

**ALEXANDRIA**  
**CENTRAL SCHOOL DISTRICT**  
**FINANCIAL STATEMENTS**  
**June 30, 2020**

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

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**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, 2020, 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.

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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, 2020, 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 3 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 & NYSEERS pension plans - last 6 fiscal years, and the schedules of District's proportionate share of the net pension liability - NYSTRS & NYSEERS pension plans - last 6 fiscal years on pages 4-17 and 60-64 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

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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 September 30 2020, 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.

*Stackel + Navarra, CPA, PC*

Watertown, NY  
September 30, 2020

**Alexandria Central School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

The following is a discussion and analysis of the District's financial performance for the fiscal year ended June 30, 2020. This section is a summary of the District's financial activities based on currently known facts, decisions, and/or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

**Financial Highlights**

At the close of the fiscal year, the total liabilities plus deferred inflow of resources (what the District owes) exceeded its total assets plus deferred outflow of resources (what the Districts owns) by \$24,236,777 (net position).

As of the close of the fiscal year, the District's governmental funds reported combined fund balances of \$4,296,218, an increase of \$476,071 in comparison with the prior year.

At the close of the fiscal year, the total enrollment was 530 students, a decrease of 23 students (4.16%) with the prior year.

During the fiscal year, the District had begun, and completed, three (3) capital projects. These projects included an upgrade phone (VOIP) system funded with Smart Schools monies; upgrades to building wireless system funded with ERate monies; annual capital outlay project funded with General Fund appropriations.

During the fiscal year, the District received voter authorization to bond two (2) school buses. These bond proceeds amounted to \$250,000, with the first principal payment due August 2020.

As of March 16, 2020, as per Governor Cuomo's Executive Order, the District was shut down due to the COVID-19 pandemic. Due to the COVID-19 pandemic, it is anticipated that the District's State Aid for the 2020-2021 fiscal year will be reduced by up to 20% due to the State's financial difficulties endured during the pandemic. The District was not aware of the full extent of its State Aid reduction at the time of the budget adoption, therefore the 2020-2021 budget that was passed in June 2020 did not reflect this reduction. The District will monitor this reduction in State Aid during the 2020-2021 fiscal year and use a combination of expense reduction, fund balance usage, and reserve usage to alleviate the shortfall.

**Alexandria Central School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

**Overview of the Financial Statements**

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The MD&A is intended to serve as an introduction to the District's basic financial statements. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements. The fund financial statements concentrate on the District's most significant funds with all other non-major funds listed in total in one column. The District considers each fund as a significant fund.
- 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 District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

The major features of the District's financial statements, including the portion of the District's activities they cover and types of information they contain are shown below. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

**Alexandria Central School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

<b>Major Features of the District-Wide and Fund Financial Statements</b>			
<b>District-Wide</b>		<b>Fund Financial Statements</b>	
		<b>Governmental Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance.	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
<b>Required Financial Statements</b>	<ul style="list-style-type: none"> <li>• Statement of Net Position</li> <li>• Statement of Activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance Sheet</li> <li>• Statement of Revenues, Expenditures, and Changes in Fund Balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of Fiduciary Net Position</li> <li>• Statement of Changes in Fiduciary Net Position</li> </ul>
<b>Accounting Basis and Measurement Focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
<b>Type of Asset / Deferred Outflows of Resources / Liability / Deferred Inflows of Resources Information</b>	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 and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (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
<b>Type of Inflow/ Outflow Information</b>	All revenues 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	All additions and deductions during the year, regardless of when cash is received or paid

**District-Wide Statements**

The District-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets, deferred outflows or resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.



**Alexandria Central School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

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

- Over time, increases or decreases in the District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall financial health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are shown as *Governmental activities*. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and State formula aid finance most of these activities.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The 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:

1. **Governmental Funds:** Most of the 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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance the 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.
2. **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The 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 District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

**Alexandria Central School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

**Financial Analysis of the District as a Whole**

**Net Position**

The District's combined net position on June 30, 2020 changed by (\$2,857,172) to (\$24,236,777) as shown in the table below:

**Changes in Net Position from Operating Results**

	<b><u>Governmental Activities and Total School District</u></b>			
	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>Increase / (Decrease)</u></b>	<b><u>Percentag Change</u></b>
Current and Other Assets	\$ 4,812,663	\$ 5,439,137	\$ 626,474	13.02%
Capital Assets, Net	<u>15,846,203</u>	<u>15,786,300</u>	<u>(59,903)</u>	-0.38%
Total Assets	20,658,866	21,225,437	566,571	2.74%
Deferred Outflows of Resources	<u>8,295,443</u>	<u>6,722,194</u>	<u>(1,573,249)</u>	-18.97%
Total Assets and Deferred Outflows of Resources	<u>28,954,309</u>	<u>27,947,631</u>	<u>(1,006,678)</u>	-3.48%
Long-term Liabilities	45,348,520	50,729,992	5,381,472	11.87%
Other Liabilities	<u>563,249</u>	<u>470,732</u>	<u>(92,517)</u>	-16.43%
Total Liabilities	45,911,769	51,200,724	5,288,955	11.52%
Deferred Inflows of Resources	<u>4,422,145</u>	<u>983,684</u>	<u>(3,438,461)</u>	-77.76%
Total Liabilities and Deferred Inflows of Resources	<u>50,333,914</u>	<u>52,184,408</u>	<u>1,850,494</u>	3.68%
Net Position				
Net Investment in Capital Assets	8,867,090	9,170,137	303,047	3.42%
Restricted	1,123,284	1,509,121	385,837	34.35%
Unrestricted	<u>(31,369,979)</u>	<u>(34,916,035)</u>	<u>(3,546,056)</u>	11.30%
Total Net Position	<u>\$ (21,379,605)</u>	<u>\$ (24,236,777)</u>	<u>\$ (2,857,172)</u>	13.36%

The District's financial position is the product of many factors including funding reserves and the result of full implementation of GASB #75 regarding retiree health obligations.

A substantial portion of the District's net position reflects its investment in capital assets consisting of land, buildings and improvements, equipment, and vehicles, less any related debt used to acquire those assets still outstanding. The District uses these assets to provide services to the students and consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Alexandria Central School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

The District's net position includes resources that are subject to external restrictions on how they may be used, which includes reserves set aside for specific purposes governed by statutory law and regulations. These include the debt service reserve, which is set aside for the repayment of bonds issued to finance capital projects; the capital reserve, which is dedicated for future renovations as approved by the District's voters; the employee benefit accrued liability reserve, which must be used to pay future accumulated sick and vacation time; the retirement contribution reserve, which is restricted to fund contributions paid by the District for both of the State's retirement systems; and the unemployment reserve, which is restricted to pay the cost of reimbursement to the State Unemployment Insurance Fund.

Changes in deferred outflows and deferred inflows of resources include changes in pension and postemployment benefits activity at the State level which is required to be reflected on the District's financial statements. Deferred outflows of resources include contributions required to be paid by the District to the State pension systems and healthcare premiums after the measurement date, and as such are not included in the current net pension position. Deferred outflows and deferred inflows of resources also reflect variances from actuarial assumptions, actual results of investment earnings compared to projected earnings, and changes of assumptions. The District has no control or authority over these transactions.

**Changes in Net Position from Operating Results**

	<b><u>Governmental Activities and Total School District</u></b>			
	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>Increase /</u></b>	<b><u>Percentage</u></b>
			<b><u>(Decrease)</u></b>	<b><u>Change</u></b>
<b>Revenues</b>				
Charges for Services	\$ 97,433	\$ 51,466	\$ (45,967)	-47.18%
Operating Grants and Contributions	609,491	779,920	170,429	27.96%
<b>General Revenues</b>				
Property Taxes	7,392,402	7,631,806	239,404	3.24%
State Formula Aid	4,993,143	5,120,286	127,143	2.55%
Interest Earnings	51,144	72,164	21,020	41.10%
Other	271,724	199,583	(72,141)	-26.55%
Total Revenues	<u>13,415,337</u>	<u>13,855,225</u>	<u>439,888</u>	3.28%
<b>Expenses</b>				
General Support	2,081,270	3,148,293	1,067,023	51.27%
Instruction	9,458,217	11,373,822	1,915,605	20.25%
Pupil Transportation	1,299,280	1,639,021	339,741	26.15%
Debt Service - Interest	209,994	196,753	(13,241)	-6.31%
School Food Service Program	296,481	354,508	58,027	19.57%
Total Expenses	<u>13,345,242</u>	<u>16,712,397</u>	<u>3,367,155</u>	25.23%
Increase/(Decrease) in Net Position	<u>\$ 70,095</u>	<u>\$ (2,857,172)</u>	<u>\$ (2,927,267)</u>	-4176.14%

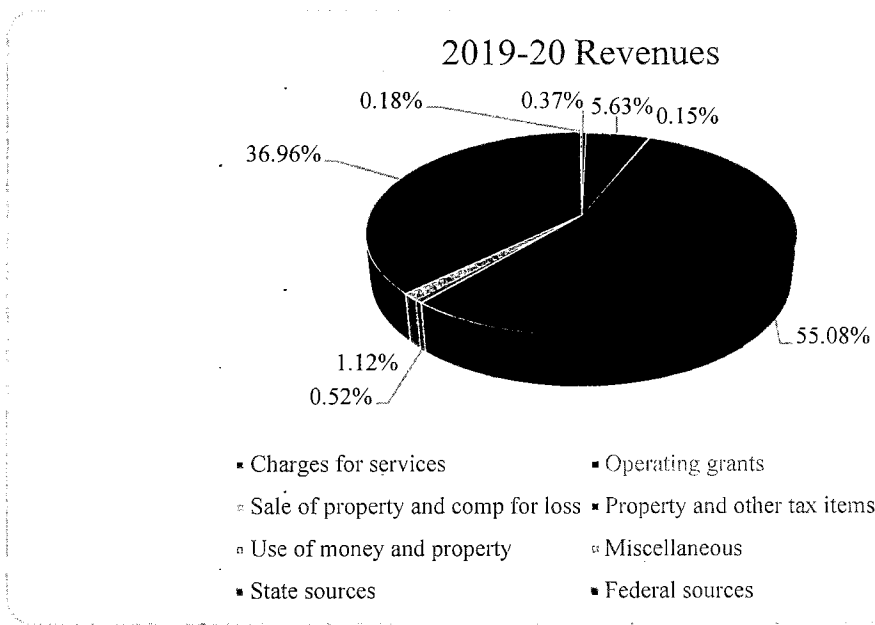
**Alexandria Central School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

This section discusses the cost of five major District activities: general support, instruction, pupil transportation, school lunch, and interest on long-term debt.

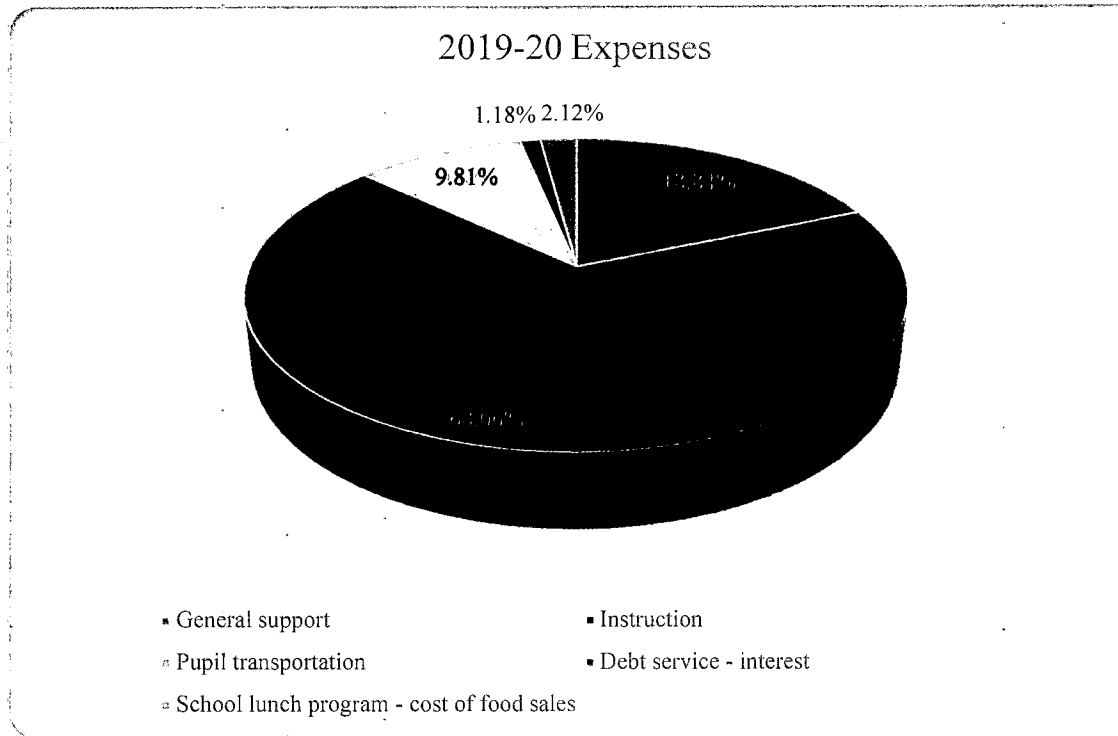
The District's total revenue increased 3% to \$13,855,225. State and federal aid (37%) and property taxes (55%) accounted for most of the District's revenue. The remaining (8%) of the revenue comes from operating grants, charges for services, investment earnings, compensation for loss, and miscellaneous revenues. The federal and state governments subsidized certain programs with grants and contributions of \$779,920.

Most of the District's costs, however, were financed by District taxpayers and taxpayers of New York State. There was \$5,120,286 in state aid based on a statewide education aid formula and \$7,631,806 received in property taxes.

The total cost of all the programs and services increased to \$16,712,397. During the 2019-20 fiscal year, Alexandria Central School District's predominate expenses were related to the direct and indirect instructional programs and caring of our students which accounted for \$11,373,822, or 68% of the total costs. General support, which included expenses associated with the operation, maintenance, and administration of the District accounted for 19% of the total costs. As shown by the chart, the District experienced increased instruction without cutting existing programs and while minimizing the burden on the District taxpayers. The interest on long-term debt decreased as expected due to the payment of serial bonds.



**Alexandria Central School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**



**Financial Analysis of the District's Funds**

The strong financial performance of the District as a whole is reflected in its governmental funds. For the 2019-20 fiscal year, the total fund balance in the governmental funds increased by 13%. At the end of the fiscal year, the District's governmental funds reported combined fund balances of \$4,296,218, an increase of \$476,071 from last year's ending fund balance of \$3,820,147. The fund balances represent the availability of governmental fund resources for future use.

Nonspendable fund balance is the portion of fund balance which is not available for appropriation because the funds are in nonspendable form, such as inventory, prepaid items, and/or long-term receivables.

A reserved or restricted fund balance indicates that it is not available due to the fact that it is either legally restricted to liquidate current contracts or restricted for other purposes. The additional reserve and the increases in the amounts in various reserves demonstrate the continuing growth in the District's financial strength.

The assigned fund balance is generally comprised of appropriated for taxes for the next fiscal year and/or encumbrances which represent purchase commitments made by the District's Purchasing Agent through their authorization of a purchase order prior to year- end.

One of the most important pieces of information reported in the governmental fund financial statements is unassigned fund balance. The unassigned portion is not specifically designated and will assist the District in cash flow needs.

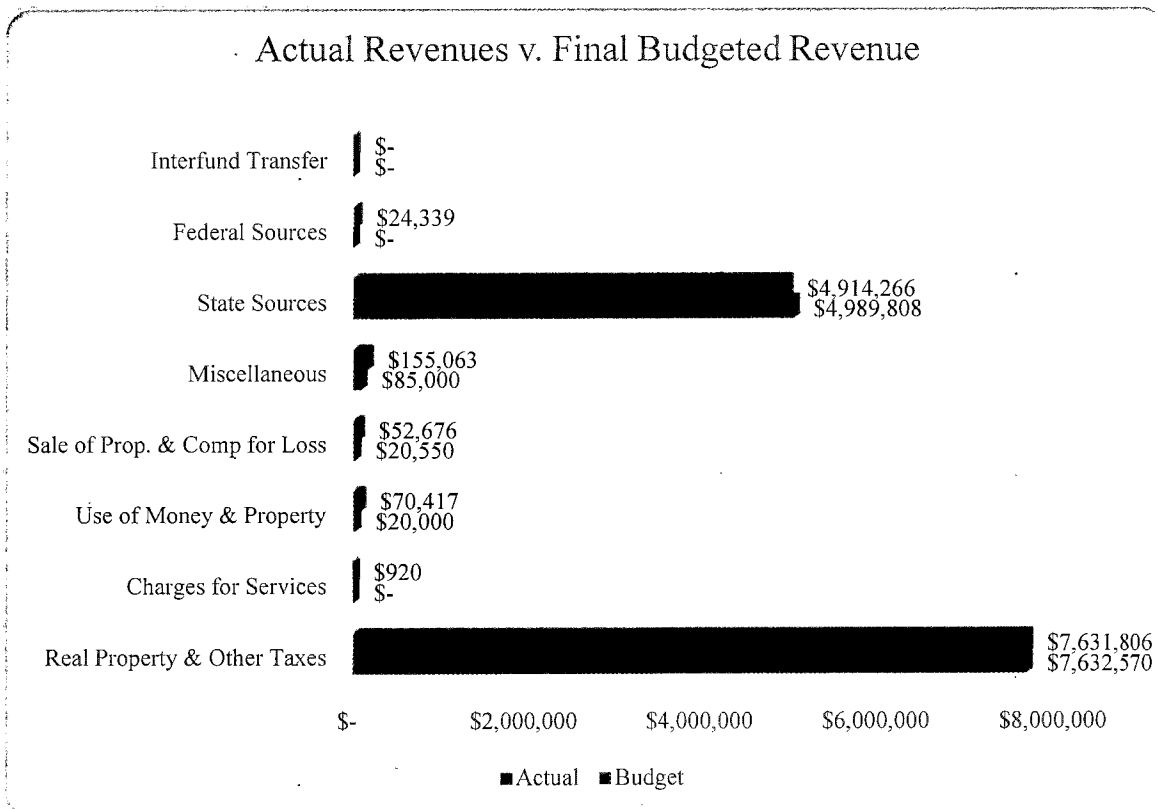
**Alexandria Central School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

The fund balance available in the General Fund represents \$4,181,976 of the governmental total fund balance. At the end of this year, the total fund balance in the General Fund was divided between \$11,434 in nonspendable fund balance, \$1,378,043 in restricted fund balance, \$1,015,767 in assigned fund balance, and \$1,776,732 in unassigned fund balance.

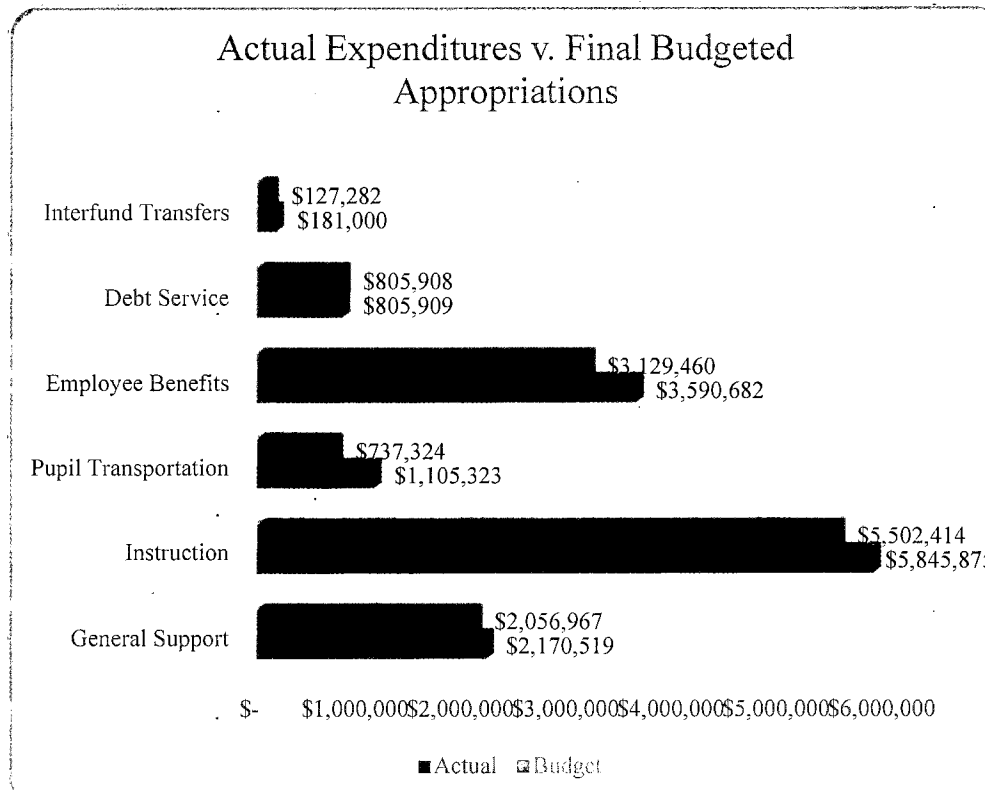
The District funded the following restricted funds in the 2019-20 fiscal year, see table below:

<b><u>General Fund Restricted Balances:</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>Total Variance</u></b>
Reserve for Unemployment Insurance	\$ 60,989	\$ 61,858	\$ 869
Capital Reserve	503,963	761,145	257,182
Retirement Contributions Reserve - ERS	359,217	364,336	5,119
Retirement Contributions Reserve - TRS	79,570	80,704	1,134
Reserve for Employee Benefit Accrued Liability	-	110,000	110,000
<b>Total General Fund Restricted Balance</b>	<b><u>\$ 1,003,739</u></b>	<b><u>\$ 1,378,043</u></b>	<b><u>\$ 374,304</u></b>

**General Fund Budgetary Highlights**



**Alexandria Central School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**



Over the course of the year, the District revised the annual operating budget. During the 2019-20 fiscal year, the Board of Education approved amendments increasing budget appropriations from \$13,652,378 to \$13,699,308.

Actual revenues were \$12,849,487, a difference of \$101,559 or 1% higher than the final amended budget. Investment earnings, sale of property, Federal sources, and miscellaneous revenues were all higher than anticipated.

Actual expenditures and carryover encumbrances were \$12,450,122 or 9% less than the final amended budget due, in part, to conservative budgeting and expenditure controls.

During the 2019-20 fiscal year, the largest effect on the actual v. budget difference, for both revenues and expenditures, was the COVID-19 Pandemic Shutdown. Effective March 16, 2020, as per Governor Cuomo's Executive Order, all New York State School Districts were ordered to shut down and provide instructional support remotely. This affected all aspects of the District, from Athletics to Special Education to the School Food Service. Transportation mileage was down approximately 25%, all spring sports were cancelled, and special education students were no longer transported to BOCES for special services. The District worked diligently to provide Chromebooks to every student and proceeded to install Wi-Fi services on the bus fleet. Throughout the entire shutdown (March 16 through June 17, 2020), all staff members continued to receive their contractual salaries and benefits, despite the amount of time they were expected to work. For example, bus drivers worked one day a week delivering meals to families, but continued to receive their entire annual salary.

**Alexandria Central School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

The District continued to report the full balance of State Aid due at the end of the fiscal year as fully receivable. However, due to the economic crisis caused by the Pandemic Shutdown, New York State is now facing a \$14 billion deficit. Without support from the Federal Government, Governor Cuomo has begun to withhold 20% of all State Aid payments to districts, including any aid that was due to districts at the end of the 2019-20 fiscal year. The District has not adjusted these receivable amounts as of the date of these statements. The District feels that the Federal Government will eventually come to an agreement to assist the districts. The amount of that assistance is yet unknown. Any adjustments will be made in the 2020-21 fiscal year.

**Capital Asset and Debt Administration**

**Capital Assets**

By the end of the 2019-20 fiscal year, the District has invested \$15,786,300 in a broad range of capital assets, including land, school buildings, furniture, equipment, and vehicles. These amounts are represented as follows:

	<u>2019</u>	<u>2020</u> <u>Additions</u>	<u>2020</u> <u>Retirements</u>	<u>2020</u>
Land	\$ 54,825	\$ -	\$ -	\$ 54,825
Buildings and improvements	20,534,964	263,791	-	20,798,755
Furniture and equipment	234,670	130,440	(51,816)	313,294
Vehicles	1,760,028	247,064	(124,360)	1,882,732
Less:				
Accumulated depreciation	<u>(6,738,284)</u>	<u>(686,151)</u>	<u>161,129</u>	<u>(7,263,306)</u>
<b>Net Capital Assets</b>	<b><u>\$ 15,846,203</u></b>	<b><u>\$ (44,856)</u></b>	<b><u>\$ (15,047)</u></b>	<b><u>\$ 15,786,300</u></b>

Notable additions during the fiscal year included the purchase of two (2) buses, via bonding, and the completion of three projects: annual capital outlay project, VOIP system funded through Smart Schools, and wireless upgrades funded through ERate.



**Alexandria Central School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

**Long-Term Debt**

At year-end, the District had \$50,729,992 in general obligation bonds and other long-term debt outstanding, a \$5,381,472 increase from last year as follows:

	<u>2019</u>	<u>2020</u> <u>Additions</u>	<u>2020</u> <u>Retirements</u>	<u>2020</u>
Bonds payable	\$ 6,700,000	\$ 250,000	\$ (535,000)	\$ 6,415,000
Premiums on bonds	39,420	-	(8,071)	31,349
Installment purchase debt	239,693	-	(69,879)	169,814
Compensated absences payable	68,121	-	(17,352)	50,769
Other postemployment benefits obligation	37,998,820	4,905,905	-	42,904,725
Net pension liability - proportionate share	<u>302,466</u>	<u>855,869</u>	<u>-</u>	<u>1,158,335</u>
<b>Total Long-Term Obligations</b>	<b><u>\$ 45,348,520</u></b>	<b><u>\$ 6,011,774</u></b>	<b><u>\$ (630,302)</u></b>	<b><u>\$ 50,729,992</u></b>

**School Food Service Fund**

During the 2019-20 fiscal year, the District offered breakfast to all students, free of charge, to be supplemented as needed with general fund money. Prior to the Pandemic Shutdown, the Food Service Fund was operating at an expected loss, approximately \$55,000. By year end, the Food Service Fund Balance showed a year-to-year income of \$9,179, prior to a \$3,100 transfer from the Food Service Fund into the Special Aid Fund.

As previously mentioned, the District was shut down on March 16, 2020 due to the COVID-19 Pandemic. Throughout the entire shutdown (March 16 through June 17, 2020) all students continued to receive a full breakfast and lunch, at zero cost to the families. The District was reimbursed at the higher "free" rate for all meals, as per Governor Cuomo. This higher reimbursement fully sustained the Food Service Fund for the fiscal year. These higher reimbursement rates are expected to continue until December 31, 2020.

**Special Aid Funds**

Federal and State grants provide funding for specific purposes ranging from academic intervention services to meeting the needs of students with disabilities. The chart below indicates the 2019-20 allocations for each grant:

**Alexandria Central School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

	<u>2019</u>		<u>2020</u>	<u>Total Variance</u>
Title I School Improvement	\$ 197,543	\$	168,974	\$ (28,569)
IDEA 611 School Age Special Ed	157,829		163,791	5,962
IDEA 619 Preschool Special Ed	9,162		6,631	(2,531)
Title IIA Teacher/Prin Training	27,424		27,330	(94)
Title IV Student Achievement	13,515		12,579	(936)
UPK Universal Pre-Kindergarten	48,735		48,735	-
	<u>\$ 454,208</u>	<u>\$</u>	<u>428,040</u>	<u>\$ (26,168)</u>

The District experienced a 5% decrease in Special Aid Funds during the 2019-20 fiscal year. Due to the ongoing economic crisis, and past experience, the District expects this trend to continue.

The Special Aid Fund shows an unassigned fund balance deficit of \$24,809. This deficit results from the 20% withholding by NYS due to the current economic crisis brought on by COVID-19. These revenues are not expected to be received within the 90 days collectability period. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, this amount does not meet the availability criteria for recognition as revenue in the current period.

**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:

- As previously mentioned, the economic crisis caused by the COVID-19 Pandemic has resulted in New York State withholding 20% of all aid payments to districts. The 20% withholding was expected for the 2020-21 fiscal year; however, the State has begun to withhold the same percentage from the prior fiscal year receivables, which was not portrayed to districts. At this time, it is unknown whether this withholding will be temporary or permanent in nature. New York State is awaiting assistance from the Federal Government prior to making that information known. A 20% withholding of aid can amount between \$750,000 and \$1 million shortfall for the District, depending on which aid categories are being affected (expense based, foundation aid, etc.). The District immediately froze the 2020-21 budget and is being extremely conservative to protect against these aid shortages.
- The economic crisis has affected the stock market, in which the New York State pensions are invested. While the stock market has bounced back from the initial fall, it should be noted that the instability of the current economic situation may cause pension rates to drastically increase over the short-term.
- Further, the economic crisis has affected the income for the Thousand Islands Bridge Authority (TIBA). The TIBA has a "PILOT" agreement with LaFargeville CSD and Alexandria CSD. The TIBA has failed to pay its PILOT for the Agricultural Program, and has informed the Districts that they may not pay the main PILOT as well. This will cost the District a minimum of \$40,000 annually.

**Alexandria Central School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

**Contacting the District's Financial Management**

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

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

**Alexandria Central School District**  
**Statement of Net Position- Governmental Activities**  
**June 30, 2020**

Statement #1

**ASSETS**

Cash			
Unrestricted	\$	2,392,776	
Restricted		1,502,257	
Receivables			
State and Federal Aid		603,711	
Due From Other Governments		319,171	
Inventories		7,973	
Prepays		11,434	
Capital Assets			
Not Being Depreciated		54,825	
Being Depreciated, Net of Accumulated Depreciation		15,731,475	
Net Pension Asset - Proportionate Share		<u>601,815</u>	
Total Assets			<u>\$ 21,225,437</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Charges - Bond Refunding	\$	11,010	
OPEB (GASB 75)		3,494,572	
Pensions		<u>3,216,612</u>	
Total Deferred Outflows of Resources			<u>\$ 6,722,194</u>
Total Assets and Deferred Outflows of Resources			<u>\$ 27,947,631</u>

See Notes to Financial Statements.

**Alexandria Central School District**  
**Statement of Net Position - Governmental Activities**  
**June 30, 2020**

Statement #1

**LIABILITIES**

Payables

Accounts Payable	\$	4,321
Accrued Liabilities		8,884
Bond Interest and Matured Bonds		13,183
Due To Other Governments		40
Due To Teachers' Retirement System		399,836
Due To Employees' Retirement System		37,490

Unearned Credits

Unearned Revenues - Other		6,978
---------------------------	--	-------

Long-Term Liabilities

Due and Payable Within One Year

Bonds Payable, Net	593,071
Installment Purchase Debt Payable	73,254

Due and Payable After One Year

Bonds Payable, Net	5,853,278
Installment Purchase Debt Payable	96,560
Compensated Absences Payable	50,769
Other Postemployment Benefits Obligation	42,904,725
Net Pension Liability - Proportionate Share	1,158,335

Total Liabilities	\$ 51,200,724
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**DEFERRED INFLOWS OF RESOURCES**

Pensions

\$ 983,684
------------

Total Deferred Inflows of Resources

\$ 983,684
------------

**NET POSITION**

Net Investment in Capital Assets	\$ 9,170,137
----------------------------------	--------------

Restricted for:

Unemployment	61,858
Retirement Contribution - ERS/TRS	445,040
Employee Benefit Accrued Liability	110,000
Capital Reserve	761,145
Debt Service Fund	124,214
School Food Service Fund	6,864

Unrestricted (Deficit)	(34,916,035)
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Total Net Position	\$ (24,236,777)
--------------------	-----------------

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, 2020**

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Grants &amp; Contributions Operating</u>	<u>Capital</u>	
<b>FUNCTIONS AND PROGRAMS</b>					
General Support	\$ 3,148,293	\$ -	\$ -	\$ -	\$ (3,148,293)
Instruction	11,373,822	920	434,010	-	(10,938,892)
Pupil Transportation	1,639,021	-	-	-	(1,639,021)
Debt Service - Interest	196,753	-	-	-	(196,753)
School Food Service Program	<u>354,508</u>	<u>50,546</u>	<u>345,910</u>	<u>-</u>	<u>41,948</u>
Total Functions and Programs	<u>\$ 16,712,397</u>	<u>\$ 51,466</u>	<u>\$ 779,920</u>	<u>\$ -</u>	<u>(15,881,011)</u>
<b>GENERAL REVENUES</b>					
Real Property Taxes					7,185,574
Other Tax Items					446,232
Use of Money and Property					72,164
Sale of Property and Compensation for Loss					20,101
Miscellaneous					155,143
State Sources					5,120,286
Federal Sources					<u>24,339</u>
Total General Revenues					<u>13,023,839</u>
Change in Net Position					(2,857,172)
Total Net Position - Beginning of Year					<u>(21,379,605)</u>
Total Net Position - End of year					<u>\$ (24,236,777)</u>

**Balance Sheet  
Governmental Funds  
June 30, 2020**

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
<b>ASSETS</b>						
Cash						
Unrestricted	\$ 2,367,839	\$ -	\$ 24,937	\$ -	\$ -	\$ 2,392,776
Restricted	1,378,043	-	-	124,214	-	1,502,257
Receivables						
Due From State and Federal	403,803	146,611	53,297	-	-	603,711
Due From Other Funds	353,783	-	-	-	-	353,783
Due From Other Governments	171,897	-	-	-	147,274	319,171
Inventories	-	-	7,973	-	-	7,973
Prepaid Expenditures	11,434	-	-	-	-	11,434
Total Assets	<u>\$ 4,686,799</u>	<u>\$ 146,611</u>	<u>\$ 86,207</u>	<u>\$ 124,214</u>	<u>\$ 147,274</u>	<u>\$ 5,191,105</u>
<b>LIABILITIES</b>						
Payables						
Accounts Payable	\$ 4,321	\$ -	\$ -	\$ -	\$ -	\$ 4,321
Accrued Liabilities	7,938	-	946	-	-	8,884
Due To Other Funds	-	146,611	59,898	-	147,274	353,783
Due To Other Governments	-	-	40	-	-	40
Due To Teachers' Retirement System	399,836	-	-	-	-	399,836
Due To Employees' Retirement System	31,732	-	5,758	-	-	37,490
Unearned Credits						
Overpayments and Collections in Advance	-	-	-	-	-	-
Unearned Revenues	2,250	-	4,728	-	-	6,978
Total Liabilities	<u>446,077</u>	<u>146,611</u>	<u>71,370</u>	<u>-</u>	<u>147,274</u>	<u>811,332</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Revenue Not Earned Due to Time Restrictions	<u>58,746</u>	<u>24,809</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>83,555</u>
<b>FUND BALANCES</b>						
Nonspendable						
Not in Spendable Form	11,434	-	7,973	-	-	19,407
Restricted for:						
Unemployment	61,858	-	-	-	-	61,858
Retirement Contributions - ERS/TRS	445,040	-	-	-	-	445,040
Employee Benefit Accrued Liability	110,000	-	-	-	-	110,000
Capital Reserve	761,145	-	-	-	-	761,145
Debt Service Fund	-	-	-	124,214	-	124,214
Assigned						
Assigned Appropriated	1,015,767	-	6,864	-	-	1,022,631
Assigned Unappropriated	-	-	-	-	-	-
Unassigned						
Unassigned	<u>1,776,732</u>	<u>(24,809)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,751,923</u>
Total Fund Balances	<u>4,181,976</u>	<u>(24,809)</u>	<u>14,837</u>	<u>124,214</u>	<u>-</u>	<u>4,296,218</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,686,799</u>	<u>\$ 146,611</u>	<u>\$ 86,207</u>	<u>\$ 124,214</u>	<u>\$ 147,274</u>	<u>\$ 5,191,105</u>

**Alexandria Central School District**  
**Reconciliation of Governmental Funds**  
**Balance Sheet to the Statement of Net Position**  
**June 30, 2020**

Statement #3A

	Total Governmental Funds	Long-Term Assets / Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
<b>ASSETS</b>				
Cash				
Unrestricted	\$ 2,392,776	\$ -	\$ -	\$ 2,392,776
Restricted	1,502,257	-	-	1,502,257
Receivables				
Due from State and Federal	603,711	-	-	603,711
Due From Other Funds	353,783	-	(353,783)	-
Due From Other Governments	319,171	-	-	319,171
Inventories	7,973	-	-	7,973
Prepaid Expenditures	11,434	-	-	11,434
Capital Assets, Net	-	15,786,300	-	15,786,300
Net Pension Asset - Proportionate Share	-	601,815	-	601,815
Total Assets	<u>\$ 5,191,105</u>	<u>\$ 16,388,115</u>	<u>\$ (353,783)</u>	<u>\$ 21,225,437</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>				
Deferred Charges - Bond Refunding	\$ -	\$ 11,010	\$ -	\$ 11,010
OPEB (GASB 75)	-	3,494,572	-	3,494,572
Pensions	-	3,216,612	-	3,216,612
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ 6,722,194</u>	<u>\$ -</u>	<u>\$ 6,722,194</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 5,191,105</u>	<u>\$ 23,110,309</u>	<u>\$ (353,783)</u>	<u>\$ 27,947,631</u>
<b>LIABILITIES</b>				
Payables				
Accounts Payable	\$ 4,321	\$ -	\$ -	\$ 4,321
Accrued Liabilities	8,884	-	-	8,884
Bond Interest and Matured Bonds	-	13,183	-	13,183
Due To Other Funds	353,783	-	(353,783)	-
Due To Other Governments	40	-	-	40
Due To Teachers' Retirement System	399,836	-	-	399,836
Due To Employees' Retirement System	37,490	-	-	37,490
Unearned Credits				
Overpayments and Collections in Advance	-	-	-	-
Unearned Revenues - Other	6,978	-	-	6,978
Bonds Payable, Net	-	6,446,349	-	6,446,349
BANs Refinanced on a Long-Term Basis	-	-	-	-
Installment Purchase Debt Payable	-	169,814	-	169,814
Compensated Absences Payable	-	50,769	-	50,769
Judgments and Claims Payable	-	-	-	-
Other Postemployment Benefits Obligation	-	42,904,725	-	42,904,725
Net Pension Liability - Proportionate Share	-	1,158,335	-	1,158,335
Total Liabilities	<u>\$ 811,332</u>	<u>\$ 50,743,175</u>	<u>\$ (353,783)</u>	<u>\$ 51,200,724</u>
<b>DEFERRED INFLOW OF RESOURCES</b>				
Deferred revenue	\$ 83,555	\$ (83,555)	\$ -	\$ -
Pensions	-	983,684	-	983,684
Total Deferred Inflows of Resources	<u>\$ 83,555</u>	<u>\$ 900,129</u>	<u>\$ -</u>	<u>\$ 983,684</u>
<b>TOTAL FUND BALANCE / NET POSITION</b>				
Total Fund Balance / Net Position	<u>\$ 4,296,218</u>	<u>\$ (28,532,995)</u>	<u>\$ -</u>	<u>\$ (24,236,777)</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances / Net Position	<u>\$ 5,191,105</u>	<u>\$ 23,110,309</u>	<u>\$ (353,783)</u>	<u>\$ 27,947,631</u>

See Notes to Financial Statements.



**Alexandria Central School District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2020**

Statement #4

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Total Governmental Funds
<b>REVENUES</b>						
Real Property Taxes	\$ 7,185,574	\$ -	\$ -	\$ -	\$ -	\$ 7,185,574
Other Tax Items	446,232	-	-	-	-	446,232
Charges for Services	920	-	-	-	-	920
Use of Money and Property	70,417	-	14	1,733	-	72,164
Sale of Property and Compensation for Loss	52,676	-	-	-	-	52,676
Miscellaneous	155,063	-	80	-	-	155,143
State Sources	4,914,266	75,883	11,212	-	147,274	5,148,635
Federal Sources	24,339	333,318	317,891	-	-	675,548
Surplus Food	-	-	16,807	-	-	16,807
Sales - Food Service	-	-	50,546	-	-	50,546
<b>Total Revenues</b>	<b>12,849,487</b>	<b>409,201</b>	<b>396,550</b>	<b>1,733</b>	<b>147,274</b>	<b>13,804,245</b>
<b>EXPENDITURES</b>						
General Support	2,056,967	-	153,492	-	-	2,210,459
Instruction	5,502,414	413,642	-	-	-	5,916,056
Pupil Transportation	737,324	-	-	-	-	737,324
Employee Benefits	3,129,460	34,233	62,423	-	-	3,226,116
Debt Service						
Principal	604,879	-	-	-	-	604,879
Interest	201,029	-	-	-	-	201,029
Cost of Sales	-	-	171,456	-	-	171,456
Capital Outlay	-	-	-	-	510,855	510,855
<b>Total Expenditures</b>	<b>12,232,073</b>	<b>447,875</b>	<b>387,371</b>	<b>-</b>	<b>510,855</b>	<b>13,578,174</b>
Excess (Deficiency) of Revenues Over Expenditures	617,414	(38,674)	9,179	1,733	(363,581)	226,071
<b>OTHER FINANCING SOURCES AND (USES)</b>						
Proceeds of Debt	-	-	-	-	250,000	250,000
Operating Transfers In	-	13,865	-	2,936	116,517	133,318
Operating Transfers (Out)	(127,282)	-	(3,100)	-	(2,936)	(133,318)
<b>Total Other Financing Sources and (Uses)</b>	<b>(127,282)</b>	<b>13,865</b>	<b>(3,100)</b>	<b>2,936</b>	<b>363,581</b>	<b>250,000</b>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	490,132	(24,809)	6,079	4,669	-	476,071
Fund Balance - Beginning of Year	3,691,844	-	8,758	119,545	-	3,820,147
Fund Balance - End of Year	\$ 4,181,976	\$ (24,809)	\$ 14,837	\$ 124,214	\$ -	\$ 4,296,218

**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, 2020**

Statement #4A

**Net Change in Fund Balances - Total Governmental Funds** **\$ 476,071**

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

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	\$ 510,855	
Depreciation Expense	(686,151)	
Gain (Loss) on Disposal	(15,047)	
Additions to Assets	<u>130,440</u>	(59,903)

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. 604,879

Proceeds of long-term debt is recorded as an other financing source for governmental funds, but it is not recorded in the Statement of Activities. This is the amount of proceeds from long-term debt received in the current year. (250,000)

(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. 17,352

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. (3,510,940)

(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	\$ 12,719	
Employees' Retirement System	<u>(235,181)</u>	(222,462)

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)

COVID-19 Pandemic resulted in an economic crisis in New York. As such, New York State has temporarily withheld 20% of State Aid, while awaiting Federal assistance. These funds are reported as Deferred Inflows due to Time Restrictions in the governmental funds, whereas, the full potential revenue is recognized in the Statement of Activities. 83,555

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. 8,071

(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. (923)

**Changes in Net Position of Governmental Activities** **\$ (2,857,172)**

See Notes to Financial Statements.

**Alexandria Central School District**  
**Statement of Fiduciary Net Position**  
**June 30, 2020**

Statement #5

	<b><u>Agency</u></b>	<b><u>Private Purpose Trusts</u></b>
<b>ASSETS</b>		
Cash		
Unrestricted	\$ 31,773	\$ -
Restricted	<u>60,618</u>	<u>1,534</u>
Total Assets	<u>\$ 92,391</u>	<u>\$ 1,534</u>
<b>LIABILITIES</b>		
Extraclassroom Activity Balances	\$ 60,618	\$ -
Other Liabilities	<u>31,773</u>	<u>-</u>
Total Liabilities	<u>\$ 92,391</u>	<u>\$ -</u>
<b>NET POSITION</b>		
Restricted For Scholarships		<u>\$ 1,534</u>

Statement #6

**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2020**

<b>ADDITIONS</b>	
Interest Earnings	<u>\$ 28</u>
Total Additions	<u>28</u>
<b>DEDUCTIONS</b>	
Scholarships and Awards	<u>\$ 500</u>
Change in Net Position	(472)
Net Position - Beginning of Year	<u>\$ 2,006</u>
Net Position - End of Year	<u>\$ 1,534</u>

**ALEXANDRIA CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**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 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.

B. Joint Venture:

The District is a component district in the Jefferson-Lewis-Hamilton-Herkimer-Oneida Counties BOCES (“BOCES”). 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.

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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 costs 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 \$1,839,717 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$426,051. This represents state aid distributions of \$330,956 and 2019 fund balance returned to schools of \$95,095.

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 Activities presents a comparison between direct expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. 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.

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ii. Funds Statements:

The funds statements provide information about the District's funds, including each type of fiduciary fund. 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, such as Federal and State grants, that are legally restricted to expenditures for specified purposes, child nutrition and school store operations or other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties. The Special Revenue Funds classified as major are:

- Special Aid Funds: Used to account for special operating projects or programs supported in whole, or in part, with Federal funds or State or Local grants.
- School Food Service Fund: Used to account for transactions of the lunch and breakfast programs.

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

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There are two classes of fiduciary funds:

- Private Purpose Trust Funds: These funds are used to account for trust arrangements under which principal and income benefit individuals, private organizations or other governments. A scholarship is an example of a Private Purpose Trust Fund. 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 appropriated by the state. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental 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 as it matches the liquidation of related obligations. Fees and other similar revenues are not susceptible to accrual because generally they are not measurable until available. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are accrued when the expenditure is made.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, compensated absences, pensions, and other post-employment benefits 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.

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E. Property Taxes:

Real property taxes are levied annually by the Board of Education no later than September 1, 2019 and become a lien on July 23, 2019. Taxes are collected during the period September 1, 2019 to October 30, 2019.

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



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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 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 and obligations of the State and its municipalities and Districts. Investments are stated at fair value.

J. Accounts Receivable:

Receivables 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 Food Service 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 reserve for these non-liquid assets (inventories and prepaid items) has been recognized to signify that a portion of the fund balance is not available for other subsequent expenditures.

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.

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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 estimated historical costs, based on appraisals conducted by independent third-party professionals. 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</u> <u>Threshold</u>	<u>Depreciation</u> <u>Method</u>	<u>Estimated</u> <u>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's 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 of Net Position. This represents the effect of the net change in the actual and expected experience.

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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 one item 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.

O. Pension Obligations

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

Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits, as well as, death, and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a Statute. The New York State TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report and additional information may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).

Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits, as well as, death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of New York State

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Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

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

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

<u>Contributions</u>	<u>ERS</u>	<u>TRS</u>
2019-2020	\$ 173,436	\$ 432,647
2018-2019	170,194	412,617
2017-2018	183,050	422,548

The District contributions made the Systems were equal to 100 percent of the contributions required for each year. ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105.

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

At June 30, 2020, 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, 2019 for TRS and March 31, 2020 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 ERS and RRS Systems in reports provided to the District.

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	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	April 1, 2019	June 30, 2018
Net pension asset/(liability)	\$ (1,158,335)	\$ 601,815
District's portion of the Plan's total net pension asset/(liability)	0.0043743%	0.023165%

For the year ended June 30, 2020, the District recognized its proportionate share of pension expense of \$395,063 for ERS and the actuarial value \$747,579 for TRS. At June 30, 2020 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 68,173	\$ 407,835	\$ -	\$ 44,752
Changes of assumptions	23,323	1,136,910	20,139	277,211
Net difference between projected and actual earnings on pension plan investments	593,819	-	-	482,625
Changes in proportion and differences between the District's contributions and proportionate share of contributions	20,647	152,000	22,554	136,403
District's contributions subsequent to the measurement date	<u>37,490</u>	<u>776,415</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 743,452</u>	<u>\$ 2,473,160</u>	<u>\$ 42,693</u>	<u>\$ 940,991</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year ended March 31, 2021 for ERS and June 30, 2020 for TRS. 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>NYSEERS</u>	<u>NYSTRS</u>
2020	\$ -	\$ 275,600
2021	112,061	20,607
2022	166,410	274,614
2023	210,400	183,762
2024	174,399	9,606
Thereafter	-	(8,435)

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Actuarial Assumptions

The total pension asset/(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 asset/(liability) to the measurement date. The actuarial valuation used the following actuarial assumptions:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Interest Rate	6.80%	7.10%
Salary Scale	4.20%	1.90 - 4.72%
Decrement tables	April 1, 2010 - March 31, 2015	July 1, 2009 - June 30, 2014
Inflation rate	2.5%	2.20%
Projected Cost of Living Adjustments	1.3%	1.3%

For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System’s experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on July 1, 2009 – June 30, 2018 System’s experience with adjustments for mortality improvements based on the Society of Actuaries’ MP-2018.

For ERS, the actuarial assumptions used in the April 1, 2019 valuations are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

The long term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

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

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<u>ERS</u>	<u>Target Allocation</u>	<u>Long-term expected Real rate of return*</u>
	<u>2020</u>	<u>2020</u>
Asset class:		
Domestic equity	36.0%	4.05%
International equity	14.0%	6.15%
Private equity	10.0%	6.75%
Real estate	10.0%	4.95%
Absolute return strategies (1)	2.0%	3.25%
Opportunistic portfolio	3.0%	4.65%
Real assets	3.0%	5.95%
Bonds and mortgages	17.0%	0.75%
Cash	1.0%	0.00%
Inflation-indexed bonds	<u>4.0%</u>	0.50%
Total	<u>100%</u>	

\* Real rates of return are net of the long-term inflation assumption of 2.5% for 2020  
(1) Excludes equity-oriented and long-only funds. For investment management purposes, these funds are included in domestic equities and international equities, respectively.

<u>TRS</u>	<u>Target Allocation</u>	<u>Long-term expected Real rate of return*</u>
	<u>2019</u>	<u>2019</u>
Asset class:		
Domestic equity	33.0%	6.30%
International equity	16.0%	7.80%
Global equity	4.0%	7.20%
Real estate equity	11.0%	4.60%
Private equity	8.0%	9.90%
Domestic fixed income	16.0%	1.30%
Global bonds	2.0%	0.90%
Private debt	1.0%	6.50%
Real estate debt	7.0%	2.90%
High-yield bonds	1.0%	3.60%
Cash equivalents	<u>1.0%</u>	0.30%
Total	<u>100%</u>	

\* Real rates of return are net of the long-term inflation assumption of 2.3% for 2019

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Discount Rate

The discount rate used to calculate the total pension liability was 6.80% for ERS and 7.10% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. 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 asset/(liability).

Sensitivity of the Proportionate Share of the Net Pension Asset/(Liability) to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 6.80% for ERS and 7.10% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (5.80% for ERS and 6.10% for TRS) or 1-percentage point higher (7.80% for ERS and 8.10% for TRS) than the current rate:

	1% Decrease	Current Assumption	1% Increase
<u>ERS</u>	<u>(5.80%)</u>	<u>(6.80%)</u>	<u>(7.80%)</u>
Employer's proportionate share of the net pension asset (liability)	<u>\$ (2,125,871)</u>	<u>\$ (1,158,335)</u>	<u>\$ (267,230)</u>
<u>TRS</u>	<u>(6.10%)</u>	<u>(7.10%)</u>	<u>(8.10%)</u>
Employer's proportionate share of the net pension asset (liability)	<u>\$ (2,716,532)</u>	<u>\$ 601,815</u>	<u>\$ 3,385,535</u>

Changes of Assumptions

Changes of assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits.

Collective Pension Expense

Collective pension expense includes certain current period changes in the collective net pension asset/(liability), projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the year ended June 30, 2020 is \$395,063 for ERS and \$747,579 for TRS.



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Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$37,490.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2020 amounted to \$399,836.

P. Unearned Credits:

The District reports unearned credits on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned credits arise 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 the resources, the liability for unearned credits is removed and revenue is recorded.

Q. Vested Employee Benefits:

Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation time.

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 No. 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.

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R. Other Benefits:

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

In addition to providing pension benefits, the District provides post-employment 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 District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

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

S. 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. Such notes may be classified as part of the General Long-Term Debt Account Group when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance-sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

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

T. 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 post-employment benefits payable and compensated absences that will be paid from governmental

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funds are reported as a liability in the fund's 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.

U. Equity Classifications:

District-Wide Statements:

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

**Net investment in capital assets** – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

**Restricted net position** – reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**Unrestricted net position** – reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

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

**Nonspendable** – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes inventory recorded in the School Food Service Fund of \$7,973, and \$11,434 in prepaid expense 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:

Debt Service Reserve Fund

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.

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**Employee Benefit Accrued Liability Reserve Fund**

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

**Retirement Contributions Reserve Fund**

According to General Municipal Law §6-r, all expenditures made from the Retirement Contributions Reserve Fund must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. 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. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r.

**Unemployment Insurance Payment Reserve Fund**

According to General Municipal Law §6-m, all expenditures made from the Unemployment Insurance Payment Reserve Fund 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.

**Capital Reserve Fund**

According to Education Law §3651, expenditures made from the Capital Reserve Fund 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.

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Encumbrances

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

Restricted fund balance includes the following:

General Fund:	
Unemployment insurance	\$ 61,858
Retirement contribution - NYSERS	364,336
Retirement contribution - NYSTRS	80,704
Employee benefit accrued liability	110,000
Capital	761,145
Debt Service Fund	<u>124,214</u>
	<u>\$ 1,502,257</u>

**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, 2020.

**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. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$90,767. Any remaining fund balance in other funds is considered assigned. The School Food Service Fund also reports assigned fund balance of \$6,864. As of June 30, 2020, the District’s General Fund encumbrances were classified as follows:

General Support	\$ 1,009
Instruction	18,122
Pupil Transportation	<u>71,636</u>
Total	<u>\$ 90,767</u>

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**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. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

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. Nonspendable 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.

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 nonspendable 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, nonspendable 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.

V. Implementation of New Accounting Standards:

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2020, the District implemented the following new standards issued by GASB. These standards had no significant impact on the District.

GASB issued Statement 83, *Certain Asset Retirement Obligations*, effective for the year ending June 30, 2020.

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GASB has issued Statement 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*, effective for the year ending June 30, 2020.

W. Future Changes in Accounting Standards:

GASB issued Statement 84, *Fiduciary Activities*, effective for the year ending June 30, 2021.

GASB has issued Statement 87, *Leases*, effective for the year ending June 30, 2022.

GASB has issued Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for the year ending June 30, 2022.

GASB has issued Statement 90, *Accounting and Financial Reporting for Majority Equity Interest*, effective for the year ending June 30, 2021.

GASB has issued Statement 91, *Conduit Debt Obligations*, effective for the year ending June 30, 2023.

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 governmental fund statements and the District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the District-wide statements, compared with the current financial resources focus of the governmental funds.

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 and other post-employment benefits.

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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 and expense 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.

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.



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**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 funds 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:

Copiers	\$20,380
Truck	<u>26,550</u>
Total	<u>\$46,930</u>

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, 2020.

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.

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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.

The Special Aid Fund shows an unassigned fund balance deficit of \$24,809. This deficit results from the 20% withholding by NYS due to the current economic crisis brought on by COVID-19. These revenues are not expected to be received within the 90 days collectability period. In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, this amount does not meet the availability criteria for recognition as revenue in the current period.

**Note 4 – Cash (and Cash Equivalents) – Custodial credit, concentration of credit, interest rate, and foreign currency risks**

Cash and Investments

The District’s aggregate bank balances (disclosed in the financial statements), 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>3,433,945</u>

Restricted cash and investments represent cash where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$1,378,043 restricted for various fund balance reserves in the General Fund, \$124,214 restricted for Debt Service Fund, \$60,618 restricted for extraclassroom in the fiduciary fund and \$1,534 restricted for scholarships in the fiduciary funds.

Deposits

Deposits are valued at cost- or cost-plus interest and are categorized as either (1) insured, or for which the securities are held by the District’s agent in the District’s name, (2) collateralized, and for which the securities are held by the pledging financial institution’s trust department or agent in the District’s name, or (3) uncollateralized. At June 30, 2020 all deposits were fully insured and collateralized by the District’s agent in the District’s name.

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

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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 or 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.

**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 insured and 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.

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**Note 5 – Capital Assets**

Capital asset balances for the year ended June 30 are as follows:

	<u>07/01/19</u>		<u>Retirements/</u>		<u>06/30/20</u>
	<u>Balance</u>	<u>Additions</u>	<u>Reclassifications</u>		<u>Balance</u>
Governmental activities					
Capital assets not being depreciated:					
Land	\$ 54,825	\$ -	\$ -		\$ 54,825
Construction in progress	-	-	-		-
Total capital assets not being depreciated	<u>54,825</u>	<u>-</u>	<u>-</u>		<u>54,825</u>
Capital assets being depreciated					
Buildings	20,534,964	263,791	-		20,798,755
Furniture and equipment	234,670	130,440	(51,816)		313,294
Vehicles	<u>1,760,028</u>	<u>247,064</u>	<u>(124,360)</u>		<u>1,882,732</u>
Total depreciated assets	<u>22,529,662</u>	<u>641,295</u>	<u>(176,176)</u>		<u>22,994,781</u>
Less accumulated depreciation for					
Buildings	(5,779,278)	(410,699)	-		(6,189,977)
Furniture and equipment	(126,909)	(32,292)	40,219		(118,982)
Vehicles	<u>(832,097)</u>	<u>(243,160)</u>	<u>120,910</u>		<u>(954,347)</u>
Total accumulated depreciation	<u>(6,738,284)</u>	<u>(686,151)</u>	<u>161,129</u>		<u>(7,263,306)</u>
Total depreciated assets, net	<u>15,791,378</u>	<u>(44,856)</u>	<u>(15,047)</u>		<u>15,731,475</u>
 Total capital asset balances	 <u>\$ 15,846,203</u>	 <u>\$ (44,856)</u>	 <u>\$ (15,047)</u>		 <u>\$ 15,786,300</u>
 Pupil transportation	 \$ 248,587				
General support	29,950				
School food service	9,893				
Instruction	<u>397,721</u>				
	<u>\$ 686,151</u>				

**Note 6 – Short-Term Debt**

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

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**Note 7 – Long-Term 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 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.

**Serial Bonds**

The School District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefits of the capital assets. These long-term liabilities are full faith and credit debt of the local government. The provisions will be in the General Fund's future budgets for capital indebtedness.

Noncurrent liability balances and activity are as follows:

	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	\$ 6,700,000	\$ 250,000	\$ (535,000)	\$ 6,415,000	\$ 585,000
Premiums on bonds	39,420	-	(8,071)	31,349	6,550
Installment purchase debt	<u>239,693</u>	<u>\$ -</u>	<u>(69,879)</u>	<u>169,814</u>	<u>73,253</u>
Total Long-Term Liabilities	<u>6,979,113</u>	<u>250,000</u>	<u>(612,950)</u>	<u>6,616,163</u>	<u>664,803</u>
Other long-term liabilities					
Compensated absences payable	68,121	-	(17,352)	50,769	-
Other postemployment benefits obligation	37,998,820	4,905,905	-	42,904,725	-
Net pension liability - proportionate share	<u>302,466</u>	<u>855,869</u>	<u>-</u>	<u>1,158,335</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>38,369,407</u>	<u>5,761,774</u>	<u>(17,352)</u>	<u>44,113,829</u>	<u>-</u>
	<u>\$45,348,520</u>	<u>\$ 6,011,774</u>	<u>\$ (630,302)</u>	<u>\$50,729,992</u>	<u>\$ 664,803</u>

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

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Bonds payable is comprised of the following:

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
2016 Serial Bonds	05/03/16	10/01/23	1.00 - 2.00%	\$ 770,000
2018 Serial Bonds	06/28/18	06/15/33	3.00 - 3.25%	5,395,000
2019-20 Buses	08/15/19	08/15/24	1.100%	<u>250,000</u>
				<u>\$ 6,415,000</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>
2021	\$ 585,000	\$ 182,778	\$ 767,778
2022	610,000	165,730	775,730
2023	625,000	150,130	775,130
2024	645,000	133,917	778,917
2025	460,000	118,852	578,852
2026 - 2030	2,225,000	400,938	2,625,938
2031 - 2033	<u>1,265,000</u>	<u>72,075</u>	<u>1,337,075</u>
Total	<u>\$ 6,415,000</u>	<u>\$ 1,224,420</u>	<u>\$ 7,639,420</u>

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

Interest paid	\$ 201,029
Less: interest accrued in the prior year	(12,260)
Plus: interest accrued in the current year	13,183
Plus: bond refunding recognized	2,872
Less: bond premium recognized	<u>(8,071)</u>
Interest expense	<u>\$ 196,753</u>

The energy performance contract is carried in fixed assets at a cost of \$813,531 with accumulated depreciation of \$219,653 resulting in a net book value of \$593,878

**ALEXANDRIA CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**Note 8 – 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. See footnote 1 for further plan details.

**Note 9 – Unrestricted Net Position**

Unrestricted net position in the general fund consist of the following at June 30, 2020:

Designated for subsequent year's expenditures	\$ 925,000
Reserve for encumbrances	90,767
Unreserved	<u>1,776,732</u>
Total unrestricted net position general fund	<u><u>\$ 2,792,499</u></u>

**Note 10 – Interfund Transactions – Governmental Funds**

Interfund transactions and balances are as follows:

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

Fund:	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General	\$ 353,783	\$ -	\$ -	\$ 127,282
School Food Service	-	59,898	-	3,100
Federal	-	146,611	13,865	-
Debt Service	-	-	2,936	-
Capital Projects	-	147,274	116,517	2,936
Total Governmental Funds	<u>353,783</u>	<u>353,783</u>	<u>\$ 133,318</u>	<u>\$ 133,318</u>
Fiduciary	<u>-</u>	<u>-</u>		
Total	<u><u>\$ 353,783</u></u>	<u><u>\$ 353,783</u></u>		

During 2019-20 the General Fund transferred \$116,517 to the Capital Projects Fund for various capital projects. The General Fund also made a transfer of \$13,865 to the Special Aid Fund for the District's share of the special education summer school programs its students attended.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**Note 11 – 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.

Self-Insured Plans

Workers' Compensation Insurance

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.

Other Insurance Coverage

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.

**Note 12 – 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 2019-20 and 2020-21 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 \$494,706, which will be included in the District's operating budgets as follows: \$272,088 of expense in its 2019-2020 fiscal year budget and \$222,618 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.



**ALEXANDRIA CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**Note 13 – Postemployment Benefits Obligation Payable**

*Plan Description*

The District administers a defined benefit OPEB plan provides OPEB for all permanent full-time general employees of the District. The plan is a single-employer defined benefit OPEB (the Plan) administered by Article 11 of the State Compiled Statutes which grants the authority to establish and amend the benefit terms and financing requirements to the District’s Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

*Funding Policy*

The obligations of the Plan members and employers are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. Employees are required to reach age 55 and have 10 to 15 years of service to qualify for other post-employment benefits. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis. During the year ended June 30, 2020 approximately \$1,009,344 was paid on behalf of 86 retirees.

*Benefits Provided*

The District provides for continuation of medical and/or Medicare Part B benefits for certain retirees and their spouses. The benefit terms are dependent on which contract each employee falls under, retirees and their spouses receive benefits for the lifetime of the retired employee. 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, 2020, the following employees were covered by the benefit terms:

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

*Net OPEB Liability*

The District’s total OPEB liability measured as of June 30, 2019; the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

*Actuarial Assumptions and Other Inputs*

The total OPEB liability at June 30, 2020 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	3.14%
Healthcare Cost Trend Rates	7% 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 0 - 14.75% until age 65; Non- instructional retirees contribute 0 - 13%, dependent upon year of retirement, until age 65

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

Retirement participation rate assumed that 85% of eligible Teachers and Instructional Administrators and 75% of participants other than Teachers and Instructional Administrators will elect medical coverage at retirement age, and 48% of active member's spouses will elect medical coverage. Additionally, a tiered approach based on age and years of service was used to determine retirement rate assumption.

Termination rates are based on tables used by the New York State Teachers' Retirement System and the New York State and Local Retirement System for female employees. Rates are tiered based on the percentage of employees who will terminate employment at any given age each year, for reasons other than death or retirement.

The discount rate is based on the prescribed discount interest rate methodology under GASB No. 75 based on an average of three 20-year bond indices (e.g., Bond Buyer-20 Bond GO, S&P Municipal Bond 20 Year High Grade Rate Index, Fidelity GA AA 20 Years) as of June 30, 2019.

**ALEXANDRIA CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

*Changes in the Total OPEB Liability*

Changes in the District's net OPEB liability were as follows:

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Total OPEB Liability (a)
1. Balance Recognized as of Beginning of Year (End of Prior Year)	\$ 37,998,820	\$ -	\$ 37,998,820
2. Changes Recognized for Fiscal year			
a. Service Cost	1,303,155	-	1,303,155
b. Interest on Total OPEB Liability	1,176,392	-	1,176,392
c. Change in Benefit Terms	-	-	-
d. Change in Expected to Actual	-	-	-
e. Changes in Assumptions	3,494,572	-	3,494,572
f. Benefit Payments	(1,068,214)	(1,068,214)	-
g. Contributions from Employer	-	1,068,214	(1,068,214)
h. Contributions from Employees	-	-	-
i. Net Investment Income	-	-	-
j. Administrative Expenses	-	-	-
k. Net Changes	<u>4,905,905</u>	<u>-</u>	<u>4,905,905</u>
3. Balance Recognized as of End of Year June 30, 2020	<u>\$ 42,904,725</u>	<u>\$ -</u>	<u>\$ 42,904,725</u>

Changes of benefit terms reflect changes in assumptions and other inputs reflect a change in the discount rate from 3.62% in 2019 to 3.14% in 2020.

*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 (2.14%) or 1 percentage point higher (4.14%) than the current discount rate:

	1% Decrease (2.14%)	Discount Rate (3.14%)	1% Increase (4.14%)
Total OPEB Liability	<u>\$ 50,704,657</u>	<u>\$ 42,904,725</u>	<u>\$ 36,135,119</u>

**ALEXANDRIA CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

*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 (6.00%) or 1 percentage point higher (8.00%) than the current discount rate:

	1% Decrease <u>(6.00%)</u>	Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Total OPEB Liability	<u>\$ 34,178,782</u>	<u>\$ 42,904,725</u>	<u>\$ 55,202,193</u>

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB*

For the year ended June 30, 2020, the District recognized an OPEB expense of \$4,905,905. At June 30, 2020, 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	\$ -	\$ -
Changes of assumptions or other inputs	<u>3,494,572</u>	<u>-</u>
Total	<u>\$3,494,572</u>	<u>\$ -</u>

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>
2021	\$ 608,144
2022	608,144
2023	608,144
2024	710,167
2025	1,025,040
Thereafter	415,654

**ALEXANDRIA CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2020**

**Note 14 – Lease obligations (operating leases)**

The District leases certain equipment (postage machine and fitness equipment) under the terms of various non-cancelable leases. Rental expense for the year was \$2,177.

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

For the fiscal years ended June 30:

2021	\$ 26,313
2022	26,834
2023	25,849
2024	25,849
2025	<u>25,849</u>
	<u>\$ 130,694</u>

**Note 15 – Subsequent events**

The District has evaluated events and transactions that occurred between June 30, 2020 and September 30, 2020, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements. Due to the COVID-19 pandemic, it is anticipated that the District's State Aid for the 2020-2021 fiscal year will be reduced by up to 20% due to the State's financial difficulties endured during the pandemic. The District was not aware of the full extent of its State Aid reduction at the time of the budget adoption, therefore the 2020-2021 budget that was passed in June 2020 did not reflect this reduction. The District will monitor this reduction in State Aid during the 2020-2021 fiscal year and use a combination of expense reduction, fund balance usage, and reserve usage to alleviate the shortfall.

Alexandria Central School District  
Required Supplementary Information Schedule of Changes in the  
District's Total OPEB Liability and Related Ratios  
June 30, 2020

SS #1

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement Date	06/30/19	06/30/18	06/30/17
<b>Total OPEB Liability</b>			
Service Cost	\$ 1,303,155	\$ 1,181,526	\$ 1,372,987
Interest	1,176,392	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	3,494,572	(1,169,374)	(3,656,781)
Expected Benefit Payments	<u>(1,068,214)</u>	<u>(809,065)</u>	<u>(727,687)</u>
Net Change in Total OPEB Liability	4,905,905	5,653,477	(1,979,722)
Total OPEB Liability - Beginning	<u>37,998,820</u>	<u>32,345,343</u>	<u>34,325,065</u>
Total OPEB Liability - Ending	<u>\$ 42,904,725</u>	<u>\$ 37,998,820</u>	<u>\$ 32,345,343</u>
Covered Employee Payroll	<u>\$ 5,661,358</u>	<u>\$ 5,758,384</u>	<u>\$ 5,130,225</u>
Total OPEB Liability as a Percentage of Covered Employee Payroll	757.85%	659.89%	630.49%

Note:

The District not does have assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* to pay OPEB benefits. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

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 date is available.

**Alexandria Central School District**  
**Required Supplementary Information**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (Non-GAAP Basis) and Actual - General Fund**  
**For the Year Ended June 30, 2020**

SS #2  
(REVENUES)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance with Actual</u>
<b>REVENUES</b>				
Local Sources				
Real Property Taxes	\$ 7,580,130	\$ 7,185,574	\$ 7,185,574	\$ -
Other Tax Items	52,440	446,996	446,232	(764)
Charges for Services	-	-	920	920
Use of Money and Property	20,000	20,000	70,417	50,417
Sale of Property and Compensation for Loss	-	20,550	52,676	32,126
Miscellaneous	85,000	85,000	155,063	70,063
Interfund Revenues	-	-	-	-
Total Local Sources	<u>7,737,570</u>	<u>7,758,120</u>	<u>7,910,882</u>	152,762
State Sources	4,989,808	4,989,808	4,914,266	(75,542)
Federal Sources	-	-	24,339	24,339
Total Revenues	<u>12,727,378</u>	<u>12,747,928</u>	<u>12,849,487</u>	<u>101,559</u>
Total Revenues and Other Sources	<u>12,727,378</u>	<u>12,747,928</u>	<u>12,849,487</u>	<u>\$ 101,559</u>
<b>APPROPRIATED FUND BALANCE</b>				
Prior Year's Surplus	925,000	951,380		
Prior Year's Encumbrances	-	-		
Appropriated Reserves	-	-		
Total Appropriated Fund Balance	<u>925,000</u>	<u>951,380</u>		
Total Revenues, Other Sources and Appropriated Fund Balance	<u>\$ 13,652,378</u>	<u>\$ 13,699,308</u>		

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 (Non-GAAP Basis) and Actual - General Fund**  
**For the Year Ended June 30, 2020**

SS #2  
(EXPENDITURES)

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Year End Encumbrances</u>	<u>Final Budget Variance with Actual &amp; Encumbrances</u>
<b>EXPENDITURES</b>					
General Support					
Board of Education	\$ 19,285	\$ 26,667	\$ 21,396	\$ -	\$ 5,271
Central Administration	193,428	204,276	203,740	-	536
Finance	243,998	247,050	244,130	16	2,904
Staff	43,989	47,183	46,445	-	738
Central Services	1,241,358	1,207,610	1,107,421	993	99,196
Special Items	<u>443,075</u>	<u>437,733</u>	<u>433,835</u>	<u>-</u>	<u>3,898</u>
Total General Support	<u>2,185,133</u>	<u>2,170,519</u>	<u>2,056,967</u>	<u>1,009</u>	<u>112,543</u>
Instruction					
Administration & Improvement	442,533	405,430	371,763	-	33,667
Teaching - Regular School	2,653,853	2,636,101	2,609,941	16,843	9,317
Programs for Students with Disabilities	1,457,845	1,391,029	1,142,853	490	247,686
Occupational Education	517,489	535,291	532,662	513	2,116
Instructional Media	216,808	376,887	374,783	-	2,104
Pupil Services	<u>503,392</u>	<u>501,137</u>	<u>470,412</u>	<u>276</u>	<u>30,449</u>
Total Instruction	<u>5,791,920</u>	<u>5,845,875</u>	<u>5,502,414</u>	<u>18,122</u>	<u>325,339</u>
Pupil Transportation	<u>1,088,907</u>	<u>1,105,323</u>	<u>737,324</u>	<u>71,636</u>	<u>296,363</u>
Employee Benefits	<u>3,630,509</u>	<u>3,590,682</u>	<u>3,129,460</u>	<u>-</u>	<u>461,222</u>
Debt Service					
Principal	604,879	604,879	604,879	-	-
Interest	<u>201,030</u>	<u>201,030</u>	<u>201,029</u>	<u>-</u>	<u>1</u>
Total Debt Service	<u>805,909</u>	<u>805,909</u>	<u>805,908</u>	<u>-</u>	<u>1</u>
Total Expenditures	<u>13,502,378</u>	<u>13,518,308</u>	<u>12,232,073</u>	<u>90,767</u>	<u>1,195,468</u>
<b>OTHER FINANCING USES</b>					
Operating Transfers Out	<u>150,000</u>	<u>181,000</u>	<u>127,282</u>	<u>-</u>	<u>53,718</u>
Total Expenditures and Other Uses	<u>\$ 13,652,378</u>	<u>\$ 13,699,308</u>	<u>12,359,355</u>	<u>\$ 90,767</u>	<u>\$ 1,249,186</u>
Net Change in Fund Balance			490,132		
Fund Balance - Beginning of Year			<u>3,691,844</u>		
Fund Balance - End of Year			<u>\$ 4,181,976</u>		

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



**Alexandria Central School District**  
**Required Supplementary Information**  
**Schedule of District Contributions**  
**Last 6 Fiscal Years**

SS #3

Teachers' Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 432,647	\$ 412,617	\$ 403,360	\$ 477,745	\$ 614,769	\$ 590,471
Contributions in Relation to the Contractually Required Contribution	<u>432,647</u>	<u>412,617</u>	<u>403,360</u>	<u>477,745</u>	<u>614,769</u>	<u>590,471</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 3,995,686	\$ 3,856,827	\$ 4,209,871	\$ 3,598,184	\$ 3,503,926	\$ 3,578,723
Contributions as a Percentage of Covered-Employee Payroll	10.82%	10.70%	9.58%	13.28%	17.55%	16.50%

Employees' Retirement System

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 173,436	\$ 170,194	\$ 183,050	\$ 177,185	\$ 194,797	\$ 195,035
Contributions in Relation to the Contractually Required Contribution	<u>173,436</u>	<u>170,194</u>	<u>183,050</u>	<u>177,185</u>	<u>194,797</u>	<u>195,035</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 1,245,204	\$ 1,674,591	\$ 1,548,513	\$ 1,212,571	\$ 1,132,814	\$ 1,129,900
Contributions as a Percentage of Covered-Employee Payroll	13.93%	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 Auditor's Report.

Alexandria Central School District  
Required Supplementary Information  
Schedule of District's Proportionate Share  
of the Net Pension Asset/Liability

Measurement Date	<u>Teachers' Retirement System</u>						
	<u>Last 6 Fiscal Years</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
		06/30/19	06/30/18	06/30/17	06/30/16	06/30/15	06/30/14
District's Proportion of the Net Pension Asset or Liability	0.023165%	0.024417%	0.021718%	0.023349%	0.023346%	0.023766%	
District's Proportionate Share of the Net Pension Asset (Liability)	\$ 601,815	\$ 441,527	\$ 165,081	\$ (250,072)	\$ 2,424,951	\$ 2,647,391	
District's Covered-Employee Payroll	\$ 3,995,686	\$ 3,856,827	\$ 4,209,871	\$ 3,598,184	\$ 3,503,926	\$ 3,578,723	
District's Proportionate Share of the Net Pension Asset or Liability as a Percentage of its Covered-Employee Payroll	-15.06%	-11.45%	-3.92%	6.95%	-69.21%	-73.98%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset or Liability	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%	

Employees' Retirement System

Measurement Date	<u>Employees' Retirement System</u>					
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
	03/30/20	03/30/19	03/30/18	03/30/17	03/30/16	03/30/15
District's Proportion of the Net Pension Liability	0.0043743%	0.0042689%	0.0048523%	0.0043765%	0.0043800%	0.0043000%
District's Proportionate Share of the Net Pension (Liability)	\$ (1,158,335)	\$ (302,466)	\$ (156,604)	\$ (411,227)	\$ (702,948)	\$ (145,265)
District's Covered-Employee Payroll	\$ 1,245,204	\$ 1,674,591	\$ 1,548,513	\$ 1,212,571	\$ 1,132,814	\$ 1,129,900
District's Proportionate Share of the Net Pension Asset Liability as a Percentage of its Covered-Employee Payroll	-93.02%	-18.06%	-10.11%	-33.91%	-62.05%	-12.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.39%	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 Auditor's Report.

Alexandria Central School District  
Supplementary Information

SS #5

Schedules of Change from Adopted Budget to Final Budget  
And the Real Property Tax Limit - General Fund  
For the Year Ended June 30, 2020

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget	\$ 13,652,378
Additions:	
Prior Year's Encumbrances	<u>                  -</u>
Original Budget	13,652,378
Budget Revision - Copiers	20,380
Budget Revision - Truck	<u>26,550</u>
Final Budget	<u><u>\$ 13,699,308</u></u>

**SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION**

2020-21 Voter-Approved Expenditure Budget	<u><u>\$ 13,939,687</u></u>
Maximum Allowed (4% of 2020-21 budget)	<u><u>\$ 557,587</u></u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	
Unrestricted Fund Balance:	
Assigned Fund Balance	\$ 1,015,767
Unassigned Fund Balance	<u>1,776,732</u>
Total Unrestricted Fund Balance	\$ 2,792,499
Less:	
Appropriated Fund Balance	925,000
Encumbrances (Included in Assigned Fund Balance)	<u>90,767</u>
Total Adjustments	<u>1,015,767</u>
General Fund Fund Balance Subject to § 1318 of Real Property Tax Law:	<u><u>\$ 1,776,732</u></u>
Actual Percentage	12.75%

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, 2020

PROJECT TITLE	Expenditures			Unexpended Balance	Proceeds of Obligations	Methods of Financing			Transfer to Debt Service Fund	Fund Balance June 30, 2020
	Original Appropriation	Revised Appropriation	Prior Years			Current Year	Total	State Aid		
Smart Schools Project	\$ 399,889	\$ 399,889	\$ -	\$ 87,448	\$ 87,448	\$ -	\$ 87,448	\$ -	\$ 87,448	\$ -
2019-20 Capital Outlay	100,000	100,000	-	99,621	99,621	-	-	99,621	99,621	-
2019 E-Rate Project	76,722	76,722	-	76,722	76,722	-	59,826	16,896	76,722	-
2019-20 Buses	250,000	250,000	-	247,064	247,064	250,000	-	-	250,000	2,936
Totals	\$ 826,611	\$ 826,611	\$ -	\$ 510,855	\$ 510,855	\$ 250,000	\$ 147,274	\$ 116,517	\$ 513,791	\$ 2,936

**Alexandria Central School District**  
**Supplementary Information**  
**Net Investment in Capital Assets**  
**For the Year Ended June 30, 2020**

Supplemental Schedule #7

Capital Assets, Net		\$ 15,786,300
Deduct:		
Short-Term Portion of Bonds Payable	593,071	
Long-Term Portion of Bonds Payable	5,853,278	
Short-Term Portion of Energy Performance Contract	73,254	
Long-Term Portion of Energy Performance Contract	<u>96,560</u>	
		<u>6,616,163</u>
Net Investment in Capital Assets		<u>\$ 9,170,137</u>

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

# STACKEL & NAVARRA, C.P.A., P.C.

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

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, 2020, 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 September 30, 2020.

### 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.

*Stackel + Navarra, CPA, PC*

Watertown, NY  
September 30, 2020