

Akron School District R-1
Akron, Colorado

Financial Statements

For the Year ended June 30, 2025

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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, 2025, 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, 2025, 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.

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 17, 2025

**AKRON SCHOOL DISTRICT R-1
Management Discussion and Analysis
For Fiscal Year Ended June 30, 2025**

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, 2025.

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, 2025 is \$18,152,639.
- The district's total net position increased by \$2,402,835, due primarily to the implementation of GASB 68 and 75.
- General revenues and extraordinary items accounted for \$8,839,373 or 87% of the \$10,165,919 in total revenues. Program specific revenues in the form of charges for services, sales, and grants accounted for \$1,326,546 or 13% of revenues.
- The general fund ending fund balance reached \$4,342,930. This was an increase of \$2,070,187 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 22-60 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 76-92.

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.

78% 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, 2025.

	Governmental Activities		Total Percentage Change
	2025	2024	2024-2025
Current and Other assets	\$ 6,317,353	\$ 4,280,871	47.57%
Capital assets	22,598,780	22,677,442	-0.35%
Total assets	28,916,133	26,958,313	7.26%
Deferred outflows of resources	1,398,083	1,932,292	-27.65%
Total assets and deferred outflows of resources	\$ 30,314,216	\$ 28,890,605	4.93%
Long term liabilities	\$ 10,871,551	\$ 12,009,696	-9.48%
Other liabilities	687,742	742,011	-7.31%
Total liabilities	11,559,293	12,751,707	-9.35%
Deferred inflows of resources	602,284	389,094	54.79%
Net investment in capital assets	19,120,416	18,844,806	1.46%
Restricted	964,144	909,231	6.04%
Unrestricted	(1,931,921)	(4,004,233)	-51.75%
Total net position	18,152,639	15,749,804	15.26%
Total liabilities, deferred inflows of resources and net position	\$ 30,314,216	\$ 28,890,605	4.93%

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

Revenues	Governmental Activities		Total Percentage Change
	2025	2024	2024-2025
Program Revenues			
Charges for services	\$ 36,919	\$ 22,884	61.33%
Operating Grants & Contributions	1,264,425	1,746,594	-27.61%
Capital Grants & Contributions	25,202	1,296,699	-98.06%
General Revenues			
Property taxes	2,056,837	2,045,917	0.53%
State equalization	4,160,761	3,656,737	13.78%
Other	2,218,148	513,557	331.92%
Total Revenue	9,762,292	9,282,388	5.17%
Expenses			
Instruction	4,458,598	4,269,623	4.43%
Supporting services	2,598,959	2,646,391	-1.79%
Interest on long-term debt	82,139	88,303	-6.98%
Unallocated depreciation	623,388	547,731	13.81%
Total Expenses	7,763,084	7,552,048	2.79%
Increase in net position before extraordinary items	1,999,208	1,730,340	15.54%
Extraordinary items	403,627	-	N/A
Change in net position	\$ 2,402,835	\$ 1,730,340	38.86%

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 \$14,003 per funded student. In fiscal year 2025 the funded pupil count was 403.0. Funding for the SFA comes from property taxes, specific ownership tax and state equalization. The School District receives approximately 73% 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 \$1,336,737 in property taxes for general purposes for fiscal year 2025.

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 \$5,628,411, an increase of \$2,094,320. The General Fund, Bond Redemption Fund, Capital Reserve Capital Projects Fund and Other Governmental Funds had fund balance increases (decreases) of \$2,070,187, \$23,466, (\$106,947) and \$107,614 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 2024-2025 school year are as follows:

- The BEST Health Trust has dissolved, and with this close-out the District received \$435,000. A Health Trust account was opened at Stockmens Bank, and due to the restriction of these funds they can only be used to offset the employee health insurance expenses for the District.
- The District completed and closed out the final payments for the HVAC project using the remaining BEST Grant and General Funds.
- The District made the final payment out of the Capital Reserve Fund for the resurfacing of the ten-lane track as well as the pole vault, high jump, and long/triple jump areas.
- All staff members received a raise for the 2024-2025 school year. The beginning teacher's salary was increased to \$41,600 thus resulting in an average 6.9% increase to all employees.
- A new middle school intervention teacher position was added.
- Student enrollment numbers showed a slight decrease, but the District continues to benefit from the averaging in enrollment numbers for our PPR.
- The District successfully transitioned to Universal Preschool Program (UPK) from the Colorado Preschool Program (CPP), and we continued the community partnerships with ABC Daycare and Akron Head Start.
- The Food Service Program had a successful year. Per legislation, all students now eat for free with the bulk of the funds for this program coming from federal and state revenues. A transfer from the General Fund was required, which consisted of paying a small portion of 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, which will be paid in full in 2035. The District will also make the quarterly bus lease payments from this fund.
- The Bond Redemption Fund is in its thirteenth year. The State Treasurer's Office allowed the district to refinance the bond in 2021 as ten years of payments had 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 \$23,000. This allowed the District to award three \$5,000 Simonsen Scholarships and \$8,000 in Akron Community Scholarships. One \$2,000 scholarship was also awarded from the Trust & Agency account.
- Two accounts were opened with Colo Trust – General Fund and Capital Reserve Fund – each earning approximately 4.5-5% interest.

Capital Assets and Debt Administration

Capital Assets

The School Districts investment in capital assets for its governmental activities as of June 30, 2025 amounts to \$22,598,780 (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, 2025 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	\$ 21,926,850
Other equipment	235,050
Leased equipment	44,289
Licensed vehicles	392,591
Total Capital Assets	<u>\$ 22,598,780</u>

Long-Term Debt

At year-end, the School District's long-term debt of \$3,663,039 represented its compensated absences of \$184,675, financed purchases of \$772,654, general obligation bonds of \$2,661,421 and lease payable of \$44,289.

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 24-25 budget. Among them:

- Student enrollment decreased slightly in FY25, and the enrollment outlook for FY26 is projected to remain steady.
- 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 the 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 \$20,000 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 thirteenth 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 24-25 budget included the following considerations:

- Salary – The beginning teacher’s salary was increased by 4% plus each step was adjusted an additional \$100, which resulted in an average 6.9% raise to all staff members.
- Fringe benefits – The District health insurance remains with Gravie, and received a 4% increase in premiums.
- PERA – There was no increase in PERA rates. The employer contribution rate is 21.4% and the employee contribution rate is 11%.
- Instructional Services – The District purchased a new middle/high school English curriculum as well as a new handwriting and science curriculum for the elementary.
- Technology Services – The District has committed to the installation of new interactive white boards in the classrooms over the next few years. Approximately half the classrooms received new boards in the summer of 2024. The District also continues to keep the Chromebook rotation current, purchasing additional machines each year as well as updating teacher’s desktop and laptops as needed. A new server was also installed.
- Central Support Services – The multi-coverage insurance experienced a large increase of 24%, and the Workman’s Compensation Insurance premiums remained steady.
- Operation & Maintenance –The District completed work and closed out the funds on the HVAC system using the BEST Grant and General Funds. The District continued with contracted work on the grounds (spraying, fertilizing, topdressing) as well as roof maintenance and budgeted for regular maintenance needs.
- Capital Outlay – The District purchased a new pickup for the maintenance department and transitioned the old pickup to the transportation department for the mechanic’s use. A new pole vault mat and standards were purchased as well as new weight room equipment. A new John Deere Gator was purchased, which will be utilized by both the athletic and maintenance department. A new water softener unit was installed as well as an update to the sound system in the fieldhouse.
- Pupil Transportation – The District is committed to keep the transportation fleet up to date. A new 14 passenger bus was purchased, and the District entered into a three-year lease for the purchase of a new 77 passenger school bus.
- Transfers – The District will continue to transfer funds to the Capital Reserve, Food Service, and Pupil Activity Funds.

The District maintains the budget, financial audits, and current salary schedules on its website: 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 R-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, 2025

	<u>Governmental Activities</u>
Assets	
Cash	\$ 2,223,915
Cash with fiscal agent	681,146
Certificates of deposit	112,187
Investments	1,780,045
Receivables	1,515,096
Inventories	4,964
Capital assets, net of depreciation	<u>22,598,780</u>
Total assets	28,916,133
Deferred outflows of resources	
Pension deferrals	1,369,922
Other post-employment benefit deferrals	<u>28,161</u>
Total deferred outflows of resources	1,398,083
Total assets and deferred outflows of resources	<u>\$ 30,314,216</u>
Liabilities	
Accounts payable	\$ 45,889
Accrued salaries and benefits	569,874
Unearned revenues	1,190
Unearned grant revenues	52,585
Accrued interest payable	18,204
Noncurrent liabilities	
Due within one year	670,144
Due in more than one year	2,992,895
Net pension liability	7,082,842
Net OPEB liability	<u>125,670</u>
Total liabilities	11,559,293
Deferred inflows of resources	
Pension deferrals	527,446
Other post-employment benefit deferrals	<u>74,838</u>
Total deferred inflows of resources	602,284
Net position	
Net investment in capital assets	19,120,416
Restricted for:	
Emergencies	230,000
Health care benefits	73,117
Debt service	625,651
Food service operations	35,376
Unrestricted (deficit)	<u>(1,931,921)</u>
Total net position	18,152,639
Total liabilities, deferred inflows of resources and net position	<u>\$ 30,314,216</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, 2025

	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
Instruction	\$ 4,458,598	\$ 14,805	\$ 926,625	\$ 21,414
Supporting services				
Students	106,390		10,000	
Instructional staff	286,517		9,436	
General administration	308,868			
School administration	400,907		1,168	
Business services	62,771			
Operations and maintenance	509,318			
Student transportation	410,409		63,431	
Central support services	203,280			
Food service operations	310,499	22,114	253,765	3,788
Interest on long-term debt	82,139			
Unallocated depreciation *	623,388			
Total governmental activities	<u>\$ 7,763,084</u>	<u>\$ 36,919</u>	<u>\$ 1,264,425</u>	<u>\$ 25,202</u>

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

General revenues and extraordinary items
 Taxes
 Property taxes, levied for general purposes
 Property taxes, levied for debt services
 Specific ownership taxes
 Delinquent taxes and interest
 State equalization
 Earnings on investments
 Other
 Sale of assets
 Extraordinary item - BEST Trust surplus disbursement

Total general revenues and extraordinary items

Change in net position

Net position at beginning of year

Net position at end of year

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

Net (Expenses)
Revenues and
Changes in
Net Position

Governmental
Activities

\$ (3,495,754)

(96,390)
(277,081)
(308,868)
(399,739)
(62,771)
(509,318)
(346,978)
(203,280)
(30,832)
(82,139)
(623,388)

(6,436,538)

1,336,737
489,547
226,530
4,023
4,160,761
88,145
2,125,898
4,105

403,627

8,839,373

2,402,835

15,749,804

\$ 18,152,639

AKRON SCHOOL DISTRICT R-1
Balance Sheet
Governmental Funds
June 30, 2025

	General Fund	Bond Redemption Fund	Capital Reserve Capital Projects Fund	Other Governmental Funds
Assets				
Cash	\$ 1,789,044		\$ 99,327	\$ 335,544
Cash with fiscal agent	69,240	\$ 611,906		
Certificates of deposit	110,484			1,703
Investments	1,565,268		214,777	
Property taxes receivable	51,731	18,946		
Grants receivable	114,389			14,431
Other receivables	1,315,186			413
Inventories				4,964
Total assets	\$ 5,015,342	\$ 630,852	\$ 314,104	\$ 357,055
Liabilities				
Accounts payable	\$ 35,750			\$ 10,139
Accrued salaries and benefits	569,874			
Unearned revenues				1,190
Unearned grant revenues	52,585			
Total liabilities	658,209	\$ -	\$ -	11,329
Deferred inflows of resources				
Deferred property tax revenues	14,203	5,201		
Total deferred inflows of resources	14,203	5,201	-	-
Fund balance				
Nonspendable inventory				4,964
Restricted for:				
Emergencies	230,000			
Health care benefits	73,117			
Debt service		625,651		
Food service operations				30,412
Committed to:				
Capital projects			314,104	
Pupil activities				310,350
Assigned for building repairs	1,442,675			
Unassigned	2,597,138			
Total fund balance	4,342,930	625,651	314,104	345,726
Total liabilities, deferred inflows of resources and fund balance	\$ 5,015,342	\$ 630,852	\$ 314,104	\$ 357,055

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	\$ 5,628,411
\$ 2,223,915	Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.	22,598,780
681,146		
112,187	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 deferred inflows of resources in the funds.	19,404
1,780,045		
70,677		
128,820	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.	(18,204)
1,315,599		
4,964	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.	(10,075,752)
<u>\$ 6,317,353</u>	Net position of the governmental activities	<u>\$ 18,152,639</u>
\$ 45,889		
569,874		
1,190		
52,585		
669,538		
19,404		
19,404		
4,964		
230,000		
73,117		
625,651		
30,412		
314,104		
310,350		
1,442,675		
2,597,138		
<u>5,628,411</u>		
<u>\$ 6,317,353</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, 2025

	General Fund	Bond Redemption Fund	Capital Reserve Capital Projects Fund	Other Governmental Funds
Revenues				
Local sources	\$ 3,235,074	\$ 493,365	\$ 10,549	\$ 573,500
Intermediate sources	410			
State sources	4,809,576			53,955
Federal sources	298,546			199,810
Total revenues	8,343,606	493,365	10,549	827,265
Expenditures				
Instruction	3,981,645			440,611
Supporting services	2,460,161			304,021
Capital outlay			363,818	
Debt service				
Principal	14,364	415,013	76,577	
Interest and fiscal charges		54,886	28,783	
Total expenditures	6,456,170	469,899	469,178	744,632
Excess of revenues over (under) expenditures	1,887,436	23,466	(458,629)	82,633
Other financing sources (uses)				
Sale of assets	4,105			
Lease proceeds			151,682	
Transfers in			200,000	24,981
Transfers out	(224,981)			
Total other financing sources (uses)	(220,876)	-	351,682	24,981
Extraordinary item				
BEST Trust surplus disbursement	403,627			
Net change in fund balances	2,070,187	23,466	(106,947)	107,614
Fund balance at beginning of year	2,272,743	602,185	421,051	238,112
Fund balance at end of year	<u>\$ 4,342,930</u>	<u>\$ 625,651</u>	<u>\$ 314,104</u>	<u>\$ 345,726</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	\$ 2,094,320
\$ 4,312,488	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 depreciation exceeded capital outlays in the current period.	
410		
4,863,531	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 inflows of resources. They are, however, recorded as revenues in the statement of activities.	
498,356		
9,674,785	The lease proceeds are reported as revenue in the governmental funds, however, they are reported as a long-term liability in the statement of net position.	(78,662)
4,422,256	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.	
2,764,182		
363,818	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).	
505,954		
83,669	Change in net position of governmental activities	(151,682)
8,139,879		
1,534,906		
4,105		
151,682		
224,981		
(224,981)		
155,787		
403,627		38,004
2,094,320		\$ 2,402,835
3,534,091		
\$ 5,628,411		

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, 2025

	Private Purpose Trust Fund
Assets	
Certificates of deposit	\$ 34,153
Total assets	<u>\$ 34,153</u>
Liabilities	\$ -
Net position	
Restricted for scholarship recipients	<u>34,153</u>
Total liabilities and net position	<u>\$ 34,153</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, 2025

	Private Purpose Trust Fund
Additions	
Contributions and earnings	\$ 1,559
Total additions	1,559
Deductions	
Scholarship awards	2,000
Total deductions	2,000
Change in net position	(441)
Net position at beginning of year	34,594
Net position at end of year	\$ 34,153

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

AKRON SCHOOL DISTRICT R-1

Notes to Financial Statements

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

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 sales to customers, as well as dedicated grants received from state and federal sources that are associated with the operation of the District's food service program.

Pupil Activity Fund – This fund is special revenue fund used to account for revenues from pupils and other fund-raising activities related to school sponsored pupil intrascholastic and interscholastic athletic and other related 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.

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.

AKRON SCHOOL DISTRICT R-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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.

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.

AKRON SCHOOL DISTRICT R-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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.

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.

AKRON SCHOOL DISTRICT R-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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.

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.

AKRON SCHOOL DISTRICT R-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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

A.9 – Compensated absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 101, “Compensated Absences.” Leave benefits are accrued as a liability for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability is recognized for leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, or the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The entire compensated absence liability is reported on the government-wide financial statements.

The District grants 10 days of annual PTO leave to all full-time employees and one hour of PTO leave for every 30 hours worked for part-time employees. Accumulated leave days may accrue to a maximum of 75 days. Upon resignation or retirement, employees with 10 or more years of service will be paid for up to 50 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.

AKRON SCHOOL DISTRICT R-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

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.

A.11 – Leases

The District determines if an arrangement is a lease at inception. Leases are included in capital assets and lease liabilities in the statement of net position.

Lease assets represent the District’s control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payment made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease liabilities represent the District’s obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably of the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the District will exercise that option.

AKRON SCHOOL DISTRICT R-1
Notes to Financial Statements

Note A – Summary of significant accounting policies (Continued)

The District recognizes payments for short-term leases with a lease term of 12 months or less as expenses are incurred, and the leases are not included as lease liabilities or right-to-use lease assets in the statement of net position.

A.12 – 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

Note A – Summary of significant accounting policies (Continued)

A.13 – 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.14 – 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.15 – Extraordinary and special items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the board of education and that are either unusual in nature or infrequent in occurrence. The District reported one extraordinary item in the current period (see Note N).

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

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 \$2,510,658, of which \$823,224 was insured and \$1,687,434 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

During the year, the District invested in ColoTrust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. As of June 30, 2025, the District had invested \$1,780,045 in COLOTRUST PLUS+, an SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of \$1.00. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments.

AKRON SCHOOL DISTRICT R-1
Notes to Financial Statements

Note B - Cash and investments (Continued)

At year-end, the District had the following investments:

Investment type	Fair value	Investment maturities (in years)		
		Less than 1	1-5	6-10
Investment in ColoTrust	\$ 1,780,045	\$ 1,780,045	\$ -	\$ -

Interest rate risk – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing rates.

Credit risk – State law limits investments in commercial paper, corporate bonds, and mutual bond funds to the highest rating from at least one nationally recognized rating agency at the time of purchase. The District has no investment policy that would further limit its investment choices. At year-end, the District’s investment in treasury bonds are rated AAAM by Standard and Poor’s.

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

Cash in bank	\$ 2,223,915
Cash with fiscal agent	681,146
Certificates of deposit	146,340
Investments	<u>1,780,045</u>
Total	<u>\$ 4,831,446</u>
<u>Statement of net position</u>	
Cash	\$ 2,223,915
Cash with fiscal agent	681,146
Certificates of deposit	112,187
Investments	<u>1,780,045</u>
Subtotal	4,797,293
<u>Statement of fiduciary net position</u>	
Certificates of deposit	<u>34,153</u>
Total	<u>\$ 4,831,446</u>

AKRON SCHOOL DISTRICT R-1
Notes to Financial Statements

Note C - Receivables

Receivables at year-end consist of the following:

	<u>Governmental Activities</u>
Property taxes receivable	\$ 70,677
Grants receivable	128,820
Other receivables	<u>1,315,599</u>
Total	<u>\$ 1,515,096</u>

Property taxes are levied on December 15th and attach as a lien on property the following January 1st. They are payable in full by April 30th or are due in two equal installments on February 28th and June 15th. 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	\$ -	\$ 224,981
Capital Reserve Capital Projects Fund	200,000	-
Other Governmental Funds	<u>24,981</u>	<u>-</u>
Total	<u>\$ 224,981</u>	<u>\$ 224,981</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 \$24,981 from the General Fund to the Other Governmental Funds to subsidize the costs of maintaining the District's food service operations (\$4,981) and student athletics (\$20,000).

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/ Transfers</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets, not being depreciated:				
Construction in progress	\$ 140,424	\$ 212,136	\$ (352,560)	\$ -
Total capital assets, not being depreciated	140,424	212,136	(352,560)	-
Capital assets, being depreciated:				
Buildings and improvements	28,720,663	28,283	352,560	29,101,506
Other equipment	462,941	77,416	-	540,357
Leased equipment	75,411	-	-	75,411
Licensed vehicles	<u>922,632</u>	<u>361,906</u>	<u>(151,206)</u>	<u>1,133,332</u>
Total capital assets, being depreciated	<u>30,181,647</u>	<u>467,605</u>	<u>201,354</u>	<u>30,850,606</u>
Total capital assets	30,322,071	679,741	(151,206)	30,850,606
Less accumulated depreciation for:				
Buildings and improvements	(6,530,944)	(643,712)	-	(7,174,656)
Other equipment	(274,202)	(31,105)	-	(305,307)
Leased equipment	(16,758)	(14,364)	-	(31,122)
Licensed vehicles	<u>(822,725)</u>	<u>(69,222)</u>	<u>151,206</u>	<u>(740,741)</u>
Total accumulated depreciation	<u>(7,644,629)</u>	<u>(758,403)</u>	<u>151,206</u>	<u>(8,251,826)</u>
Governmental activities capital assets, net	<u>\$ 22,677,442</u>	<u>\$ (78,662)</u>	<u>\$ -</u>	<u>\$ 22,598,780</u>

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

Governmental activities	
Instruction	\$ 58,135
General administration	3,591
School administration	3,591
Operations and maintenance	3,848
Student transportation	49,409
Food service operations	16,441
Unallocated	<u>623,388</u>
Total	<u>\$ 758,403</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 \$569,874. 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</u> <u>Balances</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending</u> <u>Balances</u>	<u>Due within</u> <u>one year</u>
Governmental Activities					
Compensated absences	\$ 62,425	\$ 122,250*	\$ -	\$ 184,675	\$ 128,985
Financed purchases	697,549	151,682	(76,577)	772,654	103,879
Bonds payable	3,076,434	-	(415,013)	2,661,421	422,916
Lease payable	<u>58,653</u>	<u>-</u>	<u>(14,364)</u>	<u>44,289</u>	<u>14,364</u>
Totals	<u>\$ 3,895,061</u>	<u>\$ 273,932</u>	<u>\$ (505,954)</u>	<u>\$ 3,663,039</u>	<u>\$ 670,144</u>

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

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

Financed Purchases

Facility renovation obligation – In March 2020, the District entered into an agreement with Capital One Public Funding, LLC, in the amount of \$900,000, 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 1st of each year, with a final payment due in fiscal year 2035. The average interest rate over the term is 3.65%.

Bus lease purchase agreement – In December 2024, the District entered into an agreement with the Bank of Colorado in the amount of \$151,682 to finance the purchase of a bus. The agreement called for a three-year term with annual renewal options. Quarterly payments of \$13,616 are due beginning on March 15, 2025, with a final payment due on December 15, 2027. The fixed interest rate over the term is 4.65%.

AKRON SCHOOL DISTRICT R-1
Notes to Financial Statements

Note G – Long-term debt (Continued)

The agreements above contain provisions 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 and (e) exercise any other right or remedy available to it by law or by agreement, and may in any event recover legal fees and other expenses incurred by reason of an event of default.

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 1st and December 1st of each year.

Total general obligation bonds \$ 2,661,421

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 June 30,</u>	<u>Financed Purchases</u>		<u>Bonds Payable</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 103,879	\$ 28,712	\$ 422,916	\$ 46,657
2027	108,289	24,302	430,970	38,527
2028	85,428	19,948	439,178	30,241
2029	60,789	17,340	447,542	21,798
2030	63,008	15,121	456,065	13,194
2031-2035	<u>351,261</u>	<u>39,382</u>	<u>464,750</u>	<u>4,425</u>
Totals	<u>\$ 772,654</u>	<u>\$ 144,805</u>	<u>\$ 2,661,421</u>	<u>\$ 154,842</u>

AKRON SCHOOL DISTRICT R-1
Notes to Financial Statements

Note G – Long-term debt (Continued)

Lease payable

In November 2022, the District entered into a 63-month lease as lessee for four copy machines. An initial lease liability was recorded at \$75,411. As of year-end, the value of the lease liability is \$44,289. The District is required to make fixed monthly payments of \$1,197. The lease has 0% interest and there are no residual value guarantees in the lease provisions. A summary of the principal amounts for the remaining lease is as follows:

<u>Year ended June 30,</u>	<u>Principal</u>
2026	\$ 14,364
2027	14,364
2028	14,364
2029	<u>1,197</u>
Total	<u>\$ 44,289</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/forms-resources/financial-reports-and-studies.

AKRON SCHOOL DISTRICT R-1
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

Benefits provided as of December 31, 2024. 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. § 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. § 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 by the AAP. Eligible benefit recipients under the PERA benefit structure who began

AKRON SCHOOL DISTRICT R-1
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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. § 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, 2025: 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. § 24-51-401, *et seq.* and § 24-51-413. Eligible employees are required to contribute 11.00% of their PERA-includable salary during the period of July 1, 2024 through June 30, 2025. Employer contribution requirements are summarized in the table below:

	July 1, 2024 Through <u>June 30, 2025</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

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 \$674,643 for the year ended June 30, 2025.

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. § 24-51-414, the State is required to contribute a \$225 million direct distribution each year to PERA starting on July 1, 2018. For 2024, 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.

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, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the total pension liability to December 31, 2024. The District's proportion of the net pension liability was based on the District's contributions to the SCHDTF for the calendar year 2024 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 \$7,082,842 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	\$ 7,082,842
The State's proportionate share of the net pension liability as a nonemployer contributing entity associated with the District	<u>636,152</u>
Total	<u>\$ 7,718,994</u>

At December 31, 2024, the District's proportion was 0.0410%, which was a decrease of 0.0038% from its proportion measured as of December 31, 2023.

AKRON SCHOOL DISTRICT R-1
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

For the year ended June 30, 2025, the District recognized pension expense of \$684,092 and revenue of \$58,062 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	\$ 418,177	\$ -
Changes of assumptions or other inputs	53,101	-
Net difference between projected and actual earnings on pension plan investments	-	50,611
Changes in proportion and differences between contributions recognized and proportionate share of contributions	553,859	476,835
Contributions subsequent to the measurement date	<u>344,785</u>	<u>-</u>
Total	<u>\$ 1,369,922</u>	<u>\$ 527,446</u>

\$344,785 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>
2026	\$ 493,899
2027	380,891
2028	(281,792)
2029	<u>(95,307)</u>
Totals	<u>\$ 497,691</u>

Actuarial assumptions. The December 31, 2023, actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%

AKRON SCHOOL DISTRICT R-1
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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 ₁	Financed by the AIR

₁ 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.

All mortality assumptions are developed on a benefit-weighted basis and apply generational mortality. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019.

	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	Males: 112% of the rates prior to age 80/94% of the rates age 80 and older Females: 83% of the rates prior to age 80/106% of the rates age 80 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	Males: 97% of the rates for all ages Females: 105% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	99% of the rates for all ages

The actuarial assumptions used in the December 31, 2023, valuation were based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by the PERA Board on November 20, 2020.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total pension liability from December 31, 2023, to December 31, 2024.

AKRON SCHOOL DISTRICT R-1
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

Salary increases, including wage inflation: 4.00%-13.40%

Salary scale assumptions were altered to better reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. All mortality assumptions are developed on a benefit-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 projection scale.

	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	Males: 106% of the rates for all ages Females: 86% of the rates prior to age 85/115% of the rates age 85 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	Males: 92% of the rates for all ages Females: 100% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	95% of the rates for all ages

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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.

AKRON SCHOOL DISTRICT R-1
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

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 November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. 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	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	<u>6.00%</u>	5.20%
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%.

Discount rate. The discount rate used to measure the TPL 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.

AKRON SCHOOL DISTRICT R-1
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

- 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 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.
- 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 TPL. 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 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

AKRON SCHOOL DISTRICT R-1
Notes to Financial Statements

Note H – Defined benefit pension plan (Continued)

	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>\$ 9,602,692</u>	<u>\$ 7,082,842</u>	<u>\$ 4,972,115</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/forms-resources/financial-reports-and-studies.

Payables to the pension plan

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

Subsequent events

SB 25-310, enacted June 2, 2025, and effective immediately, allows PERA to accept a series of warrants from the State Treasurer totaling \$500 million (actual dollars) on or after July 1, 2025, and before October 1, 2025. These dollars are to be proportioned over time to replace reductions to future direct distributions intended to fund the Peace Officer Training and Support Fund and, at that time, will be allocated to the appropriate Division Trust Fund(s) within PERA. SB 25-310 also allows for an alternative actuarial method to allocate the direct distribution if the allocation, based on the reported payroll of each participating division, results in an AAP assessment ratio below the 98% benchmark.

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/forms-resources/financial-reports-and-studies.

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, 2025, program members contributed \$29,724 for the PERAPlus 401(k) Plan.

AKRON SCHOOL DISTRICT R-1
Notes to Financial Statements

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/forms-resources/financial-reports-and-studies.

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. § 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.

AKRON SCHOOL DISTRICT R-1
Notes to Financial Statements

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

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. § 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 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.

AKRON SCHOOL DISTRICT R-1
Notes to Financial Statements

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

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 \$33,764 for the year ended June 30, 2025.

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 \$125,670 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2024. The District’s proportion of the net OPEB liability was based on the District’s contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF.

At December 31, 2024, the District’s proportion was 0.0263%, which was a decrease of 0.0005% from its proportion measured as of December 31, 2023.

For the year ended June 30, 2025, the District recognized OPEB expense of \$(9,262). 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	\$ -	\$ 27,924
Changes of assumptions or other inputs	1,421	40,449
Net difference between projected and actual earnings on OPEB plan investments	737	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	8,747	6,465
Contributions subsequent to the measurement date	<u>17,256</u>	<u>-</u>
Total	<u>\$ 28,161</u>	<u>\$ 74,838</u>

AKRON SCHOOL DISTRICT R-1
Notes to Financial Statements

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

\$17,256 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:

Year Ended <u>June 30,</u>	<u>Amount</u>
2026	\$ (16,855)
2027	(10,284)
2028	(14,781)
2029	(10,385)
2030	(7,624)
2031	<u>(4,004)</u>
Total	<u>\$ (63,933)</u>

Actuarial assumptions. The December 31, 2023, actuarial valuation used the following actuarial cost method and key 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 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	16.00% in 2024, then 6.75% in 2025, gradually decreasing to 4.50% in 2034
MAPD PPO #2	105.00% in 2024, then 8.55% in 2025, gradually decreasing to 4.50% in 2034
Medicare Part A premiums	3.50% in 2024, gradually increasing to 4.50% in 2033

AKRON SCHOOL DISTRICT R-1
Notes to Financial Statements

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

DPS benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans	N/A
Medicare Part A premiums	N/A

As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

Each year the per capita health care costs are developed by plan option. As of the December 31, 2023, actuarial valuation, costs are based on 2024 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 were 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.

Age-Related Morbidity Assumptions		
Participant Age	Annual Increase (Male)	Annual Increase (Female)
65-68	2.2%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%
71	3.1%	0.5%
72	2.3%	0.7%
73	1.2%	0.8%
74	0.9%	1.5%
75-85	0.9%	1.3%
86 and older	0.0%	0.0%

AKRON SCHOOL DISTRICT R-1
Notes to Financial Statements

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

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	\$1,710	\$1,420	\$585	\$486	\$1,897	\$1,575
70	\$1,921	\$1,589	\$657	\$544	\$2,130	\$1,763
75	\$2,122	\$1,670	\$726	\$571	\$2,353	\$1,853

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	\$6,536	\$5,429	\$4,241	\$3,523	\$7,063	\$5,866
70	\$7,341	\$6,073	\$4,764	\$3,941	\$7,933	\$6,563
75	\$8,110	\$6,385	\$5,262	\$4,143	\$8,763	\$6,900

The 2024 Medicare Part A premium is \$505 per month.

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

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. PERACare Medicare plan rates are applied where members have no premium-free Part A and where those premiums are already exceeding the maximum subsidy. MAPD PPO #2 has a separate trend because the first year rates are still below the maximum subsidy and to reflect the estimated impact of the Inflation Reduction Act for that plan option.

AKRON SCHOOL DISTRICT R-1
Notes to Financial Statements

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

The PERA benefit structure health care cost trend rates used to measure the TOL are summarized in the following table:

Year	PERACare Medicare Plans ¹	MAPD PPO #2	Medicare Part A Premiums
2024	16.00%	105.00%	3.50%
2025	6.75%	8.55%	3.75%
2026	6.50%	8.10%	3.75%
2027	6.25%	7.65%	4.00%
2028	6.00%	7.20%	4.00%
2029	5.75%	6.75%	4.25%
2030	5.50%	6.30%	4.25%
2031	5.25%	5.85%	4.25%
2032	5.00%	5.40%	4.25%
2033	4.75%	4.95%	4.50%
2034+	4.50%	4.50%	4.50%

¹Increase in 2024 trend rates due to the effect of the Inflation Reduction Act.

Mortality assumptions used in the December 31, 2023, valuation for the Division Trust Funds as shown in the following table, reflect generational mortality and were applied, as applicable, in the December 31, 2023, valuation for the HCTF, but developed using a headcount-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

School Division	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	Males: 112% of the rates prior to age 80/94% of the rates age 80 and older Females: 83% of the rates prior to age 80/106% of the rates age 80 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	Males: 97% of the rates for all ages Females: 105% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	99% of the rates for all ages

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

AKRON SCHOOL DISTRICT R-1
Notes to Financial Statements

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

- Per capita health care costs in effect as of the December 31, 2023, 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 were updated to reflect costs for the 2024 plan year.
- The health care cost trend rates applicable to health care premiums were revised to reflect the current expectation of future increases in those premiums. A separate trend rate assumption set was added for MAPD PPO #2 as the first-year rate is still below the maximum subsidy and also the assumption set reflects the estimated impact of the Inflation Reduction Act for that plan option.
- The Medicare health care plan election rate assumptions were updated effective as of the December 31, 2023, valuation date based on an experience analysis of recent data.

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.

The actuarial assumptions used in the December 31, 2023, valuations were based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total OPEB liability from December 31, 2023, to December 31, 2024.

Salary increases, including wage inflation: 4.00%-13.40%

The following health care costs assumptions were used in the roll forward calculation for the HCTF:

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

AKRON SCHOOL DISTRICT R-1
Notes to Financial Statements

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

Plan	With Medicare Part A	Without Medicare Part A
MAPD PPO #1	\$1,824	\$6,972
MAPD PPO #2	624	4,524
MAPD HMO (Kaiser)	2,040	7,596

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. Note that in all categories, the mortality tables are generationally projected using the 2024 adjusted MP-2021 project scale. These assumptions updated for the Division Trust Funds, were also applied in the roll forward calculations for the HCTF using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

School Division	Mortality Table	Adjustments, as Applicable
Pre-Retirement	PubT-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	PubT-2010 Healthy Retiree	Males: 106% of the rates for all ages Females: 86% of the rates prior to age 85/115% of the rates age 85 and older
Post-Retirement (Beneficiary), Non-Disabled	Pub-2010 Contingent Survivor	Males: 92% of the rates for all ages Females: 100% of the rates for all ages
Disabled	PubNS-2010 Disabled Retiree	95% of the rates for all ages

The actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed annually and updated, as appropriate, by the PERA Board’s actuary.

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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.

AKRON SCHOOL DISTRICT R-1
Notes to Financial Statements

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

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 November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. 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	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	<u>6.00%</u>	5.20%
 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%.

Sensitivity of the District’s proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following table 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 ¹	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial MAPD PPO #2 trend rate ¹	7.55%	8.55%	9.55%
Ultimate MAPD PP #2 trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate ¹	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	<u>3.50%</u>	<u>4.50%</u>	<u>5.50%</u>
Net OPEB Liability	\$ 122,284	\$ 125,670	\$ 129,502

¹For the January 1, 2025, plan year.

AKRON SCHOOL DISTRICT R-1
Notes to Financial Statements

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

Discount rate. The discount rate used to measure the TOL was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2023, and the financial status of the HCTF as of the current measurement date (December 31, 2024). 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, 2024, 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.
- As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

Based on the above assumptions and methods, the FNP for the HCTF 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 TOL. The discount rate determination did 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.

AKRON SCHOOL DISTRICT R-1
Notes to Financial Statements

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 discount rate. The following table 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 1-percentage-point lower (6.25%) or 1-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>154,010</u>	\$ <u>125,670</u>	\$ <u>101,237</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/forms-resources/financial-reports-and-studies.

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.

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.

AKRON SCHOOL DISTRICT R-1
Notes to Financial Statements

Note L – Commitments and contingencies (Continued)

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 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 \$230,000 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.

AKRON SCHOOL DISTRICT R-1
Notes to Financial Statements

Note M – Joint venture (Continued)

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 \$168,189.

Note N – Extraordinary item

In 2008, the District entered into a participation agreement with the Colorado Board of Education Self-Funded Trust, Inc. (the Trust). The Trust provided health care benefits to the eligible employees of its member employers. The Trust's Board of Directors determined that it was no longer feasible to operate the Trust after the termination of participation agreements reduced the number of participating members to a level that was not financially sustainable, and the Trust was subsequently dissolved in its entirety effective June 30, 2023. The remaining assets of the Trust were distributed as applicable to member employers, which resulted in a one-time payment to the District in the amount of \$403,627. The District's participation agreement with the Trust requires that these funds be utilized solely for future health care benefits. At year end, \$73,117 of the District's dissolution payment remains unspent and is reported as restricted fund balance/net position in the financial statements.

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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 1,774,660	\$ 1,618,734	\$ 3,235,074	\$ 1,616,340
Intermediate sources	577	410	410	-
State sources	4,582,161	4,715,013	4,809,576	94,563
Federal sources	152,908	300,600	298,546	(2,054)
Total revenues	6,510,306	6,634,757	8,343,606	1,708,849
Expenditures				
Instruction	3,757,985	3,930,705	3,981,645	(50,940)
Supporting services	2,595,380	2,561,980	2,460,161	101,819
Debt service				
Principal			14,364	(14,364)
Appropriated reserves	1,642,851	2,176,815		2,176,815
Total expenditures	7,996,216	8,669,500	6,456,170	2,213,330
Excess of revenues over (under) expenditures	(1,485,910)	(2,034,743)	1,887,436	3,922,179
Other financing sources (uses)				
Sale of assets			4,105	4,105
Transfers out	(220,000)	(223,000)	(224,981)	(1,981)
Total other financing sources (uses)	(220,000)	(223,000)	(220,876)	2,124
Extraordinary item				
BEST Trust surplus disbursement		435,000	403,627	(31,373)
Net change in fund balance	\$ (1,705,910)	\$ (1,822,743)	2,070,187	\$ 3,924,303
Fund balance at beginning of year			2,272,743	
Fund balance at end of year			\$ 4,342,930	

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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, 2025

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
District's proportion of the net pension liability	0.0410%	0.0448%	0.0357%	0.0397%
District's proportionate share of the net pension liability	\$ 7,082,842	\$ 7,923,319	\$ 6,505,170	\$ 4,620,991
State's proportionate share of the net pension liability	<u>636,152</u>	<u>173,735</u>	<u>1,895,672</u>	<u>529,738</u>
Total	<u>\$ 7,718,994</u>	<u>\$ 8,097,054</u>	<u>\$ 8,400,842</u>	<u>\$ 5,150,729</u>
District's covered payroll	\$ 3,171,992	\$ 2,962,113	\$ 2,754,508	\$ 2,481,638
District's proportionate share of the net pension liability as a percentage of its covered payroll	223.29%	267.49%	236.16%	186.21%
Plan fiduciary net position as a percentage of the total pension liability	67.17%	64.74%	61.79%	74.86%

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

<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
0.0448%	0.0388%	0.0384%	0.0441%	0.0439%	0.0441%
\$ 6,773,663	\$ 5,789,372	\$ 6,793,888	\$ 14,268,790	\$ 13,085,555	\$ 6,748,266
-	734,308	928,970	-	-	-
<u>\$ 6,773,663</u>	<u>\$ 6,523,680</u>	<u>\$ 7,722,858</u>	<u>\$ 14,268,790</u>	<u>\$ 13,085,555</u>	<u>\$ 6,748,266</u>
\$ 2,395,879	\$ 2,277,040	\$ 2,109,308	\$ 2,035,481	\$ 1,972,546	\$ 1,922,860
282.72%	254.25%	322.09%	701.00%	663.38%	350.95%
66.99%	64.52%	57.01%	43.96%	43.10%	59.20%

AKRON SCHOOL DISTRICT R-1
Schedule of District Contributions
PERA's School Division Trust Fund
June 30, 2025

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Contractually required contribution	\$ 674,643	\$ 622,685	\$ 588,105	\$ 514,296
Contributions in relation to the contractually required contribution	<u>(674,643)</u>	<u>(622,685)</u>	<u>(588,105)</u>	<u>(514,296)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,310,167	\$ 3,055,368	\$ 2,885,695	\$ 2,586,998
Contributions as a percentage of covered payroll	20.38%	20.38%	20.38%	19.88%

<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>
\$ 484,403	\$ 453,589	\$ 418,300	\$ 389,984	\$ 368,488	\$ 342,891
<u>(484,403)</u>	<u>(453,589)</u>	<u>(418,300)</u>	<u>(389,984)</u>	<u>(368,488)</u>	<u>(342,891)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,436,625	\$ 2,340,496	\$ 2,186,620	\$ 2,065,309	\$ 2,008,749	\$ 1,933,843
19.88%	19.38%	19.13%	18.88%	18.34%	17.73%

AKRON SCHOOL DISTRICT R-1
Schedule of the District's Proportionate Share of the Net OPEB Liability¹
PERA's Health Care Trust Fund
June 30, 2025

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
District's proportion of the net OPEB liability	0.0263%	0.0268%	0.0271%	0.0259%
District's proportionate share of the net OPEB liability	\$ 125,670	\$ 191,316	\$ 221,627	\$ 223,565
District's covered payroll	\$ 3,171,992	\$ 2,962,113	\$ 2,754,508	\$ 2,481,638
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	3.96%	6.46%	8.05%	9.01%
Plan fiduciary net position as a percentage of the total OPEB liability	59.83%	46.16%	38.57%	39.40%

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

¹ 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.

<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
0.0259%	0.0253%	0.0249%	0.0250%	0.0249%
\$ 246,189	\$ 284,643	\$ 339,313	\$ 325,839	\$ 323,895
\$ 2,395,879	\$ 2,277,040	\$ 2,109,308	\$ 2,035,481	\$ 1,972,546
10.28%	12.50%	16.09%	16.01%	16.42%
32.78%	24.49%	17.03%	17.53%	16.72%

AKRON SCHOOL DISTRICT R-1
Schedule of District Contributions¹
PERA's Health Care Trust Fund
June 30, 2025

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Contractually required contribution	\$ 33,764	\$ 31,165	\$ 29,434	\$ 26,387
Contributions in relation to the contractually required contribution	<u>(33,764)</u>	<u>(31,165)</u>	<u>(29,434)</u>	<u>(26,387)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 3,310,167	\$ 3,055,368	\$ 2,885,695	\$ 2,586,998
Contributions as a percentage of covered payroll	1.02%	1.02%	1.02%	1.02%

¹ 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.

<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
\$ 24,854	\$ 23,873	\$ 22,304	\$ 21,066	\$ 20,489
<u>(24,854)</u>	<u>(23,873)</u>	<u>(22,304)</u>	<u>(21,066)</u>	<u>(20,489)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 2,436,625	\$ 2,340,496	\$ 2,186,620	\$ 2,065,309	\$ 2,008,749
1.02%	1.02%	1.02%	1.02%	1.02%

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

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/forms-resources/financial-reports-and-studies.

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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 1,498,160	\$ 1,325,334	\$ 1,340,511	\$ 15,177
Specific ownership taxes	220,000	220,000	226,530	6,530
Delinquent taxes and interest	500	500	2,932	2,432
Earnings on investments	25,000	60,000	76,194	16,194
Insurance claims			1,442,675	1,442,675
Other local revenue	31,000	12,900	146,232	133,332
Total local sources	1,774,660	1,618,734	3,235,074	1,616,340
Intermediate sources	577	410	410	-
State sources				
Equalization	4,021,161	4,083,433	4,160,761	77,328
English language proficiency	3,700	2,900		(2,900)
Transportation	60,500	60,500	63,431	2,931
BEST capital construction	15,130	15,130		(15,130)
State grants to libraries	4,500	4,500	4,500	-
Additional at-risk funding	3,000	3,000	2,851	(149)
Career success pilot program	17,500	57,900	29,390	(28,510)
READ Act	17,170	8,400	8,411	11
Postsecondary, Workforce, Career, and Education Grant Program			8,658	8,658
Summer EBT			625	625
MOE hold harmless		2,850		(2,850)
Revenue from other agencies	201,500	214,200	221,388	7,188
On-behalf payment			58,062	58,062
Services within the BOCES	238,000	262,200	251,499	(10,701)
Total state sources	4,582,161	4,715,013	4,809,576	94,563
Federal sources				
Title I	88,620	115,000	114,962	(38)
Title II-A	15,688	19,700	19,739	39
Title IV-A	10,000	10,000	10,000	-
National school lunch equipment			3,788	3,788
REAP	30,200	30,200	33,317	3,117
Services within the BOCES	8,400	125,700	116,740	(8,960)
Total federal sources	152,908	300,600	298,546	(2,054)
Total revenues	\$ 6,510,306	\$ 6,634,757	\$ 8,343,606	\$ 1,708,849

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AKRON SCHOOL DISTRICT R-1
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Expenditures				
Instruction				
Salaries	\$ 2,370,000	\$ 2,391,900	\$ 2,423,835	\$ (31,935)
Employee benefits	901,000	978,880	972,207	6,673
Purchased services	304,725	307,325	283,595	23,730
Supplies and materials	132,760	145,100	176,163	(31,063)
Property	49,500	107,500	122,588	(15,088)
Other			3,257	(3,257)
Total instruction	3,757,985	3,930,705	3,981,645	(50,940)
Supporting services				
Students				
Salaries	116,000	62,200	68,128	(5,928)
Employee benefits	46,000	24,100	27,075	(2,975)
Purchased services	4,700	4,700	4,125	575
Supplies and materials	10,600	8,600	8,778	(178)
Other			52	(52)
Total students	177,300	99,600	108,158	(8,558)
Instructional staff				
Salaries	47,500	47,500	97,748	(50,248)
Employee benefits	23,500	23,500	34,938	(11,438)
Purchased services	23,000	38,000	49,690	(11,690)
Supplies and materials	22,500	22,500	21,654	846
Property	93,800	93,800	83,832	9,968
Other			1,192	(1,192)
Total instructional staff	210,300	225,300	289,054	(63,754)
General administration				
Salaries	169,000	169,000	169,770	(770)
Employee benefits	48,000	48,000	50,464	(2,464)
Purchased services	85,600	90,200	75,548	14,652
Supplies and materials	13,000	13,000	13,788	(788)
Other			113	(113)
Total general administration	315,600	320,200	309,683	10,517

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
School administration				
Salaries	274,000	275,500	282,986	(7,486)
Employee benefits	92,000	94,000	95,467	(1,467)
Purchased services	27,000	27,000	22,610	4,390
Supplies and materials	12,000	12,000	3,597	8,403
Total school administration	405,000	408,500	404,660	3,840
Business services				
Salaries	45,500	45,500	47,097	(1,597)
Employee benefits	10,500	10,500	11,110	(610)
Purchased services	6,000	6,300	4,241	2,059
Supplies and materials	2,000	2,000	1,545	455
Total business services	64,000	64,300	63,993	307
Operations and maintenance				
Salaries	160,000	160,000	172,434	(12,434)
Employee benefits	70,000	66,200	72,338	(6,138)
Purchased services	122,800	122,800	125,412	(2,612)
Supplies and materials	180,000	180,000	145,817	34,183
Property	234,130	241,130	91,172	149,958
Total operations and maintenance	766,930	770,130	607,173	162,957
Student transportation				
Salaries	170,000	177,200	194,904	(17,704)
Employee benefits	75,000	71,000	82,590	(11,590)
Purchased services	25,000	28,500	22,012	6,488
Supplies and materials	86,200	87,700	71,166	16,534
Property	103,000	103,000	104,314	(1,314)
Other			(4,614)	4,614
Total student transportation	459,200	467,400	470,372	(2,972)

(continued)

AKRON SCHOOL DISTRICT R-1
General Fund
Budgetary Comparison Schedule - Expenditures
For the Year Ended June 30, 2025

(continued)	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Central support services				
Purchased services	197,050	206,550	203,280	3,270
Total central support services	197,050	206,550	203,280	3,270
Food service operations				
Property			3,788	(3,788)
Total food service operations	-	-	3,788	(3,788)
Total supporting services	2,595,380	2,561,980	2,460,161	101,819
Debt service				
Principal retirement			14,364	(14,364)
Total debt service	-	-	14,364	(14,364)
Appropriated reserves	1,642,851	2,176,815		2,176,815
Total expenditures	<u>\$ 7,996,216</u>	<u>\$ 8,669,500</u>	<u>\$ 6,456,170</u>	<u>\$ 2,213,330</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 account for sales to customers, as well as dedicated grants received from state and federal sources that are associated with the operation of the District’s food service program.
- Pupil Activity Fund – This fund is used to account for revenues from pupils and other fund-raising activities related to school sponsored pupil intrascholastic and interscholastic athletic and other related activities.

AKRON SCHOOL DISTRICT R-1
Nonmajor Governmental Funds
Combining Balance Sheet
June 30, 2025

	Food Service Fund	Pupil Activity Fund	Totals
Assets			
Cash	\$ 16,758	\$ 318,786	\$ 335,544
Certificates of deposit		1,703	1,703
Grants receivable	14,431		14,431
Other receivables	413		413
Inventories	4,964		4,964
	<u>36,566</u>	<u>320,489</u>	<u>357,055</u>
Total assets	<u>\$ 36,566</u>	<u>\$ 320,489</u>	<u>\$ 357,055</u>
Liabilities			
Accounts payable		\$ 10,139	\$ 10,139
Unearned revenues	\$ 1,190		1,190
	<u>1,190</u>	<u>10,139</u>	<u>11,329</u>
Total liabilities	1,190	10,139	11,329
Fund balance			
Nonspendable inventories	4,964		4,964
Restricted for food service operations	30,412		30,412
Committed to pupil activities		310,350	310,350
	<u>35,376</u>	<u>310,350</u>	<u>345,726</u>
Total fund balance	35,376	310,350	345,726
	<u>\$ 36,566</u>	<u>\$ 320,489</u>	<u>\$ 357,055</u>
Total liabilities and fund balance	<u>\$ 36,566</u>	<u>\$ 320,489</u>	<u>\$ 357,055</u>

AKRON SCHOOL DISTRICT R-1
Nonmajor Governmental Funds
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended June 30, 2025

	Food Service Fund	Pupil Activity Fund	Totals
Revenues			
Local sources	\$ 22,114	\$ 551,386	\$ 573,500
State sources	53,955		53,955
Federal sources	199,810		199,810
Total revenues	275,879	551,386	827,265
Expenditures			
Instruction		440,611	440,611
Supporting services	304,021		304,021
Total expenditures	304,021	440,611	744,632
Excess of revenues over (under) expenditures	(28,142)	110,775	82,633
Other financing sources			
Transfers in	4,981	20,000	24,981
Net change in fund balances	(23,161)	130,775	107,614
Fund balance at beginning of year	58,537	179,575	238,112
Fund balance at end of year	\$ 35,376	\$ 310,350	\$ 345,726

AKRON SCHOOL DISTRICT R-1
Food Service Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources	\$ 21,000	\$ 22,000	\$ 22,114	\$ 114
State sources	75,800	88,800	53,955	(34,845)
Federal sources	153,700	167,000	199,810	32,810
Total revenues	250,500	277,800	275,879	(1,921)
Expenditures				
Food service operations				
Salaries	72,000	72,000	74,270	(2,270)
Employee benefits	36,000	36,000	39,742	(3,742)
Purchased services	2,000	12,000	11,824	176
Supplies and materials	177,000	192,000	178,185	13,815
Property		3,800		3,800
Appropriated reserves	18,500	23,537		23,537
Total expenditures	305,500	339,337	304,021	35,316
Excess of revenues over (under) expenditures	(55,000)	(61,537)	(28,142)	(37,237)
Other financing sources				
Transfers in		3,000	4,981	1,981
Net change in fund balance	\$ (55,000)	\$ (58,537)	(23,161)	\$ 35,376
Fund balance at beginning of year			58,537	
Fund balance at end of year			\$ 35,376	

AKRON SCHOOL DISTRICT R-1
Pupil Activity Fund
Budgetary Comparison Schedule
For the Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Pupil activities	\$ 415,000	\$ 415,000	\$ 551,386	\$ 136,386
Total revenues	415,000	415,000	551,386	136,386
Expenditures				
Instruction				
Purchased services			102,531	(102,531)
Supplies and materials	415,000	415,000	338,080	76,920
Appropriated reserves	195,000	199,575		199,575
Total expenditures	610,000	614,575	440,611	173,964
Excess of revenues over (under) expenditures	(195,000)	(199,575)	110,775	(37,578)
Other financing sources				
Transfers in	20,000	20,000	20,000	-
Net change in fund balance	\$ (175,000)	\$ (179,575)	130,775	\$ 310,350
Fund balance at beginning of year			179,575	
Fund balance at end of year			\$ 310,350	

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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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Property taxes	\$ 490,000	\$ 487,919	\$ 490,872	\$ 2,953
Delinquent taxes and interest	200	100	1,091	991
Earnings on investments	2,300	2,300	1,402	(898)
Total revenues	492,500	490,319	493,365	3,046
Expenditures				
Debt service				
Principal	415,013	415,013	415,013	-
Interest and fiscal charges	54,886	54,886	54,886	-
Appropriated reserves	621,851	622,605		622,605
Total expenditures	1,091,750	1,092,504	469,899	622,605
Net change in fund balance	\$ (599,250)	\$ (602,185)	23,466	\$ 625,651
Fund balance at beginning of year			602,185	
Fund balance at end of year			\$ 625,651	

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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Local sources				
Earnings on investments	\$ 6,000	\$ 10,000	\$ 10,549	\$ 549
Total revenues	6,000	10,000	10,549	549
Expenditures				
Capital outlay				
Property		212,136	363,818	(151,682)
Debt service				
Principal	64,668	11,896	76,577	(64,681)
Interest and fiscal charges	25,461	1,754	28,783	(27,029)
Appropriated reserves	325,871	405,265		405,265
Total expenditures	416,000	631,051	469,178	161,873
Excess of revenues over (under) expenditures	(410,000)	(621,051)	(458,629)	162,422
Other financing sources				
Transfers in	200,000	200,000	200,000	-
Lease proceeds			151,682	151,682
Total other financing sources	200,000	200,000	351,682	151,682
Net change in fund balance	\$ (210,000)	\$ (421,051)	(106,947)	\$ 314,104
Fund balance at beginning of year			421,051	
Fund balance at end of year			\$ 314,104	

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, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Contributions and earnings	\$ 850	\$ 1,600	\$ 1,559	\$ (41)
Total revenues	850	1,600	1,559	(41)
Expenditures				
Scholarship awards	2,000	2,000	2,000	-
Total expenditures	2,000	2,000	2,000	-
Change in net position	\$ (1,150)	\$ (400)	(441)	\$ (41)
Net position at beginning of year			34,594	
Net position at end of year			\$ 34,153	

**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 2024-25
 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
Governmental	+			=
10 General Fund	2,272,743	8,526,357	6,456,170	4,342,930
18 Risk Mgmt Sub-Fund of General Fund	0	0	0	0
19 Colorado Preschool Program Fund	0	0	0	0
Sub- Total	2,272,743	8,526,357	6,456,170	4,342,930
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	58,537	280,859	304,020	35,376
22 Govt Designated-Purpose Grants Fund	0	0	0	0
23 Pupil Activity Special Revenue Fund	179,575	571,386	440,611	310,350
25 Transportation Fund	0	0	0	0
31 Bond Redemption Fund	602,185	493,365	469,899	625,651
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	421,051	362,230	469,178	314,104
46 Supplemental Cap Const, Tech, Main Fund	0	0	0	0
Totals	3,534,092	10,234,197	8,139,879	5,628,410
Proprietary				
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
Totals	0	0	0	0
Fiduciary				
70 Other Trust and Agency Funds	0	0	0	0
72 Private Purpose Trust Fund	34,594	1,559	2,000	34,153
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
Totals	34,594	1,559	2,000	34,153

FINAL