

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
ALEXANDRIA, NEW YORK**

ANNUAL FINANCIAL REPORT

JUNE 30, 2017

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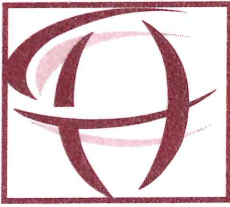
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Independent Auditors' Report

To the Board of Education
Alexandria Central School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alexandria Central School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Independent Auditors' Report (continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Alexandria Central School District, as of June 30, 2017, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison information, the schedule of funding progress for other postemployment benefit plan, the schedule of the local government's proportionate share of the net pension liability, and the schedule of the local government's share of contributions as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alexandria Central School District's basic financial statements. The Schedule of Change from Adopted Budget to Final Budget and The Real Property Tax Limit, - General Fund, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, and Net Investment in Capital Assets are presented for additional analysis and are not a required part of the basic financial statements. The Schedule of Change from Adopted Budget to Final Budget and The Real Property Tax Limit, - General Fund, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, and Net Investment in Capital Assets are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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.



Independent Auditors' Report (continued)

Other Information - continued

In our opinion, the Schedule of Change from Adopted Budget to Final Budget and The Real Property Tax Limit, - General Fund, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, and Net Investment in Capital Assets are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2017 on our consideration of the Alexandria Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alexandria Central School District's internal control over financial reporting and compliance.

Crowley & Halloran, CPAs P.C.

October 25, 2017

Watertown, New York

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

The following discussion and analysis of Alexandria Central School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2017. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and other financial statements to enhance their understanding of the School District's financial performance. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Alexandria Central School District (the "School District") is located in the northern tier of New York, minutes from the Canadian border. The School District is located in a seasonal resort area of the Thousand Islands. The majority of the taxpayers are wealthy seasonal residents, resorts, and private island owners. The remaining population consists of low- to middle-income families. Due to the heavy wealth ratio of the seasonal residents compared to the low income ratio of the year-round residents that attend the Alexandria Central School District, the School District has low building and transportation aid ratios

The School District operates under a locally-elected Board form of government consisting of seven members elected at-large for staggered three year terms. The Board of Education is the policy-making body of the School District. The President and the Vice President are elected by the Board members. The President of the Board is the chief fiscal officer of the School District. The board must ensure that district expenditures do not exceed the budget approved by the voters.

The duties of the administrative offices of the School District are to implement the policies of the Board of Education and supervise the operation of the school system. The Superintendent of Schools is the chief executive officer.

The School District employs approximately 115 full and part-time professional and support staff. These employees are organized into two collective bargaining units (teaching staff and support staff). The contract for the teachers expired on June 30, 2016; the contract for support staff expires on June 30, 2017. The contract for the teachers and support staff was still in negotiations at the financial statement date.

Extraclassroom Activity Funds – These funds are considered a component unit of the School District. Financial statements for these funds can be found in this report.

Parent Teacher Organizations and Booster Clubs – The School District is not involved in the budgeting or management, is not responsible for any debt, and has minimal influence over these organizations.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)**

FINANCIAL HIGHLIGHTS

- Among major funds, the General Fund had \$12,091,309 in incoming monies and \$11,922,295 in monies going out. The General Fund's balance increased \$169,014 over 2015-16 fiscal year. The 2016-17 tax levy set by the Board of Education was a 2.10% increase from the prior year which did not exceed the tax cap limit. Therefore, the taxpayers of the Alexandria CSD will qualify for the tax rebate.
- As a whole, the school district's net position decreased 53.9% by (\$1,192,011). The fiscal year ending June 30, 2017 is the eighth year the school district has to show the value of post-employment healthcare benefits. This liability amounted to \$12,434,585 an increase of \$1,969,086. In the past, the reporting was on a "pay-as-you-go" in which the cost of benefits was not reported until after the employee retires. As of this date, the State has not given a means to fund this accrued liability for past service costs.
- The District had prior period adjustments to the Governmental Fund Statements increasing beginning general fund balance by \$364,535. The adjustment is mainly a result of an error in accounting for compensated absences. For the Governmental Fund Statements compensated absences are only a liability for benefits that have matured. The New York State Comptroller office issued guidance in December 2008 explaining that "the liability will include only payments for unused compensated absences for those employees that have obligated themselves to separate from service with the District by the fiscal year end."
- The District had a prior period adjustment to the Government-wide Financial Statements increasing net position by \$856,080. The adjustment is a result of errors in accounting and the main errors are as follows; Compensated absences liability was overstated by \$256,819. Bond issuance costs in the amount of \$69,187 associated with the 2016 serial bonds were capitalized instead of expensed in fiscal year 2016. Unearned grant revenue in the amount of \$25,000 was recognized in the Government-wide statements when it was recorded as unearned in the Government Fund Statements. Subsequent contributions to the two retirement systems in the amount of \$688,634 were not shown as deferred outflows in the fiscal year 2016 as prescribed by GASB Statement 71.

OVERVIEW OF THE FINANCIAL STATEMENTS

The School District's annual report consists of three parts: management's discussion & analysis, the basic financial statements, and required supplementary information.

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section presents Management's Discussion and Analysis (MD&A). It precedes the financial statements and its purpose is to put current financial performance in perspective relative to past performance and future expectations.

Reclassifications

Certain accounts in prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements. Fiscal year 2016 numbers have been adjusted for prior period adjustments.

BASIC FINANCIAL STATEMENTS

The basic financial statements include two kinds of statements that present different views of the School District, district-wide and fund financial statements

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)**

District-wide Financial Statements

The first two financial statements that follow are district-wide financial statements that provide both short-term and long-term information about the School District's overall financial status.

The district-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources.

All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the School District's net position and how it has changed. Net position - the difference between the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources - is one way to measure the School District's financial health or position.

- Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the School District's overall health, you need to consider additional non-financial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.
- In the district-wide financial statements, the School District's activities are shown as Governmental activities. Most of the School District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and State formula aid finance most of these activities.

Fund Financial Statements

The remaining statements are fund financial statements that focus on individual parts of the School District, reporting the District's operations in more detail than the district-wide statements. The fund financial statements concentrate on the District's most significant funds with all other non-major funds listed in total in one column. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required by State law and by bond covenants. The School District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

The District has two kinds of funds:

Governmental Funds - include most of the School District's basic services. They 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.

- The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- The governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs.
- Because this information does not encompass the additional long-term focus of the district-wide statements, additional information detailed in Note 2 of the financial statements explains the relationship (or differences) between them.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)**

Fund Financial Statements (continued)

Fiduciary Funds - the School District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds.

- The *fiduciary funds* statements provide information about financial relationships in which the School District acts solely as a trustee or agent for the benefit of others.
- The School District is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong.
- The School District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Notes to the Financial Statements

The financial statements also include notes that explain some of the information in the statements and provide more detailed data.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)**

Figure A-1 summarizes the major features of the School District's financial statements, including the portion of the School District's activities they cover and the types of information they contain.

Figure A-1 Major Features of the District-Wide and Fund Financial Statements

	District-Wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activity monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities and changes in net position 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)**

REQUIRED SUPPLEMENTARY INFORMATION

The basic financial statements and notes are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Condensed Statement of Net Position

	Governmental Activities and Total School District		<u>\$ Change</u>	<u>% Change</u>
	<u>2017</u>	<u>2016</u>		
Current and Other Assets	\$ 6,684,149	\$ 4,290,049	\$ 2,394,100	55.8%
Capital & Pension Asset	<u>14,410,032</u>	<u>12,964,438</u>	<u>1,445,594</u>	<u>11.2%</u>
Total Assets	<u>21,094,181</u>	<u>17,254,487</u>	<u>3,839,694</u>	<u>22.3%</u>
 Deferred Outflows of Resources	 <u>2,789,066</u>	 <u>1,338,741</u>	 <u>1,450,325</u>	 <u>108.3%</u>
 Long-Term Debt Outstanding	 15,263,316	 14,084,127	 1,179,189	 8.4%
Other Liabilities	<u>7,451,134</u>	<u>1,372,060</u>	<u>6,079,074</u>	<u>443.1%</u>
Total Liabilities	<u>22,714,450</u>	<u>15,456,187</u>	<u>7,258,263</u>	<u>47.0%</u>
 Deferred Inflows of Resources	 <u>150,051</u>	 <u>926,284</u>	 <u>(776,233)</u>	 <u>(83.8%)</u>
 Net Position				
Net Investment in Capital Assets	6,425,091	8,033,888	(1,608,797)	(20.0%)
Restricted	570,688	563,080	7,608	1.4%
Unrestricted	<u>(5,977,033)</u>	<u>(6,386,211)</u>	<u>409,178</u>	<u>6.4%</u>
Total Net Position (Deficit)	<u>\$ 1,018,746</u>	<u>\$ 2,210,757</u>	<u>\$(1,192,011)</u>	<u>(53.9%)</u>

Total net position decreased by (\$1,192,011) because of the following:

- Total Assets increased \$3,839,694. Current and other assets increased by \$2,394,100 as a result of proceeds from a BAN (Bond Anticipation Note) that were unspent by year end. Capital & pension assets increased \$1,445,594 due to the net effect of the on-going capital project, purchases for buses and equipment, and the annual depreciation expense on the District's capital assets for a total increase of \$3,870,545, offset by the decrease in the District's proportionate net share of the pension assets of (\$2,424,951). In the current year the District's proportionate net share of TRS and ERS are liabilities, while in the prior year TRS was an asset.
- The District recorded its proportionate share of the Deferred Outflows of Resources \$2,789,066, for an increase of \$1,450,325 over 2015-16 in accordance with the GASB 68 standard, in its third year of implementation.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)**

- Total Liabilities increased \$7,258,263. Long-term Liabilities increased by \$1,179,189 from a combination of 1) the District's Actuarial calculated increase to Other Post-Employment Benefits in the amount of \$1,969,086 for post-employment healthcare benefits of current and retired employees of the District, 2) the decrease of the District's debt (\$720,658) due to the scheduled debt repayment on the Serial Bonds and installment debt; 3) compensated absences payable decreased (\$27,590) from retirements of staff and 4) The District recorded its proportionate share of the pension liability \$661,299, this decreased (\$41,649) from 2015-16. Other Liabilities increased \$6,079,074 as a result of a bond anticipation note for financing the capital project, increased outstanding vendor payables for the capital project, increase in accrued liabilities related to contract settlements along with decreases in the Due to Teachers' and Employees' Retirement.
- The District recorded its proportionate share of the Deferred Inflows of Resources \$150,051 in accordance with the GASB 68 from the TRS and ERS retirement systems
- Restricted net position reflects increases in Reserves for Unemployment, Retirement, and Debt Service and a decrease in Tax Certiorari for payments of claims.
- Unrestricted net position decreased, which will continue annually, because Postemployment Health Insurance Benefits will continue to increase in the future since there is no funding mechanism in New York State for Districts to reduce the liability.

Net Position from Operating Results

	<u>Governmental Activities and Total School District</u>			
	<u>2017</u>	<u>2016</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues				
Program Revenues				
Charges for Services	\$ 104,222	\$ 114,731	\$ (10,509)	(9.2%)
Operating Grants and Contributions	739,799	780,830	(41,031)	(5.3%)
General Revenues				
Property Taxes and Other Tax Items	7,111,458	6,948,903	162,555	2.3%
State Formula Aid	4,694,225	4,652,962	41,263	0.9%
Federal Aid	21,017	27,196	(6,179)	(22.7%)
Interest Earnings	4,836	6,883	(2,047)	(29.7%)
Miscellaneous	<u>270,078</u>	<u>198,220</u>	<u>71,858</u>	<u>36.3%</u>
Total Revenues and Special Items	<u>12,945,635</u>	<u>12,729,725</u>	<u>215,910</u>	<u>1.7%</u>
Expenses				
General Support	2,401,050	1,919,773	481,277	25.1%
Instruction	9,980,551	9,068,201	912,350	10.1%
Transportation	1,286,280	1,287,708	(1,428)	(0.1%)
Debt Service - Interest	107,814	97,913	9,901	10.1%
Cost of Sales - Food	<u>361,951</u>	<u>331,716</u>	<u>30,235</u>	<u>9.1%</u>
Total Expenses	<u>14,137,646</u>	<u>12,705,311</u>	<u>1,432,335</u>	<u>11.3%</u>
Increase (Decrease) in Net Position	<u>\$ (1,192,011)</u>	<u>\$ 24,414</u>	<u>\$(1,216,425)</u>	<u>(4982.5%)</u>

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)**

Revenues:

Total revenues increased \$215,910 as shown above because of the following: 1) Increase of \$41,263 in State Aid General Operating Aid; and 2) increase of \$162,555 in real property taxes. Prior year had \$69,750 of reduction in miscellaneous revenues from bond issuance costs current year had none. Charges for services and operating grants were down by \$51,540 from reduced meals and less grants in FY 2017.

Expenses:

General Support: This Consists of the Board of Education, Central Administration, Finance, Personnel, Maintenance, Utilities, Central Printing, Central Data Processing, Fire and Liability Insurance, Employee Benefits, and BOCES Administrative costs. This area has increased due to a combination of increased cost due to turn-over in superintendent position, hiring of a full time IT position and increased costs related to post employment health benefits.

Instruction and Transportation: The instructional area had an increase of 10.1%. This covers contractual agreements for salaries and employee benefits, as well as the purchase of supplies and materials. Transportation expenses decreased slightly 0.1% because of decreases in price for diesel fuel, and the reduction of bus repairs.

Debt Service - Interest: This area increased \$9,901 or 10.1% because the District had interest on Serial Bond payments and Bond Anticipation Notes.

School Lunch Program: This area increased \$30,235 or 9.1% all due to the post employment healthcare benefit allocation as a percentage of salaries

Governmental Activities

The following analysis compares the total cost of services provided by the District in relation to the net cost of providing the service after considering program service revenues generated and program operating grants.

Net Cost of Governmental Activities

	Total Cost of Services		%	Net Cost of Services		%
	2017	2016		2017	2016	
General Support	\$ 2,401,050	\$ 1,919,773	25.1%	\$ 2,401,050	\$ 1,919,773	25.1%
Instruction	9,980,551	9,068,201	10.1%	9,419,365	8,466,078	11.3%
Pupil Transportation	1,286,280	1,287,708	(0.1%)	1,286,280	1,287,708	(0.1%)
Debt Service - Interest	107,814	97,913	10.1%	107,814	97,913	10.1%
Cost of Sales	<u>361,951</u>	<u>331,716</u>	9.1%	<u>79,116</u>	<u>38,278</u>	106.7%
Total	<u>\$ 14,137,646</u>	<u>\$12,705,311</u>	11.3%	<u>\$ 13,293,625</u>	<u>\$ 11,809,750</u>	12.6%

The District strives to control and reduce cost for our taxpayers, while maintaining program and staffing appropriate for current enrollment.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)**

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of the fiscal year 2017, the School District had \$14,410,032 invested in land, buildings, furniture and equipment, and vehicles. The following table compares fiscal 2017 balances to 2016.

Capital Assets

	Governmental Activities and Total School District		<u>\$ Change</u>	<u>% Change</u>
	<u>2017</u>	<u>2016</u>		
Land	\$ 54,825	\$ 54,825	\$ -	0.0%
Construction in Progress	4,361,543	707,633	3,653,910	516.4%
Buildings (net of depreciation)	9,124,831	8,994,079	130,752	1.5%
Vehicles, Equipment and Furniture (net of depreciation)	<u>868,833</u>	<u>782,950</u>	<u>85,883</u>	11.0%
Total	<u>\$ 14,410,032</u>	<u>\$10,539,487</u>	<u>\$ 3,870,545</u>	36.7%

Capital Assets include depreciation expense of \$472,247.

During fiscal year 2017, the District made two bus purchases, a van and reduced the cost of these purchases by trading-in older vehicles. Expenditures were made on the capital projects of \$4,060,351. The District also purchased \$6,074 of equipment and finished the emergency stage and greenhouse project moving \$406,441 from construction in progress to building.

Long-Term Debt

	Governmental Activities and Total School District		<u>\$ Change</u>	<u>% Change</u>
	<u>2017</u>	<u>2016</u>		
General Obligation Bonds	\$ 1,415,000	\$ 2,075,000	\$ (660,000)	(31.8%)
Installment Purchase Debt	369,941	430,599	(60,658)	(14.1%)
Other Post-employment Benefits	12,734,585	10,765,499	1,969,086	15.5%
Compensated Absences	82,491	110,081	(27,590)	(25.1%)
Pension Liabilities	<u>661,299</u>	<u>702,948</u>	<u>(41,649)</u>	<u>(5.9%)</u>
Total	<u>\$ 15,263,316</u>	<u>\$14,084,127</u>	<u>\$ 1,179,189</u>	<u>8.4%</u>

General Obligation Bonds: The District paid \$660,000 in scheduled principal payments on the Serial Bonds.

Other Post-employment Healthcare Benefits: This is the eighth year the district has had to show a long-term liability for post-employment health insurance related cost for current and retired employees of the District. In the past, the reporting was on a "pay-as-you-go" annual payment. This now reflects a eight-year recognized liability of \$12,734,585. The annual OPEB Cost was \$2,695,625, and our contribution was \$726,539, leaving the 2017 net obligation of \$1,969,086 which increased the overall liability. GASB 45 does not require the funding of this liability, only the recognition.

Pension Liabilities: The District recorded its proportionate share of the pension liability \$661,299 in accordance with the GASB 68 for the District's two retirement systems TRS and ERS.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)**

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

General Fund Budgetary Highlights

Alexandria Central School District's General Fund had \$12,091,309 in incoming monies and \$11,922,295 in monies going out, including transfers. The General Fund's balance increased \$169,014 from current year's results plus \$364,535 for a prior period adjustment for a total increase of \$533,549. For the 2016-17 fiscal year, we were able to limit the levy increase to 2.1%, which was within the tax cap limit.

The 2016-17 comparison of final budget to actual expenditures and year-end encumbrances highlights a few areas in the District's budget with large variances. These areas are Central Services; Teaching – Regular School; Programs for Students with Disabilities; Pupil Transportation; and Employee Benefits.

The Central Services area includes the utilities; repairs; maintenance contracts; supplies and custodial and maintenance staff for the District. The region experienced a very mild winter which reduced the District's natural gas costs. In addition, the District tries to reduce its electricity usage where it can.

The major excesses in Teaching-Regular School is generated from instructional salaries and BOCES services. Instructional salaries are budgeted in General Fund but if grant funding is sufficient, some salaries are then charged to a grant. BOCES services are estimated during the budget process. An amount is built into the budget for needs not identified at budget time. These funds are then utilized when and if the need arises.

The Program for Students with Disabilities is highly dependent upon the students which can change daily. Staffing and service needs are highly volatile. Families and students move in and out of the district throughout the school year. The District must be fiscally prepared to provide the services in-house or contract with BOCES or another district if need be. This year we were able to meet all of the students' needs.

Pupil Transportation consists of purchases of buses; purchase of supplies including diesel fuel at NYS Contract price which is a variable price; utilities and insurance on the bus garage; and costs for repairs and maintenance. The actual price per gallon paid for diesel fuel was much lower than the anticipated price per gallon resulting in a significant surplus in addition to the number of gallons purchased.

The variance in Employee Benefits is affected by two factors. The District anticipated in the budget process increases in health care participation costs as well as increased rates for the two retirement plans. New enrollees came in under the budgeted amount as well as decrease in the TRS and ERS rates.

Current Financial Issues and Concerns

The financial and economic condition of the School District could be affected by a variety of factors, some of which are beyond the School District's control. There can be no assurance that adverse events in the townships, state and in other jurisdictions in the country, including, for example, Tax Certioraris or otherwise, will not occur which might adversely affect the School District.

The School District is heavily dependent on financial assistance from the State and Federal Governments and the local property tax. These issues require management to plan carefully and prudently to provide the resources to meet student needs of the next several years.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(CONTINUED)**

In conclusion, the Alexandria Central School District has committed itself to financial stability for many years. The School District plans to continue its sound fiscal management to meet the challenges of the future.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Manager, Alexandria Central School District, 34 Bolton Street, Alexandria Bay, New York, 13607.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2017**

	Total Governmental Funds
ASSETS	
Unrestricted Cash	\$ 5,623,618
Restricted Cash	538,508
Due from Fiduciary Funds	143,383
Due from Other Governments	170,540
Due from State and Federal	187,389
Other Receivables	1,098
Prepaid Expenditures	10,463
Inventories	9,150
Assets Held for Sale	-
Capital Assets, Net	14,410,032
Net Pension Asset-Proportionate Share	-
Total Assets	21,094,181
DEFERRED OUTFLOWS OF RESOURCES	
Bond Refunding	19,626
Pensions	2,769,440
Total Deferred Outflows of Resources	2,789,066
LIABILITIES	
Accounts Payable	344,174
Accrued Liabilities	108,316
Retainage	178,013
Due to Other Governments	212
Due to Teachers' Retirement System	422,548
Due to Employees' Retirement System	51,893
Bond Anticipation Notes Payable	6,200,000
Other Liabilities	145,978
Long-term Liabilities	
Due and Payable Within One Year	
Bonds Payable and Other Debt	293,588
Due and Payable After One Year	
Compensated Absences Payable	82,491
Bonds Payable and Other Debt	1,491,353
Other Postemployment Benefits	12,734,585
Net Pension Pension Liability - Proportionate Share	661,299
Total Liabilities	22,714,450
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources	150,051
Total Deferred Inflows of Resources	150,051
NET POSITION	
Net Investment in Capital Assets	6,425,091
Restricted	570,688
Unrestricted	(5,977,033)
Total Net Position	\$ 1,018,746

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

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017**

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
FUNCTIONS/PROGRAMS				
General Support	\$ 2,401,050	\$ -	\$ -	\$ (2,401,050)
Instruction	9,980,551	6,138	555,048	(9,419,365)
Pupil Transportation	1,286,280	-	-	(1,286,280)
Community Services	-	-	-	-
Interest Expense	107,814	-	-	(107,814)
School Lunch Program	361,951	98,084	184,751	(79,116)
	Total Functions and Programs	\$ 104,222	\$ 739,799	(13,293,625)
GENERAL REVENUES				
Real Property Taxes				6,618,815
Other Tax Items				492,643
Interest Income				4,836
Use of Money and Property				500
Sale of Property & Compensation for Loss				10,879
Miscellaneous				258,699
State Sources				4,694,225
Federal Sources				21,017
				Total General Revenues and Special Items
				12,101,614
				Changes in Net Position
				(1,192,011)
				Net Position - Beginning of Year As Previously Stated
				1,354,677
				Restatement
				856,080
				Net Position - Beginning of Year Restated
				2,210,757
				Net Position - End of year
				\$ 1,018,746

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

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2017**

	Governmental Fund Types						Total Governmental Funds
	General	Special Aid	School Food Service	Debt Service	Capital	Other Non-major	
ASSETS							
Unrestricted Cash	\$ 3,272,798	\$ 897	\$ 14,833	\$ -	\$ 2,335,090	\$ -	\$ 5,623,618
Restricted Cash	538,498	-	-	10	-	-	538,508
Due from Other Funds	145,163	-	-	32,180	9,807	-	187,150
Due from Fiduciary Funds	143,383	-	-	-	-	-	143,383
Due from Other Governments	144,230	26,310	-	-	-	-	170,540
Due from State and Federal	81,548	105,841	-	-	-	-	187,389
Other Receivables	-	-	1,098	-	-	-	1,098
Prepaid Expenditures	10,463	-	-	-	-	-	10,463
Inventories	-	-	9,150	-	-	-	9,150
Total Assets	<u>4,336,083</u>	<u>133,048</u>	<u>25,081</u>	<u>32,190</u>	<u>2,344,897</u>	<u>-</u>	<u>6,871,299</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Outflows of Resources	-	-	-	-	-	-	-
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES AND FUND BALANCE							
Accounts Payable	47,927	-	-	-	296,247	-	344,174
Accrued Liabilities	23,211	-	481	-	-	-	23,692
Due to Other Funds	9,807	132,316	12,847	-	32,180	-	187,150
Due to Other Governments	-	-	212	-	-	-	212
Due to Teachers' Retirement System	422,548	-	-	-	-	-	422,548
Due to Employees' Retirement System	51,893	-	-	-	-	-	51,893
Bond Anticipation Notes Payable	-	-	-	-	6,200,000	-	6,200,000
Other Liabilities	11,508	732	2,391	-	-	-	14,631
Total Liabilities	<u>566,894</u>	<u>133,048</u>	<u>15,931</u>	<u>-</u>	<u>6,528,427</u>	<u>-</u>	<u>7,244,300</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows of Resources	-	-	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance:							
Non-spendable	10,463	-	9,150	-	-	-	19,613
Restricted	538,498	-	-	32,190	-	-	570,688
Committed	-	-	-	-	-	-	-
Assigned	1,014,000	-	-	-	(4,183,530)	-	(3,169,530)
Unassigned	2,206,228	-	-	-	-	-	2,206,228
Total Fund Balance	<u>3,769,189</u>	<u>-</u>	<u>9,150</u>	<u>32,190</u>	<u>(4,183,530)</u>	<u>-</u>	<u>(373,001)</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 4,336,083</u>	<u>\$ 133,048</u>	<u>\$ 25,081</u>	<u>\$ 32,190</u>	<u>\$ 2,344,897</u>	<u>\$ -</u>	<u>\$ 6,871,299</u>

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

ALEXANDRIA CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2017

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Unrestricted Cash	\$ 5,623,618	\$ -	\$ -	\$ 5,623,618
Restricted Cash	538,508	-	-	538,508
Due from Other Funds	187,150	-	(187,150)	-
Due from Fiduciary Funds	143,383	-	-	143,383
Due from Other Governments	170,540	-	-	170,540
Due from State and Federal	187,389	-	-	187,389
Other Receivables	1,098	-	-	1,098
Prepaid Expenditures	10,463	-	-	10,463
Inventories	9,150	-	-	9,150
Assets Held for Sale	-	-	-	-
Capital Assets, Net	-	14,410,032	-	14,410,032
Net Pension Asset-Proportionate Share	-	-	-	-
Total Assets	6,871,299	14,410,032	(187,150)	21,094,181
DEFERRED OUTFLOWS OF RESOURCES				
Bond Refunding	-	19,626	-	19,626
Pensions	-	2,769,440	-	2,769,440
Total Deferred Outflows of Resources	-	2,789,066	-	2,789,066
LIABILITIES				
Accounts Payable	344,174	-	-	344,174
Accrued Liabilities	23,692	84,624	-	108,316
Retainage	-	178,013	-	178,013
Due to Other Funds	187,150	-	(187,150)	-
Due to Other Governments	212	-	-	212
Due to Teachers' Retirement System	422,548	-	-	422,548
Due to Employees' Retirement System	51,893	-	-	51,893
Bond Anticipation Notes Payable	6,200,000	-	-	6,200,000
Other Liabilities	14,631	131,347	-	145,978
Bonds Payable Due Within One Year	-	293,588	-	293,588
Compensated Absences Payable Due After One Year	-	82,491	-	82,491
Bonds Payable Due After One Year	-	1,491,353	-	1,491,353
Other Postemployment Benefits	-	12,734,585	-	12,734,585
Net Pension Pension Liability - Proportionate Share	-	661,299	-	661,299
Total Liabilities	7,244,300	15,657,300	(187,150)	22,714,450
DEFERRED INFLOWS OF RESOURCES				
Deferred Inflows of Resources	-	150,051	-	150,051
Total Deferred Inflows of Resources	-	150,051	-	150,051
FUND BALANCE/NET POSITION				
Total Fund Balance/Net Postion	(373,001)	1,391,747	-	1,018,746
Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position	\$ 6,871,299	\$ 17,199,098	\$ (187,150)	\$ 23,883,247

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

ALEXANDRIA CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2017

	Governmental Fund Types						Total Governmental Funds
	General	Special Aid	School Food Service	Debt Service	Capital	Other Non-major	
REVENUES							
Real Property Taxes	\$ 6,618,815	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,618,815
Other Tax Items	492,643	-	-	-	-	-	492,643
Charges for Services	6,138	-	-	-	-	-	6,138
Use of Money and Property	5,336	-	-	-	-	-	5,336
Sale of Property and Compensation for Loss	538	-	-	-	-	-	538
Miscellaneous	252,597	137	5,965	-	-	-	258,699
State Sources	4,694,225	84,152	6,068	-	-	-	4,784,445
Federal Sources	21,017	470,896	158,625	-	-	-	650,538
Surplus Food	-	-	20,058	-	-	-	20,058
Sales	-	-	98,084	-	-	-	98,084
Total Revenues	<u>12,091,309</u>	<u>555,185</u>	<u>288,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,935,294</u>
EXPENDITURES							
General Support	1,386,059	-	-	-	-	-	1,386,059
Instruction	5,493,419	476,370	-	-	-	-	5,969,789
Pupil Transportation	901,351	12,744	-	-	-	-	914,095
Community Services	-	-	-	-	-	-	-
Employee Benefits	2,980,677	80,844	82,001	-	-	-	3,143,522
Debt Service	781,713	-	-	-	-	-	781,713
Cost of Sales	-	-	236,229	-	-	-	236,229
Capital Outlay	-	-	-	-	3,882,338	-	3,882,338
Total Expenditures	<u>11,543,219</u>	<u>569,958</u>	<u>318,230</u>	<u>-</u>	<u>3,882,338</u>	<u>-</u>	<u>16,313,745</u>
Excess (Deficit) Revenues Over Expenditures	<u>548,090</u>	<u>(14,773)</u>	<u>(29,430)</u>	<u>-</u>	<u>(3,882,338)</u>	<u>-</u>	<u>(3,378,451)</u>
OTHER FINANCING SOURCES AND USES							
Premium received on Bonds	-	-	-	32,180	-	-	32,180
Operating Transfers In	-	14,773	31,367	-	332,936	-	379,076
Operating Transfers (Out)	(379,076)	-	-	-	-	-	(379,076)
Total Other Sources (Uses)	<u>(379,076)</u>	<u>14,773</u>	<u>31,367</u>	<u>32,180</u>	<u>332,936</u>	<u>-</u>	<u>32,180</u>
Excess (Deficit) Revenues and Other Sources Over Expenditures and Other (Uses)	<u>169,014</u>	<u>-</u>	<u>1,937</u>	<u>32,180</u>	<u>(3,549,402)</u>	<u>-</u>	<u>(3,346,271)</u>
Fund Balance, Beginning of Year as Previously Stated	3,235,640	-	7,213	10	(634,128)	-	2,608,735
Restatement	364,535	-	-	-	-	-	364,535
Fund Balance, Beginning of Year As Restated	<u>3,600,175</u>	<u>-</u>	<u>7,213</u>	<u>10</u>	<u>(634,128)</u>	<u>-</u>	<u>2,973,270</u>
Fund Balance, End of Year	<u>\$ 3,769,189</u>	<u>\$ -</u>	<u>\$ 9,150</u>	<u>\$ 32,190</u>	<u>\$ (4,183,530)</u>	<u>\$ -</u>	<u>\$ (373,001)</u>

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

ALEXANDRIA CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2017

	Total Governmental Funds	Capital Related Items	Long-term Revenue, Expenses	Long-term Debt Transactions	Reclassifications and Eliminations	Statement of Activities Totals
REVENUES						
Real Property Taxes	\$ 6,618,815	\$ -	\$ -	\$ -	\$ -	\$ 6,618,815
Other Tax Items	492,643	-	-	-	-	492,643
Charges for Services	6,138	-	-	-	-	6,138
Use of Money and Property	5,336	-	-	-	-	5,336
Sale of Property and Compensation for Loss	538	10,341	-	-	-	10,879
Miscellaneous	258,699	-	-	-	-	258,699
State Sources	4,784,445	-	-	-	-	4,784,445
Federal Sources	650,538	-	-	-	-	650,538
Surplus Food	20,058	-	-	-	-	20,058
Sales	98,084	-	-	-	-	98,084
Total Revenues and Special Items	<u>12,935,294</u>	<u>10,341</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,945,635</u>
EXPENDITURES						
General Support	1,386,059	8,024	-	-	1,006,967	2,401,050
Instruction	5,969,789	262,711	84,624	-	3,663,427	9,980,551
Pupil Transportation	914,095	(72,488)	-	-	444,673	1,286,280
Community Services	-	-	-	-	-	-
Employee Benefits	3,143,522	-	2,095,367	-	(5,238,889)	-
Debt Service	781,713	-	-	(673,899)	-	107,814
Cost of Sales	236,229	1,900	-	-	123,822	361,951
Capital Outlay	3,882,338	(3,882,338)	-	-	-	-
Total Expenditures	<u>16,313,745</u>	<u>(3,682,191)</u>	<u>2,179,991</u>	<u>(673,899)</u>	<u>-</u>	<u>14,137,646</u>
Excess (Deficit) Revenues Over Expenditures	<u>(3,378,451)</u>	<u>3,692,532</u>	<u>(2,179,991)</u>	<u>673,899</u>	<u>-</u>	<u>(1,192,011)</u>
OTHER FINANCING SOURCES AND USES						
Proceeds (Uses) from Debt	32,180	-	(32,180)	-	-	-
Operating Transfers In (Out)	-	-	-	-	-	-
Total Other Sources (Uses)	<u>32,180</u>	<u>-</u>	<u>(32,180)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change for the Year	<u>\$ (3,346,271)</u>	<u>\$ 3,692,532</u>	<u>\$ (2,212,171)</u>	<u>\$ 673,899</u>	<u>\$ -</u>	<u>\$ (1,192,011)</u>

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

ALEXANDRIA CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)

Amounts reported for governmental activities in the statement of net position are different because:

Net Change in Fund Balances - Total Governmental Funds \$ (3,346,271)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceed depreciation in the current period, net of related losses on disposal of capital assets

Capital Outlays - Net	3,882,338
Depreciation Expense	(472,247)
Additions to Vehicles and Equipment	272,100

In the Statement of Activities, the gain/loss on the disposal of assets is reported as an increase/decrease in the financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the assets disposed.

10,341

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of debt repayments made in the current period.

720,659

Retroactive contract settlements costs that fall beyond the period of availability of District resources are reported in the Statement of Net Position but not in the governmental fund statements. Balances at year end were:

(84,624)

Proceeds from bond premiums are reported in governmental funds as revenues, however in the Statement of Activities, the unearned revenue is allocated over the life of the bonds as a reduction of interest expense. This is the amount that the current year premiums received exceeds the amortization in the period.

5,733

Deferred bond refunding costs are recognized as expenditures in the governmental funds, however, are amortized over the shorter of the life of the new or old bonds in the statement of activities. This is the amount of these deferred outflows that are amortized as an increase in debt service - interest in the period.

(2,872)

(Increases) decreases in accrued interest payable reported in the Statement of Activities do not provide for or require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

(81,801)

(Increases) decreases in accrued compensated absences reported in the Statement of Activities do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.

27,590

On the Statement of Activities, the actual and projected long term expenditures for post employment benefits are reported, whereas, on the governmental funds only the actual expenditures are recorded for post employment benefits.

(1,969,086)

(Increases) decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore, are not reported as expenditures in the governmental funds

Teachers' Retirement System	(74,520)
Employees' Retirement System	(79,351)

Change in net position of governmental activities \$ (1,192,011)

ALEXANDRIA CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2017

	<u>Private Purpose Trusts</u>	<u>Agency</u>
ASSETS		
Cash	\$ 1,450	\$ 236,413
Total Assets	<u>\$ 1,450</u>	<u>\$ 236,413</u>
LIABILITIES		
Due to Governmental Funds	\$ -	\$ 143,383
Extraclassroom Activity Balances	-	65,860
Other Liabilities	-	<u>27,170</u>
Total Liabilities	<u>-</u>	<u>236,413</u>
NET POSITION		
Unrestricted	-	-
Restricted for Other Purposes	<u>1,450</u>	<u>-</u>
Total Net Position	<u>1,450</u>	<u>-</u>
Total Liabilities and Net Position	<u>\$ 1,450</u>	<u>\$ 236,413</u>

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

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Private Purpose Trusts</u>
ADDITIONS	
Contributions	\$ 1,708
Investment Interest Earnings	<u>-</u>
Total Additions	<u>1,708</u>
DEDUCTIONS	
Scholarships and Awards	<u>500</u>
Total Deductions	<u>500</u>
Change in Net Position	1,208
Net Position - Beginning of year	<u>242</u>
Net Position - End of Year	<u><u>\$ 1,450</u></u>

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

ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Alexandria Central School District (the “District”) have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

BASIS OF PRESENTATION

District-wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the District’s governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between program expenses and revenues for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The fund statements provide information about the District’s funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following major governmental funds:

- **General Fund** - this is the District’s primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.
- **Special Revenue Funds** - these funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes, child nutrition operations, and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.
- **Capital Projects Funds** - these funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. For these funds, each capital project is assessed to determine whether it is a major or non-major fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.
- **Debt Service Fund** - this fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)

BASIS OF PRESENTATION (continued)

The District reports the following fiduciary funds:

- **Fiduciary Funds** - funds used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the district-wide financial statements, because their resources do not belong to the District, and are not available to be used.
 - **Private purpose trust funds:** These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.
 - **Agency funds:** These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll and employee withholding.

REPORTING ENTITY

The Alexandria Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of seven members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and 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 accompanying financial statements present the activities of the District and other organizational entities determined to be includable in the District's financial reporting entity. The decision to include another organizational entity in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on application of these criteria, a brief description of extraclassroom activity funds included in the District's reporting entity follows.

Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District's business office. The district accounts for assets held as an agent for various student organizations in an agency fund.

ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)

JOINT VENTURE

The District is a component district in the Jefferson-Lewis-Hamilton-Herkimer-Oneida Counties BOCES. A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs that provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

CASH AND INVESTMENTS

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)

CASH AND INVESTMENTS (continued)

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

Investments are stated at fair value.

PROPERTY TAXES

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on November 1. Taxes are collected during the period September 1 to October 31.

Uncollected real property taxes are subsequently enforced by the Counties in which the District is located. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the District no later than the following April 1.

ACCOUNTS RECEIVABLE

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

INVENTORIES AND PREPAID ITEMS

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventorable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items are payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

INTERFUND TRANSACTIONS

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)**

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)

INTERFUND TRANSACTIONS (continued)

In the district-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 8 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

CAPITAL ASSETS

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 1980. For assets acquired prior to June 30, 1980, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the district-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 25,000	straight-line	50 years
Building improvements	\$ 25,000	straight-line	50 years
Furniture and equipment	\$ 5,000	straight-line	5-8 years
Vehicles	\$ 5,000	straight-line	5-8 years

VESTED EMPLOYEE BENEFITS

Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave.

The District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation, or death, employees may contractually receive a payment based on unused accumulated sick leave.

Consistent with GASB Statement 16, Accounting for Compensated Absences, the liability has been calculated using the vesting method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end. In the funds statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)**

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)

VESTED EMPLOYEE BENEFITS (continued)

Other Benefits

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

In addition to providing pension benefits, the District provides health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee under certain employment contracts. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the General fund, in the year paid.

BUDGETARY PROCEDURES AND BUDGETARY ACCOUNTING

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted:

- General Fund

The voters of the District approved the proposed appropriation budget for the General Fund. Appropriations are adopted at the program line item level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. There were no budget reductions for the year ending June 30, 2017.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

There is no budget and actual comparison for the Special Aid Fund and School Food Service Fund because there is not a legally authorized (appropriated) budget.

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

Payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other postemployment benefits payable and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they have matured. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

UNEARNED REVENUES

Unearned revenues are reported when potential revenues do 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 legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recognized.

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

In addition to assets, the Statement of Net 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that could qualify for reporting in this category. First is the deferred charge on refunding reported in the district-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. Lastly is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date.

In addition to the liabilities, the statement of net 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. The District has three items that could qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. Statute provides the authority for the District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available. In the current year, no amounts are recognized as deferred inflows in the governmental funds.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)**

**NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)
PLAN DESCRIPTIONS AND BENEFITS PROVIDED (continued)**

Deferred Outflows and Inflows of Resources (continued)

The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability and the difference during the measurement periods between the District's contributions and its proportion share of total contributions of total contributions to the pension system not included in pension expense.

PENSION OBLIGATIONS

New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS) (the Systems).

PLAN DESCRIPTIONS AND BENEFITS PROVIDED

Teachers' Retirement Systems (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS.

Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

Employees' Retirement Systems (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)**

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)

PLAN DESCRIPTIONS AND BENEFITS PROVIDED (continued)
Employees' Retirement Systems (ERS) (continued)

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	<u>NYSTRS</u>	<u>NYSERS</u>
2016-2017	\$ 499,729	\$ 177,185
2015-2016	\$ 638,821	\$ 194,797
2014-2015	\$ 590,471	\$ 195,035

ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2017, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2017 for ERS and June 30, 2016 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Measurement date	31-Mar-17	30-Jun-16
Net pension asset/(liability)	\$ (411,227)	\$ (250,072)
District's portion of the Plan's total net pension asset/(liability)	0.0043765%	0.023349%
Change in proportion since the prior Measurement date	(0.0000035%)	0.000003%

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)**

**NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)
PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (continued)**

For the year ended June 30, 2017, the District's recognized pension expense of \$234,564 for ERS and the actuarial value of \$415,338 for TRS. At June 30, 2017 the District's 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>	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 10,305	\$ -	\$ 62,447	\$ 81,237
Changes of assumptions	\$ 140,490	\$ 1,424,569	\$ -	\$ -
Net difference between projected and actual earnings on pension plan investments	\$ 82,139	\$ 562,293	\$ -	\$ -
Changes in proportion and differences between the District's contributions and proportionate share of contributions	\$ 7,374	\$ 12,632	\$ 6,247	\$ 120
District's contributions subsequent to the measurement date	<u>\$ 51,893</u>	<u>\$ 477,745</u>	<u>\$ -</u>	<u>\$ -</u>
Total	\$ 292,201	\$ 2,477,239	\$ 68,694	\$ 81,357

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the pension expense as follows:

	<u>ERS</u>	<u>TRS</u>
Fiscal year ended June 30,		
2018	\$ 76,841	\$ 175,625
2019	76,841	175,625
2020	72,309	612,319
2021	(54,377)	476,450
2022	-	219,431
Thereafter	-	258,687

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)**

**NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)
PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (continued)**

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2017	June 30, 2016
Actuarial Valuation Date	April 1, 2016	June 30, 2015
Investment Rate of Return	7.0%	7.5%
Salary Scale	3.8%, indexed by Service	1.90% - 4.72%
Projected COLAs	1.3%	1.5%
Decrement Tables	April 1, 2010-March 31, 2015 System's Experience	July 1, 2009-June 30, 2014 System's Experience
Inflation Rate	2.5%	2.5%

For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on July 1, 2009 – June 30, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale AA.

For ERS, the actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2015 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)**

**NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)
PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (continued)**

Measurement Date	<u>ERS</u> March 31, 2017	Long-Term Expected Real Rate of Return
<u>Asset Type</u>	<u>Target Allocation</u>	<u>of Return</u>
Domestic Equity	36%	4.55%
International Equity	14	6.35
Private Equity	10	7.75
Real Estate	10	5.80
Absolute Return Strategies	2	4.00
Opportunistic Portfolio	3	5.89
Real Asset	3	5.54
Bonds and Mortgages	17	1.31
Cash	1	(0.25)
Inflation Indexed Bonds	<u>4</u>	1.50
	100%	
	<u>TRS</u>	
Measurement Date	June 30, 2016	Long-Term Expected Real Rate of Return*
<u>Asset Type</u>	<u>Target Allocation</u>	<u>of Return*</u>
Equities:		
Domestic Equity	37%	6.1%
International Equity	18	7.3
Real Estate	10	5.4
Alternative Investments	<u>7</u>	9.2
Total Equities	72	
Fixed Income:		
Domestic Fixed Income Securities	17	1.0
Global Fixed Income Securities	2	0.8
Mortgages	8	3.1
Short Term	<u>1</u>	0.1
Total Fixed Income	<u>28</u>	
Total	<u>100%</u>	

*Real rates of return are net of a long-term inflation assumption of 2.5%.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)**

**NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)
PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND
DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (continued)**

DISCOUNT RATE

The discount rate used to calculate the total pension liability was 7.0% for ERS and 7.5% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY TO THE DISCOUNT RATE ASSUMPTION

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0% for ERS and 7.5% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0% for ERS and 6.5% for TRS) or 1-percentage-point higher (8.0% for ERS and 8.5% for TRS) than the current rate :

	1% Decrease <u>(6.0%)</u>	Current Assumption <u>(7.0%)</u>	1% Increase <u>(8.0%)</u>
ERS			
Employer's proportionate share of the net pension (liability) asset	\$(1,313,378)	\$ (411,227)	\$ (351,540)
	1% Decrease <u>(6.5%)</u>	Current Assumption <u>(7.5%)</u>	1% Increase <u>(8.5%)</u>
TRS			
Employer's proportionate share of the net pension (liability) asset	\$(3,262,758)	\$ (250,072)	\$ 2,276,811

PENSION PLAN FIDUCIARY NET POSITION

The components of the collective net pension liability of ERS as of March 31, 2017 measurement date were as follows:

Total pension liability	\$ 177,400,586,000
ERS fiduciary net position	<u>(168,004,363,000)</u>
Employers' net pension liability	<u>\$ 9,396,223,000</u>
ERS fiduciary net position as a Percentage of total pension liability	<u>94.7%</u>

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)**

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)

PENSION PLAN FIDUCIARY NET POSITION (continued)

The components of the collective net pension liability of TRS as of June 30, 2016 measurement date were as follows:

Total pension liability	\$ 108,577,184,039
ERS fiduciary net position	<u>(107,506,142,099)</u>
Employers' net pension liability (asset)	<u>\$ (1,071,041,940)</u>
ERS fiduciary net position as a Percentage of total pension liability	<u>99.01%</u>

The components of the current-year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

	ERS	TRS	Total
Measurement Date	March 31, 2017	June 30, 2016	
Employers' total pension asset	\$ -	\$ -	\$ -
Employers' net pension (liability)	\$ (411,227)	\$ (250,072)	\$ (661,299)
Ration of plan net position to the Employers' total net pension asset/(liability)	0.0043765%	0.023349%	

PAYABLES TO THE PENSION PLAN

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2017 represent the projected employer contributions for the period of April 1, 2017 through June 30, 2017 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2017 amounted to \$51,893.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2017 are paid to the System in September, October, and November 2017 through a state aid intercept. Accrued retirement contributions as of June 30, 2017 represent employee and employer contributions for the fiscal year ended June 30, 2017 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2017 amounted to \$422,548.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)**

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)

RESTRICTED RESOURCES

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

EQUITY CLASSIFICATIONS

District-wide Statements

In the district-wide statements there are three classes of net position:

- **Net investment in capital assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.
- **Restricted net position** – reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position** – reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

Funds Statements

Below is the breakdown of fund balances for the fund basis statements:

	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>School Food Service Fund</u>	<u>Debt Service Fund</u>	<u>Capital Fund</u>	<u>Non-major Funds</u>	<u>Total</u>
Non-spendable:							
Inventory	\$ -	\$ -	\$ 9,150	\$ -	\$ -	\$ -	\$ 9,150
Prepaid Expense	10,463	-	-	-	-	-	10,463
Restricted:							
Debt Service Reserve	-	-	-	32,190	-	-	32,190
Retirement Contribution	354,522	-	-	-	-	-	354,522
Tax Certiorari	123,785	-	-	-	-	-	123,785
Unemployment Insurance	60,191	-	-	-	-	-	60,191
Assigned:							
Central Services	14,000	-	-	-	-	-	14,000
Capital Outlay	-	-	-	-	186,189	-	186,189
Appropriated Fund Balance	1,000,000	-	-	-	(4,369,719)	-	(3,369,719)
Unassigned:	<u>2,206,228</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,206,228</u>
	<u>\$ 3,769,189</u>	<u>\$ -</u>	<u>\$ 9,150</u>	<u>\$ 32,190</u>	<u>\$ (4,183,530)</u>	<u>\$ -</u>	<u>\$ (373,001)</u>

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)**

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)

EQUITY CLASSIFICATIONS (continued)

Funds Statements (continued)

In the fund basis statements there are five classifications of fund balance:

Non-spendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. See detail of balances in chart above.

Restricted – Includes amounts with constraints placed on the use of resources, either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance. The School District has established the following restricted fund balances:

Capital

According to Education Law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund under Restricted Fund Balance.

Debt Service

According to General Municipal Law §6-1, the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement.

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, the Employee Benefit Accrued Liability Reserve must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

Liability Claims and Property Loss

According to Education Law §1709(8)(c), must be used to pay for liability claims and property loss incurred. Separate funds for property loss and liability claims are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts, except city school districts with a population greater than 125,000.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)**

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)

EQUITY CLASSIFICATIONS (continued)

Funds Statements (continued)

Insurance

According to General Municipal Law §6-n, the Insurance Reserve must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval.

Repairs

According to General Municipal Law §6-d, must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years.

Retirement Contribution

According to General Municipal Law §6-r, must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

Tax Certiorari

According to Education Law §3651.1-a, must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies.

Unemployment Insurance

According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)**

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)

EQUITY CLASSIFICATIONS (continued)

Funds Statements (continued)

Workers' Compensation

According to General Municipal Law §6-j, must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the General Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

Committed – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The School District has not committed fund balances as of June 30, 2017.

Assigned – Includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted or committed. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund.

ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)
EQUITY CLASSIFICATIONS (continued)
Funds Statements (continued)

Unassigned – Includes all other General Fund amounts that do not meet definition of the above four classifications and are deemed to be available for general use by the School District and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amount had been restricted or assigned. In accordance with state guidelines, unassigned fund balance in the general fund includes the following reserve:

Reserve for Tax Reduction

Reserve for Tax Reduction ((Education Law §1604(36) and §1709(37)) is used for the gradual use of the proceeds of the sale of District real property where such proceeds are not required to be placed in the mandatory reserve for debt service. Specifically, the District is permitted to retain the proceeds of the sale for a period not to exceed ten years, and to use them during that period for tax reduction. The reserve is accounted for in the general fund.

Unassigned Fund Balance

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the School District's budget for the General Fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation. The portion of the District's fund balance subject to the New York State Real Property Tax Law §1318 limit exceeded the amount allowable, which is 4% of the District's budget for the upcoming school Year. Actions the District plans to pursue to address this issue include the development of a multi-year financial plan to estimate future fund balance over time and one-time expenditures to reduce fund balance.

Order of Use of Fund Balance:

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

NEW ACCOUNTING STANDARDS

The District has adopted and implemented all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2017 the District implemented the following applicable new standards issued by GASB:

ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)
NEW ACCOUNTING STANDARDS (continued)

GASB has issued Statement No. 77, *Tax Abatement Disclosures*. This standard is effective for the year ending June 30, 2017. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce that reporting government's tax revenue.

GASB has issued Statement No. 82, *Pension Issues – An Amendment of GASB Statements No. 67, No. 68, and No. 73* effective for reporting period beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.

FUTURE ACCOUNTING STANDARDS

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, effective for the year ending June 30, 2018. This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans. The provisions for this statement are effective for the year ending June 30, 2018.

GASB has issued Statement No. 81, *Split-Interest Agreements*, effective for the year ending June 30, 2018.

GASB has issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for the year ending June 30, 2019.

GASB has issued Statement No. 84, *Fiduciary Activities* effective for the year ending June 30, 2020.

GASB has issued Statement No. 85, *Omnibus*, effective for the year ending June 30, 2018.

GASB has issued Statement No. 86, *Certain Debt Extinguishment Issues*, effective for the year ending June 30, 2018; and

GASB has issued Statement No. 87, *Leases*, effective for the year ending June 30, 2021.

The District is currently studying the statements and plans adoption if and when required.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)**

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the district-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources focus of the governmental funds.

TOTAL OF GOVERNMENTAL FUND BALANCES VERSUS NET POSITION OF GOVERNMENTAL ACTIVITIES

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheet.

Long-term Assets

The costs of building and acquiring capital assets (land, buildings, and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.

Original cost of capital assets	\$ 20,532,032
Accumulated depreciation	<u>(6,122,000)</u>
Net Capital Assets	<u>\$ 14,410,032</u>

Other Liabilities

Other liabilities such as retainage held in the capital construction project are reported in the Statement of Net Position but not in the governmental fund statements because they are included in carryover encumbrance. Contract settlements that fall beyond the period of availability of District resources are reported in the Statements of Net Position but not in the governmental fund statements. Balances at year end were:

Accrued Liabilities	\$ 84,624
Retainage	<u>178,013</u>
Total	<u>\$ 262,637</u>

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)**

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (continued)

TOTAL OF GOVERNMENTAL FUND BALANCES VERSUS NET POSITION OF GOVERNMENTAL ACTIVITIES (continued)

Long-term Liabilities

Long-term liabilities are reported in the Statement of Net Position but not in the governmental fund statements because they are not due and payable in the current period. Balances at year end were:

Bonds Payable	\$	1,784,941
Compensated Absences		82,491
Bond Interest Payable		94,344
Premium Unearned		37,003
Other Post-employment Benefits		<u>12,734,585</u>
 Total	 \$	 <u><u>14,733,364</u></u>

Pension

Pension differences occur as a result of changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension system:

Pension Asset	\$	-
Pension Liability		<u>(661,299)</u>
	\$	<u><u>(661,299)</u></u>

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the statement of Net Position will sometimes report a separate section for deferred outflows and inflows of resources. The separate financial statement element, deferred outflows of resources, represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The separate financial statement element, deferred inflows of resources, represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Outflows and Inflows of resources were:

Deferred Outflow of Resources	\$	2,789,066
Deferred Inflows of Resources		<u>(150,051)</u>
	\$	<u><u>2,639,015</u></u>

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)**

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (continued)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE VERSUS STATEMENT OF ACTIVITIES

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories. The amounts shown below represent:

Long-term Revenue Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available,” whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the Statement of Activities.

Long-term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)**

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (continued)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE VERSUS STATEMENT OF ACTIVITIES (continued)

Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities

Total revenues and other funding sources:

Total revenues and other funding sources of governmental funds \$ 12,967,474

Reconciling items:

Less BAN premium (32,180)

Add net gain from disposal of equipment 10,341

Total revenues from governmental activities - Statement of Activities \$ 12,945,635

Total expenditures and other financing:

Total expenditures reported in governmental funds \$ 16,313,745

Reconciling items:

Add depreciation expense 472,247

Add change in interest accrual 81,801

Less premium earned (37,913)

Add bond refunding costs recognized 2,872

Add: Expenses beyond period of availability of resources 84,624

Less change in compensated absences (27,590)

Add change in other postemployment benefits 1,969,086

Less capital expenditures (capitalized in government-wide statement) (4,154,438)

Add changes in retirement benefits 153,871

Less payment on long-term debt (720,659)

Total expenses of governmental activities - Statement of Activities \$ 14,137,646

ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)

NOTE 3 - CASH AND INVESTMENTS

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these Notes. Deposits are valued at cost, or cost plus interest, and are categorized as either:

- A. Insured or collateralized with securities held by the District or by its agent in the District's name, or
- B. Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name, or
- C. Uncollateralized.

Total financial institution bank balances at year-end, per the bank, are categorized as follows:

A.	\$	250,010
B.	\$	6,720,494
C.	\$	-

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$538,508 within the governmental funds.

NOTE 4 - PARTICIPATION IN BOCES

During the year, the District was billed \$2,000,296 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$279,393.

Financial statements for the BOCES are available from the BOCES administrative office.

ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)

NOTE 5 - CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2017 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements Reclassifications</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 54,825	\$ -	\$ -	\$ 54,825
Construction in Progress	<u>707,633</u>	<u>4,060,351</u>	<u>(406,441)</u>	<u>4,361,543</u>
Total cost non-depreciable assets	<u>762,458</u>	<u>4,060,351</u>	<u>(406,441)</u>	<u>4,416,368</u>
Capital assets that are depreciated:				
Buildings	13,784,436	406,441	-	14,190,877
Furniture and Equipment	185,049	6,074	-	191,123
Vehicles	<u>1,613,349</u>	<u>279,026</u>	<u>(158,711)</u>	<u>1,733,664</u>
Total cost depreciable assets	<u>15,582,834</u>	<u>691,541</u>	<u>(158,711)</u>	<u>16,115,664</u>
Less accumulated depreciation:				
Buildings	(4,790,357)	(275,689)	-	(5,066,046)
Furniture and Equipment	(130,600)	(10,789)	-	(141,389)
Vehicles	<u>(884,848)</u>	<u>(185,769)</u>	<u>156,052</u>	<u>(914,565)</u>
Total accumulated depreciation	<u>(5,805,805)</u>	<u>(472,247)</u>	<u>156,052</u>	<u>(6,122,000)</u>
Net capital assets	<u>\$10,539,487</u>	<u>\$ 4,279,645</u>	<u>\$ (409,100)</u>	<u>\$14,410,032</u>
Depreciation expense was charged to				
Governmental functions as follows:				
General Support	\$ 8,024			
Instruction	268,785			
Pupil Transportation	193,538			
School Lunch	<u>1,900</u>			
	<u>\$ 472,247</u>			

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)**

NOTE 6 - SHORT-TERM DEBT

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which an insufficient or no provision is made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

Long-term liability balances and activity for the year are summarized below:

	Beginning Balance	Issued	Redeemed/ Refunded	Ending Balance	Amounts Due Within One Year
Bond Anticipation note:					
2016 Bond Anticipation note, issued 7/28/15 final maturity 7/28/16, at 1.06%	\$ 500,000	\$ -	\$ (500,000)	\$ -	\$ -
2017 Bond Anticipation note, issued 7/28/16 final maturity 7/28/17, at 1.50%	<u>-</u>	<u>6,200,000</u>	<u>-</u>	<u>6,200,000</u>	<u>6,200,000</u>
	<u>\$ 500,000</u>	<u>\$6,200,000</u>	<u>\$ (500,000)</u>	<u>\$ 6,200,000</u>	<u>\$ 6,200,000</u>

Interest on short-term debt for the year was composed of:

Interest paid	\$ 5,300
Less interest accrued in the prior year	(4,893)
Plus interest accrued in the current year	86,121
Less Bond premium recognized	<u>(29,800)</u>
Total Expense	<u>\$ 56,728</u>

Interest on long-term debt for the year was composed of:

Interest paid	\$ 55,754
Less interest accrued in the prior year	(7,650)
Plus interest accrued in the current year	8,223
Plus Bond refunding recognized	2,872
Less Bond premium recognized	<u>(8,114)</u>
Total Expense	<u>\$ 51,085</u>

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)**

NOTE 7 - LONG-TERM OBLIGATIONS

Long-term liability balances and activity for the year are summarized below:

	<u>Amounts</u> <u>Beginning</u> <u>Balance</u>	<u>Issued</u>	<u>Redeemed/</u> <u>Refunded</u>	<u>Ending</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Government activities:					
2003 Serial Bonds, final maturity 12/01/16, at 2.50%-3.25%, per year through final maturity	\$ 435,000	\$ -	\$ 435,000	\$ -	\$ -
2010 Serial Bonds, final maturity 10/01/23, at 1.00%-2.00%, per year refunded in 2016 portion kept	160,000	-	160,000	-	-
2013 Serial Bonds, final maturity 08/01/18, at 0.75%-2.45%, per year through final maturity	150,000	-	50,000	100,000	50,000
2016 Serial Bonds, final maturity 10/01/23, at 1.00%-2.00%, per year through final maturity	<u>1,330,000</u>	<u>-</u>	<u>15,000</u>	<u>1,315,000</u>	<u>180,000</u>
Total Bonds Payable	<u>\$ 2,075,000</u>	<u>\$ -</u>	<u>\$ 660,000</u>	<u>\$ 1,415,000</u>	<u>\$ 230,000</u>
Other Liabilities:					
Compensated Absences	\$ 110,081	\$ 6,475	\$ 22,557	\$ 93,999	\$ 11,508
Installment Purchase Debt	<u>430,600</u>	<u>-</u>	<u>60,659</u>	<u>369,941</u>	<u>63,588</u>
Total Long-Term Liabilities	<u>\$ 2,615,681</u>	<u>\$ 6,475</u>	<u>\$ 743,216</u>	<u>\$ 1,878,940</u>	<u>\$ 305,096</u>

The following is a summary of the maturity of bonds payable:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30,			
2018	\$ 230,000	\$ 26,213	\$ 256,213
2019	230,000	21,512	251,512
2020	185,000	17,250	202,250
2021	185,000	13,550	198,550
2022	190,000	9,800	199,800
2023-2027	<u>395,000</u>	<u>7,950</u>	<u>402,950</u>
	<u>\$ 1,415,000</u>	<u>\$ 96,275</u>	<u>\$ 1,511,275</u>

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)**

NOTE 7 - LONG-TERM OBLIGATIONS (continued)

Installment Purchase Debt – The District entered into a purchase agreement for expenditures under an energy performance contract dated August 21, 2006. A summary of the aggregate minimum annual maturities of installment purchase debt payments is as follows:

Fiscal year ended June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 63,588	\$ 16,432	\$ 80,020
2019	66,659	13,361	80,020
2020	69,879	10,141	80,020
2021	73,254	6,766	80,020
2022	76,791	3,229	80,020
2023-2027	<u>19,770</u>	<u>235</u>	<u>20,005</u>
	<u>\$ 369,941</u>	<u>\$ 50,164</u>	<u>\$ 420,105</u>

The energy performance contract is carried in fixed assets at a cost of \$813,531 with accumulated depreciation of \$170,841 resulting in a net book value of \$642,690.

In prior years, the District advance refunded the 2010 general obligations serial bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the advance refunded bonds are not included in the District's financial statements. There were \$1,280,000 of advance refunded bonds outstanding at June 30, 2017.

NOTE 8 - INTERFUND BALANCES AND ACTIVITY

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 288,546	\$ 9,807	\$ -	\$ 379,076
Special Aid Funds	-	132,316	14,773	-
School Lunch Funds	-	12,847	31,367	-
Debt Service Funds	32,180	-	-	-
Capital Funds	<u>9,807</u>	<u>32,180</u>	<u>332,936</u>	<u>-</u>
Total governmental activities	330,533	187,150	379,076	379,076
Fiduciary Agency Fund	<u>-</u>	<u>143,383</u>	<u>-</u>	<u>-</u>
Totals	<u>\$ 330,533</u>	<u>\$ 330,533</u>	<u>\$ 379,076</u>	<u>\$ 379,076</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

The District typically transfers from the General Fund to the Special Aid Fund for the proportionate share of Summer School program costs, and the School Lunch Fund as a subsidy. The transfer from the General Fund to the Capital Project Fund was to provide resources for authorized capital projects.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)**

NOTE 9 - PENSION PLANS

The District participates in the New York State Employees' Retirement System (NYSERS) and the New York State Teachers' Retirement System (NYSTRS). These are cost-sharing multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

The New York State Teachers' Retirement Board administers NYSTRS. The System provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

NYSERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law govern obligations of employers and employees to contribute, and benefits to employees. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244.

The Systems are noncontributory for the employee who joined prior to July 27, 1976. For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% to 3.5% of their salary. With the exception of ERS tier V and VI employees, employees in the system more than ten years are no longer required to contribute. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The District is required to contribute at a rate determined actuarially by the Systems. The District contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	<u>NYSTRS</u>	<u>NYSERS</u>
2016-2017	\$ 499,729	\$ 177,185
2015-2016	\$ 638,821	\$ 194,797
2014-2015	\$ 590,471	\$ 195,035

NOTE 10 - POST-EMPLOYMENT BENEFITS

The District provides post-employment coverage (health insurance, life insurance, etc.) to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions, and employer contributions are governed by the District's contractual agreements.

ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)

NOTE 10 - POST-EMPLOYMENT BENEFITS (continued)

The District implemented GASB Statement No. 45, Accounting and Financial Reporting by employers for Postemployment Benefits Other than Pensions, in the school year ended June 30, 2010. This required the District to calculate and record a net other post-employment benefit obligation at year end. The net other post-employment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

The health insurance plan is a single employer, defined benefit plan. Currently, 76 retired employees have elected to participate and contribute health insurance payments under the District's group plans - the Provider Choice POS Plan and the Traditional Plan (The Plans). The Traditional Plan is a self-insured indemnity plan; the Provider Choice POS Plan is a self-insured Point of Service plan. Both plans are offered through Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES with benefits administered by POMCO (now UMR). Participants must be eligible to retire under the New York State Retirement System (ERS or TRS) and meet the following minimum requirements: Teachers hired on or after July 1, 2013: age 55 with 15 years of service. All other employees: Age 55 with 10 years of service. All participants retired prior to December 31, 1985 pay 0% of the plan premium. Non-Instructional participants that retired between January 1, 1986 and June 30, 1998 pay 0% of the plans premium. Instructional participants retired between January 1, 1986 and June 30, 1998 pay 10% of the plan premium. All participants who retire on or after July 1, 1998 pay 10% of the plan premium. Retiree benefits continue for the life of the retiree. Spousal benefits continue for the life of the spouse. Surviving spouses are permitted to continue coverage after the death of the retiree, but are responsible for paying 100% of the plan premium. Medicare Part B premiums are reimbursed at 100% for Medicare-eligible retirees, dependents, and surviving spouses. Separate financial statements are not issued for the Plan.

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended June 30, 2017 the District recognized approximately \$838,000 for its share of insurance premiums for currently enrolled retirees.

The District has obtained an actuarial valuation report as of July 1, 2016, for the fiscal year ended June 30, 2017, which indicates that the total liability for other post-employment benefits is \$12,734,585, which is reflected in the Statement of Net Position.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)**

NOTE 10 - POST-EMPLOYMENT BENEFITS (continued)

ANNUAL OPEB COST AND NET OPEB OBLIGATION

The District's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost of the year, the amount actually contributed to the plan, and changes in the District's net OPEB obligation to the Plan:

Annual required contribution	\$ 2,887,575
Interest on net OPEB obligation	430,620
Adjustment to annual required contribution	<u>(622,570)</u>
Annual OPEB cost (expense)	2,695,625
Contributions made	<u>(726,539)</u>
Increase in net OPEB obligation	1,969,086
Net OPEB obligation - beginning of year	<u>10,765,499</u>
Net OPEB obligation - end of year	<u>\$ 12,734,585</u>

The District's annual OPEB cost, the percentage of annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years was as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2015	\$ 2,442,113	28.4%	\$ 8,968,066
June 30, 2016	\$ 2,533,182	27.9%	\$ 10,765,499
June 30, 2017	\$ 2,695,625	27.0%	\$ 12,734,585

FUNDED STATUS AND FUNDING PROGRESS

As of July 1, 2016, the most recent actuarial valuation date, updated for the fiscal year ended June 30, 2017, the plan was 0% funded. The actuarial accrued liability for benefits was \$28,611,495, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$28,611,495. The covered payroll (annual payroll of active employees covered by the plan) was \$5,130,225, and the ratio of the UAAL to the covered payroll was 557.70%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress is required supplementary information following the notes to the financial statements, and would present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)**

NOTE 10 - POST-EMPLOYMENT BENEFITS (continued)

ACTUARIAL METHODS AND ASSUMPTIONS

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2016, actuarial valuation, updated for the year ended June 30, 2017, the actuarial cost method used was the Projected Unit Credit. The actuarial assumptions include a 4.0% investment rate of return, which is a blended rate of the expected long-term investment returns on plan assets (0%) and on employer's own general assets (4.0%). This rate is based on the projected long-term earning rate of the assets expected to be available to pay benefits. Since the District does not currently segregate funding for these benefits, the appropriate rate is the expected return on the employer's general assets. The UAAL is being amortized as a level dollar amount over a 30 year period. A single amortization base is re-amortized each year (open basis, as defined under GASB Statement No. 45). The remaining amortization at June 30, 2017, was 22 years.

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

For its employee health insurance coverage the Alexandria Central School District is a participant in the Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES School Employees' Healthcare Plan, a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of 16 individual governmental units located within the pool's geographic area. The School District pays an annual premium to the Plan for this employee health and accident insurance coverage. The Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES School Employees' Healthcare Plan is considered a self-sustaining risk pool that will provide coverage for its members up to \$750,000 per insured event. The pool obtains independent coverage for insured events in excess of the \$750,000 limit, and the District has essentially transferred all related risk to the pool.

The Alexandria Central School District participates in the Black River Valley Schools Workers' Compensation Plan, a risk sharing pool, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. The District's share of the liability for unbilled and open claims is \$0.

ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)

NOTE 12 - FUND BALANCES

Portions of fund balances are reserved and not available for current expenses or expenditures, as reported in the Governmental Funds Balance Sheet.

The Capital Fund had a deficit balance resulting from the capital project financing. The District will recognize revenues from additional long-term financing to close out the capital project in the next few years.

NOTE 13 - DONOR-RESTRICTED ENDOWMENTS

The District administers an endowment fund, which is restricted by the donor. Donor-restricted endowments are reported at fair value. The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

Grants

The District has received grants, which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the District's administration believes disallowances, if any, will be immaterial.

Compensated Absences

The District allows employees to accumulate sick days in accordance with respective employment contracts that can be paid out in cash upon retirement from the District. The employee must meet the eligibility requirements for retirement of the respective retirement system (ERS or TRS). In accordance with the provisions of GASB #16, for employees that have not met the respective retirement systems eligibility requirements the value of these compensated absences is considered a contingent liability. The District values this contingency at \$305,735.

Construction Contracts

The District has remaining commitments to various contractors for the current capital construction project totaling \$1,705,985 at June 30, 2017.

NOTE 15 - USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017
(CONTINUED)**

NOTE 16 - TAX ABATEMENTS

The County of Jefferson, enters into various property tax abatement programs for the purpose of economic development. The Industrial Development Agency (the Agency), created by Chapter 565 of the Laws of 1970 of the State of New York pursuant to Title I of Article 18-A of General Municipal Law of the State of New York (collectively “the Act”), is empowered to enter into real property tax abatement agreements with an entity in the District under Section 412-a of the New York State Real Property Tax Law and Section 874 of the Act for the purpose of economic development in the District. Generally, these agreements provide for an abatement of real property taxes in exchange for a payment in lieu of taxes (PILOT) based on the requirements noted in the individual agreements.

The District has not entered into any PILOT agreements negotiated by the Jefferson County Industrial Development Agency as of June 30, 2017. However, The District does receive a PILOT payment from the Thousand Island Bridge Authority (TIBA) that is voluntary. TIBA is not a property tax paying entity therefore the District is not receiving less tax revenues than it would normally receive. The District received payment in Lieu of Tax (PILOT) payments from TIBA totaling \$45,999.

NOTE 17 - SUBSEQUENT EVENTS

The District has evaluated events and transactions that occurred between June 30, 2017 and October 25, 2017, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 18 - PRIOR PERIOD ADJUSTMENT/CORRECTION OF ERRORS

The following prior period adjustments were necessary to correct beginning fund balance in the governmental statements and beginning net position in the government wide statements:

	Governmental Statements	Government-Wide Statements
Compensated absences are recorded as a liability when they mature in the governmental statements and when all conditions are met in the government-wide statements:	\$366,901	\$256,819
One- half of Medicaid funds paid to a District are deducted by New York State from excess cost aid payments:	(2,366)	(2,366)
Bond issuance costs are expensed in the period incurred	-	(69,187)
Deferred interest on bond refunding cost should be recognized over the shorter of the life of the new or old bonds	-	7,180
Unearned grant funds should be earned in the period the funds are spent	-	(25,000)
Subsequent contribution to retirement systems are deferred outflows of resources	-	688,634
Total Prior Period Adjustments	<u>\$364,535</u>	<u>\$856,080</u>

SUPPLEMENTARY INFORMATION

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
SCHEDULES OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 12,039,917
Add: Prior Year's Encumbrances	70
Original Budget	12,039,987
Add: Increases in Appropriations - Gifts	-
Add: Appropriated Reserves - Tax Certiorari	24,669
Budget Adjustments	1,058,497
Final Budget	\$ 13,123,153

Next year's budget is a voter-approved budget of: \$ 13,128,841

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2017-2018 Voter-approved Expenditure Budget	
Maximum Allowed 4% of 2017-2018 Budget	\$ 13,128,841

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:

Unrestricted Fund Balance:	
Committed Fund Balance	-
Assigned Fund Balance	1,014,000
Unassigned Fund Balance	2,206,228
Total Unrestricted Fund Balance	\$ 3,220,228

Less:	
Appropriated Fund Balance	1,000,000
Insurance Recovery Reserve	-
Tax Reduction Reserve	-
Encumbrances Included in Committed and Assigned Fund Balance	14,000
Total Adjustments	\$ 1,014,000

General Fund Fund Balance Subject to Section 1318	
Real Property Tax Law	\$ 2,206,228

Actual Percentage 16.80%

**GOUVERNEUR CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP) BASIS AND ACTUAL-
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance with Budgetary Actual
REVENUES				
Local Sources:				
Real Property Taxes	\$ 7,047,554	\$ 7,047,554	\$ 6,618,815	\$ (428,739)
Other Tax Items	51,192	51,192	492,643	441,451
Charge for Services	2,000	2,000	6,138	4,138
Use of Money and Property	1,000	1,000	5,336	4,336
Sale of Property and Compensation for Loss	300	300	538	238
Miscellaneous	217,155	217,155	252,597	35,442
Interfund Revenues	-	-	-	-
Total Local Sources	<u>7,319,201</u>	<u>7,319,201</u>	<u>7,376,067</u>	<u>56,866</u>
State Sources	4,720,716	4,720,716	4,694,225	(26,491)
Federal Sources	-	-	21,017	21,017
Total Revenues	12,039,917	12,039,917	12,091,309	51,392
OTHER FINANCING SOURCES				
Transfers from Other Funds	-	-	-	-
Appropriated Fund Balance	752,000	1,083,236	-	(1,083,236)
Total Revenues and Other Financing Sources	<u>\$ 12,791,917</u>	<u>\$ 13,123,153</u>	<u>\$ 12,091,309</u>	<u>\$ (1,031,844)</u>

See paragraph on supplementary schedules included in auditors' report.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP) BASIS AND ACTUAL-GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2017
(CONTINUED)**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Final Budget Variance with Budgetary Actual and Encumbrances
EXPENDITURES					
General Support:					
Board of Education	\$ 15,666	\$ 21,595	\$ 20,876	\$ -	\$ 719
Central Administration	176,301	189,216	186,115	-	3,101
Finance	197,660	175,733	171,467	-	4,266
Staff	39,500	48,644	48,316	-	328
Central Services	939,499	888,736	770,749	14,000	103,987
Special Items	157,550	197,219	188,536	-	8,683
Total General Support	<u>1,526,176</u>	<u>1,521,143</u>	<u>1,386,059</u>	<u>14,000</u>	<u>121,084</u>
Instruction:					
Instruction - Administration & Improvement	326,929	332,616	324,362	-	8,254
Teaching - Regular School	2,783,593	2,789,799	2,647,871	-	141,928
Programs for Students with Disabilities	1,463,330	1,372,661	1,291,097	-	81,564
Occupational Education	457,743	477,743	476,447	-	1,296
Teaching - Special Schools	-	-	-	-	-
Instructional Media	197,345	295,821	290,574	-	5,247
Pupil Services	486,195	494,897	463,068	-	31,829
Total Instruction	<u>5,715,135</u>	<u>5,763,537</u>	<u>5,493,419</u>	<u>-</u>	<u>270,118</u>
Pupil Transportation	1,179,087	1,138,968	901,351	-	237,617
Community Services	-	-	-	-	-
Employee Benefits	3,485,480	3,486,451	2,980,677	-	505,774
Debt Service	786,039	791,786	781,713	-	10,073
Total Expenditures	<u>12,691,917</u>	<u>12,701,885</u>	<u>11,543,219</u>	<u>14,000</u>	<u>1,144,666</u>
OTHER FINANCING USES					
Transfers To Other Funds	<u>100,000</u>	<u>421,268</u>	<u>379,076</u>	<u>-</u>	<u>42,192</u>
Total Expenditures and Other Uses	<u>\$ 12,791,917</u>	<u>\$ 13,123,153</u>	<u>\$ 11,922,295</u>	<u>\$ 14,000</u>	<u>\$ 1,186,858</u>
Excess Revenue and Other Sources over Expenditures and Other Uses			<u>169,014</u>		
Fund Balance - Beginning of Year, As Previously Stated			3,235,640		
Restatement			<u>364,535</u>		
Fund Balance - Beginning of Year, As Restated			<u>3,600,175</u>		
Fund Balance - End of Year			<u>\$ 3,769,189</u>		

See paragraph on supplementary schedules included in auditors' report.

ALEXANDRIA CENTRAL SCHOOL DISTRICT
SCHEDULE OF CAPITAL PROJECTS FUND - PROJECT EXPENDITURES AND FINANCING RESOURCES
FOR THE YEAR ENDED JUNE 30, 2017

Project Title	Original Appropriation	Revised Appropriation	Expenditures to Date			Unexpended Balance	Proceeds of Obligations	Excel	Local Sources	Total	Fund Balance June 30, 2017
			Prior Year	Current Year	Total						
Emergency Project	\$ 380,000	\$ 380,000	\$ 198,516	\$ 159,039	\$ 357,555	\$ 22,445	\$ -	\$ -	\$ 357,555	\$ 357,555	\$ -
Renovation	6,200,000	6,200,000	509,117	3,674,413	4,183,530	2,016,470	-	-	-	-	(4,183,530)
Greenhouse	48,886	48,886	-	48,886	48,886	-	-	-	48,886	48,886	-
Total	<u>\$ 6,628,886</u>	<u>\$ 6,628,886</u>	<u>\$ -</u>	<u>\$ 3,882,338</u>	<u>\$ 4,589,971</u>	<u>\$ 2,038,915</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 406,441</u>	<u>\$ 406,441</u>	<u>\$ (4,183,530)</u>

See paragraph on supplementary schedules included in auditors' report.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2017**

Capital Assets, Net		\$ 14,410,032
Deduct:		
Bond Anticipation Notes	6,200,000	
Short-term portion of bonds payable	293,588	
Long-Term portion of bonds payable	<u>1,491,353</u>	
		<u>7,984,941</u>
Net Investment in Capital Assets		<u><u>\$ 6,425,091</u></u>

See paragraph on supplementary schedules included in auditors' report.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS FOR POSTEMPLOYMENT BENEFIT PLAN
FOR THE YEAR ENDED JUNE 30, 2017**

Actuarial Valuation Date	Actuarial Valuation of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a) / c)
7/1/2016	\$ -	\$ 28,611,495	\$ 28,611,495	0.0%	\$ 5,130,225	557.7%
7/1/2015	*	27,804,603	27,804,603	0.0%	5,014,277	554.5%
7/1/2014	-	27,804,603	27,804,603	0.0%	4,864,728	571.6%
7/1/2013	-	22,533,934	22,533,934	0.0%	4,780,519	471.4%

* Interim Valuation Report

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 FISCAL YEARS**

New York State Teachers Retirement System (TRS)

	2017	2016	2015
District's proportion of the net pension liability (asset)	0.023349%	0.023346%	0.023766%
District's proportionate share of the net pension liability (asset)	\$ 250,072	\$ (2,424,951)	\$ (2,647,391)
District's covered-employee payroll	\$ 3,598,184	\$ 3,503,926	\$ 3,578,723
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	6.95%	(69.21%)	(73.98%)
Plan fiduciary net position as a percentage of the total pension liability	99.01%	110.46%	111.48%

Note - amounts presented for each fiscal year were determined as of the June 30th measurement date as of the prior fiscal year

(1) Data not available prior to fiscal year 2015 implementation of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

New York State Employees Retirement System (ERS)

	2017	2016	2015
District's proportion of the net pension liability (asset)	0.0043765%	0.0043800%	0.0043000%
District's proportionate share of the net pension liability (asset)	\$ 411,227	\$ 702,948	\$ 145,265
District's covered-employee payroll	\$ 1,212,571	\$ 1,132,814	\$ 1,129,900
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	33.91%	62.05%	12.86%
Plan fiduciary net position as a percentage of the total pension liability	94.70%	90.70%	97.90%

Note - amounts presented for each fiscal year were determined as of the March 31st measurement date as of the current fiscal year

(1) Data not available prior to fiscal year 2015 implementation of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

See paragraph on supplementary schedules included in auditors' report.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS**

New York State Teachers Retirement System (TRS)

	2017	2016	2015
Contractually required contribution	\$ 477,745	\$ 614,769	\$ 590,471
Contributions in relation to the contractually required contribution	<u>477,745</u>	<u>614,769</u>	<u>590,471</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 3,598,184	\$ 3,503,926	\$ 3,578,723
Contributions as a percentage of covered employee payroll	13.28%	17.55%	16.50%

Note - amounts presented for each fiscal year were determined as of the June 30th measurement date as of the prior fiscal year

(1) Data not available prior to fiscal year 2015 implementation of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

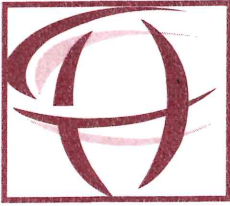
New York State Employees Retirement System (ERS)

	2017	2016	2015
Contractually required contribution	\$ 177,185	\$ 194,797	\$ 195,035
Contributions in relation to the contractually required contribution	<u>177,185</u>	<u>194,797</u>	<u>195,035</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 1,212,571	\$ 1,132,814	\$ 1,129,900
Contributions as a percentage of covered employee payroll	14.61%	17.20%	17.26%

Note - amounts presented for each fiscal year were determined as of the June 30th measurement date as of the prior fiscal year

(1) Data not available prior to fiscal year 2015 implementation of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

See paragraph on supplementary schedules included in auditors' report.



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

To the Board of Education
Alexandria Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alexandria Central School District, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Alexandria Central School District's basic financial statements and have issued our report thereon dated October 25, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified a certain deficiency in internal control we consider to be a material weakness, as item 2017-001.



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

Compliance and Other Matters

As a part of obtaining reasonable assurance about whether Alexandria Central School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses, as item 2017-002.

Alexandria Central School District's Response to Findings

The Alexandria Central School District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The Alexandria Central School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Watertown, NY
October 25, 2017

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2017**

The following deficiency has been determined to be a material weakness over financial reporting:

2017-001: Deficiencies in the Design of Controls over financial statement preparation and material prior period adjustments

Condition and Criteria: The District did not have an adequate system in place to prepare financial statements with required supplementary information. As a result, the following significant prior period adjustments to correct errors were required:

- Adjustments were necessary to the Governmental Fund Statements increasing beginning general fund balance by \$364,535 due to an error in accounting for compensated absences. For the Governmental Fund Statements compensated absences are only a liability for benefits that have matured. The New York State Comptroller office issued guidance in December 2008 explaining that “the liability will include only payments for unused compensated absences for those employees that have obligated themselves to separate from service with the District by the fiscal year end.”
- Adjustments were necessary to the Government-wide Financial Statements increasing net position by \$856,080. The adjustments were primarily due to the following errors in accounting; Compensated absences liability was overstated by \$256,819. Bond issuance costs in the amount of \$69,187 associated with the 2016 serial bonds were capitalized instead of expensed in fiscal year 2016. Unearned grant revenue in the amount of \$25,000 was recognized in the Government-wide statements when it was recorded as unearned in the Government Fund Statements. Subsequent contributions to the two retirement systems in the amount of \$688,634 were not shown as deferred outflows in the fiscal year 2016 as prescribed by GASB Statement 71.

Cause: The District did not have an adequate system of internal controls in place over financial statements preparation.

Effect: We proposed material audit adjustments that would not have been identified as a result of the District’s existing internal controls and, therefore, could have resulted in a material misstatement of the District’s financial statements.

Recommendation: We recommend that the District develop a process to review financial policies and standards to ensure the proper recording of all transactions. Schedules supporting governmental and government-wide adjustments should be developed and evaluated for accuracy and compliance.

Management’s response: *The District will review financial policies and ensure proper schedules supporting amounts and disclosures.*

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2017
(CONTINUED)**

COMPLIANCE AND OTHER MATTERS

The following is considered an instance of non-compliance:

2017-002: Fund Balance: Real Property Tax Law

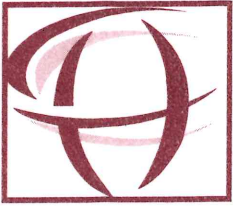
Condition and Criteria: The District's unassigned fund balance was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year.

Cause: Fund balance was not monitored to ensure unassigned fund balance did not exceed the limit imposed by New York State Real Property Tax Law.

Effect: The unassigned fund balance was in excess of the New York State Real Property Tax Law §1318 limit.

Recommendation: We recommend that the district adhere to the 4% rule when preparing upcoming school year's budget by continually monitoring its fund balance to determine projected fund balance excesses before determining tax increases for the following year. The District should continue to utilize all reserves allowed by law to decrease excess fund balance. Fund balance should be managed starting in January and updated monthly throughout the rest of the fiscal year in order to project the unassigned portion and comply with NYS Real Property Tax Law §1318.

Management's Response: *The District will take steps to manage fund balance to comply with the 4% rule for unassigned fund balance.*



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INDEPENDENT AUDITORS' REPORT ON THE EXTRACLASSROOM ACTIVITY FUND

To the Board of Education
Alexandria Central School District

We have audited the accompanying Statement of Assets, Liabilities and Fund Balance - Cash Basis of the Extraclassroom Activity Fund of Alexandria Central School District as of June 30, 2017, the related Statements of Cash Receipts and Disbursements – Cash Basis, and the related note to the financial statements for the year then ended.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with a comprehensive basis of accounting other than generally accepted accounting principles in the United State of America as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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 error or fraud.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



Crowley & Halloran, CPAs, P.C.
Certified Public Accountants, Auditors, and Consultants

**INDEPENDENT AUDITORS' REPORT ON THE
EXTRACLASSROOM ACTIVITY FUND (continued)**

Opinion

In our opinion, the financial statements referred to above presents fairly, in all material respects, the assets, liabilities, and fund balance – cash basis of the Extraclassroom Activity Fund of the Alexandria Central School District as of June 30, 2017, and its cash receipts and cash disbursements – cash basis for the year then ended on the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.



Watertown, NY
October 25, 2017

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
EXTRACLASROOM ACTIVITY FUND -
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS
JUNE 30, 2017**

ASSETS

Cash	\$ 65,860
Total Assets	<u>\$ 65,860</u>

LIABILITIES AND FUND BALANCE

Liabilities	
Activity Accounts	\$ 65,860
Total Liabilities	<u>65,860</u>
Total Liabilities and Fund Balance	<u>\$ 65,860</u>

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

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
EXTRACLASROOM ACTIVITY FUND -
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2017**

	Cash Balances <u>June 30, 2016</u>	<u>Receipts</u>	<u>Disbursements</u>	Cash Balances <u>June 30, 2017</u>
Class of 2017	\$ 5,619	\$ 7,026	\$ 11,051	\$ 1,594
Class of 2018	6,979	13,597	5,491	15,085
Class of 2019	2,129	8,755	5,619	5,265
Class of 2020	-	3,941	1,735	2,206
Band	5,816	18,077	21,042	2,851
French Club	3,804	9,063	8,360	4,507
FFA Club	13,113	22,815	18,570	17,358
FHA	50	1,278	1,297	31
Academic Honors Club	1,104	-	1,104	-
Varsity Club	279	5,625	3,730	2,174
Yearbook	2,613	10,469	12,019	1,063
Senior Honor Society	227	5,207	3,961	1,473
Vocal Music Club	12,737	10,088	12,502	10,323
Select Choir Club	7,686	12,549	19,603	632
Student Council	1,310	-	12	1,298
Odyssey of the Mind	30	-	30	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 63,496</u>	<u>\$ 128,490</u>	<u>\$ 126,126</u>	<u>\$ 65,860</u>

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

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Funds are considered a part of the reporting entity of the Alexandria Central School District. The transactions for the year are not included in the combined financial statements of the school district, but the June 30, 2017 cash balances are included in the Trust and Agency Fund.

The books and records of the Alexandria Central School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenditures recognized when cash is disbursed.

The School District's management requires that all activities included in the Extraclassroom Activity Fund meet the criteria for student activities as established by the New York State Education Department.