

ALEXANDRIA
CENTRAL SCHOOL DISTRICT
FINANCIAL STATEMENTS
June 30, 2019

Alexandria Central School District

Table of Contents

June 30, 2019

	<u>Page (s)</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Statement of Net Position - Governmental Activities	19
Statement of Activities and Changes in Net Position - Governmental Activities	21
Balance Sheet - Governmental Funds	22
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	23
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	24
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to Statement of Activities	25
Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position	26
Notes to Financial Statements	27
Required Supplementary Information	
Schedule of Funding Progress - Other Post Employment Benefits Plan - Last 2 Fiscal Years	57
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund	58
Schedules of District Contributions, NYSTRS & NYSERS Pension Plans, Last 5 Fiscal Years	59
Schedules of District's Proportionate Share of the Net Pension Liability, NYSTRS & NYSERS Pension Plans, Last 5 Fiscal Years	60
Supplementary Information	
Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit - General Fund	61
Schedule of Project Expenditures - Capital Projects Fund	62
Net Investment in Capital Assets	63
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	64

STACKEL & NAVARRA, C.P.A., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

COMMUNITY BANK BUILDING – 216 WASHINGTON STREET
WATERTOWN, NEW YORK 13601-3336
TELEPHONE 315/782-1220
FAX 315/782-0118

Robert F. Stackel, C.P.A.
Jacob Navarra, C.P.A.
Mark B. Hills, C.P.A.

INDEPENDENT AUDITORS' REPORT

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, 2019, and the related notes to the financial statements, which collectively comprise the Alexandria Central School 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.

Auditor's 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.

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, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress - other post-employment benefits - last 2 fiscal years, the schedule of revenue, expenditures and changes in fund balance – budget (non-GAAP basis) and actual – general fund, the schedules of District contributions – NYSTRS & NYSERS pension plans – last 5 fiscal years, and the schedules of District's proportionate share of the net pension liability – NYSTRS & NYSERS pension plans – last 5 fiscal years on pages 4-18 and 57-60 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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 project expenditures – capital projects fund, and net investment in capital assets are presented for purposes of 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 project expenditures – capital projects fund 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 project expenditures – capital projects fund and net investment in capital assets are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2019, on our consideration of Alexandria Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Stachul & Navana, CPA, PC". The signature is written in a cursive style.

Watertown, NY
October 7, 2019

Alexandria Central School District
Management Discussion and Analysis
June 30, 2019

The following is a discussion and analysis of the Alexandria Central School District's financial performance for the fiscal year ended June 30, 2019. 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 \$11.74 per thousand on true value. For the 2018-19 school year approximately 58% of revenue was from property tax revenue and 39% came from state aid.

The School District employs approximately 119 full and part-time professional and support staff. These employees are organized into two collective bargaining units (teaching staff and support staff). The contract for the teachers expires on June 30, 2020 and is currently in negotiations; the contract for support staff expires on June 30, 2021.

Overview of Financial Statements

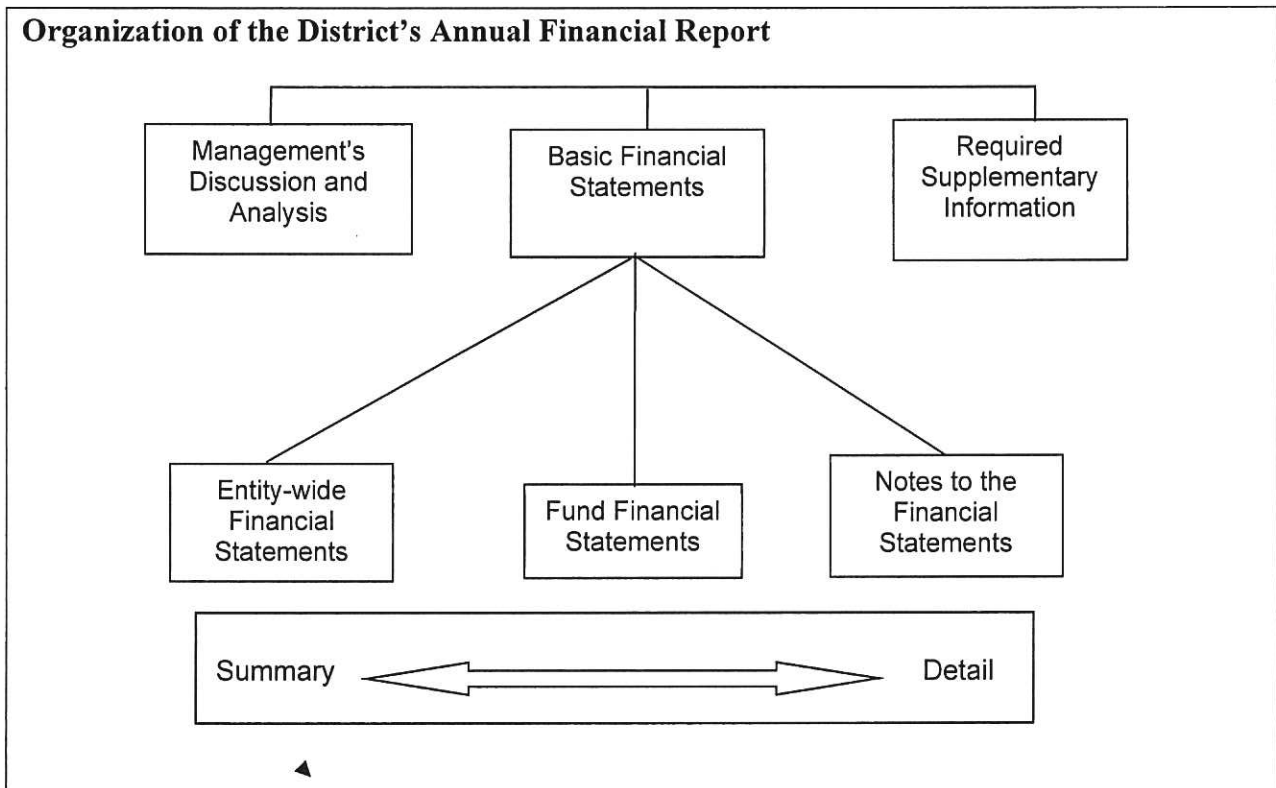
This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School District.

- 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.
- *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.

Alexandria Central School District
Management Discussion and Analysis
June 30, 2019

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 Discussion and Analysis
June 30, 2019

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 / Deferred Outflows of Resources / Liability / Deferred Inflows of Resources Information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term debt	Generally, assets and deferred outflows of resources expected to be used up liabilities and deferred inflows of resources that come due during the year or soon after; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) 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*.

Alexandria Central School District
Management Discussion and Analysis
June 30, 2019

- 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.
- 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.

Alexandria Central School District
Management Discussion and Analysis
June 30, 2019

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 \$21,379,605 at the close of the fiscal year. This represents a \$70,095 increase in net position for the year.

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.

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 19.

Condensed Statement of Net Position

	<u>2018-19</u>	<u>2017-18</u>
ASSETS		
Current and other assets	\$ 4,812,663	\$ 4,276,208
Capital assets, net	<u>15,846,203</u>	<u>16,117,989</u>
Total Assets	<u>\$ 20,658,866</u>	<u>\$ 20,394,197</u>
DEFERRED OUTFLOWS OF RESOURCES		
	<u>\$ 8,295,443</u>	<u>\$ 3,591,744</u>
LIABILITIES		
Current liabilities	\$ 560,799	\$ 650,993
Deferred revenue	2,450	-
Long-term liabilities	<u>45,348,520</u>	<u>40,169,424</u>
Total Liabilities	<u>45,911,769</u>	<u>40,820,417</u>
DEFERRED INFLOWS OF RESOURCES		
	<u>\$ 4,422,145</u>	<u>\$ 4,615,224</u>
NET POSITION		
Net investment in capital assets	8,867,090	8,536,636
Restricted	1,123,284	956,612
Unrestricted	<u>(31,369,979)</u>	<u>(30,942,948)</u>
Total Net Position	<u>\$ (21,379,605)</u>	<u>\$ (21,449,700)</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 cash equivalents of \$3.8 million and state and federal aid receivables of \$370,000.

Current liabilities consist principally of accounts payable and accrued expenses of \$561,000. Of this total, payables to the Teachers' Retirement System and the Employees' Retirement System account for \$500,000.

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.

Alexandria Central School District
Management Discussion and Analysis
June 30, 2019

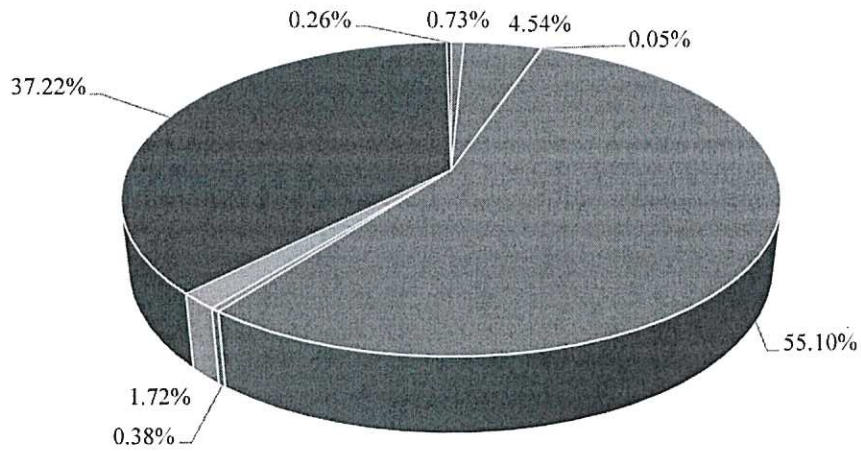
The schedule below summarizes the School District's activities and reflects the change in net assets depicted above. The complete Statement of Activities can be found in the School District's basic financial statements on page 21.

Condensed Statement of Activities

	<u>2018-19</u>	<u>2017-18</u>
Revenues		
Program Revenues		
Charges for services	\$ 97,433	\$ 100,458
Operating grants	609,491	712,684
General Revenues		
Property and other tax items	7,392,402	7,250,844
Use of money and property	51,144	1,209
Sale of property and compensation for loss	6,897	27,838
Miscellaneous	230,395	215,622
State sources	4,993,143	4,683,046
Medicaid reimbursement	34,432	5,907
	<u>13,415,337</u>	<u>12,997,608</u>
Expenses		
General support	2,081,270	2,604,429
Instruction	9,458,217	10,230,546
Pupil transportation	1,299,280	1,332,678
Debt service - interest	209,994	122,458
School lunch program - cost of food sales	296,481	313,150
	<u>13,345,242</u>	<u>14,603,261</u>
Restatement: Implementation of GASB 75	<u>-</u>	<u>(20,862,793)</u>
Change in Net Position	<u>\$ 70,095</u>	<u>\$ (22,468,446)</u>

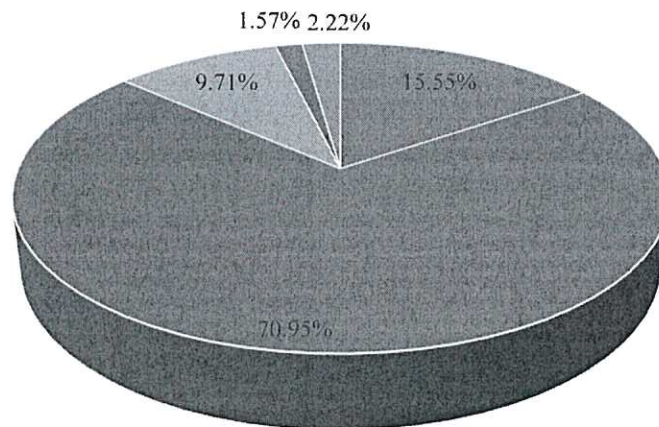
Alexandria Central School District
Management Discussion and Analysis
June 30, 2019

2018-19 Revenues



- Charges for services
- Property and other tax items
- State sources
- Operating grants
- Use of money and property
- Medicaid reimbursement
- Sale of property and comp for loss
- Miscellaneous

2018-19 Expenses



- General support
- Pupil transportation
- School lunch program - cost of food sales
- Instruction
- Debt service - interest

Alexandria Central School District
Management Discussion and Analysis
June 30, 2019

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 55.10% of the School District's 2018-19 revenue, while state and federal aid was a combined amount of 37.48%.

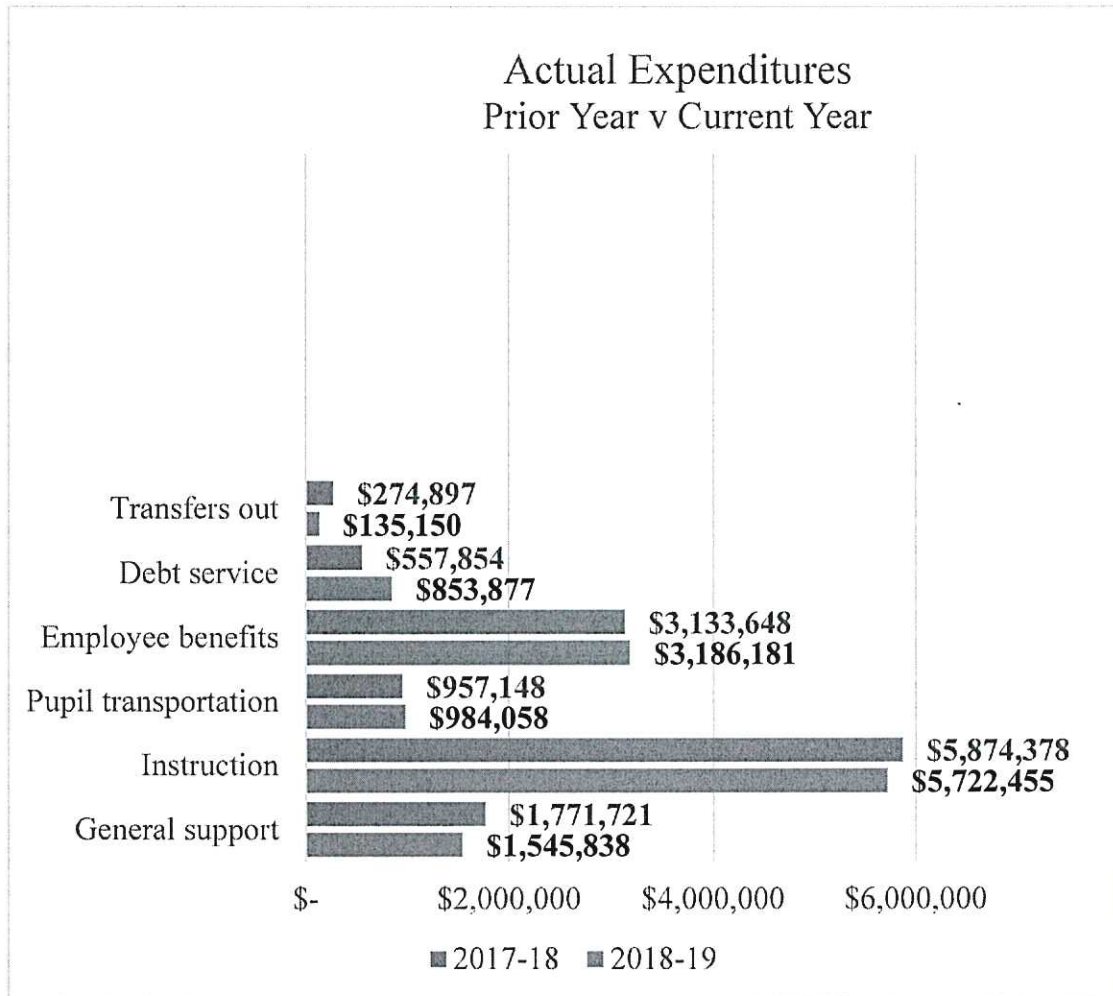
The financial statements also include the activity of the Special Revenue funds, which are comprised of a number of State and Federal grant programs and the food service fund, referred to elsewhere as the school lunch program/fund. The food service fund is designed to be self-supporting, with revenues 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. During the 2018-19 fiscal year, the District introduced taste testings of new items, such as burrito bowls and black bean burgers, and the salad bar as reinstated. The District also offered free breakfast to Pre-K and Kindergarten. During the 2019-20 fiscal year, the District plans to expand free breakfast to all students and monthly taste testings. These creative ideas are being implemented in the hopes to increase participation.

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 2018-19 school year was \$13,556,454, which was up by \$386,113 which includes transfers to other funds totaling \$153,100, for an increase in fund balance of \$311,495. This compares to a negative variance of \$388,841 in the prior year. The main reason for the over performance were lower than anticipated fuel rates, lower than expected Special Education services, and fewer employees signing on for the health insurance plan. This meant that planned expenditures were underspent and were added to 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 Discussion and Analysis
June 30, 2019

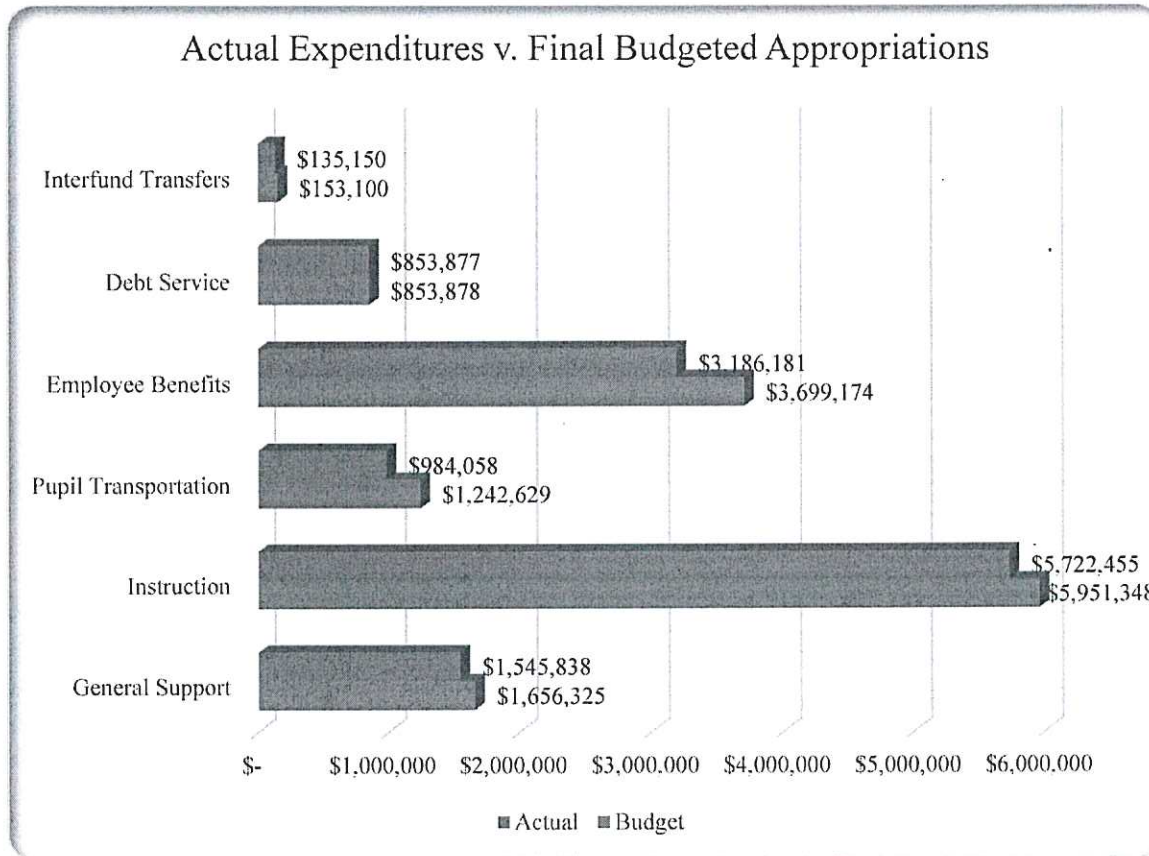


Several factors become immediately obvious in the examination of this data. The bulk of the decrease can be found in the areas of general support, instructional, and interfund transfers. There was also a noted increase in debt service. The decrease in general support expenses was a result of a settlement with the previous superintendent in 2017-18. The decrease in instructional expenses is due to a decrease in special education services. Interfund transfers expenses decreased from 2017-18 due to the completion of the district’s renovation project. The increase in debt service reflects the first payment of this project being paid beginning in 2018-19.

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 increased slightly year over year. TRS rates increased from 9.80% in 2017-18 to 10.63% in 2018-19, ERS decreased from 16.1% to 15.9%. Health insurance increased by 2%.

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 2018-19.

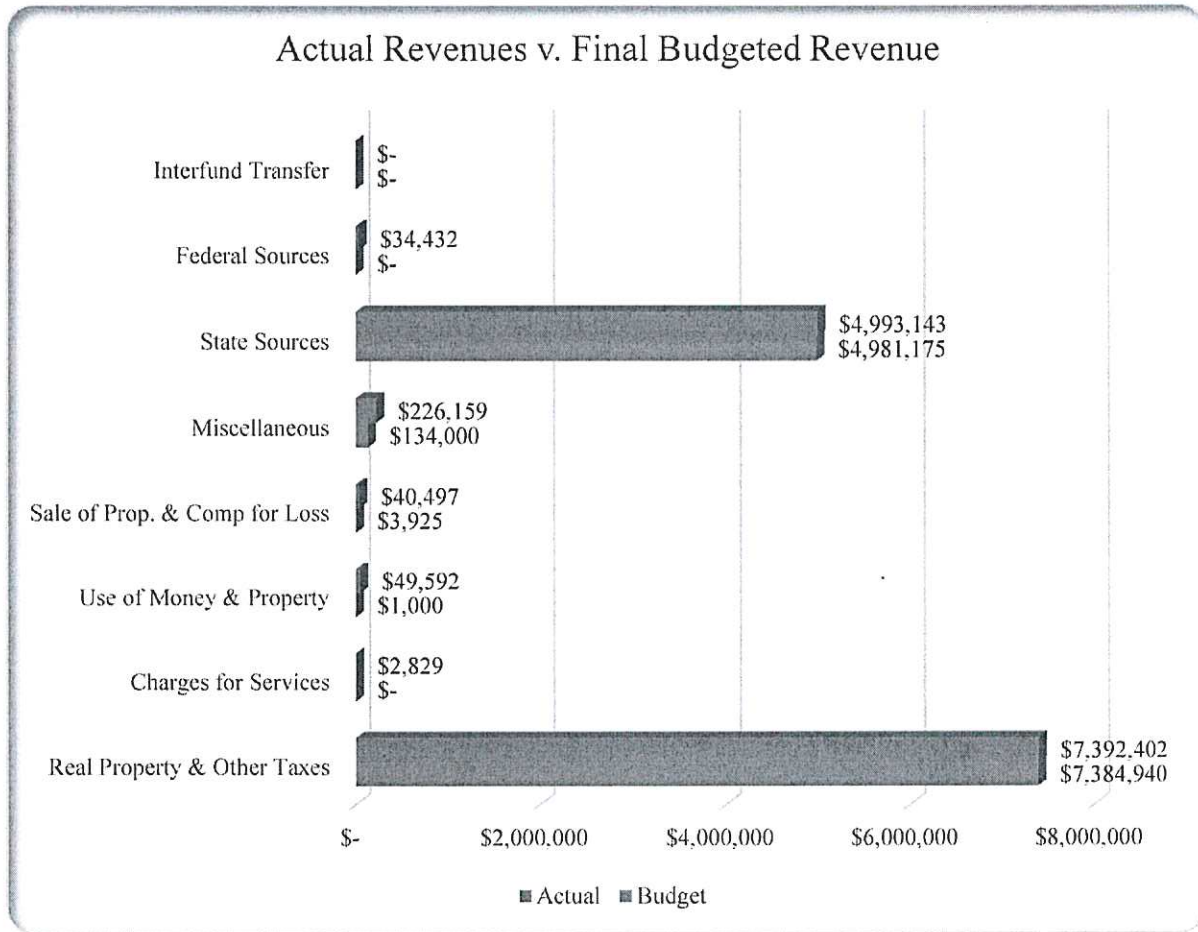
Alexandria Central School District
Management Discussion and Analysis
June 30, 2019



The greatest variance between budget and actual lies within employee benefit expenses. The budget variance of \$500,000 in employee benefits is a result of the School District anticipating an increase in health care participation, which did not occur. The \$258,000 variance in Pupil Transportation is a result in a lower than expected cost of bus fuel. Finally, the \$230,000 variance in Instructional is due to special education services. Special education services can become quite costly to the district and the district, thus, budgets for unexpected additional enrollment. There were no additional special education students for the 2018-19 school year.

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 Discussion and Analysis
June 30, 2019



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 \$34,000.

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 Discussion and Analysis
June 30, 2019

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 \$3,691,844, an increase over the prior year of \$311,495. As previously explained, the increase in fund balance was due in large part to less than anticipated health insurance participation and special education expenditures. Of this amount, \$1,003,739 was restricted to various reserves (Retirement Contributions, Unemployment Insurance, and Capital Reserve), \$11,101 was nonspendable fund balance (prepaid expenses), \$925,000 was assigned to the 2019-20 budget as a source of funds, leaving \$1,752,004 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 current capital outlay project was completed and closed out.

School Food Service Fund

The Food Service Fund Balance showed a year-to-year loss of \$29,796, prior to a \$20,000 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 on the following page indicates the 2018-19 allocations for each grant.

		<u>Grant</u>	<u>2018-19</u>	<u>2017-18</u>
Title I	School Improvement		\$ 197,543	\$ 176,396
IDEA 611	School Age Special Ed		157,829	132,056
IDEA 619	Preschool Special Ed		9,162	4,032
Title IIA	Teacher/Prin Training		27,424	21,774
Title IVA	Student Achievement		13,515	-
RISE	Promoting K-12 Student Achievement		-	46,428
UPK	Universal Pre-Kindergarten		48,735	48,735
			<u>\$ 454,208</u>	<u>\$ 429,421</u>

Alexandria Central School District
Management Discussion and Analysis
June 30, 2019

The School District experienced Special Aid allocations of \$454,208, an increase from \$429,421. This level of funding is expected to continue to decrease in 2019-20.

Capital Asset and Debt Administration

The financial statements provide a picture of capital assets over time. These include land, buildings, and equipment and furniture. At June 30, 2019, the School District reported a net balance of \$15,846,203. The chart below depicts the June 30, 2019 values.

	2018	2019	2019	Balance
		Additions	Retirements	June 30, 2019
Land	\$ 54,825	\$ -	\$ -	\$ 54,825
Buildings and improvements	20,437,844	97,120	-	20,534,964
Furniture and equipment	232,957	32,442	(30,729)	234,670
Vehicles	1,840,925	258,051	(338,948)	1,760,028
Work in Process	-	-	-	-
Less:				
Accumulated depreciation	<u>(6,448,562)</u>	<u>(649,665)</u>	<u>359,943</u>	<u>(6,738,284)</u>
Net capital assets	<u>\$ 16,117,989</u>	<u>\$ (262,052)</u>	<u>\$ (9,734)</u>	<u>\$ 15,846,203</u>

For more information refer to Note 6 in the notes to financial statements on page 44.

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, 2019:

Issue Date	Final Maturity	Interest Rate	Amount Outstanding
06/28/18	06/15/33	3.00 - 3.25%	\$ 5,745,000
05/03/16	10/01/23	1.00 - 2.00%	<u>955,000</u>
			<u>\$ 6,700,000</u>

The District also has \$68,121 in potential deferred expenses involved in compensated absences, which is recorded in Noncurrent Liabilities. This decreased slightly from \$86,124 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, 2019.

Alexandria Central School District
Management Discussion and Analysis
June 30, 2019

Short Term Debt

The District had no short term debt during the 2018-19 fiscal year.

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 \$441,527 and a net pension liability for ERS of \$302,466. Deferred outflows of resources for TRS and ERS were \$2,392,789 and \$208,668 respectively. Deferred inflows of resources were \$713,051 for TRS and \$128,597 for ERS.

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.

Alexandria Central School District
Management Discussion and Analysis
June 30, 2019

- 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.

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 Brianne Kirchoff
School Business Administrator
Alexandria Central School District
34 Bolton Avenue
Alexandria Bay, NY 13607

Alexandria Central School District
Statement of Net Position
Governmental Activities
June 30, 2019

ASSETS

Cash		
Unrestricted	\$	434,502
Investments		
Unrestricted		2,237,963
Restricted		1,123,284
Receivables		
Accounts receivable		45,466
State and Federal aid		370,230
Due from fiduciary funds		3,016
Due from other governments		137,601
Inventories		7,973
Prepays		11,101
Capital Assets		
Not being depreciated		54,825
Being depreciated, net of accumulated depreciation		15,791,378
Net pension asset - proportionate share		441,527
Total Assets		<u>\$ 20,658,866</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred charges - bond refunding	\$	13,882
OPEB (GASB 75)		5,680,104
Pensions		2,601,457
Total Deferred Outflows of Resources		<u>\$ 8,295,443</u>

See Notes to Financial Statements.

Alexandria Central School District
Statement of Net Position
Governmental Activities
June 30, 2019

LIABILITIES

Payables

Accrued liabilities	\$ 47,947
Bond interest and matured bonds	12,260
Due to other governments	324
Due to teachers' retirement system	449,226
Due to employees' retirement system	51,042

Unearned Credits

Unearned revenues - other	2,450
---------------------------	-------

Long-Term Liabilities

Due and payable within one year	
Bonds payable, net	544,594
Installment purchase debt payable	69,879

Due and Payable After One Year

Bonds payable, net	6,194,826
Installment purchase debt payable	169,814
Compensated absences payable	68,121
Other postemployment benefits obligation	37,998,820
Net pension liability - proportionate share	302,466

Total Liabilities	<u>\$ 45,911,769</u>
-------------------	----------------------

DEFERRED INFLOWS OF RESOURCES

OPEB (GASB 75)	\$ 3,580,497
Pensions	841,648

Total Deferred Inflows of Resources	<u>\$ 4,422,145</u>
-------------------------------------	---------------------

NET POSITION

Net investment in capital assets	\$ 8,867,090
Restricted	1,123,284
Unrestricted (Deficit)	<u>(31,369,979)</u>

Total Net Position	<u>\$ (21,379,605)</u>
--------------------	------------------------

See Notes to Financial Statements.

Alexandria Central School District
Statement of Activities and Changes in Net Position
Governmental Activities
For the Year Ended June 30, 2019

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenues and Changes in Net Position</u>
			<u>Operating</u>	<u>Capital</u>	
FUNCTIONS/PROGRAMS					
General support	\$ 2,081,270	\$ -	\$ -	\$ -	\$ (2,081,270)
Instruction	9,458,217	2,829	445,214	-	(9,010,174)
Pupil transportation	1,299,280	-	-	-	(1,299,280)
Debt service - interest	209,994	-	-	-	(209,994)
Food service	<u>296,481</u>	<u>94,604</u>	<u>164,277</u>	<u>-</u>	<u>(37,600)</u>
Total Functions and Programs	<u>\$ 13,345,242</u>	<u>\$ 97,433</u>	<u>\$ 609,491</u>	<u>\$ -</u>	<u>(12,638,318)</u>
GENERAL REVENUES					
Real property taxes					6,918,275
Other tax items					474,127
Use of money and property					51,144
Sale of property and compensation for loss					6,897
Miscellaneous					230,395
State sources					4,993,143
Medicaid reimbursement					<u>34,432</u>
Total General Revenues					<u>12,708,413</u>
Change in Net Position					70,095
Total Net Position - Beginning of year					<u>(21,449,700)</u>
Total Net Position - End of year					<u>\$ (21,379,605)</u>

See Notes to Financial Statements.

Alexandria Central School District
Balance Sheet
Governmental Funds
June 30, 2019

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch Fund</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash						
Unrestricted	\$ 433,499	\$ -	\$ 1,003	\$ -	\$ -	\$ 434,502
Investments						
Unrestricted	2,236,936	-	1,027	-	-	2,237,963
Restricted	1,003,739	-	-	119,545	-	1,123,284
Receivables						
Accounts receivable	43,789	-	1,677	-	-	45,466
State and Federal aid	158,402	198,946	12,882	-	-	370,230
Due from other funds	206,580	-	-	-	-	206,580
Due from fiduciary funds	3,016	-	-	-	-	3,016
Due from other governments	137,601	-	-	-	-	137,601
Inventories	-	-	7,973	-	-	7,973
Prepays	11,101	-	-	-	-	11,101
Total Assets	<u>\$ 4,234,663</u>	<u>\$ 198,946</u>	<u>\$ 24,562</u>	<u>\$ 119,545</u>	<u>\$ -</u>	<u>\$ 4,577,716</u>
LIABILITIES						
Payables						
Accrued liabilities	\$ 46,217	\$ -	\$ 1,730	\$ -	\$ -	\$ 47,947
Due to other funds	-	198,946	7,634	-	-	206,580
Due to other governments	-	-	324	-	-	324
Due to teachers' retirement system	449,226	-	-	-	-	449,226
Due to employees' retirement system	47,376	-	3,666	-	-	51,042
Unearned credits						
Unearned revenues	-	-	2,450	-	-	2,450
Total Liabilities	<u>542,819</u>	<u>198,946</u>	<u>15,804</u>	<u>-</u>	<u>-</u>	<u>757,569</u>
FUND BALANCES						
Nonspendable	11,101	-	7,973	-	-	19,074
Restricted	1,003,739	-	-	119,545	-	1,123,284
Assigned	925,000	-	785	-	-	925,785
Unassigned	1,752,004	-	-	-	-	1,752,004
Total Fund Balances	<u>3,691,844</u>	<u>-</u>	<u>8,758</u>	<u>119,545</u>	<u>-</u>	<u>3,820,147</u>
Total Liabilities and Fund Balance	<u>\$ 4,234,663</u>	<u>\$ 198,946</u>	<u>\$ 24,562</u>	<u>\$ 119,545</u>	<u>\$ -</u>	<u>\$ 4,577,716</u>

See Notes to Financial Statements.

Alexandria Central School District
Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2019

	Total Governmental Funds	Long-Term Assets & Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash				
Unrestricted	\$ 434,502	\$ -	\$ -	\$ 434,502
Investments				
Unrestricted	2,237,963	-	-	2,237,963
Restricted	1,123,284	-	-	1,123,284
Receivables				
Accounts Receivable	45,466	-	-	45,466
State and Federal aid	370,230	-	-	370,230
Due from other funds	206,580	-	(206,580)	-
Due from fiduciary funds	3,016	-	-	3,016
Due from other governments	137,601	-	-	137,601
Inventories	7,973	-	-	7,973
Prepays	11,101	-	-	11,101
Capital assets, net	-	15,846,203	-	15,846,203
Net pension asset - proportionate share	-	441,527	-	441,527
Total Assets	<u>\$ 4,577,716</u>	<u>\$ 16,287,730</u>	<u>\$ (206,580)</u>	<u>\$ 20,658,866</u>
DEFERRED OUTFLOW OF RESOURCES				
Deferred charges - bond refunding	\$ -	\$ 13,882	\$ -	\$ 13,882
OPEB (GASB 75)	-	5,680,104	-	5,680,104
Pensions	-	2,601,457	-	2,601,457
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ 8,295,443</u>	<u>\$ -</u>	<u>\$ 8,295,443</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 4,577,716</u>	<u>\$ 24,583,173</u>	<u>\$ (206,580)</u>	<u>\$ 28,954,309</u>
LIABILITIES				
Payables				
Accrued liabilities	\$ 47,947	\$ -	\$ -	\$ 47,947
Bond interest and matured bonds	-	12,260	-	12,260
Due to other funds	206,580	-	(206,580)	-
Due to other governments	324	-	-	324
Due to teachers' retirement system	449,226	-	-	449,226
Due to employees' retirement system	51,042	-	-	51,042
Unearned credits				
Unearned revenues	2,450	-	-	2,450
Bonds payable, net	-	6,739,420	-	6,739,420
Installment purchase debt payable	-	239,693	-	239,693
Compensated absences payable	-	68,121	-	68,121
Other postemployment benefits obligation	-	37,998,820	-	37,998,820
Net pension liability - proportionate share	-	302,466	-	302,466
Total Liabilities	<u>\$ 757,569</u>	<u>\$ 45,360,780</u>	<u>\$ (206,580)</u>	<u>\$ 45,911,769</u>
DEFERRED INFLOW OF RESOURCES				
OPEB (GASB 75)	\$ -	\$ 3,580,497	\$ -	\$ 3,580,497
Pensions	-	841,648	-	841,648
Total Deferred Inflows of Resources	<u>\$ -</u>	<u>\$ 4,422,145</u>	<u>\$ -</u>	<u>\$ 4,422,145</u>
TOTAL FUND BALANCE / NET POSITION				
Total Fund Balance/Net Position	<u>\$ 3,820,147</u>	<u>\$ (25,199,752)</u>	<u>\$ -</u>	<u>\$ (21,379,605)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position	<u>\$ 4,577,716</u>	<u>\$ 24,583,173</u>	<u>\$ (206,580)</u>	<u>\$ 28,954,309</u>

See Notes to Financial Statements.

Alexandria Central School District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended June 30, 2019

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES						
Real property taxes	\$ 6,918,275	\$ -	\$ -	\$ -	\$ -	\$ 6,918,275
Other tax items	474,127	-	-	-	-	474,127
Charges for services	2,829	-	-	-	-	2,829
Use of money and property	49,592	-	13	1,539	-	51,144
Sale of property and compensation for loss	40,497	-	-	-	-	40,497
Miscellaneous	226,159	732	3,504	-	-	230,395
State sources	4,993,143	106,996	5,265	-	-	5,105,404
Medicaid reimbursement	34,432	-	-	-	-	34,432
Federal sources	-	338,218	144,895	-	-	483,113
Surplus food	-	-	14,117	-	-	14,117
Sales - school lunch	-	-	94,604	-	-	94,604
	<u>12,739,054</u>	<u>445,946</u>	<u>262,398</u>	<u>1,539</u>	<u>-</u>	<u>13,448,937</u>
EXPENDITURES						
General support	1,545,838	-	112,282	-	-	1,658,120
Instruction	5,722,455	399,294	-	-	-	6,121,749
Pupil transportation	984,058	4,986	-	-	-	989,044
Employee benefits	3,186,181	59,696	59,766	-	-	3,305,643
Debt service						
Principal	641,660	-	-	-	-	641,660
Interest	212,217	-	-	-	-	212,217
Cost of sales	-	-	120,146	-	-	120,146
Capital outlay	-	-	-	-	97,120	97,120
	<u>12,292,409</u>	<u>463,976</u>	<u>292,194</u>	<u>-</u>	<u>97,120</u>	<u>13,145,699</u>
Excess (Deficiency) of Revenues						
Over Expenditures	<u>446,645</u>	<u>(18,030)</u>	<u>(29,796)</u>	<u>1,539</u>	<u>(97,120)</u>	<u>303,238</u>
OTHER FINANCING SOURCES AND USES						
Operating transfers in	-	18,030	20,000	-	97,120	135,150
Operating transfers out	<u>(135,150)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(135,150)</u>
Total Other Financing Sources (Uses)	<u>(135,150)</u>	<u>18,030</u>	<u>20,000</u>	<u>-</u>	<u>97,120</u>	<u>-</u>
Net change in fund balances	311,495	-	(9,796)	1,539	-	303,238
Fund Balance - Beginning of Year	<u>3,380,349</u>	<u>-</u>	<u>18,554</u>	<u>118,006</u>	<u>-</u>	<u>3,516,909</u>
Fund Balance - End of year	<u>\$ 3,691,844</u>	<u>\$ -</u>	<u>\$ 8,758</u>	<u>\$ 119,545</u>	<u>\$ -</u>	<u>\$ 3,820,147</u>

See Notes to 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, 2019

Amounts reported for governmental activities in the Statement of Activities are different because:

Net Change in Fund Balances - Total Governmental Funds **\$ 303,238**

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities assets with an initial, individual cost of more than \$5,000 (\$2,500 for cafeteria equipment) 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 exceeded depreciation in the current period, net of related losses on disposal of capital assets:

Capital Outlays	\$ 97,120	
Depreciation Expense	(649,665)	
Gain (Loss) on Disposal	(9,734)	
Additions to Assets	<u>290,493</u>	(271,786)

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. 641,660

(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. 18,003

On the Statement of Activities, the actual and projected long term expenditures for postemployment benefits are reported, whereas, on the governmental funds only the actual expenditures are recorded for postemployment benefits. (706,154)

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

Teachers' Retirement System	\$ 80,335	
Employees' Retirement System	<u>2,576</u>	82,911

Deferred bond refunding costs are recognized as expenditures in the governmental funds, however, are amortized over the shorter of the life of the new or old bonds in the Statement of Activities. This is the amount of these deferred outflows that are amortized as an increase in debt service - interest in the period. (2,872)

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. 9,594

(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 revenues or expenditures in the governmental funds. (4,499)

Changes in Net Position of Governmental Activities **\$ 70,095**

Alexandria Central School District
Statement of Fiduciary Net Position
June 30, 2019

Statement #5

	Private Purpose Trusts	Agency
ASSETS		
Cash		
Unrestricted	\$ 2,006	\$ 43,425
Investments		
Unrestricted	<u>-</u>	<u>40,481</u>
Total Assets	<u>\$ 2,006</u>	<u>\$ 83,906</u>
LIABILITIES		
Due to governmental funds	\$ -	\$ 3,016
Extraclassroom activity balances	-	58,503
Other liabilities	<u>-</u>	<u>22,387</u>
Total Liabilities	<u>\$ -</u>	<u>\$ 83,906</u>
NET POSITION		
Reserved for scholarships	<u>\$ 2,006</u>	

Statement #6

Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2019

	Private Purpose Trusts
ADDITIONS	
Gifts and contributions	\$ 1,544
Interest earnings - Interest	<u>12</u>
Total Additions	<u>1,556</u>
DEDUCTIONS	
Scholarships and awards	<u>500</u>
Change in Net Position	1,056
Net Position - Beginning of Year	<u>950</u>
Net Position - End of Year	<u>\$ 2,006</u>

See Notes to Financial Statements.

Alexandria Central School District
Notes to Financial Statements
June 30, 2019

Note 1 – Summary of Significant Accounting Policies

The financial statements of the Alexandria Central School District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government 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. Significant accounting principles and policies used by the District are described below:

A. 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. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District’s reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District’s reporting entity.

i. 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, 2019

B. Joint Venture:

The District is a component district in the Jefferson-Lewis-Hamilton-Herkimer-Oneida Counties BOCES. A Board of Cooperative Educational Services (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.

During the year, the District was billed \$1,882,549 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$437,908. This represents state aid distributions of \$305,781 and 2018 fund balance returned to schools of \$132,127.

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

C. Basis of Presentation:

i. 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 direct expenses and revenues for each function of the District's governmental activities. Direct expenses are

Alexandria Central School District
Notes to Financial Statements
June 30, 2019

those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. 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.

ii. Funds Statements:

The funds 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.

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 (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:

- Special Aid Fund: Used to account for proceeds received from State and Federal grants that are restricted for specific educational programs.
- School Lunch Fund: Used to account for child nutrition activities whose funds are restricted as to use.

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. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

The District reports the following fiduciary funds:

Fiduciary Funds: 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

Alexandria Central School District
Notes to Financial Statements
June 30, 2019

financial statements, because their resources do not belong to the District, and are not available to be used.

There are two classes of fiduciary funds:

- Private Purpose Trust Funds: These funds are used to account for trust arrangements in which principal and income benefit 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 or employee withholding.

D. 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, state aid, 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 state aid is recognized in the fiscal year it is apportioned to the state. 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.

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, 2019

E. Property Taxes:

Real property taxes are levied annually by the Board of Education no later than September 1, 2018 and become a lien on August 7, 2018. Taxes are collected during the period September 1, 2018 to October 31, 2018.

Uncollected real property taxes are subsequently enforced by Jefferson and St. Lawrence County. 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.

F. 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.

G. 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 expenditures and revenues to provide financing or other services.

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 10 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

H. 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, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates. Estimates and

Alexandria Central School District
Notes to Financial Statements
June 30, 2019

assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

I. Cash (and Cash Equivalents)/Investments:

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

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; obligations of the State and its municipalities and Districts.

Investments are stated at fair value.

J. Accounts Receivable:

Accounts receivable are shown net of an allowance for uncollectible accounts, when applicable. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K. 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 that approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

Prepaid items represent 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 receipt and/or 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.

Alexandria Central School District
Notes to Financial Statements
June 30, 2019

L. Other Assets/Restricted Assets:

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment, are classified as restricted assets in the district-wide financial statements and their use is limited by applicable bond covenants.

In the district-wide financial statements, bond discounts and premiums, and any prepaid bond insurance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

M. Capital Assets:

Capital assets are reported at actual cost or estimated historical cost. Donated assets are reported at estimated fair market value at the time received.

Land and construction in process are not depreciated. 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	SL	50 years
Building improvements	25,000	SL	50 years
Furniture and equipment	5,000	SL	5-8 years
Vehicles	5,000	SL	5-8 years
Cafeteria equipment	2,500	SL	5-8 years

The School District does not possess any infrastructure.

N. 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 District has four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-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. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to OPEB reporting in the district-wide Statement

Alexandria Central School District
Notes to Financial Statements
June 30, 2019

of Net Position. This represents the effect of the net change in the actual and expected experience.

In addition to liabilities, the Statement of Net Position or Balance Sheet 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 or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

O. Unearned Revenue:

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

P. 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.

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/termination 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 fund 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, 2019

Q. Other Benefits:

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

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision 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. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

R. 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 there is an insufficient or no provision 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.

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

Alexandria Central School District
Notes to Financial Statements
June 30, 2019

S. 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 full, in a timely manner, 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 are due for payment in the current year. 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.

T. Net Position / Fund Balance:

Net Position Flow Assumption:

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund Balance Flow Assumption:

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

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.

Alexandria Central School District
Notes to Financial Statements
June 30, 2019

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

Non-spendable – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes inventory recorded in the School Lunch Fund of \$7,973, as well as prepaid items or the long-term portion of loans receivable recorded in the General Fund.

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. The District has established the following restricted fund balances:

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. This reserve is accounted for in the General Fund.

Retirement Contributions

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. This reserve is accounted for in the General Fund.

Alexandria Central School District
Notes to Financial Statements
June 30, 2019

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.

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 that 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. This reserve is accounted for in the Debt Service Fund.

Restricted fund balance includes the following:

General Fund:		
Unemployment insurance	60,989	
Retirement contributions	438,787	
Capital	503,963	
Debt Service Fund*	<u>119,545</u>	
		<u>\$ 1,123,284</u>

*includes remaining fund balance in these funds not otherwise classified as nonspendable, committed, or assigned.

Committed – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District’s highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balance as of June 30, 2019.

Assigned – Includes amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year’s budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

Unassigned – Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the 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

Alexandria Central School District
Notes to Financial Statements
June 30, 2019

specific purposes for which amounts had been restricted or assigned. In accordance with state guidelines, unassigned fund balance in the general fund includes the following reserve:

Unassigned Fund Balance

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserve for tax reduction, a school district can retain to no more than 4% of the 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, encumbrances and amounts reserved for insurance recoveries are also excluded from the 4% limitation.

U. New Accounting Standards:

The District has adopted and implemented the following (all) current Statements of the Governmental Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2019:

GASB Statement No. 83 – *Certain Asset Retirement Obligations*
Effective for the year ending June 30, 2019

V. Future Changes in Accounting Standards:

GASB Statement No. 84 – *Fiduciary Activities*
Effective for the year ending June 30, 2020

GASB Statement No. 87 – *Leases*
Effective for the year ending June 30, 2021

GASB Statement No. 88 – *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*
Effective for the year ending June 30, 2020

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

The school district will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

Note 2 – Explanation of certain differences between fund statements and District-wide statements

Due to the differences in the measurement focus and basis of accounting used in the funds 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 District-wide statements, compared with the current financial resources focus of the governmental funds.

Alexandria Central School District
Notes to Financial Statements
June 30, 2019

A) Total fund balances of governmental funds vs. 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 long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions.

B) Statement of Revenues, Expenditures and Changes in Fund Balances vs. Statement of Activities:

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

i. 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.

ii. Capital related differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on 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 fund statements and depreciation expense on those items as recorded in the Statement of Activities.

iii. Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the 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.

iv. 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, 2019

v. OPEB differences:

OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

Note 3 – Stewardship, compliance and accountability

Budgets

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

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. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These 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. The following supplemental appropriations occurred during the year:

Maintenance Equipment \$24,929

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.

The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2019.

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.

Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as restrictions or assignments of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time as the liability is incurred or the commitment is paid.

Alexandria Central School District
Notes to Financial Statements
June 30, 2019

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 funding appropriate reserves and appropriating fund balance for tax reduction.

Note 4 – Cash (and cash equivalents) – custodial credit, concentration of credit, interest rate, and foreign currency risks

Cash

The District's aggregate bank balances, included balances not covered by depository insurance at year-end, collateralized as follows:

Uncollateralized	\$ <u> -</u>
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	\$ <u> 372,878</u>

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.

Investment and Deposit Policy

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with Federal, state and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Administrator of the District.

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's policy is to minimize the risk of loss due to failure of an issuer of other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

Alexandria Central School District
Notes to Financial Statements
June 30, 2019

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The District restricts the securities to the following eligible items:

- Obligations issued, fully insurance or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.

Note 5 – Investments

Investment Pool:

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents.

Total investments of the cooperative, as of year-end are \$2,477,183,270, which consisted of \$334,084,051 in repurchase agreements, \$1,905,651,847 in U.S. Treasury Securities, and \$237,447,372 in collateralized bank deposits, with various interest rate and due dates.

The following amounts are included as unrestricted and restricted investments:

<u>Fund</u>	<u>Bank Balance</u>	<u>Carrying Amount</u>	<u>Description of Investments</u>
General Fund	\$ 2,236,936	\$2,236,936	Unrestricted Savings
General Fund	1,003,739	1,003,739	Restricted Funds
School Food Service	1,027	1,027	Unrestricted Savings
Debt Service	<u>119,545</u>	<u>119,545</u>	Restricted Funds
	<u>\$ 3,361,247</u>	<u>\$3,361,247</u>	

Alexandria Central School District
Notes to Financial Statements
June 30, 2019

Note 6 – Capital Assets

Capital asset balances and activity were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 54,825	\$ -	\$ -	\$ 54,825
Construction in progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total capital assets not being depreciated	<u>54,825</u>	<u>-</u>	<u>-</u>	<u>54,825</u>
Capital assets being depreciated				
Buildings	20,437,844	97,120	-	20,534,964
Furniture and equipment	232,957	32,442	(30,729)	234,670
Vehicles	<u>1,840,925</u>	<u>258,051</u>	<u>(338,948)</u>	<u>1,760,028</u>
Total depreciated assets	<u>22,511,726</u>	<u>387,613</u>	<u>(369,677)</u>	<u>22,529,662</u>
Less accumulated depreciation for				
Buildings	(5,370,521)	(408,757)	-	(5,779,278)
Furniture and equipment	(126,999)	(20,905)	20,995	(126,909)
Vehicles	<u>(951,042)</u>	<u>(220,003)</u>	<u>338,948</u>	<u>(832,097)</u>
Total accumulated depreciation	<u>(6,448,562)</u>	<u>(649,665)</u>	<u>359,943</u>	<u>(6,738,284)</u>
Total depreciated assets, net	<u>16,063,164</u>	<u>(262,052)</u>	<u>(9,734)</u>	<u>15,791,378</u>
Capital assets, net	<u>\$ 16,117,989</u>	<u>\$ (262,052)</u>	<u>\$ (9,734)</u>	<u>\$ 15,846,203</u>
Pupil transportation		\$ 225,430		
General support		24,540		
School lunch		4,287		
Instruction		<u>395,408</u>		
		<u>\$ 649,665</u>		

Note 7 – Short-term debt

There were no transactions for short-term debt for the year.

Note 8 – Long-term debt obligations

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

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

Alexandria Central School District
Notes to Financial Statements
June 30, 2019

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.

	Beginning			Ending	Amounts
	<u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u>	<u>Due Within</u>
					<u>One Year</u>
Long-Term Liabilities:					
Bonds payable	\$ 7,275,000	\$ -	\$ (575,000)	\$ 6,700,000	\$ 535,000
Premiums on bonds	49,014	-	(9,594)	39,420	9,594
Installment purchase debt	306,353	-	(66,660)	239,693	69,879
Total Long-Term Liabilities	<u>49,014</u>	<u>-</u>	<u>(651,254)</u>	<u>6,979,113</u>	<u>614,473</u>
Other long-term liabilities					
Compensated absences payable	86,124	-	(18,003)	68,121	-
Other postemployment benefits obligation	32,345,343	5,653,477	-	37,998,820	-
Net pension liability - proportionate share	156,604	145,862	-	302,466	-
Total Other Long-Term Liabilities	<u>32,588,071</u>	<u>5,799,339</u>	<u>(18,003)</u>	<u>38,369,407</u>	<u>-</u>
	<u>\$32,637,085</u>	<u>\$ 5,799,339</u>	<u>\$ (669,257)</u>	<u>\$ 45,348,520</u>	<u>\$ 614,473</u>

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences.

Bonds payable is comprised of the following:

<u>Description</u>	<u>Issue</u>	<u>Final</u>	<u>Interest</u>	<u>Balance</u>
	<u>Date</u>	<u>Maturity</u>	<u>Rate</u>	
2016 Serial Bonds	05/03/16	10/01/23	1.00 - 2.00%	\$ 955,000
2018 Serial Bonds	06/28/18	06/15/33	3.00 - 3.25%	<u>5,745,000</u>
				<u>\$ 6,700,000</u>

The following is a summary of debt service requirements for bonds payable:

<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 535,000	\$ 190,888	\$ 725,888
2021	540,000	176,687	716,687
2022	560,000	162,288	722,288
2023	575,000	147,337	722,337
2024	595,000	131,988	726,988
2025 - 2029	2,155,000	465,587	2,620,587
2030 - 2033	1,740,000	125,563	1,865,563
Total	<u>\$ 6,700,000</u>	<u>\$ 1,400,338</u>	<u>\$ 8,100,338</u>

Alexandria Central School District
Notes to Financial Statements
June 30, 2019

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 \$955,000 of advance refunded bonds outstanding at June 30, 2019.

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

Interest paid	\$ 212,217
Less: interest accrued in the prior year	(7,761)
Plus: interest accrued in the current year	12,260
Plus: bond refunding recognized	2,872
Less: bond premium recognized	<u>(9,594)</u>
Total interest on long-term debt	<u>\$ 209,994</u>

The energy performance contract is carried in fixed assets at a cost of \$813,531 with accumulated depreciation of \$203,382 resulting in a net book value of \$610,149.

Note 9 – Pension Plans

General information:

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS). 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.

Provisions and administration:

A 10-member Board of Trustees of The New York State Teachers' Retirement Board administers TRS. TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). 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. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the TRS Comprehensive Annual Financial report, which can be found on the System's website at www.nystrs.org.

Alexandria Central School District
Notes to Financial Statements
June 30, 2019

ERS 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. NYSRSSL govern obligations of employers and employees to contribute and benefits to employees. 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. ERS 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 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

Funding policies:

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% 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 TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. 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, 2018 and received an overall discount of \$1,445).

The District's share of the required contributions, based on covered payroll paid for the District's year ended June 30, was:

<u>Contributions</u>	<u>TRS</u>	<u>ERS</u>
2019	\$412,617	\$ 170,194

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.

Alexandria Central School District
Notes to Financial Statements
June 30, 2019

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

At June 30, 2019, 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 June 30, 2018 for TRS and March 31, 2019 for ERS. 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 TRS and ERS Systems in reports provided to the District.

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2018	March 31, 2019
District's proportionate share of the net pension asset/(liability)	\$ 441,527	\$ (302,466)
District's portion of the Plan's total net pension asset/(liability)	0.024417%	0.0042689%
Change in proportion since the prior measurement date	0.002699%	0.0005834%

For the year ended June 30, 2019, the District recognized pension expense (credit) of \$333,486 for TRS and \$195,152 for ERS. At June 30, 2019 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>
Differences between expected and actual experience	\$ 329,949	\$ 59,562	\$ 59,767	\$ 20,304
Changes of assumptions	1,543,425	76,028	-	-
Net difference between projected and actual earnings on pension plan investment	-	-	490,128	77,630
Changes in proportion and differences between the District's contributions and proportionate share of contributions	92,210	22,036	163,156	30,663
District's contributions subsequent to the measurement date	<u>427,205</u>	<u>51,042</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,392,789</u>	<u>\$ 208,668</u>	<u>\$ 713,051</u>	<u>\$ 128,597</u>

Alexandria Central School District
Notes to Financial Statements
June 30, 2019

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>TRS</u>	<u>ERS</u>
2020	\$ 433,375	\$ 62,739
2021	291,289	(60,865)
2022	22,506	(7,846)
2023	290,249	35,001
2024	194,487	-
Thereafter	20,627	-

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:

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2018	March 31, 2019
Actuarial valuation date	June 30, 2017	April 1, 2018
Interest rate	7.25%	7.0%
Salary scale	1.90 - 4.72%	4.20%
Decrement tables	July 1, 2009 - June 30, 2014	April 1, 2010 - March 31, 2015
	System's Experience	System's Experience
Inflation rate	2.25%	2.5%
Cost of living adjustments	1.5%	1.3%

For TRS, annuitant mortality rates are based on July 1, 2009 – June 30, 2014 System’s experience with adjustments for mortality improvements based on the Society of Actuaries’ Scale AA. 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, the actuarial assumptions used in the June 30, 2017 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014. For ERS, the actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015.

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

Alexandria Central School District
Notes to Financial Statements
June 30, 2019

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:

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2018	March 31, 2019
Asset Type		
Domestic equities	5.80%	4.55%
International equities	7.30%	6.35%
Global equities	6.70%	
Private equities	8.90%	7.50%
Real estate equities	4.90%	5.55%
Absolute return strategies		3.75%
Opportunistic portfolio		5.68%
Real assets		5.29%
Bonds and mortgages		1.31%
Cash		-0.25%
Inflation-indexed bonds		1.25%
High-yield fixed income securities	3.50%	
Private debt	6.80%	
Domestic fixed income securities	1.30%	
Global fixed income securities	0.90%	
Real estate debt	2.80%	
Short-term	0.30%	

Discount Rate:

The discount rate used to calculate the total pension liability was 7.25% for TRS and 7.0% for ERS. 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 7.25% for TRS and 7.0% for ERS, 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 (6.25% for TRS and 6.0% for ERS) or 1 percentage point higher (8.25% for TRS and 8.0% for ERS) than the current rate:

Alexandria Central School District
Notes to Financial Statements
June 30, 2019

	1% Decrease	Current Assumption	1% Increase
<u>TRS</u>	<u>(6.25%)</u>	<u>(7.25%)</u>	<u>(8.25%)</u>
District's proportionate share of the net pension asset (liability)	\$ <u>(3,033,359)</u>	\$ <u>441,527</u>	\$ <u>3,352,515</u>

	1% Decrease	Current Assumption	1% Increase
<u>ERS</u>	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
District's proportionate share of the net pension asset (liability)	\$ <u>(1,322,432)</u>	\$ <u>(302,466)</u>	\$ <u>554,377</u>

Pension Plan Fiduciary Net Position:

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

	<u>TRS</u>	<u>ERS</u>
Valuation date	June 30, 2018	March 31, 2019
Employers' total pension liability	\$ 118,107,254	\$ 189,803,429
Plan fiduciary net position	<u>119,915,518</u>	<u>182,718,124</u>
Employers' net pension asset/(liability)	<u>\$ 1,808,264</u>	<u>\$ (7,085,305)</u>
Ratio of plan fiduciary net position to the employers' total pension liability	101.53%	96.27%

Payables to the Pension Plan:

For TRS, employer and employee contributions for the fiscal year ended June 30, 2019 are paid to the System in September, October and November 2019 through a state aid intercept. Accrued retirement contributions as of June 30, 2019 represent employee and employer contributions for the fiscal year ended June 30, 2019 based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2019 amounted to \$449,226.

For ERS, employer contributions are paid annually based on the System's fiscal year, which ends on March 31. Accrued retirement contributions as of June 30, 2019 represent the projected employer contribution for the period of April 1, 2019 through June 30, 2019 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2019 amounted to \$51,042 of employer contributions. Employee contributions are remitted monthly.

Alexandria Central School District
Notes to Financial Statements
June 30, 2019

Note 10 – Interfund transactions – governmental funds

	<u>Interfund</u>			
	<u>Receivable</u>	<u>Payable</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ 209,596	\$ -	\$ -	\$ 135,150
Special Aid	-	198,946	18,030	-
School Lunch	-	7,634	20,000	-
Debt Service	-	-	-	-
Capital Projects	-	-	97,120	-
Total Governmental Funds	<u>209,596</u>	<u>206,580</u>	<u>\$ 135,150</u>	<u>\$ 135,150</u>
Fiduciary	<u>-</u>	<u>3,016</u>		
Total	<u>\$ 209,596</u>	<u>\$ 209,596</u>		

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

Note 11 – Postemployment (health insurance) benefits

A. General Information about the OPEB Plan

Plan Description – The District’s defined benefit OPEB plan provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided – The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms – At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	84
Inactive employees entitled to but not yet receiving benefits payments	-
Active employees	<u>106</u>
	<u>190</u>

Alexandria Central School District
Notes to Financial Statements
June 30, 2019

B. Total OPEB Liability

The District's total OPEB liability of \$37,998,820 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

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:

Inflation	2.25%
Salary Increases	3.50%
Discount Rate	3.62%
Healthcare Cost Trend Rates	7.00% for 2018, decreasing .25% to an ultimate rate of 3.886% for 2075 and later years
Retirees' Share of Benefit-Related Costs	Instructional retirees contribute 10% until age 65; Non-instructional retirees contribute 0-13%, dependent upon year of retirement, until age 65

The discount rate was based on a review of the Fidelity General Obligation 20-Year AA Municipal Bond Index.

Mortality rates were based on the RP-2014 Mortality Tables, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2017 – June 30, 2018.

C. Changes in the Total OPEB Liability

Balance at June 30, 2018	<u>\$ 32,345,343</u>
<u>Changes for the Year -</u>	
Service cost	1,181,526
Interest	1,179,155
Changes of benefit terms	(201,804)
Differences between expected and actual experience	5,473,039
Changes in assumptions or other inputs	(1,169,374)
Benefit payments	<u>(809,065)</u>
Net Changes	<u>5,653,477</u>
Balance at June 30, 2019	<u>\$ 37,998,820</u>

Alexandria Central School District
Notes to Financial Statements
June 30, 2019

Changes of assumptions and other inputs reflect a change in the discount rate from 3.56% in 2018 to 3.62% in 2019.

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 (2.62%) or 1 percentage point higher (4.62%) than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 44,933,379</u>	<u>\$ 37,998,820</u>	<u>\$ 32,471,441</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – 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 healthcare cost trend rates that are 1 percentage point lower (6%) or 1 percentage point higher (8%) than the current discount rate:

	<u>1% Decrease (6.00%) Decreasing to (2.886%)</u>	<u>Healthcare Cost Trend Rates (7.00%) Decreasing to (3.886%)</u>	<u>1% Increase (8.00%) Decreasing to (4.886%)</u>
Total OPEB Liability	<u>\$ 31,058,906</u>	<u>\$ 37,998,820</u>	<u>\$ 47,135,740</u>

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the District recognized an OPEB expense of \$5,653,477. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,669,362	\$ -
Changes of assumptions or other inputs	-	(3,580,497)
Benefit payments subsequent to the new measurement period	<u>1,010,742</u>	<u>-</u>
Total	<u>\$ 5,680,104</u>	<u>\$ (3,580,497)</u>

Alexandria Central School District
Notes to Financial Statements
June 30, 2019

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended</u>	<u>Amount</u>
2020	\$ (708,686)
2021	(708,686)
2022	(708,686)
2023	(708,686)
2024	(606,663)
Thereafter	<u>(139,090)</u>
	<u>\$ (3,580,497)</u>

Note 12 – Risk management

General

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.

Consortiums and Self-Insured Plans

The District participates in the Jefferson-Lewis Et. Al. 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, and is considered a self-sustaining risk pool that will provide coverage for its members up to \$750,000 per insured event. The pool obtains independent coverage for insured events in excess of the \$750,000 limit, and the District has essentially transferred all related risk to the pool.

The 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 of the 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 13 – Commitments and contingencies

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 years' experience, the District's administration believes disallowances, if any, will be immaterial.

Over the two ensuing fiscal years, the District will be financially responsible for a portion of the projected \$20,000,000 capital project of the Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES. The District's total projected share of the cost of the project is \$494,705, which will be included in the District's operating budgets as follows: \$272,088 of expense in its 2019-2020 fiscal year

Alexandria Central School District
Notes to Financial Statements
June 30, 2019

budget and \$222,617 of expense in its 2020-2021 fiscal year budget. The District will receive BOCES aid reimbursement for a portion of its obligation in the year the expense is made.

Note 14 – Lease obligations (operating leases)

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

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

For the fiscal years ended June 30:

2020	\$ 1,313
2021	1,313
2022	<u>985</u>
	<u>\$ 3,611</u>

Note 15 – Donor-restricted endowments

The District administers endowment funds, which are restricted by the donor for the purposes of scholarships.

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 16 – Subsequent events

The District has evaluated events and transactions that occurred between June 30, 2019 and October 7, 2019, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

Alexandria Central School District
Required Supplementary Information
Schedule of Funding Progress - Other Postemployment Benefits Plan
Last 2 Fiscal Years
For the Year Ended June 30, 2019

	<u>2019</u>	<u>2018</u>
Measurement Date	06/30/18	06/30/17
Total OPEB Liability		
Service Cost	\$ 1,181,526	\$ 1,372,987
Interest	1,179,155	1,031,759
Changes in Benefit Terms	(201,804)	-
Differences between Expected and Actual Experience in the Measurement of the Total OPEB Liability	5,473,039	-
Changes of Assumptions or Other Inputs	(1,169,374)	(3,656,781)
Benefit Payments	<u>(809,065)</u>	<u>(727,687)</u>
Net Change in Total OPEB Liability	5,653,477	(1,979,722)
Total OPEB Liability - Beginning	<u>32,345,343</u>	<u>34,325,065</u>
Total OPEB Liability - Ending	<u>\$ 37,998,820</u>	<u>\$ 32,345,343</u>
Covered Payroll	<u>\$ 5,758,384</u>	<u>\$ 5,130,225</u>
Total OPEB Liability as a Percentage of Covered Payroll	659.89%	630.49%

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.

Note:

The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

See paragraph on Supplementary Schedules included in Independent Auditors' Report.

Alexandria Central School District
Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2019

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>	<u>Final Budget Variance with Budgetary Actual</u>
REVENUES				
Local sources				
Real property taxes	\$ 7,331,500	\$ 6,918,275	\$ 6,918,275	\$ -
Other tax items	53,440	466,665	474,127	7,462
Charges for services	-	-	2,829	2,829
Use of money and property	1,000	1,000	49,592	48,592
Sale of property and compensation for loss	-	3,925	40,497	36,572
Miscellaneous	134,000	134,000	226,159	92,159
Total local sources	7,519,940	7,523,865	7,711,479	187,614
State sources	4,962,800	4,981,175	4,993,143	11,968
Medicaid reimbursement	-	-	34,432	34,432
Total Revenues	12,482,740	12,505,040	\$ 12,739,054	\$ 234,014
APPROPRIATED FUND BALANCE				
Prior years' surplus	925,000	906,625		
Prior years' encumbrances	-	21,004		
Appropriated reserves	123,785	123,785		
Total Appropriated Fund Balance	1,048,785	1,051,414		
Total revenues and appropriated fund balance	\$ 13,531,525	\$ 13,556,454		
EXPENDITURES				
General support				
Board of education	\$ 17,475	\$ 19,063	\$ 17,148	\$ 1,915
Central administration	178,676	185,688	185,103	585
Finance	211,065	240,315	239,194	1,121
Staff	51,820	41,037	40,995	42
Central services	900,424	1,012,213	905,632	106,581
Special items	180,898	158,009	157,766	243
Total general support	1,540,358	1,656,325	1,545,838	110,487
Instruction				
Instruction, administration and improvement	370,935	428,152	421,865	6,287
Teaching - regular school	2,981,491	2,650,449	2,648,422	2,027
Program for children with handicap conditions	1,384,503	1,628,969	1,463,438	165,531
Occupational education	469,420	470,661	469,760	901
Instructional media	292,820	261,772	230,721	31,051
Pupil services	578,345	511,345	488,249	23,096
Total instruction	6,077,514	5,951,348	5,722,455	228,893
Pupil transportation	1,261,760	1,242,629	984,058	258,571
Employee benefits	3,641,569	3,699,174	3,186,181	512,993
Debt service				
Principal	636,660	641,660	641,660	-
Interest	223,664	212,218	212,217	1
Total debt service	860,324	853,878	853,877	1
Total expenditures	13,381,525	13,403,354	12,292,409	1,110,945
OTHER FINANCING USES				
Operating transfers out	150,000	153,100	135,150	17,950
Total expenditures and other uses	\$ 13,531,525	\$ 13,556,454	12,427,559	\$ 1,128,895
Net change in fund balance			311,495	
Fund balance - beginning of year			3,380,349	
Fund balance - end of year			\$ 3,691,844	

See paragraph on supplementary schedules included in independent auditors' report.

Alexandria Central School District
Required Supplementary Information
Schedule of District Contributions

NYSTRS Pension Plan

Last 5 Fiscal Years

For the Year Ended June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 389,773	\$ 403,360	\$ 477,745	\$ 614,769	\$ 590,471
Contributions in Relation to the Contractually Required Contribution	<u>389,773</u>	<u>403,360</u>	<u>477,745</u>	<u>614,769</u>	<u>590,471</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 3,856,827	\$ 4,209,871	\$ 3,598,184	\$ 3,503,926	\$ 3,578,723
Contributions as a Percentage of Covered Payroll	10.11%	11.72%	13.28%	17.55%	16.50%

Schedule of District Contributions

NYSERS Pension Plan

Last 5 Fiscal Years

For the Year Ended June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 170,194	\$ 183,050	\$ 177,185	\$ 194,797	\$ 195,035
Contributions in Relation to the Contractually Required Contribution	<u>170,194</u>	<u>183,050</u>	<u>177,185</u>	<u>194,797</u>	<u>195,035</u>
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 1,674,591	\$ 1,548,513	\$ 1,212,571	\$ 1,132,814	\$ 1,129,900
Contributions as a Percentage of Covered Payroll	10.16%	11.82%	14.61%	17.20%	17.26%

10 years of historical information was not 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.

See paragraph on Supplementary Schedules included in Independent Auditors' Report.

Alexandria Central School District
 Required Supplementary Information
Schedule of District's Proportionate Share of the Net Pension Liability
NYSTRS Pension Plan
Last 5 Fiscal Years
For the Year Ended June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability (Asset)	0.024417%	0.021718%	0.023349%	0.023346%	0.023766%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ (441,527)	\$ (165,081)	\$ 250,072	\$ (2,424,951)	\$ (2,647,391)
District's Covered Payroll	\$ 3,856,827	\$ 4,209,871	\$ 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 Payroll	11.45%	3.92%	-6.95%	69.21%	73.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	101.53%	100.66%	99.01%	110.46%	111.48%

Schedule of District's Proportionate Share of the Net Pension Liability
NYSERS Pension Plan
Last 5 Fiscal Years
For the Year Ended June 30, 2019

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension Liability (Asset)	0.0042689%	0.0048523%	0.0043765%	0.0043800%	0.0043000%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 302,466	\$ 156,604	\$ 411,227	\$ 702,948	\$ 145,265
District's Covered Payroll	\$ 1,674,591	\$ 1,548,513	\$ 1,212,571	\$ 1,132,814	\$ 1,129,900
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	18.06%	10.11%	33.91%	62.05%	12.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	96.27%	98.24%	94.70%	90.68%	97.95%

10 years of historical information was not 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.

See paragraph on Supplementary Schedules included in Independent Auditors' Report.

Alexandria Central School District
Supplementary Information
Schedule of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit - General Fund
For the Year Ended June 30, 2019

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 13,510,521
Additions:	
Prior Year's Encumbrances	21,004
Original Budget	13,531,525
Budget Revision	24,929
Final Budget	\$ 13,556,454

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2019-20 Voter-Approved Expenditure Budget	\$ 13,652,378
Maximum Allowed (4% of 2019-20 budget)	\$ 546,095
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	
Unrestricted Fund Balance:	
Assigned Fund Balance	\$ 925,000
Unassigned Fund Balance	1,752,004
Total Unrestricted Fund Balance	\$ 2,677,004
Less:	
Appropriated Fund Balance	925,000
Encumbrances (Included in Assigned Fund Balance)	-
Total Adjustments	925,000
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	\$ 1,752,004
Actual Percentage	12.83%

See paragraph on Supplementary Schedules included in Independent Auditors' Report.

Alexandria Central School District
Supplementary Information
Schedule of Project Expenditures
Capital Projects Fund
For the Year Ended June 30, 2019

PROJECT TITLE	Original Appropriation		Revised Appropriation		Expenditures		Unexpended Balance	Proceeds of Obligations	Methods of Financing			Fund Balance June 30, 2019
					Prior Years	Current Year			Total	State Aid	Local Sources	
Capital Outlay Project	\$ 100,000	\$ 100,000	\$ -	\$ 97,120	\$ -	\$ 97,120	\$ 2,880	\$ -	\$ -	\$ 97,120	\$ 97,120	\$ -
Totals	\$ 100,000	\$ 100,000	\$ -	\$ 97,120	\$ -	\$ 97,120	\$ 2,880	\$ -	\$ -	\$ 97,120	\$ 97,120	\$ -

See paragraph on Supplementary Schedules in Independent Auditors' Report.

Alexandria Central School District
Supplementary Information
Net Investment in Capital Assets
For the Year Ended June 30, 2019

Capital Assets, Net		\$ 15,846,203
Deduct:		
Short-Term Portion of Bonds Payable	544,594	
Long-Term Portion of Bonds Payable	6,194,826	
Short-Term Portion of Energy Performance Contract	69,879	
Long-Term Portion of Energy Performance Contract	<u>169,814</u>	
		<u>6,979,113</u>
Net Investment in Capital Assets		<u>\$ 8,867,090</u>

See paragraph on Supplementary Schedules included in Independent Auditors' Report.

STACKEL & NAVARRA, C.P.A., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

COMMUNITY BANK BUILDING – 216 WASHINGTON STREET
WATERTOWN, NEW YORK 13601-3336
TELEPHONE 315/782-1220
FAX 315/782-0118

Robert F. Stackel, C.P.A.
Jacob Navarra, C.P.A.
Mark B. Hills, C.P.A.

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

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, 2019, and the related notes to the financial statements, which collectively comprise Alexandria Central School District's basic financial statements, and have issued our report thereon dated October 7, 2019.

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 on the effectiveness of Alexandria Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Alexandria Central School 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 of 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alexandria Central School District's financial statements are free from 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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.

Stachel & Navana, CPA, PC

Watertown, NY
October 7, 2019

STACKEL & NAVARRA, C.P.A., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

COMMUNITY BANK BUILDING – 216 WASHINGTON STREET
WATERTOWN, NEW YORK 13601-3336
TELEPHONE 315/782-1220
FAX 315/782-0118

Robert F. Stackel, C.P.A.
Jacob Navarra, C.P.A.
Mark B. Hills, C.P.A.

October 7, 2019

To the President and Members of the
Board of Education
Alexandria Central School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alexandria Central School District for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 24, 2018. Professional standards also require that we provide you with the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Alexandria Central School District are described in Note 1 to the financial statements: As described in Note 1 to the financial statements, Alexandria Central School adopted Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*. We noted no transactions entered into by Alexandria Central School during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were: management's estimate of the cost of fixed assets and depreciation of those fixed assets, OPEB expense and the OPEB liability.

We evaluated the key factors and assumptions used to develop the cost of fixed assets and depreciation and OPEB expense and liability in determining that it is reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

To the President and Members of the
Board of Education
Alexandria Central School District

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statement taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 7, 2019.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Alexandria Central School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Alexandria Central School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

To the President and Members of the
Board of Education
Alexandria Central School District

Other Matters

We applied certain limited procedures to the client's Management Discussion and Analysis, the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, the Schedule of Funding Progress – Other Postemployment Benefits Plan, Last 2 Fiscal Years, the Schedules of District Contributions – NYSTRS & NYSERS Pension Plans – Last 5 Fiscal Years, Schedules of District's Proportionate Share of the Net Pension Liability – NYSTRS and NYSERS Pension Plans – Last 5 Fiscal Years which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Change from Adopted Budget to Final Budget and Real Property Tax Limit – General Fund, The Schedule of Project Expenditures – Capital Projects Fund and Net Investment in Capital Assets which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board of Education and management of the Alexandria Central School District and is not intended to be and should not be, used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in cursive script that reads "Stackel & Navarra, CPA, PC".

Stackel & Navarra, C.P.A., P.C.

STACKEL & NAVARRA, C.P.A., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

COMMUNITY BANK BUILDING – 216 WASHINGTON STREET
WATERTOWN, NEW YORK 13601-3336
TELEPHONE 315/782-1220
FAX 315/782-0118

Robert F. Stackel, C.P.A.
Jacob Navarra, C.P.A.
Mark B. Hills, C.P.A.

Board of Education
Alexandria Central School District

Management Letter

In planning and performing our audit of the financial statements of Alexandria Central School District for the year ended June 30, 2019, we considered the School District's internal control structure to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit we became aware of items that are opportunities for strengthening internal controls and operating efficiency.

We previously reported on the School District's internal control structure in our report dated October 7, 2019. This letter does not affect our report dated October 7, 2019, on the financial statements of Alexandria Central School District.

We will review the status of these comments during our next audit engagement. We have already discussed these comments and suggestions with various School District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

Finding:

In the Extraclassroom Fund, we noted the following:

- Two of the eighteen cash disbursements that were tested was not signed by the student treasurer.
- One of the five fundraising profit and loss summaries we examined did not have the anticipated income and loss information included and also was not signed by the student treasurer.
- Five of the five fundraising profit and loss summaries we examined did not have a fundraising request properly completed and approved by the Board.

Recommendation:

As per Pamphlet 2, all cash disbursement and receipt items should be properly backed up with appropriate documentation and should have all the appropriate signatures. We also recommend that all fundraising requests be submitted to the Board for approval, therefore they are aware of the student's activity.

Management's Response:

Exception numbers 1 and 2 were based on school being out of session. The implementation of requiring the Board's approval for all fundraising requests will alleviate these errors and make the Board aware of all student activities that are occurring. That implementation has begun as of October 2019.

Finding:

The unassigned fund balance exceeds the 4% allowed by Section 1318 of the Real Property Tax Law.

Recommendation:

The District should continue to work on reducing its fund balance to the allowable level. We have had discussions with the business official and the superintendent and they have proposed reduction measures.

Management's Response:

The District will continue to use excessive fund balance to fund the District's Capital Reserve Fund, and to alleviate future tax increases on the taxpayers.

Stackel & Navarra, CPA, PC

Stackel & Navarra, C.P.A., P.C.
October 7, 2019