

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

ANNUAL FINANCIAL REPORT

JUNE 30, 2018

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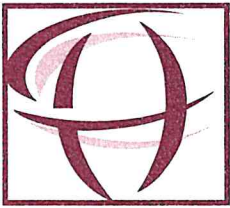
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Independent Auditors' Report

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, 2018, 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, 2018, 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.

Emphasis of Matter

Change in Accounting Principle

We draw attention to Notes 10 and 18 in the notes to the financial statements which disclose the effects of Alexandria Central School District's adoption of the provisions of GASB Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

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 changes in the District's total OPEB liability and related ratios, 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.



Independent Auditors' Report (continued)

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.

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 1, 2018 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Alexandria Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alexandria Central School District's internal control over financial reporting and compliance.

October 1, 2018
Watertown, New York

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

The following is a discussion and analysis of the Alexandria Central School District's financial performance for the fiscal year ended June 30, 2018. 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, as well as a comparative analysis to prior year information. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section. Responsibility for the completeness and fairness of the information contained rests with the School District.

School District Overview/Highlights

The School District is governed by a seven member Board of Education, with each member elected to a three-year term, and 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. Thus, the District is reliant on property tax revenue to fund its programs, with a property tax rate of \$11.89 per thousand on true value. For the 2017-18 school year approximately 59% of revenue was from property tax revenue and 38% came from state aid.

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). Both the SEIU and Faculty Association contracts were settled during the year. The contract for the teachers expires on June 30, 2020; the contract for support staff expires on June 30, 2021.

The District implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions which required a restatement of \$20,862,793, decreasing net position and increasing the liability for OPEB. The 2017 balances in this Management's Discussion and Analysis have not been restated to reflect this change. This liability amounts to \$32,345,343 at June 30, 2018.

Overview of Financial Statements

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School District.

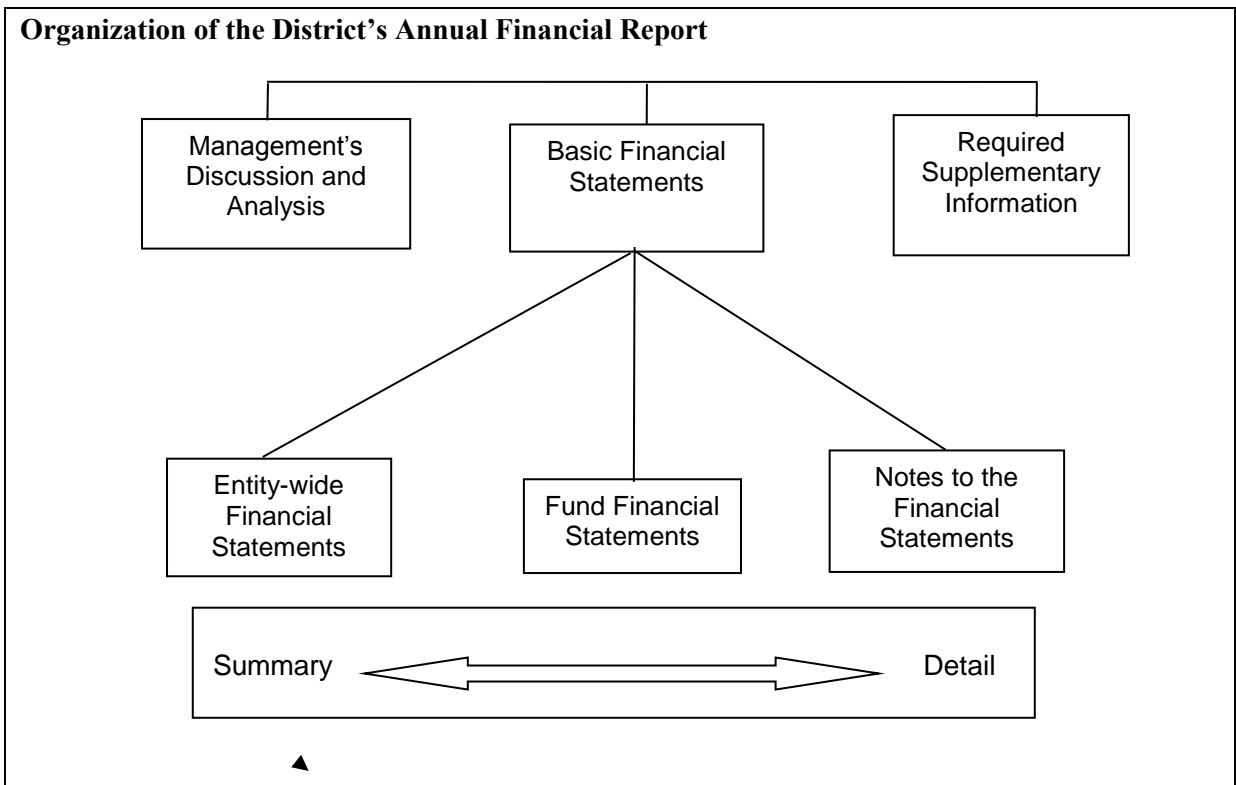
- The first two statements are *District-wide* financial statements that provide both *short-term* and *long-term* information about the School District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations in *more detail* than the District-wide statements.
- 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.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

- *Fiduciary funds* statements provide information about the financial relationships in which the School District acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information (Supplemental Schedule SS-2) that further explains and supports the financial statements with a comparison of the School District's budget and actual for the year.

The chart below shows how the various parts of this annual report are arranged and related to one another.



The chart on the following page summarizes the major features of the School District's financial statements, including the portion of the School District's activities that they cover and the types of information that they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

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 fiduciary, such as instruction, special education and building maintenance. | Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies. |
| Required Financial Statements | <ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities | <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/ Liability Information | All assets and liabilities, both financial and capital, short-term and long-term debt | Generally, assets expected to be used up and liabilities that come due during the year or soon after; no capital assets or long-term liabilities included | All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can |
| Type of Inflow/ Outflow Information | All revenue and expenses during the 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 | Additions and deductions during the year, regardless of when cash is received or paid |

District-Wide Statements

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 and liabilities. 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 and liabilities – 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 is an indicator of whether its financial position is improving or deteriorating, respectively.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

- To assess the School District's overall health, additional non-financial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities should be considered.

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 and federal aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "major" funds – not the School District as a whole. 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 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:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out, and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine 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 at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- **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 School District is responsible for ensuring that 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 assets to finance its operations.

Financial Analysis of the School District as a Whole

Net position may serve over time as a useful indicator of a government's financial position. In the District's case, liabilities and deferred inflows exceeded assets and deferred outflows by \$21,519,789 at the close of the fiscal year. This represents a \$20,501,043 decrease in net position for the year. The change is largely due to the prior period adjustment required per GASB 75 in regards to Other Postemployment Benefits (OPEB) reporting, totaling \$20,862,793 and a new bond totaling \$6,090,000. The largest portion of the School District's net assets reflects its investment in capital assets, less any related outstanding debt used to acquire those assets.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

The schedule below summarizes the School District's net position. The complete Statement of Net Position can be found in the School District's basic financial statements on page 20.

Condensed Statement of Net Position

| | Governmental Activities and Total School District | | | |
|----------------------------------|--|---------------------|-----------------------|-------------------|
| | <u>2018</u> | <u>2017</u> | <u>\$ Change</u> | <u>% Change</u> |
| Current and Other Assets | \$ 4,111,127 | \$ 6,684,149 | \$(2,573,022) | (38.5%) |
| Capital & Pension Asset | <u>16,283,070</u> | <u>14,410,032</u> | <u>1,873,038</u> | <u>13.0%</u> |
| Total Assets | <u>20,394,197</u> | <u>21,094,181</u> | <u>(699,984)</u> | <u>(3.3%)</u> |
| | | | | |
| Deferred Outflows of Resources | <u>3,591,744</u> | <u>2,789,066</u> | <u>802,678</u> | <u>28.8%</u> |
| | | | | |
| Long-Term Debt Outstanding | 40,169,424 | 15,263,316 | 24,906,108 | 163.2% |
| Other Liabilities | <u>650,993</u> | <u>7,451,134</u> | <u>(6,800,141)</u> | <u>(91.3%)</u> |
| Total Liabilities | <u>40,820,417</u> | <u>22,714,450</u> | <u>18,105,967</u> | <u>79.7%</u> |
| | | | | |
| Deferred Inflows of Resources | <u>4,615,224</u> | <u>150,051</u> | <u>4,465,173</u> | <u>2,975.8%</u> |
| | | | | |
| Net Position | | | | |
| Net Investment in Capital Assets | 8,536,636 | 6,425,091 | 2,111,545 | 32.9% |
| Restricted | 956,612 | 570,688 | 385,924 | 67.6% |
| Unrestricted | <u>(30,942,948)</u> | <u>(5,977,033)</u> | <u>(24,965,915)</u> | <u>(417.7%)</u> |
| Total Net Position (Deficit) | <u>\$ (21,449,700)</u> | <u>\$ 1,018,746</u> | <u>\$(22,468,446)</u> | <u>(2,205.5%)</u> |

In general, current assets are those assets that are available to satisfy current obligations, and current liabilities are those liabilities that will be paid within one year. Current assets consist primarily of unrestricted cash equivalents of \$3.5 million and state and federal aid receivables of \$318,000.

Current liabilities consist principally of accounts payable and accrued expenses of \$600,000. Of this total, payables to the Teachers' Retirement System and the Employees' Retirement System account for \$453,000.

The implementation of GASB 75 during the year resulted in increases in long-term liabilities of \$19.6 million, deferred outflows of resources of \$1.2 million and deferred inflows of resources of \$4 million.

The Statement of Activities shows the cost of program services net of charges for services and grants offsetting those services. General revenues including tax revenue, investment earnings and unrestricted state and federal aid must support the net cost of the School District's programs.

The schedule below summarizes the School District's activities and reflects the change in net assets depicted above. The complete Statement of Activities can be found in the School District's basic financial statements on page 22.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

Condensed Net Position from Operating Results

| | <u>Governmental Activities and Total School District</u> | | | |
|--|--|-----------------------|---------------------|-----------------|
| | <u>2018</u> | <u>2017</u> | <u>\$ Change</u> | <u>% Change</u> |
| Revenues | | | | |
| Program Revenues | | | | |
| Charges for Services | \$ 100,458 | \$ 104,222 | \$ (3,764) | (3.6%) |
| Operating Grants and Contributions | 712,684 | 739,799 | (27,115) | (3.7%) |
| General Revenues | | | | |
| Property Taxes and Other Tax Items | 7,250,844 | 7,111,458 | 139,386 | 2.0% |
| State Formula Aid | 4,683,046 | 4,694,225 | (11,179) | (0.2%) |
| Federal Aid | 5,907 | 21,017 | (15,110) | (71.9%) |
| Interest Earnings | 709 | 4,836 | (4,127) | (85.3%) |
| Miscellaneous | <u>243,960</u> | <u>270,078</u> | <u>(26,118)</u> | <u>(9.7%)</u> |
| Total Revenues and Special Items | <u>12,997,608</u> | <u>12,945,635</u> | <u>51,973</u> | <u>0.4%</u> |
| Expenses | | | | |
| General Support | 2,604,429 | 2,401,050 | 203,379 | 8.5% |
| Instruction | 10,230,546 | 9,980,551 | 249,995 | 2.5% |
| Transportation | 1,332,678 | 1,286,280 | 46,398 | 3.6% |
| Debt Service - Interest | 122,458 | 107,814 | 14,644 | 13.6% |
| Food Service | <u>313,150</u> | <u>361,951</u> | <u>(48,801)</u> | <u>(13.5%)</u> |
| Total Expenses | <u>14,603,261</u> | <u>14,137,646</u> | <u>465,615</u> | <u>3.3%</u> |
| Increase (Decrease) in Net Position | <u>\$ (1,605,653)</u> | <u>\$ (1,192,011)</u> | <u>\$ (413,642)</u> | <u>(34.7%)</u> |

Governmental Activities

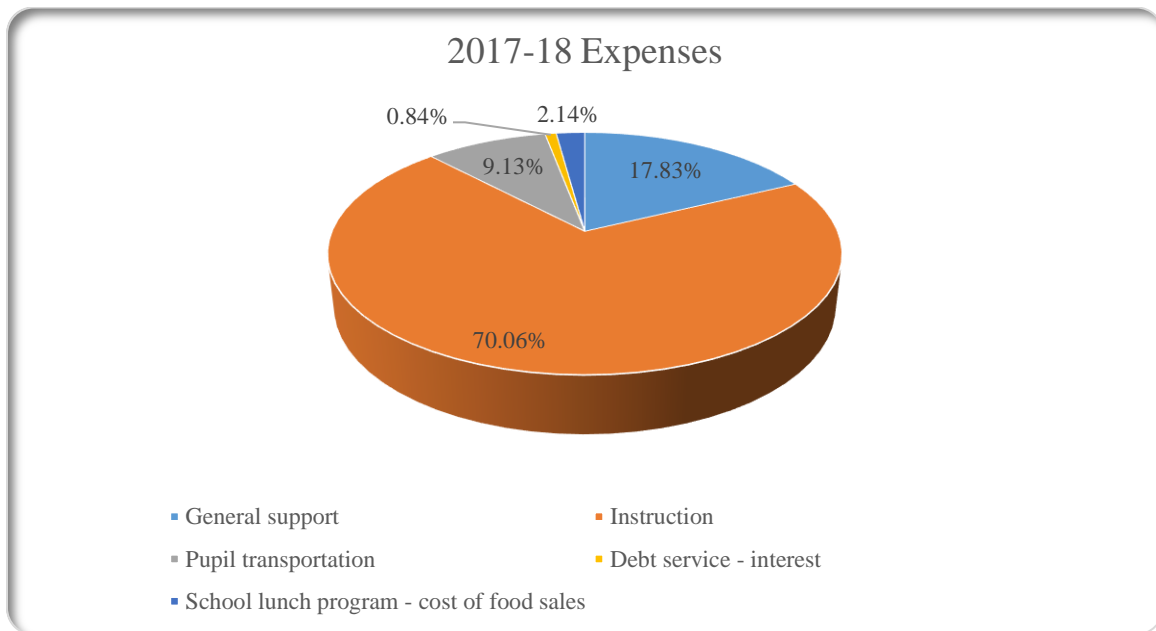
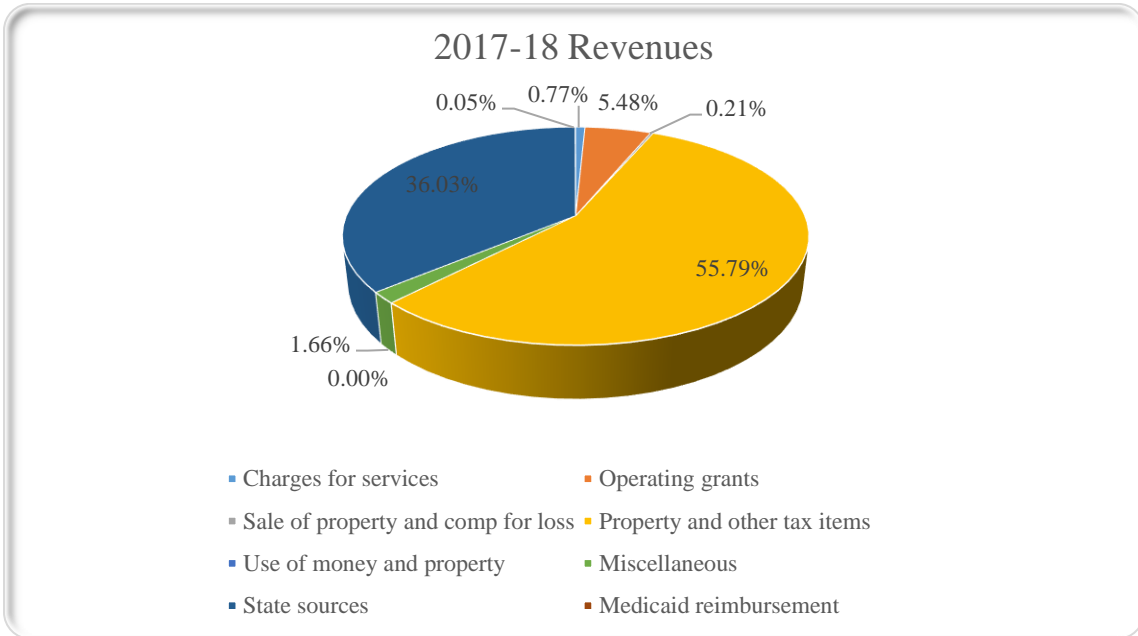
The following analysis compares the total cost of services provided by the District in relation to the net cost of providing the service after considering program service revenues generated and program operating grants.

Net Cost of Governmental Activities

| | <u>Total Cost of Services</u> | | <u>% Change</u> | <u>Net Cost of Services</u> | | <u>% Change</u> |
|-------------------------|-----------------------------------|---------------------|---------------------|---------------------------------|----------------------|---------------------|
| | <u>2018</u> | <u>2017</u> | | <u>2018</u> | <u>2017</u> | |
| General Support | \$ 2,604,429 | \$ 2,401,050 | 8.5% | \$ 2,604,429 | \$ 2,401,050 | 8.5% |
| Instruction | 10,230,546 | 9,980,551 | 2.5% | 9,689,015 | 9,419,365 | 2.9% |
| Pupil Transportation | 1,332,678 | 1,286,280 | 3.6% | 1,332,678 | 1,286,280 | 3.6% |
| Debt Service - Interest | 122,458 | 107,814 | 13.6% | 122,458 | 107,814 | 13.6% |
| Food Service | <u>313,150</u> | <u>361,951</u> | (13.5%) | <u>41,539</u> | <u>79,116</u> | (47.5%) |
| Total | <u>\$ 14,603,261</u> | <u>\$14,137,646</u> | 3.3% | <u>\$ 13,790,119</u> | <u>\$ 13,293,625</u> | 3.7% |

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

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, 2018
(CONTINUED)**

As previously mentioned, Alexandria Central School District is heavily reliant on property tax revenue for its funding, with state and federal aid being the next largest source of aid. Property tax revenue accounted for 55.79% of the School District's 2017-18 revenue, while state and federal aid was a combined amount of 36.09%.

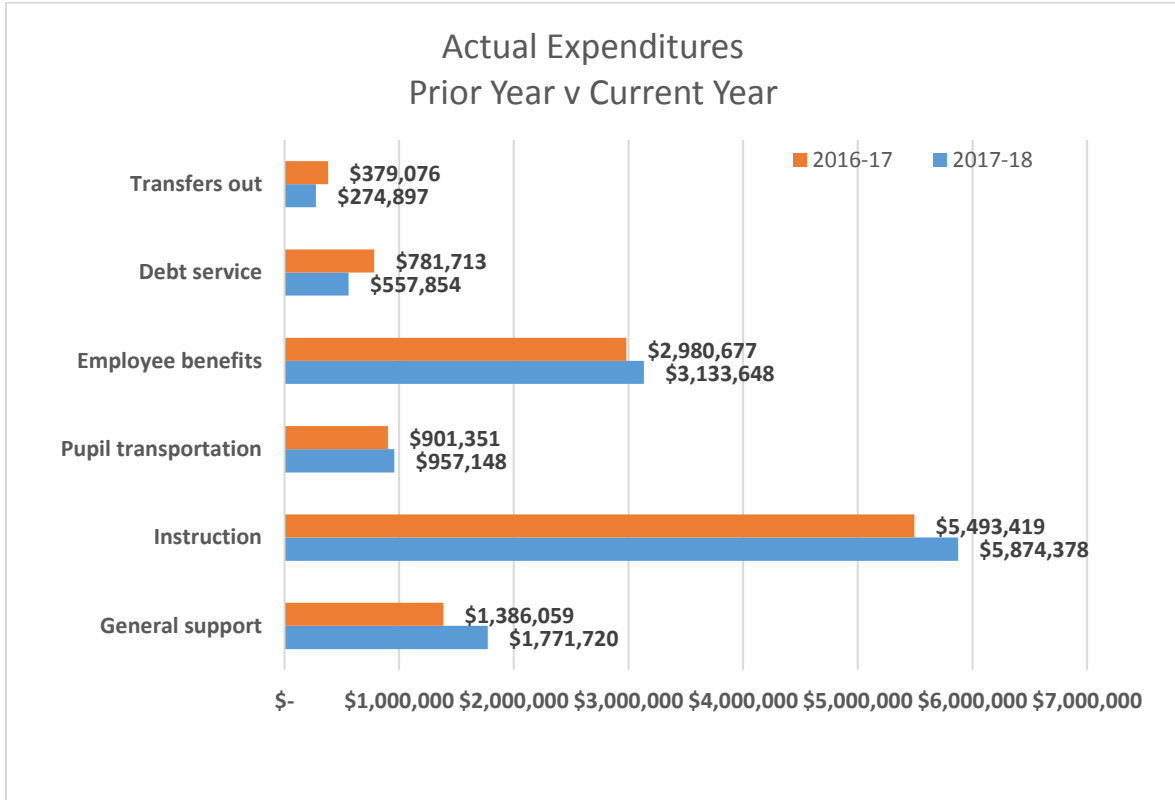
The financial statements also include the activity of the Special Revenue funds, which are comprised of a number of State and Federal grant programs and the food service fund, referred to elsewhere as the school lunch program/fund. The food service fund is designed to be self-supporting, with revenues matching expenditures. However, for the past several years, expenditures have exceeded revenues. The 2012-13 year was particularly troublesome with the introduction of meal changes brought about through the implementation of the Healthy and Hunger Free Kids Act of 2010. Tastes have adapted but participation in the school meals program have continued to decrease over past years' experience. Anne Remington, Cafeteria Manager, has been working on ways to create a menu that is appetizing to children, while still following federal regulations.

Finally, the statements also include the related debt service funds and the capital projects fund. These are also discussed later.

General Fund Budgetary Highlights

The School District's adjusted budget for the 2017-18 school year was \$13,128,841, which was up by \$386,413 which includes transfers to other funds totaling \$274,897, for a decrease of \$388,841 (inclusive of \$21,004 of year-end encumbrances). This compares to a positive variance of \$169,014 in the prior year. The main reason for the underperformance were higher than expected Central Administration expenditures for a settlement with the former Superintendent, and higher costs for Finance due to an extra Business Official on hand during the year. This meant that planned expenditures were overspent and were deducted from the fund balance over the course of the year. The graph on the following page shows, in general terms, how the actual expenditures from the General Fund are distributed for each budget over the past two budget years.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

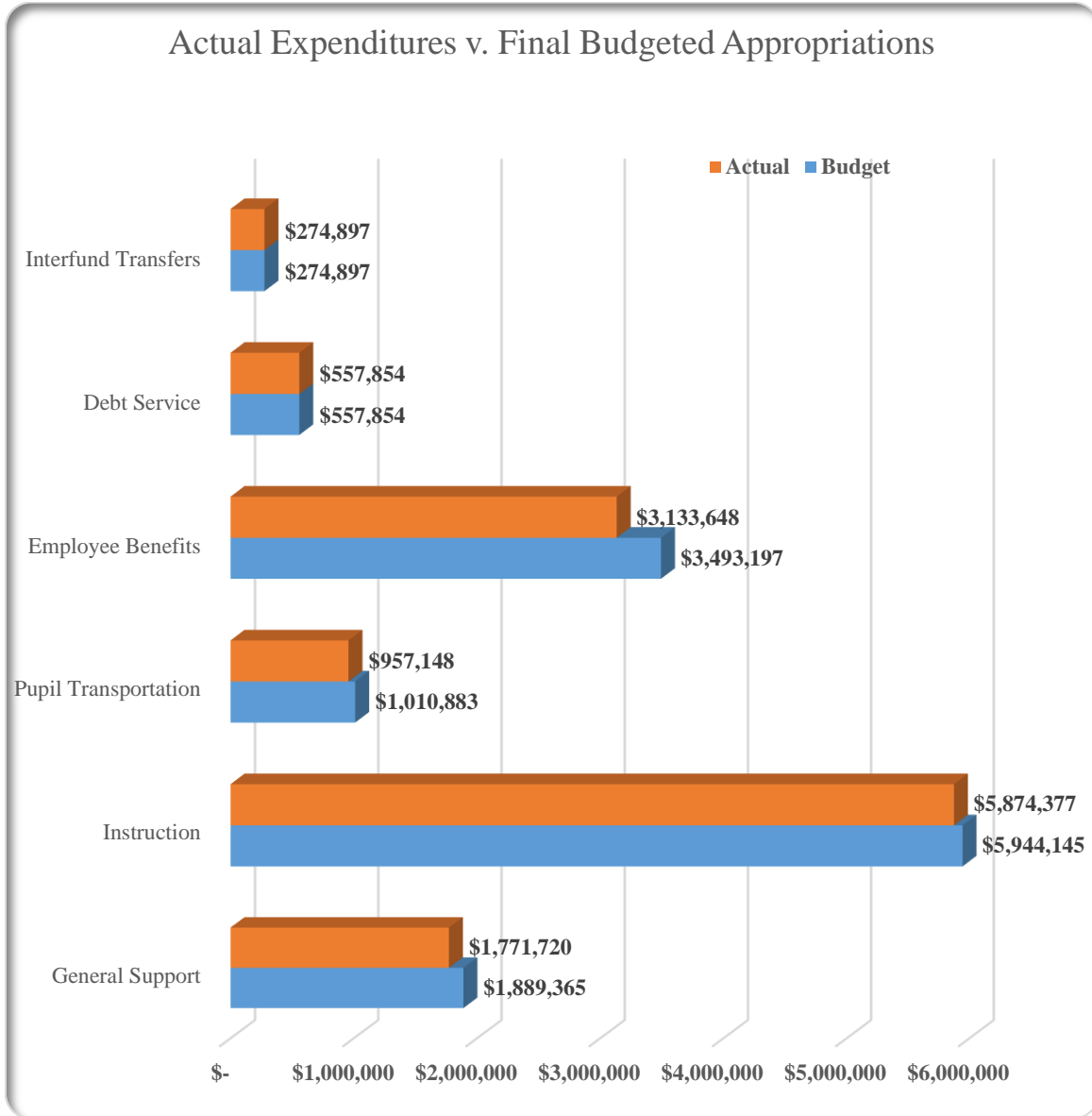


Several factors become immediately obvious in the examination of this data. The bulk of the increase can be found in the areas of general support and instructional. Instructional increase was a result of salary increases. The increase in general support expenses was a result of a settlement with the previous superintendent.

Employee benefits consist of retirement expenses (TRS, ERS), FICA, and health insurance. Mandated contributions to the TRS and ERS and the premiums for health insurance have increased substantially year over year. TRS rates decreased from 11.72% in 2016-17 to 9.80% in 2017-18, ERS remained steady at 16.10%.

With that as a framework of the larger budget picture, we can now examine some specific areas of variations between the budgeted appropriations and the actual expenditures in 2017-18.

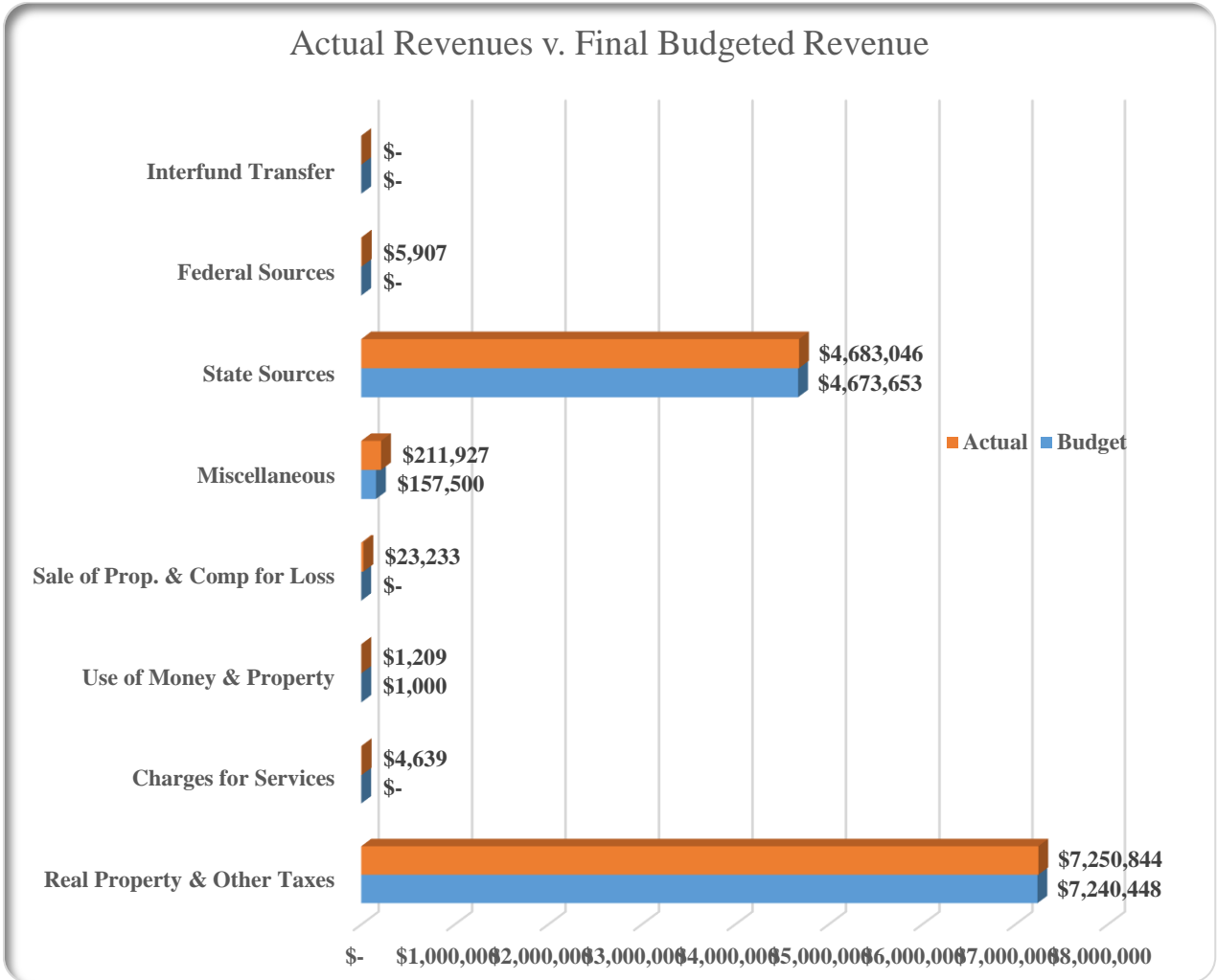
**ALEXANDRIA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**



The greatest variance between budget and actual lies within employee benefit expenses. The budget variance of \$300,000 in employee benefits is a result of the School District anticipating an increase in health care participation, which did not occur.

The previous discussion of expenses compared to the prior year depicts areas where there were significant impacts. If the district does not expend appropriations, fund balance grows. The other factor which can increase fund balance is an unanticipated increase in revenues. A full discussion of revenues received versus those budgeted is discussed below.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**



The District’s revenues, came in at approximately the budgeted amounts, with very insignificant variances.

The District does not normally budget for Medicaid revenue, as this revenue is inconsistent based on timing and number of Medicaid eligible students, hence the positive budget variance of \$6,000.

State Aid to Education has become remarkably predictable even in light of the shortfalls within the state budget. We remain very cautious when budgeting state aid. We are fully cognizant of the deficits continuing to face the state.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

Analysis of the School District's Funds

Financial Position (year-to-year) – General Fund

The General Fund showed an end of year fund balance of \$3,380,348, a decrease over the prior year of \$388,840. As previously explained, the decrease in fund balance was due in large part to the contract settlement of the former superintendent. Of this amount, \$838,606 was restricted to various reserves (Retirement Contributions, Tax Certiorari, and Unemployment Insurance), \$10,778 was nonspendable fund balance (prepaid expenses), \$900,000 was assigned to the 2018-19 budget as a source of funds, and \$21,004 was assigned to cover encumbrances from the prior year, leaving \$1,461,175 to alleviate future property tax increases.

Capital Projects Fund & Debt Service Fund

During the current year, the District purchased two buses with cash. Also during the current year, the District's \$6,200,000 capital project, and its capital outlay project, were completed and closed out.

School Food Service Fund

The Food Service Fund Balance showed a year-to-year loss of \$36,862, prior to a \$46,266 transfer in the school lunch fund, and the pattern is expected to continue. It should be noted that the implementation of the Healthy and Hunger Free Kids Act met with moderate resistance from students across the nation. In spite of this, the Board understands the importance of combating obesity in the United States and remains committed to the program goals. In June 2013 the District was informed that the program qualified for an additional 6 cents per meal as an incentive for having met all of the program's nutritional goals for 2012-13. During the current year, the Board of Education voted to supplement the school lunch fund with general fund money. The Board will continue to monitor the status of the school lunch fund and will address the necessity of supplementing it.

Special Aid Funds

Federal and State grants provide funding for specific purposes ranging from academic intervention services to meeting the needs of students with disabilities. The chart below indicates the allocations for each grant.

| | | <u>Grant</u> | <u>2017-18</u> | <u>2016-17</u> |
|-----------|------------------------------------|--------------|-------------------|-------------------|
| Title I | School Improvement | | \$ 176,396 | \$ 222,544 |
| IDEA 611 | School Age Special Ed | | 132,056 | 146,024 |
| IDEA 619 | Preschool Special Ed | | 4,032 | 5,122 |
| Title IIA | Teacher/Prin Training | | 21,774 | 35,723 |
| RISE | Promoting K-12 Student Achievement | | 46,428 | 35,190 |
| UPK | Universal Pre-Kindergarten | | 48,735 | 48,735 |
| | | | <u>\$ 429,421</u> | <u>\$ 493,338</u> |

The School District experienced Special Aid allocations of \$429,421, down from \$493,338. This decrease in grant funding is expected to continue in 2018-19.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

CAPITAL ASSET AND DEBT ADMINISTRATION

At the end of the fiscal year 2018, the School District had \$16,117,989 invested in land, buildings, furniture and equipment, and vehicles. The following table compares fiscal 2018 balances to 2017.

Capital Assets

| | <u>Governmental Activities and Total School District</u> | | <u>\$ Change</u> | <u>% Change</u> |
|--|--|---------------------|---------------------|-----------------|
| | <u>2018</u> | <u>2017</u> | | |
| Land | \$ 54,825 | \$ 54,825 | \$ - | 0.0% |
| Construction in Progress | - | 4,361,543 | (4,361,543) | (100.0%) |
| Buildings (net of depreciation) | 15,067,323 | 9,124,831 | 5,942,492 | 65.1% |
| Vehicles, Equipment and Furniture (net of depreciation) | <u>995,841</u> | <u>868,833</u> | <u>127,008</u> | 14.6% |
| Total | <u>\$ 16,117,989</u> | <u>\$14,410,032</u> | <u>\$ 1,707,957</u> | 11.9% |

Capital Assets include depreciation expense of \$521,830.

During fiscal year 2018, the District made two bus purchases and a truck, reducing the cost of these purchases by trading-in older vehicles. Additional expenditures were made on the capital projects of \$1,885,424. The District also purchased \$69,317 of equipment and finished the renovation and Makers Space projects moving \$6,246,967 from construction in progress to building.

For more information refer to Note 5 in the notes to financial statements on page 54.

Long-Term Debt

| | <u>Governmental Activities and Total School District</u> | | <u>\$ Change</u> | <u>% Change</u> |
|-----------------------------------|--|---------------------|----------------------|-----------------|
| | <u>2018</u> | <u>2017</u> | | |
| General Obligation Bonds | \$ 7,275,000 | \$ 1,415,000 | \$ 5,860,000 | 414.1% |
| Installment Purchase Debt | 306,353 | 369,941 | (63,588) | (17.2%) |
| Other Post-employment Benefits | 32,345,343 | 12,734,585 | 19,610,758 | 154.0% |
| Compensated Absences | 86,124 | 82,491 | 3,633 | 4.4% |
| Pension Liabilities | <u>156,604</u> | <u>661,299</u> | <u>(504,695)</u> | <u>(76.3%)</u> |
| Total | <u>\$ 40,169,424</u> | <u>\$15,263,316</u> | <u>\$ 24,906,108</u> | <u>(163.2%)</u> |

General Obligation Bonds: The District paid \$293,588 in scheduled principal payments on the Serial Bonds.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

Long-Term Debt

The District uses long term debt to finance its capital construction activities and bus purchases. The following chart depicts the School District's outstanding debt at June 30, 2018:

| Issue Date | Final Maturity | Interest Rate | Amount Outstanding |
|---------------|-------------------|------------------|-----------------------|
| 06/28/18 | 06/15/33 | 3.00 - 3.25% | \$ 6,090,000 |
| 05/03/16 | 10/01/23 | 1.00 - 2.00% | 1,135,000 |
| 08/01/13 | 08/01/18 | 0.75 - 2.45% | <u>50,000</u> |
| | | | <u>\$ 7,275,000</u> |

The District also has \$86,124 in potential deferred expenses involved in compensated absences, which is recorded in Noncurrent Liabilities. This decreased slightly from \$93,999 last year. This changes from year to year based on accessions, retirements, and voluntary departures. Under the terms of the various contracts, employees can be paid varying sums for accrued sick days when they retire from the District. The compensated absences figure is a sum of all such potential payouts under the terms of the contracts in effect on June 30, 2018.

Short Term Debt

The District entered into a BAN on July 28, 2016 for \$6,200,000, this matured on July 28, 2017 and a BAN for \$6,180,000 which matured on June 28, 2018. This BAN was for the purpose of financing the District's renovation project until long term financing was completed.

Post Employment Benefits Other than Pensions

For the year ending June 30, 2018, the District adopted the requirements of Governmental Accounting Standards Board (GASB) Statement Number 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*

Pension Obligations

For the year ending June 30, 2015, the District adopted the requirements of Governmental Accounting Standards Board (GASB) Statement Number 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement 27*. The statement requires the District to recognize its proportionate share of TRS and ERS asset and/or liability and its related deferred inflows and outflows. As a result, Alexandria Central School recorded a net pension asset for TRS of \$165,081 and a net pension liability for ERS of \$156,604. Deferred outflows of resources for TRS and ERS were \$436,799 and \$2,329,126 respectively. Deferred inflows of resources were \$505,166 for TRS and \$453,277 for ERS. A complete discussion of the application of GASB Statement 68 can be found in Note 1, beginning on page 35.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the School District was aware of the following existing circumstances which could significantly affect its financial position in the future:

- The Alexandria Central School District recognizes the importance of maintaining a healthy fund balance in consideration of the following:
 - The District is a victim of the extremely volatile utilities market and its continued price fluctuations in natural gas, diesel fuel and gasoline. These continued changes that have an impact throughout the school year can seriously impact a budget since these expenses are estimated and happen after the approval of the District's General Fund Budget.
 - The continued difficult and complicated development and adoption of the New York State Budget by the New York State Legislature victimizes the District when an incomplete and/or delayed determination of financial information directly restricts the District's consideration and development of a sound budget document.
 - The State and Federal governments continue to mandate programs such as ESSA and Annual Professional Performance Review (APPR) without the funding to support them. Due to the increase in unfunded mandates, the District could face fiscal problems and may be forced to make cuts in program offerings.
 - The District anticipates future percentage increase in New York State pension costs in both The Teachers' Retirement System (TRS) and the Employees' Retirement System (ERS) imposed by the retirement systems. The obligatory contribution rates are a percentage of employees' salaries; therefore, even a small percentage increase on District contributions can have a large monetary effect on the District due to salaries being the largest budgeted item.
 - The District is also susceptible to the increasing costs of providing adequate healthcare to its employees both active and retired. Continued governance is done to ensure that costs are within the budgeted amount, but as with fuel costs, healthcare expenses can surge after the final approval of the General Fund Budget, therefore creating fiscal problems throughout the budget year.

Each of these circumstances will have a negative impact on the fiscal stability of public education funding and planning. These circumstances can potentially become devastating fiscal complications for the Alexandria School District. Therefore, the maintenance of a sound fund balance serves as a fiscal protection against devastating decisions in each of these circumstances.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018
(CONTINUED)**

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, please contact:

Miss Brienne Kirchoff
School Business Manager
Alexandria Central School District
34 Bolton Avenue
Alexandria Bay, NY 13607

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2018**

| | <u>Total Governmental Funds</u> |
|--|---|
| ASSETS | |
| Unrestricted Cash | \$ 2,834,469 |
| Restricted Cash | 640,894 |
| Due from Fiduciary Funds | 132,285 |
| Due from Other Governments | 160,549 |
| Due from State and Federal | 318,047 |
| Other Receivables | 3,335 |
| Prepaid Expenditures | 10,778 |
| Inventories | 10,770 |
| Assets Held for Sale | - |
| Capital Assets, Net | 16,117,989 |
| Net Pension Asset-Proportionate Share | 165,081 |
| Total Assets | <u>20,394,197</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Bond Refunding | 16,754 |
| Pensions | 2,765,925 |
| Other Post Employment Benefits Related (GASB 75) | 809,065 |
| Total Deferred Outflows of Resources | <u>3,591,744</u> |
| LIABILITIES | |
| Accounts Payable | 10,236 |
| Accrued Liabilities | 125,819 |
| Retainage | - |
| Due to Other Governments | 253 |
| Due to Teachers' Retirement System | 427,057 |
| Due to Employees' Retirement System | 25,809 |
| Bond Anticipation Notes Payable | - |
| Other Liabilities | 61,819 |
| Long-term Liabilities | |
| Due and Payable Within One Year | |
| Bonds Payable and Other Debt | 641,659 |
| Due and Payable After One Year | |
| Compensated Absences Payable | 86,124 |
| Bonds Payable and Other Debt | 6,939,694 |
| Other Postemployment Benefits | 32,345,343 |
| Net Pension Liability - Proportionate Share | 156,604 |
| Total Liabilities | <u>40,820,417</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Pension Related | 958,443 |
| Other Post Employment Benefits Related (GASB 75) | 3,656,781 |
| Total Deferred Inflows of Resources | <u>4,615,224</u> |
| NET POSITION | |
| Net Investment in Capital Assets | 8,536,636 |
| Restricted | 956,612 |
| Unrestricted | (30,942,948) |
| Total Net Position | <u>\$ (21,449,700)</u> |

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, 2018**

| | Expenses | Program Revenues | | Net (Expense) |
|--|-------------------------------------|-------------------------|---------------------|--|
| | | Charges for Services | Operating Grants | Revenue and Changes in Net Position |
| FUNCTIONS/PROGRAMS | | | | |
| General Support | \$ 2,604,429 | \$ - | \$ - | \$ (2,604,429) |
| Instruction | 10,230,546 | 4,639 | 536,892 | (9,689,015) |
| Pupil Transportation | 1,332,678 | - | - | (1,332,678) |
| Community Services | - | - | - | - |
| Interest Expense | 122,458 | - | - | (122,458) |
| Food Service | 313,150 | 95,819 | 175,792 | (41,539) |
| | Total Functions and Programs | \$ 100,458 | \$ 712,684 | (13,790,119) |
| GENERAL REVENUES | | | | |
| Real Property Taxes | | | | 6,767,137 |
| Other Tax Items | | | | 483,707 |
| Interest Income | | | | 709 |
| Use of Money and Property | | | | 500 |
| Sale of Property & Compensation for Loss | | | | 27,838 |
| Miscellaneous | | | | 215,622 |
| State Sources | | | | 4,683,046 |
| Federal Sources | | | | 5,907 |
| | | | | Total General Revenues and Special Items |
| | | | | 12,184,466 |
| | | | | Changes in Net Position |
| | | | | (1,605,653) |
| | | | | Net Position - Beginning of Year As Previously Stated |
| | | | | 1,018,746 |
| | | | | Restatement |
| | | | | (20,862,793) |
| | | | | Net Position - Beginning of Year Restated |
| | | | | (19,844,047) |
| | | | | Net Position - End of year |
| | | | | \$(21,449,700) |

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

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2018**

| | Governmental Fund Types | | | | | | Total Governmental Funds |
|---|-------------------------|-------------------|------------------------|-------------------|------------------|--------------------|--------------------------------|
| | General | Special Aid | School Food Service | Debt Service | Capital | Other Non-major | |
| ASSETS | | | | | | | |
| Unrestricted Cash | \$ 2,737,581 | \$ 43,607 | \$ 36,528 | \$ - | \$ 16,753 | \$ - | \$ 2,834,469 |
| Restricted Cash | 538,606 | - | - | 102,288 | - | - | 640,894 |
| Due from Other Funds | 175,968 | - | - | 15,718 | - | - | 191,686 |
| Due from Fiduciary Funds | 132,285 | - | - | - | - | - | 132,285 |
| Due from Other Governments | 154,030 | 6,519 | - | - | - | - | 160,549 |
| Due from State and Federal | 211,739 | 106,308 | - | - | - | - | 318,047 |
| Other Receivables | 2,300 | - | 1,035 | - | - | - | 3,335 |
| Prepaid Expenditures | 10,778 | - | - | - | - | - | 10,778 |
| Inventories | - | - | 10,770 | - | - | - | 10,770 |
| Total Assets | <u>3,963,287</u> | <u>156,434</u> | <u>48,333</u> | <u>118,006</u> | <u>16,753</u> | <u>-</u> | <u>4,302,813</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 | 10,236 | - | - | - | - | - | 10,236 |
| Accrued Liabilities | 123,917 | 226 | 1,676 | - | - | - | 125,819 |
| Due to Other Funds | 10 | 155,476 | 19,447 | - | 16,753 | - | 191,686 |
| Due to Other Governments | - | - | 253 | - | - | - | 253 |
| Due to Teachers' Retirement System | 427,057 | - | - | - | - | - | 427,057 |
| Due to Employees' Retirement System | 21,718 | - | 4,091 | - | - | - | 25,809 |
| Bond Anticipation Notes Payable | - | - | - | - | - | - | - |
| Other Liabilities | - | 732 | 4,312 | - | - | - | 5,044 |
| Total Liabilities | <u>582,938</u> | <u>156,434</u> | <u>29,779</u> | <u>-</u> | <u>16,753</u> | <u>-</u> | <u>785,904</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 | 10,778 | - | 10,770 | - | - | - | 21,548 |
| Restricted | 838,606 | - | - | 118,006 | - | - | 956,612 |
| Committed | - | - | - | - | - | - | - |
| Assigned | 1,069,789 | - | 7,784 | - | - | - | 1,077,573 |
| Unassigned | 1,461,176 | - | - | - | - | - | 1,461,176 |
| Total Fund Balance | <u>3,380,349</u> | <u>-</u> | <u>18,554</u> | <u>118,006</u> | <u>-</u> | <u>-</u> | <u>3,516,909</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balance | <u>\$ 3,963,287</u> | <u>\$ 156,434</u> | <u>\$ 48,333</u> | <u>\$ 118,006</u> | <u>\$ 16,753</u> | <u>\$ -</u> | <u>\$ 4,302,813</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, 2018

| | Total Governmental Funds | Long-term Assets, Liabilities | Reclassifications and Eliminations | Statement of Net Position Totals |
|--|--------------------------------|-------------------------------------|--|--|
| ASSETS | | | | |
| Unrestricted Cash | \$ 2,834,469 | \$ - | \$ - | \$ 2,834,469 |
| Restricted Cash | 640,894 | - | - | 640,894 |
| Due from Other Funds | 191,686 | - | (191,686) | - |
| Due from Fiduciary Funds | 132,285 | - | - | 132,285 |
| Due from Other Governments | 160,549 | - | - | 160,549 |
| Due from State and Federal | 318,047 | - | - | 318,047 |
| Other Receivables | 3,335 | - | - | 3,335 |
| Prepaid Expenditures | 10,778 | - | - | 10,778 |
| Inventories | 10,770 | - | - | 10,770 |
| Assets Held for Sale | - | - | - | - |
| Capital Assets, Net | - | 16,117,989 | - | 16,117,989 |
| Net Pension Asset-Proportionate Share | - | 165,081 | - | 165,081 |
| Total Assets | 4,302,813 | 16,283,070 | (191,686) | 20,394,197 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Bond Refunding | - | 16,754 | - | 16,754 |
| Pensions | - | 2,765,925 | - | 2,765,925 |
| Other Post Employment Benefits Related (GASB 75) | - | 809,065 | - | 809,065 |
| Total Deferred Outflows of Resources | - | 3,591,744 | - | 3,591,744 |
| LIABILITIES | | | | |
| Accounts Payable | 10,236 | - | - | 10,236 |
| Accrued Liabilities | 125,819 | - | - | 125,819 |
| Retainage | - | - | - | - |
| Due to Other Funds | 191,686 | - | (191,686) | - |
| Due to Other Governments | 253 | - | - | 253 |
| Due to Teachers' Retirement System | 427,057 | - | - | 427,057 |
| Due to Employees' Retirement System | 25,809 | - | - | 25,809 |
| Bond Anticipation Notes Payable | - | - | - | - |
| Other Liabilities | 5,044 | 56,775 | - | 61,819 |
| Bonds Payable Due Within One Year | - | 641,659 | - | 641,659 |
| Compensated Absences Payable Due After One Year | - | 86,124 | - | 86,124 |
| Bonds Payable Due After One Year | - | 6,939,694 | - | 6,939,694 |
| Other Postemployment Benefits | - | 32,345,343 | - | 32,345,343 |
| Net Pension Liability - Proportionate Share | - | 156,604 | - | 156,604 |
| Total Liabilities | 785,904 | 40,226,199 | (191,686) | 40,820,417 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Pension Related | - | 958,443 | - | 958,443 |
| Other Post Employment Benefits Related (GASB 75) | - | 3,656,781 | - | 3,656,781 |
| Total Deferred Inflows of Resources | - | 4,615,224 | - | 4,615,224 |
| FUND BALANCE/NET POSITION | | | | |
| Total Fund Balance/Net Position | 3,516,909 | (24,966,609) | - | (21,449,700) |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balance/Net Position | \$ 4,302,813 | \$ 19,874,814 | \$ (191,686) | \$ 23,985,941 |

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, 2018

| | Governmental Fund Types | | | | | | Total Governmental Funds |
|---|-------------------------|-----------------|------------------------|-------------------|--------------------|--------------------|--------------------------------|
| | General | Special Aid | School Food Service | Debt Service | Capital | Other Non-major | |
| REVENUES | | | | | | | |
| Real Property Taxes | \$ 6,767,137 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 6,767,137 |
| Other Tax Items | 483,707 | - | - | - | - | - | 483,707 |
| Charges for Services | 4,639 | - | - | - | - | - | 4,639 |
| Use of Money and Property | 1,209 | - | - | - | - | - | 1,209 |
| Sale of Property and Compensation for Loss | 23,233 | - | - | - | - | - | 23,233 |
| Miscellaneous | 211,927 | 2,891 | 3,695 | - | - | - | 218,513 |
| State Sources | 4,683,046 | 100,366 | 5,735 | - | - | - | 4,789,147 |
| Federal Sources | 5,907 | 433,635 | 156,042 | - | - | - | 595,584 |
| Surplus Food | - | - | 14,015 | - | - | - | 14,015 |
| Sales | - | - | 95,819 | - | - | - | 95,819 |
| Total Revenues | <u>12,180,805</u> | <u>536,892</u> | <u>275,306</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>12,993,003</u> |
| EXPENDITURES | | | | | | | |
| General Support | 1,771,720 | - | - | - | - | - | 1,771,720 |
| Instruction | 5,874,378 | 511,054 | - | - | - | - | 6,385,432 |
| Pupil Transportation | 957,148 | 17,902 | - | - | - | - | 975,050 |
| Community Services | - | - | - | - | - | - | - |
| Employee Benefits | 3,133,648 | 28,877 | 76,821 | - | - | - | 3,239,346 |
| Debt Service | 557,854 | - | - | - | - | - | 557,854 |
| Cost of Sales | - | - | 233,037 | - | - | - | 233,037 |
| Capital Outlay | - | - | - | - | 2,100,762 | - | 2,100,762 |
| Total Expenditures | <u>12,294,748</u> | <u>557,833</u> | <u>309,858</u> | <u>-</u> | <u>2,100,762</u> | <u>-</u> | <u>15,263,201</u> |
| Excess (Deficit) Revenues Over Expenditures | <u>(113,943)</u> | <u>(20,941)</u> | <u>(34,552)</u> | <u>-</u> | <u>(2,100,762)</u> | <u>-</u> | <u>(2,270,198)</u> |
| OTHER FINANCING SOURCES AND USES | | | | | | | |
| Premium received on Bonds | - | - | - | 70,108 | - | - | 70,108 |
| Proceeds from Debt | - | - | - | - | 6,090,000 | - | 6,090,000 |
| Operating Transfers In | - | 20,941 | 46,266 | 15,708 | 210,000 | - | 292,915 |
| Operating Transfers (Out) | (274,897) | - | (2,310) | - | (15,708) | - | (292,915) |
| Total Other Sources (Uses) | <u>(274,897)</u> | <u>20,941</u> | <u>43,956</u> | <u>85,816</u> | <u>6,284,292</u> | <u>-</u> | <u>6,160,108</u> |
| Excess (Deficit) Revenues and Other Sources Over Expenditures and Other (Uses) | <u>(388,840)</u> | <u>-</u> | <u>9,404</u> | <u>85,816</u> | <u>4,183,530</u> | <u>-</u> | <u>3,889,910</u> |
| Fund Balance, Beginning of Year as Previously Stated | 3,769,189 | - | 9,150 | 32,190 | (4,183,530) | - | (373,001) |
| Restatement | - | - | - | - | - | - | - |
| Fund Balance, Beginning of Year As Restated | <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> |
| Fund Balance, End of Year | <u>\$ 3,380,349</u> | <u>\$ -</u> | <u>\$ 18,554</u> | <u>\$ 118,006</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,516,909</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, 2018

| | 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 | \$ 6,767,137 | \$ - | \$ - | \$ - | \$ - | \$ 6,767,137 |
| Other Tax Items | 483,707 | - | - | - | - | 483,707 |
| Charges for Services | 4,639 | - | - | - | - | 4,639 |
| Use of Money and Property | 1,209 | - | - | - | - | 1,209 |
| Sale of Property and Compensation for Loss | 23,233 | 4,605 | - | - | - | 27,838 |
| Miscellaneous | 218,513 | - | - | - | - | 218,513 |
| State Sources | 4,789,147 | - | - | - | - | 4,789,147 |
| Federal Sources | 595,584 | - | - | - | - | 595,584 |
| Surplus Food | 14,015 | - | - | - | - | 14,015 |
| Sales | 95,819 | - | - | - | - | 95,819 |
| Total Revenues and Special Items | <u>12,993,003</u> | <u>4,605</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>12,997,608</u> |
| EXPENDITURES | | | | | | |
| General Support | 1,771,720 | 6,296 | - | - | 826,413 | 2,604,429 |
| Instruction | 6,385,432 | 185,698 | - | - | 3,659,416 | 10,230,546 |
| Pupil Transportation | 975,050 | (60,513) | - | - | 418,141 | 1,332,678 |
| Community Services | - | - | - | - | - | - |
| Employee Benefits | 3,239,346 | - | 1,741,445 | - | (4,980,791) | - |
| Debt Service | 557,854 | - | - | (435,396) | - | 122,458 |
| Cost of Sales | 233,037 | 3,292 | - | - | 76,821 | 313,150 |
| Capital Outlay | 2,100,762 | (2,100,762) | - | - | - | - |
| Total Expenditures | <u>15,263,201</u> | <u>(1,965,989)</u> | <u>1,741,445</u> | <u>(435,396)</u> | <u>-</u> | <u>14,603,261</u> |
| Excess (Deficit) Revenues Over Expenditures | <u>(2,270,198)</u> | <u>1,970,594</u> | <u>(1,741,445)</u> | <u>435,396</u> | <u>-</u> | <u>(1,605,653)</u> |
| OTHER FINANCING SOURCES AND USES | | | | | | |
| Proceeds (Uses) from Debt | 6,160,108 | - | (70,108) | - | (6,090,000) | - |
| Operating Transfers In (Out) | - | - | - | - | - | - |
| Total Other Sources (Uses) | <u>6,160,108</u> | <u>-</u> | <u>(70,108)</u> | <u>-</u> | <u>(6,090,000)</u> | <u>-</u> |
| Net Change for the Year | <u>\$ 3,889,910</u> | <u>\$ 1,970,594</u> | <u>\$ (1,811,553)</u> | <u>\$ 435,396</u> | <u>\$ (6,090,000)</u> | <u>\$ (1,605,653)</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, 2018
(CONTINUED)

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

| | |
|---|----------------|
| Net Change in Fund Balances - Total Governmental Funds | \$ 3,889,910 |
| <p>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</p> | |
| Capital Outlays - Net | 2,063,436 |
| Depreciation Expense | (521,830) |
| Additions to Vehicles and Equipment | 339,759 |
| <p>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.</p> | |
| | 4,605 |
| <p>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.</p> | |
| | 293,588 |
| <p>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:</p> | |
| | 84,624 |
| <p>Proceeds of long-term debt is recorded as an other financing source for governmental funds, but it is not recorded in the Statement of Activities. This is the amount of proceeds from long-term debt received in the current year.</p> | |
| | (6,090,000) |
| <p>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.</p> | |
| | (12,011) |
| <p>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.</p> | |
| | (2,872) |
| <p>(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.</p> | |
| | 86,583 |
| <p>(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.</p> | |
| | (3,633) |
| <p>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.</p> | |
| | (1,595,681) |
| <p>(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</p> | |
| Teachers' Retirement System | (104,880) |
| Employees' Retirement System | (37,251) |
| Change in net position of governmental activities | \$ (1,605,653) |

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

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2018**

| | <u>Private Purpose Trusts</u> | <u>Agency</u> |
|------------------------------------|---------------------------------------|-------------------|
| ASSETS | | |
| Cash | \$ 950 | \$ 226,634 |
| Total Assets | <u>\$ 950</u> | <u>\$ 226,634</u> |
| LIABILITIES | | |
| Due to Governmental Funds | \$ - | \$ 132,285 |
| Extraclassroom Activity Balances | - | 67,355 |
| Other Liabilities | - | 26,994 |
| Total Liabilities | <u>-</u> | <u>226,634</u> |
| NET POSITION | | |
| Unrestricted | - | - |
| Restricted for Other Purposes | 950 | - |
| Total Net Position | <u>950</u> | <u>-</u> |
| Total Liabilities and Net Position | <u>\$ 950</u> | <u>\$ 226,634</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, 2018**

| | <u>Private Purpose Trusts</u> |
|---|---------------------------------------|
| ADDITIONS | |
| Contributions | \$ - |
| Investment Interest Earnings | - |
| | <u>-</u> |
| Total Additions | <u>-</u> |
| DEDUCTIONS | |
| Scholarships and Awards | <u>500</u> |
| | <u>500</u> |
| Total Deductions | <u>500</u> |
| Change in Net Position | (500) |
| Net Position - Beginning of year | <u>1,450</u> |
| Net Position - End of Year | <u><u>\$ 950</u></u> |

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

ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

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 Net Position presents the financial position of the District at fiscal year-end. 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, 2018
(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, 2018
(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

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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.

ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

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

CASH AND CASH EQUIVALENTS

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.

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.

PROPERTY TAXES

Real property taxes are levied annually by the Board of Education no later than August 22, 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 (Jefferson and St. Lawrence 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.

A portion of the fund balance in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

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, 2018
(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. Land and construction in progress are not capitalized. The District does not possess any infrastructure.

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 |
| Furniture and Equipment - School Food Fund | \$ 2,500 | 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.

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.

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.

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, 2018
(CONTINUED)**

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

VESTED EMPLOYEE BENEFITS (continued)

Other Benefits

Eligible 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.

The School District follows GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." The School District's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with the statement. See Note 10 and Note 18 for additional information.

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 supplemental appropriations of \$27,500 for maintenance equipment \$25,000 and library books \$2,500. There were no budget reductions for the year ending June 30, 2018.

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, 2018
(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 School District reports a 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 School District also reports deferred outflows related to pensions and OPEB plans reported in the district-wide Statement of Net Position. The types of deferred outflows related to pensions and OPEB plans are described in Note 1 and 10, respectively.

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 School District can have deferred inflows that arise 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 relating to property taxes.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)**

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

Deferred Outflows and Inflows of Resources (continued)

The School District can have deferred inflows related to pensions and OPEB plans reported in the district-wide Statement of Net Position. The types of deferred inflows related to pensions and OPEB plans which are further described in Note 1 and 10, respectively.

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, 2018
(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 District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years. (The District chose to prepay the required contributions by December 15, 2017 and received an overall discount of \$1,555).

The required contributions, based on covered payroll paid for the current year and two preceding years were:

| | <u>NYSTRS</u> | <u>NYSERS</u> |
|-----------|---------------|---------------|
| 2017-2018 | \$ 422,548 | \$ 183,050 |
| 2016-2017 | \$ 499,729 | \$ 177,185 |
| 2015-2016 | \$ 638,821 | \$ 194,797 |

ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105. Since 1989, the ERS billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 1988 and 1989 over a 17-year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability, which the District exercised.

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

At June 30, 2018, 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, 2018 for ERS and June 30, 2017 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-18 | 30-Jun-17 |
| Net pension asset/(liability) | \$ (156,604) | \$ 165,081 |
| District's portion of the Plan's total net pension asset/(liability) | 0.0048523% | 0.021718% |
| Change in proportion since the prior Measurement date | 0.0004758% | (0.001631%) |

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(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, 2018, the District's recognized pension expense of \$191,915 for ERS and the actuarial value of \$453,277 for TRS. At June 30, 2018 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 | \$ 55,856 | \$ 135,821 | \$ 46,157 | \$ 64,363 |
| Changes of assumptions | \$ 103,842 | \$ 1,679,730 | \$ - | \$ - |
| Net difference between projected and actual earnings on pension plan investments | \$ 227,455 | \$ - | \$ 448,974 | \$ 388,813 |
| Changes in proportion and differences between the District's contributions and proportionate share of contributions | \$ 26,140 | \$ 110,215 | \$ 10,035 | \$ 101 |
| District's contributions subsequent to the measurement date | <u>\$ 23,506</u> | <u>\$ 403,360</u> | <u>\$ -</u> | <u>\$ -</u> |
| Total | \$ 436,799 | \$ 2,329,126 | \$ 505,166 | \$ 453,277 |

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, 2019. 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, | | |
| 2019 | \$ 36,113 | \$ 57,051 |
| 2020 | 30,755 | 463,255 |
| 2021 | (109,559) | 336,873 |
| 2022 | (49,182) | 97,799 |
| 2023 | - | 335,948 |
| Thereafter | - | 181,563 |

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(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, 2018 | June 30, 2017 |
| Actuarial Valuation Date | April 1, 2017 | June 30, 2016 |
| Investment Rate of Return | 7.0% | 7.25% |
| 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 MP-2014.

For ERS, the actuarial assumptions used in the April 1, 2017 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, 2016 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, 2018
(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, 2018 | 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 | 7.50 |
| Real Estate | 10 | 5.55 |
| Absolute Return Strategies | 2 | 3.75 |
| Opportunistic Portfolio | 3 | 5.68 |
| Real Asset | 3 | 5.29 |
| Bonds and Mortgages | 17 | 1.31 |
| Cash | 1 | (0.25) |
| Inflation Indexed Bonds | <u>4</u> | 1.25 |
| | 100% | |
| | <u>TRS</u> | |
| Measurement Date | June 30, 2017 | Long-Term Expected Real Rate of Return* |
| <u>Asset Type</u> | <u>Target Allocation</u> | <u>of Return*</u> |
| Equities: | | |
| Domestic Equity | 35% | 5.9% |
| International Equity | 18 | 7.4 |
| Real Estate | 11 | 4.3 |
| Alternative Investments | <u>8</u> | 9.0 |
| Total Equities | 72 | |
| Fixed Income: | | |
| Domestic Fixed Income Securities | 16 | 1.6 |
| Global Fixed Income Securities | 2 | 1.3 |
| High-Yield Fixed Income Securities | 1 | 3.9 |
| Mortgages | 8 | 2.8 |
| Short Term | <u>1</u> | 0.6 |
| Total Fixed Income | <u>28</u> | |
| Total | <u>100%</u> | |

*Real rates of return are net of a long-term inflation assumption of 2.2% for 2017.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(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 7.25% 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 7.25% 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 6.25% for TRS) or 1-percentage-point higher (8.0% for ERS and 8.25% 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 asset (liability) | \$(1,184,911) | \$ (156,604) | \$ 713,302 |
| | 1% Decrease <u>(6.25%)</u> | Current Assumption <u>(7.25%)</u> | 1% Increase <u>(8.25%)</u> |
| TRS | | | |
| Employer's proportionate share of the net pension asset (liability) | \$(2,843,855) | \$ 165,081 | \$ 2,684,915 |

PENSION PLAN FIDUCIARY NET POSITION

The components of the collective net pension liability of ERS as of March 31, 2018 measurement date were as follows:

| | |
|--|--------------------------|
| Total pension liability | \$ 183,400,590,000 |
| ERS fiduciary net position | <u>(180,173,145,000)</u> |
| Employers' net pension liability | <u>\$ 3,227,445,000</u> |
| ERS fiduciary net position as a Percentage of total pension liability | <u>98.24%</u> |

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(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, 2017 measurement date were as follows:

| | |
|--|--------------------------|
| Total pension liability | \$ 114,708,261,032 |
| ERS fiduciary net position | <u>(115,468,360,316)</u> |
| Employers' net pension liability (asset) | <u>\$ (760,099,284)</u> |
| ERS fiduciary net position as a Percentage of total pension liability | <u>100.66%</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, 2018 | June 30, 2017 | |
| Employers' total pension liability | \$ 8,899,147 | \$ 24,912,339 | \$33,811,486 |
| Plan Net Position | <u>(8,742,543)</u> | <u>(25,077,420)</u> | <u>(33,819,963)</u> |
| Employers' net pension (asset)/liability | \$ 156,604 | \$ (165,081) | \$ (8,477) |
| Ration of plan net position to the Employers' total net pension asset/(liability) | 98.24% | 100.66% | 100.12% |

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, 2018 represent the projected employer contributions for the period of April 1, 2018 through June 30, 2018 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2018 amounted to \$25,809.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2018 are paid to the System in September, October, and November 2018 through a state aid intercept. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2018 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, 2018 amounted to \$427,057.

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.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)**

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

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 | \$ - | \$ - | \$ 10,770 | \$ - | \$ - | \$ - | \$ 10,770 |
| Prepaid Expense | 10,778 | - | - | - | - | - | 10,778 |
| Restricted: | | | | | | | |
| Debt Service Reserve | - | - | - | 118,006 | - | - | 118,006 |
| Retirement Contribution | 354,592 | - | - | - | - | - | 354,592 |
| Tax Certiorari | 123,810 | - | - | - | - | - | 123,810 |
| Unemployment Insurance | 60,204 | - | - | - | - | - | 60,204 |
| Capital Reserve | 300,000 | - | - | - | - | - | 300,000 |
| Assigned: | | | | | | | |
| Central Services | 21,004 | - | - | - | - | - | 21,004 |
| Capital Outlay | - | - | - | - | - | - | - |
| Appropriated Fund Balance | 1,048,785 | - | 7,784 | - | - | - | 1,056,569 |
| Unassigned: | 1,461,176 | - | - | - | - | - | 1,761,176 |
| | <u>\$ 3,380,349</u> | <u>\$ -</u> | <u>\$ 18,554</u> | <u>\$ 118,006</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 3,816,909</u> |

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(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, 2018
(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, 2018
(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, 2018.

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, 2018
(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, 2018 the District implemented the following applicable new standards issued by GASB:

ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

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

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.

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

FUTURE ACCOUNTING STANDARDS

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. This statement improves guidance regarding identification of fiduciary activities for accounting and reporting purposes.

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

GASB has issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*, effective for the year ending June 30, 2020. This Statement improves the information disclosed in the notes to governmental financial statements related to debt including direct borrowings and direct placements.

GASB has issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for the year ending June 30, 2021.

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

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, 2018
(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 | \$ 22,566,551 |
| Accumulated depreciation | <u>(6,448,562)</u> |
| Net Capital Assets | <u>\$ 16,117,989</u> |

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 | \$ 7,581,353 |
| Compensated Absences | 86,124 |
| Bond Interest Payable | 7,761 |
| Premium Unearned | 49,014 |
| Other Post-employment Benefits | <u>32,345,343</u> |
| Total | <u>\$ 40,069,595</u> |

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(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)

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 | \$ | 165,081 |
| Pension Liability | | <u>(156,604)</u> |
| | | <u>\$ 8,477</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 | \$ | 3,591,744 |
| Deferred Inflows of Resources | | <u>(4,615,224)</u> |
| | | <u>\$ (1,023,480)</u> |

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(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.

Pension Differences

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 systems.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(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 | \$ 12,993,003 |
|--|---------------|

Reconciling items:

| | |
|---|----------------------|
| Add net gain from disposal of equipment | 4,605 |
| Total revenues from governmental activities - Statement of Activities | <u>\$ 12,997,608</u> |

Total expenditures and other financing:

| | |
|---|---------------|
| Total expenditures reported in governmental funds | \$ 15,263,201 |
|---|---------------|

Reconciling items:

| | |
|--|----------------------|
| Add depreciation expense | 521,830 |
| Less change in interest accrual | (86,583) |
| Less premium earned | (58,097) |
| Add bond refunding costs recognized | 2,872 |
| Less expenses accrued on government-wide statement | (84,624) |
| Less change in compensated absences | 3,633 |
| Add change in other postemployment benefits | 1,595,681 |
| Less capital expenditures (capitalized in government-wide statement) | (2,403,195) |
| Add changes in retirement benefits | 142,131 |
| Less payment on long-term debt | <u>(293,588)</u> |
| Total expenses of governmental activities - Statement of Activities | <u>\$ 14,603,261</u> |

ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(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. | \$ | 500,000 |
| B. | \$ | 3,521,325 |
| 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 \$640,894 within the governmental funds.

NOTE 4 - PARTICIPATION IN BOCES

During the year, the District was billed \$2,007,079 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$503,117.

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

ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)

NOTE 5 - CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2018 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>4,361,543</u> | <u>1,885,424</u> | <u>(6,246,967)</u> | <u>-</u> |
| Total cost non-depreciable assets | <u>4,416,368</u> | <u>1,885,424</u> | <u>(6,246,967)</u> | <u>54,825</u> |
| Capital assets that are depreciated: | | | | |
| Buildings | 14,190,877 | 6,246,967 | - | 20,437,844 |
| Furniture and Equipment | 191,123 | 69,317 | (27,483) | 232,957 |
| Vehicles | <u>1,733,664</u> | <u>293,291</u> | <u>(186,030)</u> | <u>1,840,925</u> |
| Total cost depreciable assets | <u>16,115,664</u> | <u>6,609,575</u> | <u>(213,513)</u> | <u>22,511,726</u> |
| Less accumulated depreciation: | | | | |
| Buildings | (5,066,046) | (304,475) | - | (5,370,521) |
| Furniture and Equipment | (141,389) | (13,093) | 27,483 | (126,999) |
| Vehicles | <u>(914,565)</u> | <u>(204,262)</u> | <u>167,785</u> | <u>(951,042)</u> |
| Total accumulated depreciation | <u>(6,122,000)</u> | <u>(521,830)</u> | <u>195,268</u> | <u>(6,448,562)</u> |
| Net capital assets | <u>\$14,410,032</u> | <u>\$ 7,973,169</u> | <u>\$ (6,265,212)</u> | <u>\$16,117,989</u> |
| Depreciation expense was charged to | | | | |
| Governmental functions as follows: | | | | |
| General Support | \$ 6,296 | | | |
| Instruction | 302,313 | | | |
| Pupil Transportation | 209,929 | | | |
| School Lunch | <u>3,292</u> | | | |
| | <u>\$ 521,830</u> | | | |

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(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.

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

| | <u>Beginning Balance</u> | <u>Issued</u> | <u>Redeemed/ Refunded</u> | <u>Ending Balance</u> | <u>Amounts Due Within One Year</u> |
|---|------------------------------|--------------------|-------------------------------|---------------------------|--|
| Bond Anticipation note: | | | | | |
| 2017 Bond Anticipation note, issued 7/28/16 final maturity 7/28/17, at 1.50% | \$6,200,000 | \$ - | \$ (6,200,000) | \$ - | \$ - |
| 2018 Bond Anticipation note, issued 7/28/17 final maturity 6/29/18, at 2.25% | <u>-</u> | <u>6,180,000</u> | <u>(6,180,000)</u> | <u>-</u> | <u>-</u> |
| | <u>\$6,200,000</u> | <u>\$6,180,000</u> | <u>\$(12,380,000)</u> | <u>\$ -</u> | <u>\$ -</u> |

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

| | |
|--|------------------|
| Interest paid less premium in current year | \$ 175,395 |
| Less interest accrued in the prior year | (86,121) |
| Plus interest accrued in the current year | - |
| Less Bond premium recognized | <u>(2,380)</u> |
| Total Expense | <u>\$ 86,894</u> |

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)**

NOTE 7 - LONG-TERM OBLIGATIONS

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

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

| | Amounts | | | | |
|--|------------------------------------|--------------------|-------------------------------|---------------------------------|--------------------------------------|
| | <u>Beginning</u> <u>Balance</u> | <u>Issued</u> | <u>Redeemed/ Refunded</u> | <u>Ending</u> <u>Balance</u> | <u>Due Within</u> <u>One Year</u> |
| Government activities: | | | | | |
| 2013 Serial Bonds, final maturity 08/01/18, at 0.75%-2.45%, per year through final maturity | \$ 100,000 | \$ - | \$ 50,000 | \$ 50,000 | \$ 50,000 |
| 2016 Serial Bonds, final maturity 10/01/23, at 1.00%-2.00%, per year refunded in 2016 portion kept | 1,315,000 | - | 180,000 | 1,135,000 | 180,000 |
| 2018 Serial Bonds, final maturity 10/01/23, at 3.00%-3.25%, per year through final maturity | <u>-</u> | <u>6,090,000</u> | <u>-</u> | <u>6,090,000</u> | <u>345,000</u> |
| Total Bonds Payable | <u>\$ 1,415,000</u> | <u>\$6,090,000</u> | <u>\$ 230,000</u> | <u>\$ 7,275,000</u> | <u>\$ 575,000</u> |
| Other Liabilities: | | | | | |
| Compensated Absences | \$ 93,999 | \$ 3,633 | \$ 11,508 | \$ 86,124 | \$ - |
| Installment Purchase Debt | <u>369,941</u> | <u>-</u> | <u>63,588</u> | <u>306,353</u> | <u>66,659</u> |
| Total Long-Term Liabilities | <u>\$ 1,878,940</u> | <u>\$6,093,633</u> | <u>\$ 305,096</u> | <u>\$ 7,667,477</u> | <u>\$ 641,659</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, | | | |
| 2019 | \$ 575,000 | \$ 198,856 | \$ 773,856 |
| 2020 | 535,000 | 190,888 | 725,888 |
| 2021 | 540,000 | 176,688 | 716,688 |
| 2022 | 560,000 | 162,288 | 722,288 |
| 2023 | 575,000 | 147,338 | 722,338 |
| 2024-2028 | 2,290,000 | 530,288 | 2,820,288 |
| 2029-2033 | <u>2,200,000</u> | <u>192,848</u> | <u>2,392,848</u> |
| | <u>\$ 7,275,000</u> | <u>\$ 1,599,194</u> | <u>\$ 8,874,194</u> |

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(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:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|----------------------------|-------------------|------------------|-------------------|
| Fiscal year ended June 30, | | | |
| 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 | 19,770 | 235 | 20,005 |
| 2024 and thereafter | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>\$ 306,353</u> | <u>\$ 33,732</u> | <u>\$ 340,085</u> |

The energy performance contract is carried in fixed assets at a cost of \$813,531 with accumulated depreciation of \$187,112 resulting in a net book value of \$626,419.

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 \$1,115,000 of advance refunded bonds outstanding at June 30, 2018.

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

| | |
|---|------------------|
| Interest paid | \$ 42,644 |
| Less interest accrued in the prior year | (8,223) |
| Plus interest accrued in the current year | 7,761 |
| Plus Bond refunding recognized | 2,872 |
| Less Bond premium recognized | <u>(9,490)</u> |
| Total Expense | <u>\$ 35,564</u> |

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 | \$ 308,253 | \$ 10 | \$ - | \$ 274,897 |
| Special Aid Funds | - | 155,476 | 20,941 | - |
| School Lunch Funds | - | 19,447 | 46,266 | 2,310 |
| Debt Service Funds | 15,718 | - | 15,708 | - |
| Capital Funds | <u>-</u> | <u>16,753</u> | <u>210,000</u> | <u>15,708</u> |
| Total governmental activities | 323,971 | 191,686 | 292,915 | 292,915 |
| Fiduciary Agency Fund | <u>-</u> | <u>132,285</u> | <u>-</u> | <u>-</u> |
| Totals | <u>\$ 323,971</u> | <u>\$ 323,971</u> | <u>\$ 292,915</u> | <u>\$ 292,915</u> |

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

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)**

NOTE 8 - INTERFUND BALANCES AND ACTIVITY(continued)

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.

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> |
|-----------|---------------|---------------|
| 2017-2018 | \$ 422,548 | \$ 183,050 |
| 2016-2017 | \$ 499,729 | \$ 177,185 |
| 2015-2016 | \$ 638,821 | \$ 194,797 |

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)**

NOTE 10 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

During the year ended June 30, 2018, the School District implemented GASB 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 Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employer and Agent Multiple-Employer Plans, for OPEB*.

GENERAL INFORMATION ABOUT THE OPEB PLAN

Plan Description

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. The specifics of each contract are on file at the District offices and are available upon request. The plan is a single employer, defined benefit plan administered by the School District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the School District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements because there are no assets legally segregated for the sole purpose of paying benefits under the plan.

Benefits Provided

The health insurance plan is a single employer, defined benefit plan. 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.

Employees Covered by Benefit Terms – At June 30, 2018, the following employees were covered by the benefit terms.

| | |
|--------------------------------------|-------------------|
| Inactive employees or beneficiaries | |
| currently receiving benefit payments | 115 |
| Active Plan Members | <u>108</u> |
| Total | <u><u>223</u></u> |

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)**

**NOTE 10 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)
GENERAL INFORMATION ABOUT THE OPEB PLAN (continued)**

Total OPEB Liability

The District's total OPEB liability of \$32,345,343 was measured as of June 30, 2017, and was determined by an actuarial valuation as of July 1, 2016.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|-----------------------------|---|
| Long-Term Bond Rate: | 3.56% |
| Single Discount Rate | 3.56% |
| Salary Scale | 3.50% |
| Rate of Inflation | 2.25% |
| Marital Assumption | 50.00% |
| Participation Rate | 95.00% |
| Healthcare Cost Trend Rates | 7.25% for 2018, decreasing to an ultimate rate of 3.886% for 2075 |

The long-term bond rate is based on the Bond Buyer Weekly 20-Year Bond GO Index as of the measurement date (or the nearest business day thereto).

Mortality rates were based on the sex-distinct RPH-2014 Mortality Tables for employees and healthy annuitants, adjusted backward to 2006 with Scale MP-2014, and then adjusted for mortality improvements with Scale MP-2015 mortality improvement scale on a fully generational basis.

Rates of turnover and retirement rates are based on the experience under the New York State Employees' Retirement System (ERS) and the New York state Teachers' Retirement System (TRS). The ERS rates are based on the April 1, 2010-March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP2014, applied on a generational basis.

Election percentage: It was assumed that 95% of future retirees eligible for coverage will elect retiree group benefits. It was assumed that participants who are currently not Medicare eligible will migrate into the Gold Anywhere PPO with MVP Part D Prescription Plan upon Medicare eligibility. Retirees already Medicare eligible and still participating in NY44 are assumed to continue in NY44.

Spousal Coverage: It was assumed that 50% of future retirees will elect spousal coverage upon retirement.

The annual rate of increase in healthcare costs developed based on a review of published National trend survey data in relation to the retiree health plan offerings and updated long-term rates based on the Society of Actuaries Long Term Healthcare Cost Trend Models v2018_c (the Getzen model).

The actuarial assumptions used in the June 30, 2017 valuation were consistent with the requirements of GASB Statement No. 75 and the Actuarial Standards of Practice (ASOPs)

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)**

NOTE 10 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

CHANGES IN THE TOTAL OPEB LIABILITY FOR THE PERIOD ENDING JUNE 30, 2018

| | Total OPEB Liability |
|--|-------------------------|
| Balance at Beginning of Year | \$ 34,325,065 |
| Changes for the year: | |
| Service cost | 1,372,987 |
| Interest cost | 1,031,759 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | - |
| Changes in assumptions or other inputs | (3,656,781) |
| Benefit payments | (727,687) |
| Net change in Total OPEB Liability | (1,979,722) |
| Balance at End of Year | \$ 32,345,343 |

Changes of assumptions and other inputs reflect a change in the discount rate from 2.92% on July 1, 2016 to 3.56% on July 1, 2017.

Sensitivity of the total OPEB liability to changes in the discount rate - The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.56%) or 1-percentage point higher (4.56%) than the current discount rate:

| | 1% Decrease (2.56%) | Discount Rate (3.56%) | 1% Increase (4.56%) |
|----------------------|---------------------------|-----------------------------|---------------------------|
| Total OPEB liability | \$38,310,320 | \$32,345,343 | \$27,591,969 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate – The following presents the total OPEB liability of the School District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1 percentage-point higher than the current healthcare cost trend rate:

| | 1% Decrease | Current Trend Rates | 1% Increase |
|----------------------|----------------|---------------------------|----------------|
| Total OPEB liability | \$26,881,543 | \$32,345,342 | \$39,463,450 |

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)**

**NOTE 10 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)
OPEB EXPENSE AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF
RESOURCES RELATED TO OPEB**

For the year ended June 30, 2018, the District recognized OPEB expense of \$3,960,162.

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ - | \$ - |
| Changes in assumptions or other inputs | - | (3,656,781) |
| Contributions subsequent to measurement date | 809,065 | - |
| Total | \$ 809,065 | \$ (3,656,781) |

District contributions subsequent to the measurement date which will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

| | Amount |
|----------------------------|--------------|
| Fiscal year ended June 30, | |
| 2019 | \$ (474,414) |
| 2020 | (474,414) |
| 2021 | (474,414) |
| 2022 | (474,414) |
| 2023 | (474,414) |
| 2024 and Thereafter | (1,284,711) |

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.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)**

NOTE 11 - RISK MANAGEMENT (continued)

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.

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.

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 \$348,285.

Construction Contracts

The District has closed the capital project and has no remaining commitments to contractors at June 30, 2018.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018
(CONTINUED)**

NOTE 15 - LEASE OBLIGATIONS

The District leases certain equipment (postage machine) under the terms of various non-cancelable leases. Rental expense for the year ended June 30, 2018 was \$1,313.

Minimum annual rentals for each of the remaining years of the lease are:

| | | |
|----------------------------|-----------|--------------|
| Fiscal year ended June 30, | | |
| 2019 | \$ | 1,313 |
| 2020 | | 1,313 |
| 2021 | | 1,313 |
| 2022 | | <u>985</u> |
| | <u>\$</u> | <u>4,924</u> |

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, 2018. 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 \$46,719.

NOTE 17 - SUBSEQUENT EVENTS

The District has evaluated events and transactions that occurred between June 30, 2018 and October 1, 2018, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NOTE 18 - RESTATEMENT OF NET POSITION

For the fiscal year ended June 30, 2018, the District implemented GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The implementation of Statement No. 75 resulted in the restatement of the prior other postemployment benefits liability on the statement of net position by removing the net OPEB obligation balance determined in accordance with Statement No. 45 and replacing with the net OPEB liability at the beginning of the initial period of implementation determined as of the measurement date that would have been applied in the prior fiscal year if Statement No. 75 had been in effect. The liability increased and net position decreased by \$20,862,793 at July 1, 2017.

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, 2018**

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

| | |
|--------------------------------|-----------------------------|
| Adopted Budget | \$ 13,128,841 |
| Add: Prior Year's Encumbrances | <u>14,000</u> |
| Original Budget | 13,142,841 |
| Budget Adjustments | <u>27,500</u> |
| Final Budget | <u><u>\$ 13,170,341</u></u> |

Next year's budget is a voter-approved budget of: \$ 13,531,525

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

| | |
|---|---------------|
| 2018-2019 Voter-approved Expenditure Budget | |
| Maximum Allowed 4% of 2018-2019 Budget | \$ 13,531,525 |

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

| | |
|---------------------------------|----------------------------|
| Unrestricted Fund Balance: | |
| Committed Fund Balance | - |
| Assigned Fund Balance | 1,069,789 |
| Unassigned Fund Balance | <u>1,461,176</u> |
| Total Unrestricted Fund Balance | <u><u>\$ 2,530,965</u></u> |

| | |
|--|----------------------------|
| Less: | |
| Appropriated Fund Balance | 1,048,785 |
| Encumbrances Included in Committed and Assigned Fund Balance | <u>21,004</u> |
| Total Adjustments | <u><u>\$ 1,069,789</u></u> |

| | |
|---|----------------------------|
| General Fund Fund Balance Subject to Section 1318 | |
| Real Property Tax Law | <u><u>\$ 1,461,176</u></u> |

Actual Percentage 10.80%

**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, 2018**

| | Original Budget | Final Budget | Actual (Budgetary Basis) | Final Budget Variance with Budgetary Actual |
|--|----------------------|----------------------|--------------------------------|---|
| REVENUES | | | | |
| Local Sources: | | | | |
| Real Property Taxes | \$ 7,188,449 | \$ 7,188,449 | \$ 6,767,137 | \$ (421,312) |
| Other Tax Items | 51,999 | 51,999 | 483,707 | 431,708 |
| Charge for Services | - | - | 4,639 | 4,639 |
| Use of Money and Property | 1,000 | 1,000 | 1,209 | 209 |
| Sale of Property and Compensation for Loss | - | - | 23,233 | 23,233 |
| Miscellaneous | 155,000 | 157,500 | 211,927 | 54,427 |
| Interfund Revenues | - | - | - | - |
| Total Local Sources | <u>7,396,448</u> | <u>7,398,948</u> | <u>7,491,852</u> | <u>92,904</u> |
| State Sources | 4,648,653 | 4,673,653 | 4,683,046 | 9,393 |
| Federal Sources | - | - | 5,907 | 5,907 |
| Total Revenues | 12,045,101 | 12,072,601 | 12,180,805 | 108,204 |
| OTHER FINANCING SOURCES | | | | |
| Transfers from Other Funds | - | - | - | - |
| Appropriated Fund Balance | 1,097,740 | 1,097,740 | - | (1,097,740) |
| Total Revenues and Other Financing Sources | <u>\$ 13,142,841</u> | <u>\$ 13,170,341</u> | <u>\$ 12,180,805</u> | <u>\$ (989,536)</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, 2018
(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 | \$ 17,263 | \$ 21,519 | \$ 15,631 | \$ - | \$ 5,888 |
| Central Administration | 176,153 | 429,672 | 424,900 | - | 4,772 |
| Finance | 184,792 | 279,570 | 269,279 | - | 10,291 |
| Staff | 47,000 | 52,462 | 43,358 | - | 9,104 |
| Central Services | 968,330 | 912,124 | 828,797 | 21,004 | 62,323 |
| Special Items | 190,289 | 194,018 | 189,755 | - | 4,263 |
| Total General Support | <u>1,583,827</u> | <u>1,889,365</u> | <u>1,771,720</u> | <u>21,004</u> | <u>96,641</u> |
| Instruction: | | | | | |
| Instruction - Administration & Improvement | 346,558 | 342,444 | 342,174 | - | 270 |
| Teaching - Regular School | 2,718,760 | 3,014,756 | 2,993,848 | - | 20,908 |
| Programs for Students with Disabilities | 1,585,949 | 1,304,887 | 1,301,921 | - | 2,966 |
| Occupational Education | 463,748 | 462,948 | 458,939 | - | 4,009 |
| Teaching - Special Schools | - | - | - | - | - |
| Instructional Media | 204,998 | 258,996 | 248,423 | - | 10,573 |
| Pupil Services | 514,545 | 560,114 | 529,073 | - | 31,041 |
| Total Instruction | <u>5,834,558</u> | <u>5,944,145</u> | <u>5,874,378</u> | <u>-</u> | <u>69,767</u> |
| Pupil Transportation | 1,297,572 | 1,010,883 | 957,148 | - | 53,735 |
| Community Services | - | - | - | - | - |
| Employee Benefits | 3,553,151 | 3,493,196 | 3,133,648 | - | 359,548 |
| Debt Service | 773,733 | 557,854 | 557,854 | - | - |
| Total Expenditures | <u>13,042,841</u> | <u>12,895,443</u> | <u>12,294,748</u> | <u>21,004</u> | <u>579,691</u> |
| OTHER FINANCING USES | | | | | |
| Transfers To Other Funds | <u>100,000</u> | <u>274,898</u> | <u>274,897</u> | <u>-</u> | <u>1</u> |
| Total Expenditures and Other Uses | <u>\$ 13,142,841</u> | <u>\$ 13,170,341</u> | <u>\$ 12,569,645</u> | <u>\$ 21,004</u> | <u>\$ 579,692</u> |
| Excess Revenue and Other Sources over Expenditures and Other Uses | | | <u>(388,840)</u> | | |
| Fund Balance - Beginning of Year | | | <u>3,769,189</u> | | |
| Fund Balance - End of Year | | | <u>\$ 3,380,349</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, 2018**

| Project Title | Original Appropriation | Revised Appropriation | Expenditures to Date | | | Unexpended Balance | Proceeds of Obligations | Excel | Local Sources | Total | Fund Balance June 30, 2018 |
|------------------|---------------------------|--------------------------|----------------------|---------------------|---------------------|-----------------------|----------------------------|-------------|-------------------|---------------------|----------------------------------|
| | | | Prior Year | Current Year | Total | | | | | | |
| Renovation | \$ 6,200,000 | \$ 6,200,000 | \$ 4,183,530 | \$ 2,001,196 | \$ 6,184,726 | \$ 15,274 | \$ 6,090,000 | \$ - | \$ 110,000 | \$ 6,200,000 | \$ 15,274 |
| Makers Space | 100,000 | 100,000 | - | 99,566 | 99,566 | 434 | - | - | 100,000 | 100,000 | 434 |
| Total | <u>\$ 6,300,000</u> | <u>\$ 6,300,000</u> | <u>\$ -</u> | <u>\$ 2,100,762</u> | <u>\$ 6,284,292</u> | <u>\$ 15,708</u> | <u>\$ 6,090,000</u> | <u>\$ -</u> | <u>\$ 210,000</u> | <u>\$ 6,300,000</u> | <u>\$ 15,708</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, 2018**

| | | |
|-------------------------------------|------------------|----------------------------|
| Capital Assets, Net | | \$ 16,117,989 |
| Deduct: | | |
| Bond Anticipation Notes | - | |
| Short-term portion of bonds payable | 641,659 | |
| Long-Term portion of bonds payable | 6,939,694 | |
| | <u>7,581,353</u> | |
| Net Investment in Capital Assets | | <u><u>\$ 8,536,636</u></u> |

See paragraph on supplementary schedules included in auditors' report.

ALEXANDRIA CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE LAST
10 FISCAL YEARS

| | 2018 |
|---|-----------------------------|
| Measurement Date | June 30, 2017 |
| Total OPEB Liability | |
| Service cost | \$ 1,372,987 |
| Interest | 1,031,759 |
| Changes in benefit terms | - |
| Differences between expected and actual experience in the measurement of the total OPEB liability | - |
| Changes of assumptions or other inputs | (3,656,781) |
| Benefit payments | <u>(727,687)</u> |
| Net change in total OPEB liability | <u>(1,979,722)</u> |
| | |
| Total OPEB liability - beginning | <u>34,325,065</u> |
| | |
| Total OPEB liability - ending | <u><u>\$ 32,345,343</u></u> |
| | |
| Covered payroll | <u><u>\$ 5,130,225</u></u> |
| | |
| Total OPEB liability as a percentage of covered payroll | 630.49% |

Changes of Assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate each period. The discount rate in effect at the current measurement date is 3.56%.

10 years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available

(1) Data not available prior to fiscal year 2018 implementation of Government Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

* Ratios not provided

See paragraph on supplementary schedules included in auditors' 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)

| | 2018 | 2017 | 2016 | 2015 |
|---|--------------|--------------|----------------|----------------|
| District's proportion of the net pension liability (asset) | 0.021718% | 0.023349% | 0.023346% | 0.023766% |
| District's proportionate share of the net pension liability (asset) | \$ (165,081) | \$ 250,072 | \$ (2,424,951) | \$ (2,647,391) |
| District's covered-employee payroll | \$ 3,441,640 | \$ 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 | -4.80% | 6.95% | (69.21%) | (73.98%) |
| Plan fiduciary net position as a percentage of the total pension liability | 100.66% | 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)

| | 2018 | 2017 | 2016 | 2015 |
|---|--------------|--------------|--------------|--------------|
| District's proportion of the net pension liability (asset) | 0.0048523% | 0.0043765% | 0.0043800% | 0.0043000% |
| District's proportionate share of the net pension liability (asset) | \$ 156,604 | \$ 411,227 | \$ 702,948 | \$ 145,265 |
| District's covered-employee payroll | \$ 1,286,469 | \$ 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 | 12.17% | 33.91% | 62.05% | 12.86% |
| Plan fiduciary net position as a percentage of the total pension liability | 98.24% | 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)

| | 2018 | 2017 | 2016 | 2015 |
|--|--------------|--------------|--------------|--------------|
| Contractually required contribution | \$ 403,360 | \$ 477,745 | \$ 614,769 | \$ 590,471 |
| Contributions in relation to the contractually required contribution | 403,360 | 477,745 | 614,769 | 590,471 |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered employee payroll | \$ 3,441,640 | \$ 3,598,184 | \$ 3,503,926 | \$ 3,578,723 |
| Contributions as a percentage of covered employee payroll | 11.72% | 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

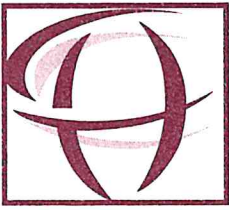
(1) Data not available prior to fiscal year 2015 implementation of Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

New York State Employees Retirement System (ERS)

| | 2018 | 2017 | 2016 | 2015 |
|--|--------------|--------------|--------------|--------------|
| Contractually required contribution | \$ 183,050 | \$ 177,185 | \$ 194,797 | \$ 195,035 |
| Contributions in relation to the contractually required contribution | 183,050 | 177,185 | 194,797 | 195,035 |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's covered employee payroll | \$ 1,286,469 | \$ 1,212,571 | \$ 1,132,814 | \$ 1,129,900 |
| Contributions as a percentage of covered employee payroll | 14.23% | 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*.



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Employee Benefit Plan Audit Quality Center

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, 2018, 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 1, 2018.

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 first paragraph in this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



**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 2017-001.

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.

Crowley & Halloran CPAs P.C.
Watertown, NY
October 1, 2018

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
JUNE 30, 2018
(CONTINUED)**

COMPLIANCE AND OTHER MATTERS

The following is considered an instance of non-compliance:

2018-001: Fund Balance: Real Property Tax Law

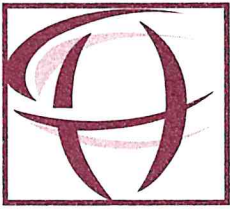
Condition and Criteria: The District's unassigned fund balance was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year.

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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AICPA
NYSSCPA
Government Audit Quality Center
Employee Benefit Plan Audit Quality Center

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, 2018, 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, 2018, 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.

Crowley & Halloran CPAs P.C.
Watertown, NY
October 1, 2018

**ALEXANDRIA CENTRAL SCHOOL DISTRICT
EXTRACLASROOM ACTIVITY FUND -
STATEMENT OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS
JUNE 30, 2018**

ASSETS

| | |
|--------------|------------------|
| Cash | \$ 67,355 |
| Total Assets | <u>\$ 67,355</u> |

LIABILITIES AND FUND BALANCE

| | |
|------------------------------------|------------------|
| Liabilities | |
| Activity Accounts | \$ 67,355 |
| Total Liabilities | <u>67,355</u> |
| Total Liabilities and Fund Balance | <u>\$ 67,355</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, 2018**

| | Cash Balances <u>June 30, 2017</u> | <u>Receipts</u> | <u>Disbursements</u> | Cash Balances <u>June 30, 2018</u> |
|----------------------|--|-----------------------------|-----------------------------|--|
| Class of 2017 | \$ 1,594 | \$ - | \$ 1,594 | \$ - |
| Class of 2018 | 15,085 | 14,437 | 28,845 | 677 |
| Class of 2019 | 5,265 | 17,599 | 6,856 | 16,008 |
| Class of 2020 | 2,206 | 6,707 | 3,482 | 5,431 |
| Class of 2021 | - | 4,568 | 2,625 | 1,943 |
| Band | 2,851 | 6,143 | 3,019 | 5,975 |
| French Club | 4,507 | 5,676 | 4,596 | 5,587 |
| FFA Club | 17,358 | 9,216 | 11,972 | 14,602 |
| FHA | 31 | 708 | 64 | 675 |
| Academic Honors Club | - | - | - | - |
| Varsity Club | 2,174 | 1,487 | 1,292 | 2,369 |
| Yearbook | 1,063 | 8,487 | 8,524 | 1,026 |
| Senior Honor Society | 1,473 | 1,896 | 2,979 | 390 |
| Vocal Music Club | 10,323 | 17,224 | 17,122 | 10,425 |
| Select Choir Club | 632 | 1,664 | 576 | 1,720 |
| Student Council | 1,298 | 1,501 | 2,272 | 527 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Totals | <u>\$ 65,860</u> | <u>\$ 97,313</u> | <u>\$ 95,818</u> | <u>\$ 67,355</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, 2018**

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, 2018 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.