Lumsden McCormick LLP
CERTIFIED PUBLIC ACCOUNTANTS

Cyclorama Building | 369 Franklin Street | Buffalo, NY 14202
p: 716.856.3300 | f: 716.856.2524 | www.LumsdenCPA.com

MANAGEMENT LETTER

September 17, 2025

The Audit Committee, Board of Education,
and Management
Akron Central School District

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the remaining fund information of Akron Central School District (the District) as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chances of the future event or events occurring is more than remote but less than likely.

- *Probable.* The future event or events are likely to occur.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

OBSERVATIONS

General fund unassigned fund balance

The unassigned fund balance in the general fund was $3,362,000 at June 30, 2025 and represents 8.6% of the 2026 budget. As you are aware, the legal limit imposed by the state is 4% of the general fund's subsequent year budget.

Extraclassroom activity funds

We noted three instances where the student ledgers did not agree to the central treasurers records due missing entries for receipts and disbursements. We recommend that the District continue to educate and train student officers and faculty advisors on the importance of maintaining accurate and complete ledgers for the clubs as well as perform periodic reviews of student ledgers to ensure student ledgers are complete.

Excess fund balance in the food service fund

In accordance with Federal and New York State Education Department (NYSED) regulations, fund balance in the school lunch fund should not exceed three months' average expenditures, as defined, at any time. NYSED requires that the District submit an excess fund balance spending plan when fund balance exceeds six months' average expenditures. Despite its efforts to reduce fund balance, the District's fund balance exceeds the three month limit, although it is below the six month limit requiring submission of a spending plan. Allowable uses include improving the quality of food served or purchasing needed supplies, services, or equipment.

ACCOUNTING STANDARDS UPDATE

GASB Statement No. 103, *Financial Reporting Model Improvements,* is effective for the District's year ending June 30, 2026. This statement attempts to improve key components of the financial reporting model by limiting management's discussion and analysis to five specific topics, requiring separate presentation of unusual or infrequent items, and requiring that budgetary comparisons be presented as required supplementary information.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, is effective for the District's year ending June 30, 2026. This statement requires that lease assets, intangible right-to-use assets, and subscription assets be separately disclosed by major class of underlying asset in the capital assets note disclosures. In addition, capital assets held for sale are now required to be evaluated each reporting period and additional disclosures are also required.

We have discussed these comments with District personnel and would be pleased to discuss them in further detail, perform any additional studies, or assist you in implementing the recommendations.

This communication is intended solely for the information and use of the District's management, Audit Committee and Board of Education; others within the District; the NYS Education Department Office of Audit Services; and the Office of the NYS Comptroller, Division of Local Government and School Accountability. It is not intended to be, and should not be, used by anyone other than these specified parties.

Lumsden & McCormick, LLP