year bus lease was finished in the fall of 2022, and the Board of Education committed to the purchase a new bus in 2024 thus rotating out the older buses for spares.
  - Transfers – The District will continue to transfer funds to the Capital Reserve Fund, the Colorado Preschool Program Fund, and the Pupil Activity Fund.
  - Food Services – Lunch prices remained the same. A transfer from the General Fund was required to assist with salary and benefit expenditures. A transfer has also been budgeted for FY24 as a precaution.

The District maintains the budget, financial audits, and current salary schedules on its website: [www.akronrams.net](http://www.akronrams.net).

### **Contacting the Districts Financial Management**

This financial report is designed to provide the District’s citizens, taxpayers, parents, investors and creditors with a general overview of the District’s finances and to demonstrate the district’s accountability for the money it receives. If you have any questions about this report or need additional information, contact Akron School District RE-1, 600 Elm Avenue, Akron, CO 80720.

## **Basic Financial Statements**

The basic financial statements of the District include the following:

*Government-wide financial statements.* The government-wide statements display information about the reporting government as a whole, except for its fiduciary activities.

*Fund financial statements.* The fund financial statements display information about major funds individually and nonmajor funds in the aggregate for governmental funds.

*Notes to the financial statements.* The notes communicate information essential for fair presentation of the financial statements that is not displayed on the face of the financial statements. As such, the notes are an integral part of the basic financial statements.

**AKRON SCHOOL DISTRICT R-1**  
**Statement of Net Position**  
**June 30, 2023**

	<u>Governmental Activities</u>
Assets	
Cash	\$ 2,895,306
Cash with fiscal agent	601,129
Certificates of deposit	390,772
Receivables	755,238
Inventories	4,003
Capital assets, net of depreciation	<u>21,086,505</u>
Total assets	25,732,953
Deferred outflows of resources	
Pension deferrals	1,425,952
Other post-employment benefit deferrals	<u>49,920</u>
Total deferred outflows of resources	<u>1,475,872</u>
Total assets and deferred outflows of resources	<u><u>\$ 27,208,825</u></u>
Liabilities	
Accounts payable	\$ 731,858
Accrued salaries and benefits	468,568
Payroll deductions and withholdings	79
Unearned revenues	1,655
Unearned grant revenues	8,814
Accrued interest payable	21,462
Noncurrent liabilities	
Due within one year	472,435
Due in more than one year	3,892,779
Net pension liability	6,505,170
Net OPEB liability	<u>221,627</u>
Total liabilities	12,324,447
Deferred inflows of resources	
Pension deferrals	789,253
Other post-employment benefit deferrals	<u>75,661</u>
Total deferred inflows of resources	864,914
Net position	
Net investment in capital assets	16,781,435
Restricted for:	
Emergencies	220,000
Colorado preschool program	38,446
Debt service	578,923
Food service operations	85,623
Unrestricted (deficit)	<u>(3,684,963)</u>
Total net position	<u>14,019,464</u>
Total liabilities, deferred inflows of resources and net position	<u><u>\$ 27,208,825</u></u>

The accompanying notes are an integral part of these financial statements.

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**AKRON SCHOOL DISTRICT R-1**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 4,148,548	\$ 50,883	\$ 903,163	
Supporting services				
Students	164,591		15,883	
Instructional staff	206,567		13,138	
General administration	311,772		9,538	
School administration	410,353		13,946	
Business services	72,899		2,199	
Operations and maintenance	469,746		279,706	\$ 1,094,629
Student transportation	387,340		70,983	
Central support services	142,612			
Food service operations	282,435	62,164	187,347	
Interest on long-term debt	97,764			
Unallocated depreciation *	525,267			
Total governmental activities	<u>\$ 7,219,894</u>	<u>\$ 113,047</u>	<u>\$ 1,495,903</u>	<u>\$ 1,094,629</u>

\* This amount excludes depreciation that is included in the direct expenses of the various programs.

General revenues  
 Taxes  
 Property taxes, levied for general purposes  
 Property taxes, levied for debt services  
 Specific ownership taxes  
 Delinquent taxes and interest  
 State categorical aid  
 Earnings on investments  
 Other

Total general revenues

Change in net position

Net position at beginning of year, as originally reported

Prior period adjustment

Net position at beginning of year, as restated

Net position at end of year

The accompanying notes are an integral part of these financial statements.

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Net (Expenses)  
Revenues and  
Changes in  
Net Position

Governmental  
Activities

\$ (3,194,502)

(148,708)

(193,429)

(302,234)

(396,407)

(70,700)

904,589

(316,357)

(142,612)

(32,924)

(97,764)

(525,267)

(4,516,315)

1,279,883

488,706

205,428

4,178

3,378,723

18,212

433,288

5,808,418

1,292,103

12,632,140

95,221

12,727,361

\$ 14,019,464

**AKRON SCHOOL DISTRICT R-1**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

	General Fund	Bond Redemption Fund	Capital Reserve Capital Projects Fund	Other Governmental Funds
<b>Assets</b>				
Cash	\$ 2,105,962		\$ 528,378	\$ 260,966
Cash with fiscal agent	38,483	\$ 562,646		
Certificates of deposit	284,387		104,796	1,589
Property taxes receivable	67,074	25,523		
Grants receivable	632,256			14,706
Other receivables	15,000			679
Inventories				4,003
<b>Total assets</b>	<b>\$ 3,143,162</b>	<b>\$ 588,169</b>	<b>\$ 633,174</b>	<b>\$ 281,943</b>
<b>Liabilities</b>				
Accounts payable	\$ 728,462			\$ 3,396
Accrued salaries and benefits	468,568			
Payroll deductions and withholdings	79			
Unearned revenues				1,655
Unearned grant revenues	8,814			
<b>Total liabilities</b>	<b>1,205,923</b>	<b>\$ -</b>	<b>\$ -</b>	<b>5,051</b>
<b>Deferred inflows of resources</b>				
Deferred property tax revenues	24,452	9,246		
<b>Total deferred inflows of resources</b>	<b>24,452</b>	<b>9,246</b>	<b>-</b>	<b>-</b>
<b>Fund balance</b>				
Nonspendable inventory				4,003
Restricted for:				
Emergencies	220,000			
Colorado preschool program	38,446			
Debt service		578,923		
Food service operations				81,620
Committed to:				
Capital projects			633,174	
Pupil activities				191,269
Unassigned	1,654,341			
<b>Total fund balance</b>	<b>1,912,787</b>	<b>578,923</b>	<b>633,174</b>	<b>276,892</b>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<b>\$ 3,143,162</b>	<b>\$ 588,169</b>	<b>\$ 633,174</b>	<b>\$ 281,943</b>

The accompanying notes are an integral part of these financial statements.

Total Governmental Funds	Amounts reported for governmental activities in the statement of net position are different because:	
	Total fund balance - governmental funds	\$ 3,401,776
\$ 2,895,306	Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	21,086,505
601,129		
390,772	Property taxes receivable will be collected in the next fiscal year but are not available soon enough to pay for the current period's expenditures, and therefore are reported as unearned revenues in the funds.	33,698
92,597		
646,962	Accrued interest on long-term debt is not due and payable in the current period and therefore is not reported as a liability in the funds.	(21,462)
15,679		
4,003	Long-term liabilities and related deferred inflows and outflows of resources, including bonds and leases payable, financed purchases, compensated absences and net pension and OPEB liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	(10,481,053)
	Net position of the governmental activities	<u>\$ 14,019,464</u>
<u>\$ 4,646,448</u>		
\$ 731,858		
468,568		
79		
1,655		
8,814		
<u>1,210,974</u>		
33,698		
<u>33,698</u>		
4,003		
220,000		
38,446		
578,923		
81,620		
633,174		
191,269		
<u>1,654,341</u>		
<u>3,401,776</u>		
<u>\$ 4,646,448</u>		

The accompanying notes are an integral part of these financial statements.

**AKRON SCHOOL DISTRICT R-1**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Governmental Funds**  
**For the Year Ended June 30, 2023**

	General Fund	Bond Redemption Fund	Capital Reserve Capital Projects Fund	Other Governmental Funds
<b>Revenues</b>				
Local sources	\$ 1,621,646	\$ 491,933	\$ 1,343	\$ 428,817
Intermediate sources	396			
State sources	5,172,936			4,139
Federal sources	386,052			183,208
<b>Total revenues</b>	<b>7,181,030</b>	<b>491,933</b>	<b>1,343</b>	<b>616,164</b>
<b>Expenditures</b>				
Instruction	3,541,196			370,540
Supporting services	3,691,872			279,017
Debt service				
Principal	2,394	399,646	59,701	
Interest and fiscal charges		70,399	29,043	
<b>Total expenditures</b>	<b>7,235,462</b>	<b>470,045</b>	<b>88,744</b>	<b>649,557</b>
Excess of revenues over (under) expenditures	(54,432)	21,888	(87,401)	(33,393)
<b>Other financing sources (uses)</b>				
Lease proceeds	75,411			
Transfers in			200,000	24,716
Transfers out	(224,716)			
<b>Total other financing sources (uses)</b>	<b>(149,305)</b>	<b>-</b>	<b>200,000</b>	<b>24,716</b>
<b>Net change in fund balances</b>	<b>(203,737)</b>	<b>21,888</b>	<b>112,599</b>	<b>(8,677)</b>
Fund balance at beginning of year, as originally reported	2,021,303	557,035	520,575	285,569
Prior period adjustment	95,221			
Fund balance at beginning of year, as restated	2,116,524	557,035	520,575	285,569
Fund balance at end of year	<u><u>\$ 1,912,787</u></u>	<u><u>\$ 578,923</u></u>	<u><u>\$ 633,174</u></u>	<u><u>\$ 276,892</u></u>

The accompanying notes are an integral part of these financial statements.

Total Governmental Funds	Amounts reported for governmental activities in the statement of activities are different because:	
	Net change in fund balances - governmental funds	\$ (77,927)
\$ 2,543,739	Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlays exceeded depreciation in the current period.	1,185,799
396		
5,177,075		
569,260		
8,290,470		
3,911,736	Because some property taxes will not be collected for several months after the fiscal year ends, they are not considered as "available" revenues in the governmental funds and are, instead, counted as deferred tax revenues. They are, however, recorded as revenues in the statement of activities.	(1,392)
3,970,889		
461,741		
99,442		
8,443,808	The issuance of long-term debt provides current financial resources in the governmental funds, however, issuing debt increases long-term liabilities in the statement of net position.	(75,411)
(153,338)		
75,411	Repayment of principal on bonds, leases and financed purchases are expenditures in the governmental funds, but the repayment reduces the long-term liability in the statement of net position.	461,741
224,716		
(224,716)		
75,411	In the statement of activities, certain expenses related to the pension and OPEB liabilities and related deferred outflows and inflows, compensated absences and accrued interest payable, are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	(200,707)
(77,927)		
3,384,482	Change in net position of governmental activities	\$ 1,292,103
95,221		
3,479,703		
\$ 3,401,776		

The accompanying notes are an integral part of these financial statements.

**AKRON SCHOOL DISTRICT R-1**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2023**

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	<u>Private Purpose Trust Fund</u>
Assets	
Certificates of deposit	\$ 35,800
Total assets	<u>\$ 35,800</u>
Liabilities	\$ -
Net position	
Restricted for scholarship recipients	<u>35,800</u>
Total liabilities and net position	<u>\$ 35,800</u>

The accompanying notes are an integral part of these financial statements.

**AKRON SCHOOL DISTRICT R-1**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2023**

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	Private Purpose Trust Fund
Additions	
Contributions and earnings	\$ 442
Total additions	442
Deductions	
Scholarship awards	2,000
Total deductions	2,000
Change in net position	(1,558)
Net position at beginning of year	37,358
Net position at end of year	\$ 35,800

The accompanying notes are an integral part of these financial statements.

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies**

This summary of the Akron School District R-1's significant accounting policies is presented to assist the reader in interpreting the financial statements and other data in this report. The policies are considered essential and should be read in conjunction with the accompanying financial statements.

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

**A.1 – Reporting entity**

The Akron School District R-1 is a school district governed by an elected five-member board of education. The financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, which are, in substance, part of the primary government) and provide an overview of the discretely presented component units.

The District has examined other entities that could be included as defined in number 2 and 3 above. Based on these criteria, the District has no component units.

**A.2 – Fund accounting**

The District uses funds to report its financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types." The District does not have any proprietary funds.

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds), and the servicing of general long-term debt (debt service fund). The following are the District's major governmental funds:

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

General Fund – The General Fund is the operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes, specific ownership taxes, and State of Colorado equalization funding, as determined by the School Finance Act of 1994, as amended.

Expenditures include all costs associated with the daily operation of the schools, except for certain capital outlay expenditures, debt service, food service operations and pupil activities.

Bond Redemption – This fund is a debt service fund used to account for the revenues from a specific tax levy for the purpose of the repayment of debt principal, interest, and other fiscal charges.

Capital Reserve Capital Projects Fund – This fund is a capital projects fund used to account for and report financial resources that have been designated for capital outlays acquisition or construction of major capital facilities and other capital assets.

The following are the District’s nonmajor governmental funds:

Food Service Fund – This fund is a special revenue fund used to account for the financial activities associated with the District’s food service operations.

Pupil Activity Fund – This fund is special revenue fund used to record transactions related to school-sponsored pupil organizations and activities.

Fiduciary Funds focus on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations or other governments and are therefore not available to support the District’s own programs. The District has the following fiduciary fund:

Scholarship Trust Fund – This fund is a private-purpose trust fund used to account for resources held by the District in a fiduciary capacity for scholarships to be distributed to area students for post-secondary education.

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

**Note A.3 – Basis of presentation**

Government-wide financial statements – The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities.

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

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

Fund financial statements – Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

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

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

Fiduciary funds focus on net position and changes in net position and are reported using accounting principles similar to proprietary funds. The District's fiduciary funds are presented in the fiduciary fund financial statements by type. Since by definition these assets are being held for the benefit of a third party and cannot be used to address the activities or obligations of the District, these funds are not incorporated into the government-wide financial statements.

**A.4 – Basis of accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

Revenues – exchange and non-exchange transactions – Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end, except for state and federal grant revenues, which are considered available if collection is expected within six months of year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. State equalization monies are recognized as revenues during the period in which they are appropriated. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes collected within sixty days after year-end, interest, tuition, grants and student fees.

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

Deferred outflows/inflows of resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Unearned revenue – Unearned revenues arise when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to meeting eligibility requirements. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed and the revenue is recognized.

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

**A.5 – Encumbrances**

Encumbrance accounting is utilized by the District to record purchase orders, contracts and other commitments for the expenditure of monies to assure effective budgetary control and accountability. Encumbrances outstanding at year-end are canceled and reappropriated in the ensuing year’s budget.

**A.6 – Short-term interfund receivables/payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the government-wide statement of net position, and are classified as due from other funds or due to other funds on the balance sheet.

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

**A.7 – Inventories**

Food Service Fund – purchased inventories are stated at cost as determined by the first-in, first-out method. Commodity inventories are stated at the United States Department of Agriculture’s assigned values, which approximate fair value, at the date of receipt. Expenditures for food items are recorded when consumed. The federal government donates surplus commodities to the national school lunch program. Commodity distributions used by the District are recorded as revenues at the date of their consumption.

**A.8 – Capital assets**

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

All capital assets with a unit cost greater than \$5,000 are capitalized at cost (or estimated historical cost, if actual cost is not available) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair value on the date received. Infrastructure assets, consisting of certain improvements other than buildings (such as parking facilities, sidewalks, landscaping and lighting systems) are capitalized along with other capital assets. Improvements to assets are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not.

All reported capital assets are depreciated with the exception of land costs. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities</u>
Buildings and improvements	5-50 years
Other equipment	5-20 years
Licensed vehicles	8 years

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

**A.9 – Compensated absences**

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, “Accounting for Compensated Absences.” Compensated absences benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Accumulated sick leave benefits are paid to employees upon termination of employment.

The District’s policy permits employees to accumulate a limited amount of earned but unused sick leave benefits, which vest upon reaching ten or more years of continuous service and are payable up to fifty days of unused leave at the following rates: teachers – one-half of the current substitute pay; bus drivers – one half of the current trip pay; and hourly employees – one half of the current step one hourly rate.

The entire compensated absence liability is reported on the government-wide financial statements.

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

The amount recorded as liabilities for all applicable compensated absences include salary-related payments associated with the payment of compensated absences, using the rates in effect at the balance sheet date.

**A.10 – Accrued liabilities and long-term obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, the noncurrent portion of compensated absences that will be paid from governmental funds is reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. Bonds payable and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

**A.11 – Fund balance**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below.

*Nonspendable*, such as fund balance associated with inventories, prepaid expenditures, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned),

*Restricted* fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

*Committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the board of education (the District's highest level of decision-making authority),

*Assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

*Unassigned* fund balance is the residual classification for the District's general fund and includes all spendable amounts not contained in the other classifications.

Committed fund balance is established by a formal passage of a resolution. This is typically done through the adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the board of education through adoption or amendment of the budget as intended for specific purpose (such as purchase of fixed assets, construction, debt service or for other purposes).

When both restricted and unrestricted resources are available in governmental funds, the District applies expenditures against restricted fund balance first, and followed by committed fund balance, assigned fund balance and unassigned fund balance.

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note A – Summary of significant accounting policies (Continued)**

**A.12 – Net position**

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

**A.13 – Interfund transactions**

Quasi-external transactions are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. In general, the effect of interfund activity has been eliminated from the government-wide financial statements.

**A.14 – Extraordinary and special items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the board of education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the year.

**Note B – Cash and investments**

**Cash and deposits**

Colorado State statutes govern the District's deposit of cash. The Public Deposit Protection Acts (PDPA) for banks and savings and loans require state regulators to certify eligible depositories for public deposits. The PDPA require eligible depositories with public deposits in excess of federal insurance levels to create a single institution collateral pool of defined eligible assets. Eligible collateral includes obligations of the United States, obligations of the State of Colorado or Colorado local governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group and not held in any individual government's name. The fair value of the assets in the pool must be at least equal to 102% of the aggregate uninsured deposits.

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note B – Cash and investments (Continued)**

Custodial credit risk – deposits – Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District does not have deposit policy for custodial credit risk. As of year-end, the District had total deposits of \$3,556,433, of which \$710,353 was insured and \$2,846,080 was collateralized with securities held by the pledging institution’s trust department or agent in the District’s name.

**Investments**

Authorized Investments – Investment policies are governed by Colorado State Statutes and the District’s own investment policies and procedures. Investments of the District may include:

- Obligations of the U.S. Government such as treasury bills, notes and bonds
- Certain international agency securities
- General obligation and revenue bonds of United States local government entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

The following table provides a reconciliation of cash and investments on the statement of net position:

Cash in bank	\$ 2,895,306
Cash with fiscal agent	601,129
Certificates of deposit	<u>426,572</u>
Total	<u>\$ 3,923,007</u>
 <u>Statement of net position</u>	
Cash	\$ 2,895,306
Cash with fiscal agent	601,129
Certificates of deposit	<u>390,772</u>
Subtotal	3,887,207
 <u>Statement of fiduciary net position</u>	
Certificates of deposit	<u>35,800</u>
Total	<u>\$ 3,923,007</u>

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note C – Receivables**

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>
Property taxes receivable	\$ 92,597
Grants receivables	646,962
Other receivables	<u>15,679</u>
Total	<u>\$ 755,238</u>

Property taxes are levied on December 15<sup>th</sup> and attach as a lien on property the following January 1<sup>st</sup>. They are payable in full by April 30<sup>th</sup> or are due in two equal installments on February 28<sup>th</sup> and June 15<sup>th</sup>. Washington County bills and collects property taxes for all taxing entities within the counties. The tax receipts collected by the counties are remitted to the District in the subsequent month.

**Note D – Interfund transactions**

The following is a summary of interfund transfers for the year as presented in the fund financial statements:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Governmental funds</u>		
General Fund	\$ -	\$ 214,716
Capital Reserve Capital Projects Fund	200,000	
Other Governmental Funds	<u>24,716</u>	<u>-</u>
Total	<u>\$ 214,716</u>	<u>\$ 214,716</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them. The District transferred funds in the amount of \$200,000 from the General Fund to the Capital Reserve Capital Projects Fund to set moneys aside for capital needs. The District also transferred funds in the amount of \$24,716 from the General Fund to the Other Governmental Funds to subsidize the costs of maintaining the District's food service operations (\$9,716) and student athletics (\$15,000).

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

**Note E – Capital assets**

Capital asset activity for the year was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ -	\$ 1,499,492	\$ -	\$ 1,499,492
Total capital assets, not being depreciated	-	1,499,492	-	1,499,492
Capital assets, being depreciated:				
Buildings and improvements	25,117,514	165,173	-	25,282,687
Other equipment	351,240	33,015	-	384,255
Leased equipment	-	75,411	-	75,411
Licensed vehicles	<u>907,078</u>	<u>-</u>	<u>-</u>	<u>907,078</u>
Total capital assets, being depreciated	<u>26,375,832</u>	<u>273,599</u>	<u>-</u>	<u>26,649,431</u>
Total capital assets	26,375,832	1,773,091	-	28,148,923
Less accumulated depreciation for:				
Buildings and improvements	(5,461,976)	(523,252)	-	(5,985,228)
Other equipment	(227,195)	(22,072)	-	(249,267)
Leased equipment	-	(2,394)	-	(2,394)
Licensed vehicles	<u>(785,955)</u>	<u>(39,574)</u>	<u>-</u>	<u>(825,529)</u>
Total accumulated depreciation	<u>(6,475,126)</u>	<u>(587,292)</u>	<u>-</u>	<u>(7,062,418)</u>
Governmental activities capital assets, net	<u>\$ 19,900,706</u>	<u>\$ 1,185,799</u>	<u>\$ -</u>	<u>\$ 21,086,505</u>

Depreciation expense was charged to programs of the District as follows:

Governmental activities	
Instruction	\$ 5,293
General administration	599
School administration	599
Operations and maintenance	453
Student transportation	39,574
Food service operations	15,507
Unallocated	<u>525,267</u>
Total	<u>\$ 587,292</u>

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

**Note F – Accrued salaries and benefits**

Salaries and benefits of certain contractually employed personnel are paid over a twelve-month period from September to August, but are earned during a school year of approximately nine to ten months. The salaries and benefits earned but not paid at year-end are estimated to be \$468,568. Accordingly, this accrued compensation is reflected as a liability in the accompanying financial statements.

**Note G – Long-term debt**

The following is a summary of the changes in long-term debt for the year:

	<u>Beginning Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balances</u>	<u>Due within one year</u>
<b>Governmental Activities</b>					
Compensated absences	\$ 53,934	\$ 6,209*	\$ -	\$ 60,143	\$ -
Financed purchases	808,064	-	(59,701)	748,363	50,814
Bonds payable	3,883,337	-	(399,646)	3,483,691	407,257
Lease payable	-	<u>75,411</u>	<u>(2,394)</u>	<u>73,017</u>	<u>14,364</u>
Totals	<u>\$ 4,745,335</u>	<u>\$ 81,620</u>	<u>\$ (461,741)</u>	<u>\$ 4,365,214</u>	<u>\$ 472,435</u>

\*The change in the compensated absences liability is presented as a net change.

Payments on the financed purchases and lease payable are made in the Capital Reserve Capital Projects Fund and General Fund, respectively, while payments on the bonds payable are made in the Bond Redemption Fund.

The District believes that the current portion of compensated absences is negligible and is therefore not reported.

**Financed Purchases**

Facility renovation obligation– In March 2020, the District entered into an agreement with Capital One Public Funding, LLC, to finance the costs to acquire, construct, equip and install a structure for use as school classrooms. The agreement called for a term of one year with annual renewal options. Annual payments of \$78,129 are due on December 1<sup>st</sup> of each year, with a final payment due in fiscal year 2035. The average interest rate over the term is 3.65%.

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

**Note G – Long-term debt (Continued)**

The agreement contains a provision that, in the event of default, the lessor may (a) declare all payments and other amounts payable by the District hereunder to the end of the current original term to be immediately due (b) with or without terminating the lease, take possession of the leased property, sell District’s interest in the base lease, or lease the leased property and collect rental payments therefor for all or any portion of the remainder of its leasehold term with the District remaining liable for the difference between the rental payments, additional rental payments and other amounts payable; (c) The lessor may provide written notice of the occurrence of an event of default to the escrow agent, and the escrow agent shall thereupon promptly remit to the lessor the entire balance of the escrow fund established and held under the escrow agreement; or (d) take whatever action at law or in equity may appear necessary or desirable to collect the rental payments then due and thereafter to become due during the then current original term.

**Bonds Payable**

\$7,084,651 general obligation bonds, dated December 16, 2010, due in annual installments beginning in fiscal year 2012 ranging from \$245,126 to \$503,675. On November 9, 2022, the District entered into a payment schedule amendment agreement with the State of Colorado to reduce the interest rate from 4.08% to 1.90%. Interest is payable semi-annually on June 1<sup>st</sup> and December 1<sup>st</sup> of each year.

Total general obligation bonds \$ 3,483,691

The following schedule represents the District’s debt service requirements to maturity for its financed purchases and bonds payable at year-end:

<u>Year Ending December 31,</u>	<u>Financed Purchases</u>		<u>Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 50,814	\$ 27,315	\$ 407,257	\$ 62,466
2025	52,668	25,461	415,013	54,636
2026	54,591	23,538	422,917	46,657
2027	56,583	21,546	430,970	38,527
2028	58,649	19,480	439,178	30,241
2029-2033	326,958	63,685	1,368,356	39,417
2034-2035	<u>148,100</u>	<u>8,157</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 748,363</u>	<u>\$ 189,182</u>	<u>\$ 3,483,691</u>	<u>\$ 271,944</u>

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note G – Long-term debt (Continued)**

**Lease payable**

\$75,411 has been recorded as an intangible right to use lease in the Governmental Activities capital assets. Due to the implementation of GASB Statement No. 87, this lease for four copy machines met the criteria of a lease; thus, requiring it to be recorded by the District. This asset will be amortized over the lease term of 63 months since it is shorter than the useful life and the District is not taking ownership of the equipment. There are no residual value guarantees in the lease provisions. The lease will end in fiscal year 2029. A summary of the principal amounts for the remaining lease is as follows:

<u>Year ended June 30,</u>	<u>Principal</u>
2024	\$ 14,364
2025	14,364
2026	14,364
2027	14,364
2028	14,364
2029	<u>1,197</u>
Total	<u>\$ 73,017</u>

**Note H – Defined benefit pension plan**

Summary of Significant Accounting Policies

*Pensions.* The District participates in the School Division Trust Fund (SCHDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees’ Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the SCHDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

*Plan description.* Eligible employees of the District are provided with pensions through the SCHDTF – a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note H – Defined benefit pension plan (Continued)**

*Benefits provided as of December 31, 2022.* PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. Section 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA benefit structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) benefit structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100% of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. Section 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note H – Defined benefit pension plan (Continued)**

by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10% of PERA’s Annual Increase Reserve (AIR) for the SCHDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25% based on the parameters specified in C.R.S. Section 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

*Contributions provisions as of June 30, 2023.* Eligible employees of the District and the State are required to contribute to the SCHDTF at a rate set by Colorado statute. The contribution requirements for the SCHDTF are established under C.R.S. Section 24-51-401, *et seq.* and Section 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2022 through June 30, 2023. Employer contribution requirements are summarized in the table below:

	July 1, 2022 Through <u>June 30, 2023</u>
Employer contribution rate	11.40%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. Section 24-51-208(1)(f)	<u>(1.02)%</u>
Amount apportioned to the SCHDTF	10.38%
Amortization Equalization Disbursement (AED) as specified in C.R.S. Section 24-51-411	4.50%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. Section 24-51-411	<u>5.50%</u>
Total employer contribution rate to the SCHDTF	<u><u>20.38%</u></u>

\*\*Contribution rates for the SCHDTF are expressed as a percentage of salary as defined in C.R.S. Section 24-51-101(42).

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note H – Defined benefit pension plan (Continued)**

Employer contributions are recognized by the SCHDTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SCHDTF. Employer contributions recognized by the SCHDTF from the District were \$588,105 for the year ended June 30, 2023.

For purposes of GASB 68 paragraph 15, a circumstance exists in which a nonemployer contributing entity is legally responsible for making contributions to the SCHDTF and is considered to meet the definition of a special funding situation. As specified in C.R.S. Section 24-51-414, the State is required to contribute \$225 million (actual dollars) direct distribution each year to PERA starting on July 1, 2018. A portion of the direct distribution payment is allocated to the SCHDTF based on the proportionate amount of annual payroll of the SCHDTF to the total annual payroll of the SCHDTF, State Division Trust Fund, Judicial Division Trust Fund, and Denver Public Schools Division Trust Fund. House Bill (HB) 22-1029, instructed the State treasurer to issue an additional direct distribution to PERA in the amount of \$380 million (actual dollars), upon enactment. The July 1, 2023, payment is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, payment will not be reduced due to PERA’s negative investment return in 2022. Senate Bill (SB) 23-056, enacted June 2, 2023, requires an additional direct distribution of approximately \$14.5 million (actual dollars), for a total of approximately \$49.5 million (actual dollars) to be contributed July 1, 2023.

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

The net pension liability for the SCHDTF was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the total pension liability to December 31, 2022. The District’s proportion of the net pension liability was based on the District’s contributions to the SCHDTF for the calendar year 2022 relative to the total contributions of participating employers and the State as a nonemployer contributing entity.

At year end, the District reported a liability of \$6,505,170 for its proportionate share of the net pension liability that reflected a reduction for support from the State as a nonemployer contributing entity. The amount recognized by the District as its proportionate share of the net pension liability, the related support from the State as a nonemployer contributing entity, and the total portion of the net pension liability that was associated with the District were as follows:

District’s proportionate share of the net pension liability	\$ 6,505,170
The State’s proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	<u>1,895,672</u>
Total	<u>\$ 8,400,842</u>

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

**Note H – Defined benefit pension plan (Continued)**

At December 31, 2022, the District’s proportion was 0.0357%, which was a decrease of 0.0040% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized pension expense of \$1,197,246 and revenue of \$161,652 for support from the State as a nonemployer contributing entity. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 71,954	\$ -
Changes of assumptions or other inputs	144,520	-
Net difference between projected and actual earnings on pension plan investments	696,835	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	215,023	789,253
Contributions subsequent to the measurement date	<u>297,620</u>	<u>-</u>
Total	<u>\$ 1,425,952</u>	<u>\$ 789,253</u>

\$297,620 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30, _____</u>	<u>Amount</u>
2024	\$ (212,350)
2025	(194,963)
2026	238,093
2027	<u>508,299</u>
Totals	<u>\$ 339,079</u>

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note H – Defined benefit pension plan (Continued)**

*Actuarial assumptions.* The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	3.40%–11.00%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06 <sub>1</sub>	Financed by the AIR

<sub>1</sub> Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

The total pension liability as of December 31, 2022, includes the anticipated adjustments to contribution rates and the AI cap, resulting from the 2020 AAP assessment, statutorily recognized July 1, 2022, and effective July 1, 2022.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

Pre-retirement mortality assumptions were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

**Note H – Defined benefit pension plan (Continued)**

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation, and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	<u>6.00%</u>	4.70%
Total	<u><u>100.00%</u></u>	

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note H – Defined benefit pension plan (Continued)**

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25%.

*Discount rate.* The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increases in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200 and required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As specified in law, the State, as a nonemployer contributing entity, will provide an annual direct distribution of \$225 million (actual dollars), commencing July 1, 2018, that is proportioned between the State, School, Judicial, and DPS Division Trust Funds based upon the covered payroll of each Division. The annual direct distribution ceases when all Division Trust Funds are fully funded.
- HB 22-1029, effective upon enactment in 2022, required the State treasurer to issue, in addition to the regularly scheduled \$225 million (actual dollars) direct distribution, a warrant to PERA in the amount of \$380 million (actual dollars). The July 1, 2023, direct distribution is reduced by \$190 million (actual dollars) to \$35 million (actual dollars). The July 1, 2024, direct distribution will not be reduced from \$225 million (actual dollars) due to PERA's negative investment return in 2022.

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note H – Defined benefit pension plan (Continued)**

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the SCHDTF's FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

*Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate.* The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.25%) or one percentage point higher (8.25%) than the current rate:

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Proportionate share of the net pension liability	<u>\$ 8,513,030</u>	<u>\$ 6,505,170</u>	<u>\$ 4,828,402</u>

*Pension plan fiduciary net position.* Detailed information about the SCHDTF's FNP is available in PERA's ACFR which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

Payables to the pension plan

The District did not report any payables to the pension plan at year-end.

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note I – Defined contribution pension plan**

Voluntary Investment Program (PERAPlus 401(k) Plan)

*Plan description* - Employees of the District that are also members of the SCHDTF may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERAPlus 401(k) Plan. That report can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

*Funding policy* - The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. The District does not offer matching contributions to its employees. Employees are immediately vested in their own contributions and investment earnings. For the year ended June 30, 2023, program members contributed \$26,870 for the PERAPlus 401(k) Plan.

**Note J – Defined benefit other post-employment benefit (OPEB) plan**

Summary of Significant Accounting Policies

*OPEB.* The District participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the OPEB Plan

*Plan description.* Eligible employees of the District are provided with OPEB through the HCTF – a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended, and sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

*Benefits provided.* The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. Section 24-51-1202 *et seq.* specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Enrollment in the PERACare health benefits program is voluntary and is available to benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians, among others. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

*PERA Benefit Structure*

The maximum service-based premium subsidy is \$230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. Section 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

*DPS Benefit Structure*

The maximum service-based premium subsidy is \$230 per month for retirees who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 per month for retirees who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5% reduction in the subsidy for each year less than 20. The retiree pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum \$230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

*Contributions.* Pursuant to Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02% of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the District were \$29,434 for the year ended June 30, 2023.

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At year-end, the District reported a liability of \$221,627 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2022. The District's proportion of the net OPEB liability was based on the District's contributions to the HCTF for the calendar year 2022 relative to the total contributions of participating employers to the HCTF.

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

**Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

At December 31, 2022, the District’s proportion was 0.0271%, which was an increase of 0.0012% from its proportion measured as of December 31, 2021.

For the year ended June 30, 2023, the District recognized OPEB expense of \$1,041. At year-end, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 27	\$ 51,336
Changes of assumptions or other inputs	3,379	24,025
Net difference between projected and actual earnings on OPEB plan investments	14,062	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	17,556	300
Contributions subsequent to the measurement date	<u>14,896</u>	<u>-</u>
Total	<u>\$ 49,920</u>	<u>\$ 75,661</u>

\$14,896 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended June 30,</u>	<u>Amount</u>
2024	\$ (16,686)
2025	(15,162)
2026	(5,555)
2027	1,016
2028	(3,481)
2029	<u>(769)</u>
Total	<u>\$ (40,637)</u>

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

**Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

*Actuarial assumptions.* The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs for the School Division:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation	3.40%-11.00%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	6.50% in 2022, gradually decreasing to 4.50% in 2030
Medicare Part A premiums	3.75% in 2022, gradually increasing to 4.50% in 2029
DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

The total OPEB liability for the HCTF, as of the December 31, 2022, measurement date, was adjusted to reflect the disaffiliation, allowable under C.R.S. Section 24-51-313, of Tri-County Health Department (TriCounty Health), effective December 31, 2022. As of the close of the 2022 fiscal year, no disaffiliation payment associated with Tri-County Health was received, and therefore no disaffiliation dollars were reflected in the FNP as of the December 31, 2022, measurement date.

Beginning January 1, 2022, the per capita health care costs are developed by plan option; based on 2022 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

**Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-69	3.0%	1.5%
70	2.9%	1.6%
71	1.6%	1.4%
72	1.4%	1.5%
73	1.5%	1.6%
74	1.5%	1.5%
75	1.5%	1.4%
76	1.5%	1.5%
77	1.5%	1.5%
78	1.5%	1.6%
79	1.5%	1.5%
80	1.4%	1.5%
81 and older	0.0%	0.0%

Sample Age	MAPD PPO #1 with Medicare Part A		MAPD PPO #2 with Medicare Part A		MAPD HMO (Kaiser) with Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$1,704	\$1,450	\$583	\$496	\$1,923	\$1,634
70	\$1,976	\$1,561	\$676	\$534	\$2,229	\$1,761
75	\$2,128	\$1,681	\$728	\$575	\$2,401	\$1,896

Sample Age	MAPD PPO #1 without Medicare Part A		MAPD PPO #2 without Medicare Part A		MAPD HMO (Kaiser) without Medicare Part A	
	Retiree/Spouse		Retiree/Spouse		Retiree/Spouse	
	Male	Female	Male	Female	Male	Female
65	\$6,514	\$5,542	\$4,227	\$3,596	\$6,752	\$5,739
70	\$7,553	\$5,966	\$4,901	\$3,872	\$7,826	\$6,185
75	\$8,134	\$6,425	\$5,278	\$4,169	\$8,433	\$6,657

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

**Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

The 2022 Medicare Part A premium is \$499 (actual dollars) per month.

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. Effective December 31, 2021, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates used to measure the total OPEB liability are summarized in the table below:

<u>Year</u>	<u>PERACare Medicare Plans</u>	<u>Medicare Part A Premiums</u>
2022	6.50%	3.75%
2023	6.25%	4.00%
2024	6.00%	4.00%
2025	5.75%	4.00%
2026	5.50%	4.25%
2027	5.25%	4.25%
2028	5.00%	4.25%
2029	4.75%	4.50%
2030+	4.50%	4.50%

Mortality assumptions used in the December 31, 2021, valuation for the determination of the total pension liability for each of the Division Trust Funds as shown below, reflect generational mortality and were applied, as applicable, in the determination of the total OPEB liability for the HCTF, but developed on a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 112% of the rates prior to age 80 and 94% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 83% of the rates prior to age 80 and 106% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The following health care costs assumptions were updated and used in the roll-forward calculation for the Trust Fund:

- Per capita health care costs in effect as of the December 31, 2021, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2022 plan year.
- The December 31, 2021, valuation utilizes premium information as of January 1, 2022, as the initial per capita health care cost. As of that date, PERACare health benefits administration is performed by UnitedHealthcare. In that transition, the costs for the Medicare Advantage Option #2 decreased to a level that is lower than the maximum possible service-related subsidy as described in the plan provisions.
- The health care cost trend rates applicable to health care premiums were revised to reflect the then current expectation of future increases in those premiums. Medicare Part A premiums continued with the prior valuation trend pattern.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

**Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the total OPEB liability, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared at least every five years for PERA. The most recent analyses were outlined in the Experience Study report dated October 28, 2020.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>30 Year Expected Geometric Real Rate of Return</u>
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	<u>6.00%</u>	4.70%
 Total	 <u>100.00%</u>	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25%.

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

*Sensitivity of the District’s proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates.* The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	<u>1% Decrease in Trend Rates</u>	<u>Current Trend Rates</u>	<u>1% Increase in Trend Rates</u>
Initial PERACare Medicare trend rate <sup>1</sup>	5.25%	6.25%	7.25%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	3.00%	4.00%	5.00%
Ultimate Medicare Part A trend rate	<u>3.50%</u>	<u>4.50%</u>	<u>5.50%</u>
Net OPEB Liability	\$ 215,354	\$ 221,627	\$ 228,453

<sup>1</sup>For the January 1, 2023, plan year.

*Discount rate.* The discount rate used to measure the total OPEB liability was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2022, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note J – Defined benefit other post-employment benefit (OPEB) plan (Continued)**

Based on the above assumptions and methods, the HCTF’s FNP was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

*Sensitivity of the District’s proportionate share of the net OPEB liability to changes in the discount rate.* The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1% Decrease <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Proportionate share of the net OPEB liability	\$ <u>256,932</u>	\$ <u>221,627</u>	\$ <u>191,431</u>

*OPEB plan fiduciary net position.* Detailed information about the HCTF’s FNP is available in PERA’s ACFR which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

Payables to the OPEB plan

The District did not report any payables to the OPEB plan at year-end.

**Note K – Risk management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District continues to carry commercial insurance for all risks of loss, including workers’ compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage or the deductible in any of the past three fiscal years. There has been no significant reduction in insurance coverage from the prior year in any of the major categories of risk.

Colorado Public Education Health Plan

The trust was established in 2004 by the Colorado Association of School Boards (CASB) as a 501(c)(9) Multiple Employer Health Trust and Voluntary Employee Benefits Association – a financial vehicle for school districts to take control of health care costs through collaborative purchasing and risk sharing. The health plan – Colorado Public Education

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note K – Risk management (Continued)**

Health Plan – is a non-profit health care Trust that is governed by its members and school leadership professionals from across the state of Colorado. Medical coverage for the District employees is purchased through the trust.

The District pays a monthly premium to Colorado Public Education Health (CPEH) to provide health insurance coverage and services for its plan members. Employees are responsible for paying a deductible amount before the plan begins to pay. The individual deductible amount for fiscal year 2023 was \$2,000 or \$3,500 depending on the type of plan. There is no lifetime maximum benefit for our plan members.

Because there is the potential to incur high-cost medical claims, CPEH purchases stop-loss coverage to cover claims that exceed its deductible limit, which is currently \$50,000. Each year, the deductible limit is reviewed based on actuarial analysis to determine if paying an additional premium would increase or reduce the ultimate cost of risk to the District. As members of the CPEH Plan, the District also purchases prescription coverage through the pool.

**Note L – Commitments and contingencies**

Federal and state funding

The District receives revenues from various federal and state grant programs which are subject to final review and approval by the grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

TABOR Amendment

In November 1992, Colorado voters passed an amendment, commonly known as the Taxpayer’s Bill of Rights (TABOR), to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and “fiscal year spending” include allowable annual increases tied to inflation and local growth in student enrollment. Fiscal year spending as defined by the amendment excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the “spending limit” must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. On November 5, 1996, the voters of the District approved a ballot initiative permitting the District to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatsoever, without limitation, in this fiscal year and all subsequent fiscal years notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution. TABOR is complex and subject to judicial interpretation. The

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note L – Commitments and contingencies (Continued)**

District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR’s language in order to determine its compliance. The District has reserved funds in the General Fund in the amount of \$220,000 for the emergency reserve.

**Note M – Joint venture**

The District participates in the Northeast Colorado Board of Cooperative Educational Services (BOCES). This joint venture does not meet the criteria for inclusion within the reporting entity because the BOCES:

- is financially independent and responsible for its own financing deficits and entitled to its own surpluses,
- has a separate governing board from that of the District,
- has a separate management which is responsible for the day to day operations and is accountable to the separate board,
- governing board and management have the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities and determining the outcome or disposition of matters affecting the recipients or services provided, and
- has absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and controls fiscal management.

The District has one member on the board. The board has final authority for all budgeting and financing of the joint venture.

Separate financial statements of the Northeast Colorado Board of Cooperative Educational Services are available by contacting their administrative office in Haxtun, Colorado.

For the year, the District’s contribution was \$165,349.

**Note N – Prior Period Adjustment**

The District made an error in reporting grants receivable and the related revenue in the prior year. Accordingly, the beginning fund balance of the General Fund and beginning net position of the Governmental Activities were restated as follows:

	Beginning Balances as Originally Reported	Grants Receivable Adjustments	Beginning Balances as Restated
General Fund	\$ 2,021,303	\$ 95,221	\$ 2,116,524
Governmental Activities	12,632,140	95,221	12,727,361

**AKRON SCHOOL DISTRICT R-1**  
**Notes to Financial Statements**

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**Note O – Construction commitments**

The District began an HVAC improvement project during the 2022-23 school year at an estimated cost of \$3,428,370, funded in part with District matching funds, ESSER funds and state BEST Grant funds. At year-end, the District had approximately \$1,979,307 in uncompleted construction contracts, which will be paid from remaining local funds as well as BEST Grant funds.

### **Required Supplementary Information**

Required supplementary information includes financial information and disclosures that are required by the Governmental Accounting Standards Board but are not considered a part of the basic financial statements. Such information includes:

- Budgetary Comparison Schedule – General Fund
- Schedule of the District’s Proportionate Share of the Net Pension Liability – PERA’s School Division Trust Fund
- Schedule of District Contributions – PERA’s School Division Trust Fund
- Schedule of the District’s Proportionate Share of the Net OPEB Liability – PERA’s Health Care Trust Fund
- Schedule of District Contributions – PERA’s Health Care Trust Fund

**AKRON SCHOOL DISTRICT R-1**  
**General Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 1,521,359	\$ 1,630,563	\$ 1,621,646	\$ (8,917)
Intermediate sources	300	396	396	-
State sources	3,698,647	5,342,562	5,172,936	(169,626)
Federal sources	775,000	888,908	386,052	(502,856)
Total revenues	5,995,306	7,862,429	7,181,030	(681,399)
Expenditures				
Instruction	3,346,089	3,587,640	3,541,196	46,444
Supporting services	2,818,500	4,422,524	3,691,872	730,652
Debt service				
Principal			2,394	(2,394)
Appropriated reserves	1,187,347	1,212,023		1,212,023
Total expenditures	7,351,936	9,222,187	7,235,462	1,986,725
Excess of revenues over (under) expenditures	(1,356,630)	(1,359,758)	(54,432)	1,305,326
Other financing sources (uses)				
Lease proceeds			75,411	75,411
Transfers out	(215,000)	(222,000)	(224,716)	(2,716)
Total other financing source (uses)	(215,000)	(222,000)	(149,305)	72,695
Net change in fund balance	\$ (1,571,630)	\$ (1,581,758)	(203,737)	\$ 1,378,021
Fund balance at beginning of year, as originally reported			2,021,303	
Prior period adjustment			95,221	
Fund balance at beginning of year, as restated			2,116,524	
Fund balance at end of year			\$ 1,912,787	

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**AKRON SCHOOL DISTRICT R-1**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**PERA's School Division Trust Fund**  
**June 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
District's proportion of the net pension liability	0.0357%	0.0397%	0.0448%	0.0388%
District's proportionate share of the net pension liability	\$ 6,505,170	\$ 4,620,991	\$ 6,773,663	\$ 5,789,372
State's proportionate share of the net pension liability	<u>1,895,672</u>	<u>529,738</u>	<u>-</u>	<u>734,308</u>
Total	<u>\$ 8,400,842</u>	<u>\$ 5,150,729</u>	<u>\$ 6,773,663</u>	<u>\$ 6,523,680</u>
District's covered payroll	\$ 2,754,508	\$ 2,481,638	\$ 2,395,879	\$ 2,277,040
District's proportionate share of the net pension liability as a percentage of its covered payroll	236.16%	186.21%	282.72%	254.25%
Plan fiduciary net position as a percentage of the total pension liability	61.79%	74.86%	66.99%	64.52%

\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

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<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
0.0384%	0.0441%	0.0439%	0.0441%	0.0443%	0.0468%
\$ 6,793,888	\$ 14,268,790	\$ 13,085,555	\$ 6,748,266	\$ 6,004,630	\$ 5,970,431
928,970	-	-	-	-	-
<u>\$ 7,722,858</u>	<u>\$ 14,268,790</u>	<u>\$ 13,085,555</u>	<u>\$ 6,748,266</u>	<u>\$ 6,004,630</u>	<u>\$ 5,970,431</u>
\$ 2,109,308	\$ 2,035,481	\$ 1,972,546	\$ 1,922,860	\$ 1,856,003	\$ 1,887,005
322.09%	701.00%	663.38%	350.95%	323.52%	316.40%
57.01%	43.96%	43.10%	59.20%	62.84%	64.06%

**AKRON SCHOOL DISTRICT R-1**  
**Schedule of District Contributions**  
**PERA's School Division Trust Fund**  
**June 30, 2023**

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	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Contractually required contribution	\$ 588,105	\$ 514,296	\$ 484,403	\$ 453,589
Contributions in relation to the contractually required contribution	<u>(588,105)</u>	<u>(514,296)</u>	<u>(484,403)</u>	<u>(453,589)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,885,695	\$ 2,586,998	\$ 2,436,625	\$ 2,340,496
Contributions as a percentage of covered payroll	20.38%	19.88%	19.88%	19.38%

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<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2014</u>
\$ 418,300	\$ 389,984	\$ 368,488	\$ 342,891	\$ 321,862	\$ 296,891
<u>(418,300)</u>	<u>(389,984)</u>	<u>(368,488)</u>	<u>(342,891)</u>	<u>(321,862)</u>	<u>(296,891)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,186,620	\$ 2,065,309	\$ 2,008,749	\$ 1,933,843	\$ 1,899,897	\$ 1,857,899
19.13%	18.88%	18.34%	17.73%	16.94%	15.98%

**AKRON SCHOOL DISTRICT R-1**  
**Schedule of the District's Proportionate Share of the Net OPEB Liability<sup>1</sup>**  
**PERA's Health Care Trust Fund**  
**June 30, 2023**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
District's proportion of the net OPEB liability	0.0271%	0.0259%	0.0259%	0.0253%
District's proportionate share of the net OPEB liability	\$ 221,627	\$ 223,565	\$ 246,189	\$ 284,643
District's covered payroll	\$ 2,754,508	\$ 2,481,638	\$ 2,395,879	\$ 2,277,040
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	8.05%	9.01%	10.28%	12.50%
Plan fiduciary net position as a percentage of the total OPEB liability	38.57%	39.40%	32.78%	24.49%

\* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

<sup>1</sup> Information is not available prior to June 30, 2017. In future reports, additional years will be added until 10 years of historical data are presented.

Notes to schedule:

Effective for the December 31, 2022, measurement date, the timing of the retirement decrement was adjusted to middle-of-year within the valuation programming used to determine the TOL, reflecting a recommendation from the 2022 actuarial audit report, dated October 14, 2022, summarizing the results of the actuarial audit performed on the December 31, 2021, actuarial valuation.

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<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
0.0249%	0.0250%	0.0249%
\$ 339,313	\$ 325,839	\$ 323,895
\$ 2,109,308	\$ 2,035,481	\$ 1,972,546
16.09%	16.01%	16.42%
17.03%	17.53%	16.72%

**AKRON SCHOOL DISTRICT R-1**  
**Schedule of District Contributions<sup>1</sup>**  
**PERA's Health Care Trust Fund**  
**June 30, 2023**

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	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Contractually required contribution	\$ 29,434	\$ 26,387	\$ 24,854	\$ 23,873
Contributions in relation to the contractually required contribution	<u>(29,434)</u>	<u>(26,387)</u>	<u>(24,854)</u>	<u>(23,873)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,885,695	\$ 2,586,998	\$ 2,436,625	\$ 2,340,496
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

<sup>1</sup> Information is not available prior to June 30, 2017. In future reports, additional years will be added until 10 years of historical data are presented.

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<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
\$ 22,304	\$ 21,066	\$ 20,489
<u>(22,304)</u>	<u>(21,066)</u>	<u>(20,489)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,186,620	\$ 2,065,309	\$ 2,008,749
1.02%	1.02%	1.02%

**AKRON SCHOOL DISTRICT R-1**  
**Notes to the Required Supplementary Information**

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**Note A – Budgetary data**

The District adheres to the following procedures in compliance with Colorado Revised Statutes, establishing the budgetary data in the financial statements:

1. Budgets are required by state law for all funds. Prior to May 31, the superintendent of schools submits to the board of education a proposed budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the board of education to obtain taxpayer comments.
3. Prior to June 30, the budget is adopted by formal resolution.
4. Prior to January 31, the board of education submits its adopted annual budget to the department of education.
5. Expenditures may not legally exceed appropriations at the fund level. Authorization to transfer budgeted amounts between departments within any fund and reallocation of budget line items within any department in the General Fund rests with the superintendent of schools. Revisions that alter the total expenditures of any fund must be approved by the board of education.
6. Budgets for all funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.
7. Budgeted amounts reported in the accompanying financial statements are as originally adopted and as amended by the board of education throughout the year. After budget approval, the District board of education may approve supplemental appropriations if an occurrence, condition, or need exists which was not known at the time the budget was adopted.
8. Appropriations lapse at year-end.

**Note B – Factors affecting trends in amounts reported in the pension and OPEB schedules**

Information about factors that significantly affect trends in the amounts reported in the Schedules of the District's Proportionate Share of the Net Pension and OPEB Liabilities and the Schedules of District Contributions is available in PERA's comprehensive annual financial report which can be obtained at [www.copera.org/investments/pera-financial-reports](http://www.copera.org/investments/pera-financial-reports).

### **Other Supplementary Information**

Other supplementary information includes financial statements and schedules not required by the Governmental Accounting Standards Board, nor a part of the basic financial statements, but are presented for purposes of additional analysis.

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## **Budgetary Comparison Schedules - General Fund**

The General Fund accounts for all transactions of the District not required to be accounted for in other funds. This fund represents an accounting of the District's ordinary operations financed primarily from property and specific ownership taxes and state aid. It is the most significant fund in relation to the District's overall operations. The schedules of revenues and expenditures are included to provide a greater level of detail to the reader of the financial statements.

**AKRON SCHOOL DISTRICT R-1**  
**General Fund**  
**Budgetary Comparison Schedule - Revenues**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
<b>Local sources</b>				
Property taxes	\$ 1,268,194	\$ 1,269,863	\$ 1,280,490	\$ 10,627
Specific ownership taxes	204,565	194,000	205,428	11,428
Delinquent taxes and interest	1,500	1,500	2,977	1,477
Tuition	12,600	12,600	11,600	(1,000)
Earnings on investments	4,500	6,200	15,618	9,418
Other local revenue	30,000	146,400	104,913	(41,487)
Services within the BOCES			620	620
<b>Total local sources</b>	<b>1,521,359</b>	<b>1,630,563</b>	<b>1,621,646</b>	<b>(8,917)</b>
<b>Intermediate sources</b>	<b>300</b>	<b>396</b>	<b>396</b>	<b>-</b>
<b>State sources</b>				
Equalization	3,229,840	3,378,712	3,378,723	11
Vocational education	32,000	32,000	36,025	4,025
English language proficiency	3,650	3,100	40	(3,060)
Transportation	61,850	61,850	62,180	330
BEST capital construction		1,500,000	1,094,629	(405,371)
State grants to libraries	3,500	3,500	4,500	1,000
Small rural schools funding	187,907	187,900	187,907	7
Additional at-risk funding	2,000	2,000	3,271	1,271
Career success pilot program incentives	10,000	8,000	20,396	12,396
READ Act	15,400	13,000	13,090	90
On-behalf payment			161,652	161,652
Services within the BOCES	152,500	152,500	210,523	58,023
<b>Total state sources</b>	<b>3,698,647</b>	<b>5,342,562</b>	<b>5,172,936</b>	<b>(169,626)</b>
<b>Federal sources</b>				
Title I	95,960	91,000	84,614	(6,386)
Title II-A	14,040	14,000	14,612	612
Title IV-A	10,000	10,000	10,000	-
ESSER III 90% – LEA Allocation	504,000	504,000	10,853	(493,147)
ESSER II - Distribution 90%	115,000	117,000	117,697	697
ESSER III ARP 9.5% state set-aside		21,000	21,000	-
ESSER II CRSSA 9.5% state set-aside		3,000	3,000	-
Workforce innovation grant		1,330	1,330	-
Child care assistance block grant		12,178	12,178	-
REAP	30,000	27,000	27,979	979
Services within the BOCES	6,000	88,400	82,789	(5,611)
<b>Total federal sources</b>	<b>775,000</b>	<b>888,908</b>	<b>386,052</b>	<b>(502,856)</b>
<b>Total revenues</b>	<b>\$ 5,995,306</b>	<b>\$ 7,862,429</b>	<b>\$ 7,181,030</b>	<b>\$ (681,399)</b>

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**AKRON SCHOOL DISTRICT R-1**  
**General Fund**  
**Budgetary Comparison Schedule - Expenditures**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Expenditures</b>				
<b>Instruction</b>				
Salaries	\$ 2,031,000	\$ 2,095,100	\$ 2,047,903	\$ 47,197
Employee benefits	793,000	861,330	908,482	(47,152)
Purchased services	394,300	375,675	320,738	54,937
Supplies and materials	106,789	191,935	179,968	11,967
Property	21,000	63,600	84,105	(20,505)
<b>Total instruction</b>	<b>3,346,089</b>	<b>3,587,640</b>	<b>3,541,196</b>	<b>46,444</b>
<b>Supporting services</b>				
<b>Students</b>				
Salaries	104,500	104,500	103,159	1,341
Employee benefits	41,000	41,500	44,749	(3,249)
Purchased services	2,000	2,667	495	2,172
Supplies and materials	3,500	3,750	1,986	1,764
<b>Total students</b>	<b>151,000</b>	<b>152,417</b>	<b>150,389</b>	<b>2,028</b>
<b>Instructional staff</b>				
Salaries	44,000	45,600	82,410	(36,810)
Employee benefits	21,000	20,800	33,517	(12,717)
Purchased services	41,500	38,000	29,353	8,647
Supplies and materials	21,500	21,500	22,261	(761)
Property	10,000	29,000	43,565	(14,565)
<b>Total instructional staff</b>	<b>138,000</b>	<b>154,900</b>	<b>211,106</b>	<b>(56,206)</b>
<b>General administration</b>				
Salaries	145,000	145,500	145,989	(489)
Employee benefits	43,000	43,000	49,682	(6,682)
Purchased services	77,400	87,100	81,787	5,313
Supplies and materials	15,000	15,000	13,616	1,384
Property			18,853	(18,853)
<b>Total general administration</b>	<b>280,400</b>	<b>290,600</b>	<b>309,927</b>	<b>(19,327)</b>

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
School administration				
Salaries	253,000	254,000	253,282	718
Employee benefits	84,000	85,150	95,099	(9,949)
Purchased services	21,600	21,600	21,202	398
Supplies and materials	12,000	12,000	5,301	6,699
Property			18,853	(18,853)
Total school administration	370,600	372,750	393,737	(20,987)
Business services				
Salaries	40,000	40,000	39,935	65
Employee benefits	9,200	9,200	10,880	(1,680)
Purchased services	6,000	6,000	3,665	2,335
Supplies and materials	2,000	2,000	2,464	(464)
Other	5,000	10,457	10,457	-
Total business services	62,200	67,657	67,401	256
Operations and maintenance				
Salaries	153,000	160,000	150,175	9,825
Employee benefits	66,000	66,200	67,520	(1,320)
Purchased services	116,300	124,300	1,272,601	(1,148,301)
Supplies and materials	150,000	150,000	146,602	3,398
Property	900,000	2,437,000	454,024	1,982,976
Total operations and maintenance	1,385,300	2,937,500	2,090,922	846,578
Student transportation				
Salaries	128,000	141,000	159,715	(18,715)
Employee benefits	62,000	64,700	79,202	(14,502)
Purchased services	21,300	21,300	16,476	4,824
Supplies and materials	76,500	76,500	70,385	6,115
Total student transportation	287,800	303,500	325,778	(22,278)

(continued)

**AKRON SCHOOL DISTRICT R-1**  
**General Fund**  
**Budgetary Comparison Schedule - Expenditures**  
**For the Year Ended June 30, 2023**

(continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Central support services				
Purchased services	143,200	143,200	142,612	588
Total central support services	143,200	143,200	142,612	588
Total supporting services	2,818,500	4,422,524	3,691,872	730,652
Debt service				
Principal retirement			2,394	(2,394)
Total debt services	-	-	2,394	(2,394)
Appropriated reserves	1,187,347	1,212,023		1,212,023
Total expenditures	<u>\$ 7,351,936</u>	<u>\$ 9,222,187</u>	<u>\$ 7,235,462</u>	<u>\$ 1,986,725</u>

**Combining Statements and Budgetary Comparison Schedules –  
Nonmajor Governmental Funds**

The District reports the following nonmajor governmental funds:

Special Revenue Funds – These funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

- Food Service Fund – This fund is used to record financial transactions related to the District’s food service operations.
- Pupil Activity Fund – This fund is used to record transactions related to school-sponsored pupil organizations and activities.

**AKRON SCHOOL DISTRICT R-1**  
**Nonmajor Governmental Funds**  
**Combining Balance Sheet**  
**June 30, 2023**

	Food Service Fund	Pupil Activity Fund	Totals
<b>Assets</b>			
Cash	\$ 67,890	\$ 193,076	\$ 260,966
Certificates of deposit		1,589	1,589
Grants receivables	14,706		14,706
Other receivables	679		679
Inventories	4,003		4,003
<b>Total assets</b>	<b>\$ 87,278</b>	<b>\$ 194,665</b>	<b>\$ 281,943</b>
<b>Liabilities</b>			
Accounts payable		\$ 3,396	\$ 3,396
Unearned revenues	\$ 1,655		1,655
<b>Total liabilities</b>	<b>1,655</b>	<b>3,396</b>	<b>5,051</b>
<b>Fund balance</b>			
Nonspendable inventories	4,003		4,003
Restricted for food service operations	81,620		81,620
Committed to pupil activities		191,269	191,269
<b>Total fund balance</b>	<b>85,623</b>	<b>191,269</b>	<b>276,892</b>
<b>Total liabilities and fund balance</b>	<b>\$ 87,278</b>	<b>\$ 194,665</b>	<b>\$ 281,943</b>

**AKRON SCHOOL DISTRICT R-1**  
**Nonmajor Governmental Funds**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balance**  
**For the Year Ended June 30, 2023**

	Food Service Fund	Pupil Activity Fund	Totals
Revenues			
Local sources	\$ 63,228	\$ 365,589	\$ 428,817
State sources	4,139		4,139
Federal sources	183,208		183,208
Total revenues	250,575	365,589	616,164
Expenditures			
Instruction		370,540	370,540
Supporting services	279,017		279,017
Total expenditures	279,017	370,540	649,557
Excess of revenues over (under) expenditures	(28,442)	(4,951)	(33,393)
Other financing sources			
Transfers in	9,716	15,000	24,716
Net change in fund balances	(18,726)	10,049	(8,677)
Fund balance at beginning of year	104,349	181,220	285,569
Fund balance at end of year	<u>\$ 85,623</u>	<u>\$ 191,269</u>	<u>\$ 276,892</u>

**AKRON SCHOOL DISTRICT R-1**  
**Food Service Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Local sources	\$ 55,000	\$ 59,500	\$ 63,228	\$ 3,728
State sources	3,500	1,700	4,139	2,439
Federal sources	114,695	151,825	183,208	31,383
<b>Total revenues</b>	<b>173,195</b>	<b>213,025</b>	<b>250,575</b>	<b>37,550</b>
<b>Expenditures</b>				
Food service operations				
Salaries	62,000	62,000	61,569	431
Employee benefits	32,000	32,000	31,104	896
Purchased services	1,000	1,000	6,793	(5,793)
Supplies and materials	133,195	160,695	157,886	2,809
Property	21,000	21,000	21,665	(665)
Appropriated reserves		47,679		47,679
<b>Total expenditures</b>	<b>249,195</b>	<b>324,374</b>	<b>279,017</b>	<b>45,357</b>
Excess of revenues over (under) expenditures	(76,000)	(111,349)	(28,442)	(7,807)
<b>Other financing sources</b>				
Transfers in		7,000	9,716	2,716
<b>Net change in fund balance</b>	<b>\$ (76,000)</b>	<b>\$ (104,349)</b>	<b>(18,726)</b>	<b>\$ 85,623</b>
Fund balance at beginning of year			104,349	
Fund balance at end of year			\$ 85,623	

**AKRON SCHOOL DISTRICT R-1**  
**Pupil Activity Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Pupil activities	\$ 250,000	\$ 250,000	\$ 365,589	\$ 115,589
Total revenues	250,000	250,000	365,589	115,589
Expenditures				
Instruction				
Purchased services			64,915	(64,915)
Supplies and materials	267,000	275,000	305,625	(30,625)
Appropriated reserves	175,000	171,220		171,220
Total expenditures	442,000	446,220	370,540	75,680
Excess of revenues over (under) expenditures	(192,000)	(196,220)	(4,951)	39,909
Other financing sources				
Transfers in	15,000	15,000	15,000	-
Net change in fund balance	\$ (177,000)	\$ (181,220)	10,049	\$ 191,269
Fund balance at beginning of year			181,220	
Fund balance at end of year			\$ 191,269	

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## **Budgetary Comparison Schedule - Debt Service Fund**

The District reports the following major debt service fund:

Debt Service Fund – These funds account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

- Bond Redemption Fund – The revenues from a tax levy for the purpose of satisfying bonded indebtedness obligations, both principal and interest and related expenditures, shall be recorded in this fund.

**AKRON SCHOOL DISTRICT R-1**  
**Bond Redemption Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Local sources				
Property taxes	\$ 487,000	\$ 487,000	\$ 489,491	\$ 2,491
Delinquent taxes and interest	400	400	1,201	801
Earnings on investments	200	600	1,241	641
<b>Total revenues</b>	<b>487,600</b>	<b>488,000</b>	<b>491,933</b>	<b>3,933</b>
<b>Expenditures</b>				
Debt service				
Principal	399,646	399,646	399,646	-
Interest and fiscal charges	70,400	70,400	70,399	1
Appropriated reserves	571,534	574,989		574,989
<b>Total expenditures</b>	<b>1,041,580</b>	<b>1,045,035</b>	<b>470,045</b>	<b>574,990</b>
<b>Net change in fund balance</b>	<b>\$ (553,980)</b>	<b>\$ (557,035)</b>	<b>21,888</b>	<b>\$ 578,923</b>
Fund balance at beginning of year			557,035	
Fund balance at end of year			\$ 578,923	

## **Budgetary Comparison Schedule - Capital Projects Fund**

The District reports the following major capital projects fund:

Capital Projects Fund – These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

- Capital Reserve Capital Projects Fund – This fund is a capital projects fund used to account for and report financial resources that have been designated for capital outlays acquisition or construction of major capital facilities and other capital assets.

**AKRON SCHOOL DISTRICT R-1**  
**Capital Reserve Capital Projects Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Earnings on investments	\$ 400	\$ 800	\$ 1,343	\$ 543
Total revenues	400	800	1,343	543
Expenditures				
Capital outlay				
Property		250,000		250,000
Debt service				
Principal	59,701	59,701	59,701	-
Interest and fiscal charges	29,156	29,044	29,043	1
Appropriated reserves	632,043	382,630		382,630
Total expenditures	720,900	721,375	88,744	632,631
Excess of revenues over (under) expenditures	(720,500)	(720,575)	(87,401)	633,174
Other financing sources				
Transfers in	200,000	200,000	200,000	-
Net change in fund balance	\$ (520,500)	\$ (520,575)	112,599	\$ 633,174
Fund balance at beginning of year			520,575	
Fund balance at end of year			\$ 633,174	

### **Budgetary Comparison Schedule - Fiduciary Fund**

These funds focus on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds and custodial funds.

Private-purpose trust funds – These funds are used to report trust arrangements under which principal and income benefit individuals, private organizations, or other governments.

- Scholarship Trust Fund – This fund is used to record the financial transactions related to the administration of a scholarship trust that is used to award scholarships to area students.

**AKRON SCHOOL DISTRICT R-1**  
**Scholarship Trust Fund**  
**Budgetary Comparison Schedule**  
**For the Year Ended June 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Contributions and earnings	\$ 400	\$ 400	\$ 442	\$ 42
Total revenues	400	400	442	42
Expenditures				
Scholarship awards	2,000	2,000	2,000	-
Total expenditures	2,000	2,000	2,000	-
Change in net position	\$ (1,600)	\$ (1,600)	(1,558)	\$ 42
Net position at beginning of year			37,358	
Net position at end of year			\$ 35,800	

**Colorado Department of Education  
Supplementary Schedule**

Auditors' integrity report – This fiscal-year report is required by the Colorado Department of Education to maintain statewide consistency in financial reporting. This report is also used to gather financial data that could affect future state funding.



**Colorado Department of Education**  
**Auditors Integrity Report**  
 District: 3030 - Akron R-1  
 Fiscal Year 2022-23  
 Colorado School District/BOCES

Revenues, Expenditures, & Fund Balance by Fund

Fund Type & Number	Beg Fund Balance & Prior Per Adj (6880*)	1000 - 5999 Total Revenues & Other Sources	0001-0999 Total Expenditures & Other Uses	6700-6799 & Prior Per Adj (6880*) Ending Fund Balance
<b>Governmental</b>	+		-	=
10 General Fund	2,104,985	6,809,074	7,039,718	1,874,341
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	11,539	222,651	195,744	38,446
<b>Sub- Total</b>	<b>2,116,524</b>	<b>7,031,725</b>	<b>7,235,462</b>	<b>1,912,787</b>
11 Charter School Fund	0	0	0	0
20,26-29 Special Revenue Fund	0	0	0	0
06 Supplemental Cap Const, Tech, Main, Fund	0	0	0	0
07 Total Program Reserve Fund	0	0	0	0
21 Food Service Spec Revenue Fund	104,349	260,291	279,016	85,623
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	181,220	380,589	370,540	191,269
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	557,035	491,934	470,045	578,923
39 Certificate of Participation (COP) Debt Service Fund	0	0	0	0
41 Building Fund	0	0	0	0
42 Special Building Fund	0	0	0	0
43 Capital Reserve Capital Projects Fund	520,575	201,343	88,744	633,174
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
<b>Totals</b>	<b>3,479,703</b>	<b>8,365,881</b>	<b>8,443,808</b>	<b>3,401,777</b>
<b>Proprietary</b>				
50 Other Enterprise Funds	0	0	0	0
64 (63) Risk-Related Activity Fund	0	0	0	0
60,65-69 Other Internal Service Funds	0	0	0	0
<b>Totals</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fiduciary</b>				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	37,358	441	2,000	35,800
73 Agency Fund	0	0	0	0
74 Pupil Activity Agency Fund	0	0	0	0
79 GASB 34/Permanent Fund	0	0	0	0
85 Foundations	0	0	0	0
<b>Totals</b>	<b>37,358</b>	<b>441</b>	<b>2,000</b>	<b>35,800</b>

FINAL