

**Alexandria Central School District
Financial Statements with
Independent Auditors' Report
June 30, 2022**

**Alexandria Central School District
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June 30, 2022**

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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 Audit of the Financial Statements

Opinions

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, 2022, 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.

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, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Alexandria Central School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Alexandria Central School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Alexandria Central School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Alexandria Central School District's ability to continue as a going concern for a reasonable period of time

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Change in Accounting Principle

As discussed in Note 3 to the financial statements, in 2022, Alexandria Central School District adopted new accounting guidance, GASB No. 87, *Leases*. Our opinion is not modified with respect to this matter.

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 5 fiscal years, the schedule of revenue, expenditures and changes in fund balance - budget and actual - general fund, the schedules of District contributions - NYSTRS & NYSERS pension plans - last 8 fiscal years, and the schedules of District's proportionate share of the net pension liability - NYSTRS & NYSERS pension plans - last 8 fiscal years on pages 5-17 and 61-64 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying schedule of change from adopted budget to final budget and the real property tax limit - general fund, net investment in capital assets and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of change from adopted budget to final budget and the real property tax limit - general fund, net investment in capital assets and schedule expenditures of federal awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

CERTIFIED PUBLIC ACCOUNTANTS

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Alexandria Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alexandria Central School's internal control over financial reporting and compliance.

Stackel + Navarra, CPA, PC

Watertown, NY
October 14, 2022

**Alexandria Central School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

The following is a discussion and analysis of the District's financial performance for the fiscal year ended June 30, 2022. 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 \$41,512,531 (net position).

As of the close of the fiscal year, the District's governmental funds reported combined fund balances of \$5,114,252, a decrease of \$59,425 in comparison with the prior year.

At the close of the fiscal year, the total enrollment was 498 students, an increase of 37 students (8.03%) with the prior year.

During the fiscal year, the District had begun, and completed, one capital outlay project. These project included upgrades to the boys' locker room. Other projects that had begun in the prior year and completed during the current year included a new fueling station and a storage building. The voter-approved gym renovation was begun during the 2020-21 year, and is still in process.

During the fiscal year, the District received voter authorization to bond two (2) school buses. These bond proceeds amounted to \$298,000, with the first principal payment due August 2022.

Overview of the Financial Statements

This annual report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information.

The Management's Discussion and Analysis 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 government-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 government-wide statements. The fund financial statements concentrate on the District's most significant funds with all other non-major funds consolidated in one column. The District considers each fund as a significant fund.

**Alexandria Central School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

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.

Major Features of the Government-Wide and Fund Financial Statements			
Government-Wide Statements		Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	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.
Required Financial Statements	<ul style="list-style-type: none"> • Statement of Net Position • Statement of Activities 	<ul style="list-style-type: none"> • Balance Sheet • Statement of Revenues, Expenditures, and Changes in Fund Balances 	<ul style="list-style-type: none"> • Statement of Fiduciary Net Position • Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of Asset / Deferred Outflows of Resources / Liability / Deferred Inflows of Resources Information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term debt	Generally, assets and deferred outflows of resources expected to be used up 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
Type of Inflow/ Outflow Information	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

**Alexandria Central School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

Government-Wide Statements

The government-wide 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.

The two government-wide statements report the District's net position and how it has changed. Net position, the difference between the District's assets plus deferred outflows of resources and liabilities plus 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. Additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and facilities must also be considered to assess the District's overall health.

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

A fund is a grouping of related accounts and is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the District are governmental funds.

Governmental Funds

All 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.

The funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

The governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

This information does not encompass the additional long-term focus of the government-wide statements; therefore, additional information at the bottom of the governmental funds statements explains the relationship or differences between them.

**Alexandria Central School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

The District maintains six individual governmental funds. Information is presented separately in the governmental fund *Balance Sheet* and the governmental fund *Statement of Revenues, Expenses, and Changes in Fund Balance* for the General Fund, Special Aid Fund, Food Services Fund, Debt Service Fund, Miscellaneous Special Revenues, and Capital Projects Fund.

Financial Analysis of the District as a Whole

Net Position

The District's combined net position on June 30, 2022 changed by (\$13,234,474) to (\$41,512,531) as shown in the table on the following page:

Changes in Net Position from Operating Results

	<u>Governmental Activities and Total School District</u>			
	<u>2021</u>	<u>2022</u>	<u>Increase / (Decrease)</u>	<u>Percentage Change</u>
Current and Other Assets	\$ 5,757,262	\$ 12,701,861	\$ 6,944,599	120.62%
Capital Assets, Net	15,827,872	16,155,349	327,477	2.07%
Total Assets	21,585,134	28,857,210	7,272,076	33.69%
Deferred Outflows of Resources	16,275,141	7,530,338	(8,744,803)	-53.73%
Total Assets and Deferred Outflows of Resources	37,860,275	36,387,548	(1,472,727)	-3.89%
Long-term Liabilities	64,085,212	71,665,642	7,580,430	11.83%
Other Liabilities	595,058	621,984	26,926	4.52%
Total Liabilities	64,680,270	72,287,626	7,607,356	11.76%
Deferred Inflows of Resources	1,686,007	5,612,453	3,926,446	232.88%
Total Liabilities and Deferred Inflows of Resources	66,366,277	77,900,079	11,533,802	17.38%
Net Position				
Net Investment in Capital Assets	9,599,013	10,372,787	773,774	8.06%
Restricted	797,115	1,399,938	602,823	75.63%
Unrestricted (Restated)	(38,902,130)	(53,285,256)	(14,383,126)	36.97%
Total Net Position	<u>\$ (28,506,002)</u>	<u>\$ (41,512,531)</u>	<u>\$ (13,006,529)</u>	45.63%

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.

**Alexandria Central School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

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.

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.

**Alexandria Central School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

Changes in Net Position from Operating Results

	<u>Governmental Activities and Total School District</u>			
	<u>2021</u>	<u>2022</u>	<u>Increase / (Decrease)</u>	<u>Percentage Change</u>
Revenues				
Charges for Services	\$ 13,804	\$ 37,808	\$ 24,004	173.89%
Operating Grants and Contributions	723,347	1,253,301	529,954	73.26%
General Revenues				
Property Taxes	7,738,172	7,875,162	136,990	1.77%
State Formula Aid	4,960,221	5,171,005	210,784	4.25%
Federal CARES Act	155,607	-	(155,607)	-100.00%
Interest Earnings	8,140	13,304	5,164	63.44%
Other	205,883	339,931	134,048	65.11%
Total Revenues	<u>13,805,174</u>	<u>14,690,511</u>	<u>885,337</u>	6.41%
Expenses				
General Support	3,399,503	5,222,033	1,822,530	53.61%
Instruction	12,540,171	19,345,867	6,805,696	54.27%
Pupil Transportation	1,630,455	2,703,766	1,073,311	65.83%
Debt Service - Interest	184,156	169,449	(14,707)	-7.99%
School Food Service Program	382,266	483,870	101,604	26.58%
Total Expenses	<u>18,136,551</u>	<u>27,924,985</u>	<u>9,788,434</u>	53.97%
Increase/(Decrease) in Net Position	<u>\$ (4,331,377)</u>	<u>\$ (13,234,474)</u>	<u>\$ (8,903,097)</u>	205.55%

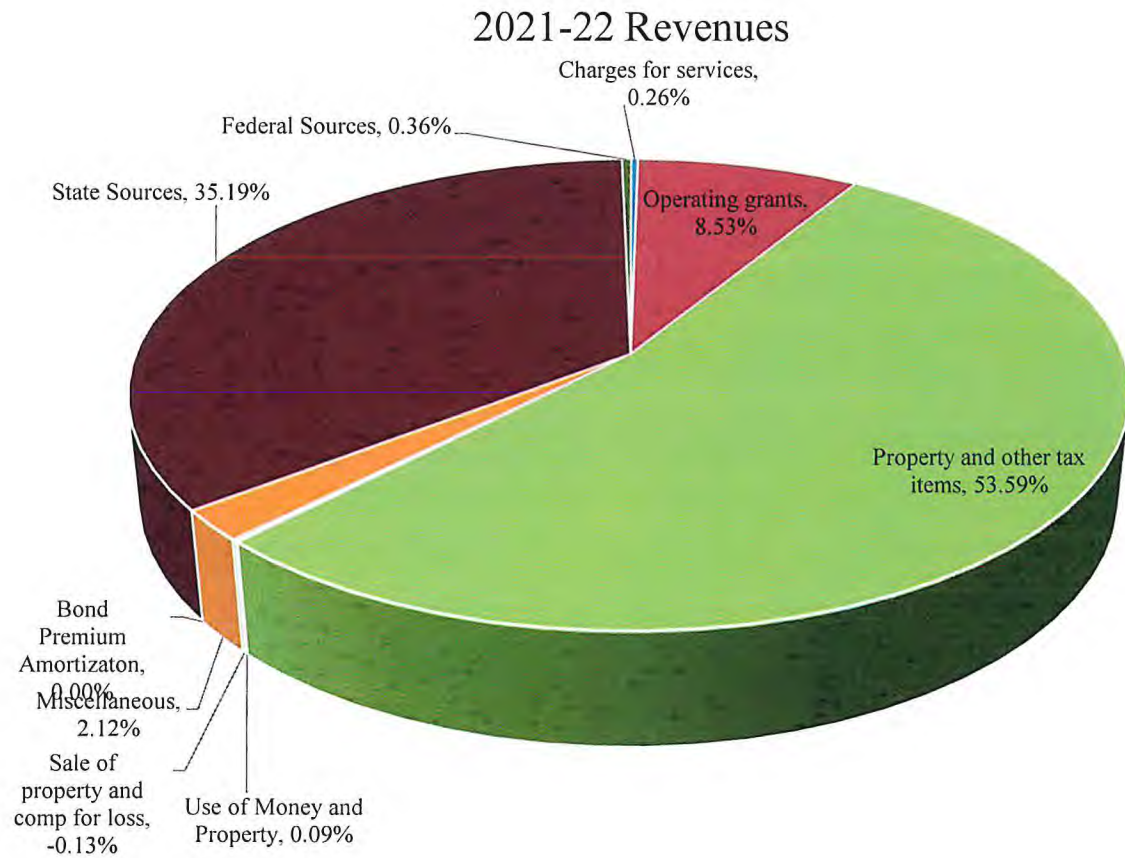
**Alexandria Central School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

Governmental Activities

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 by 6%, to \$14,690,511. State and federal aid (36%) and property taxes (54%) accounted for most of the District's revenue. The remaining (10%) 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 \$1,253,301. Grants and contributions increased by 73% over prior year due to the funding received from CRRSA and ARPA.

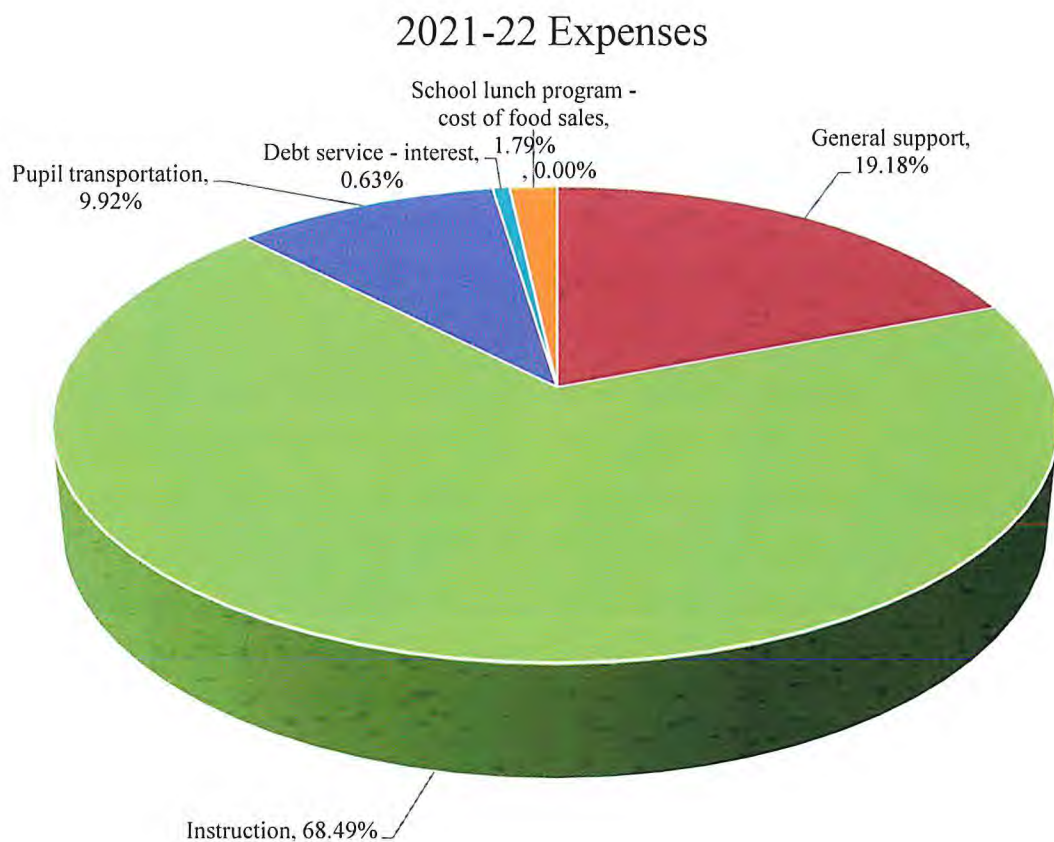
Most of the District's costs, however, were financed by District taxpayers and taxpayers of New York State. There was \$5,171,005 in state aid based on a statewide education aid formula, and \$7,875,162 received in property taxes.



**Alexandria Central School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

The total cost of all the programs and services increased to \$27,924,985. During the 2021-22 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 \$19,345,867, 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.

The year-over-year increase in expenses totaled \$9,788,434, or 54%. This increase in expenses were a result of the ongoing gym construction, and expenses related to the CRRSA and ARPA funding.



**Alexandria Central School District
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

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 2021-22 fiscal year, the total fund balance in the governmental funds had a planned decrease of .01%. At the end of the fiscal year, the District’s governmental funds reported combined fund balances of \$5,114,252, a decrease of \$59,425 from last year’s ending fund balance of \$5,173,677. 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.

The fund balance available in the General Fund represents \$3,645,445 of the governmental total fund balance. At the end of this year, the total fund balance in the General Fund was divided between \$533,086 in restricted fund balance, \$1,381,079 in assigned fund balance, and \$1,731,280 in unassigned fund balance.

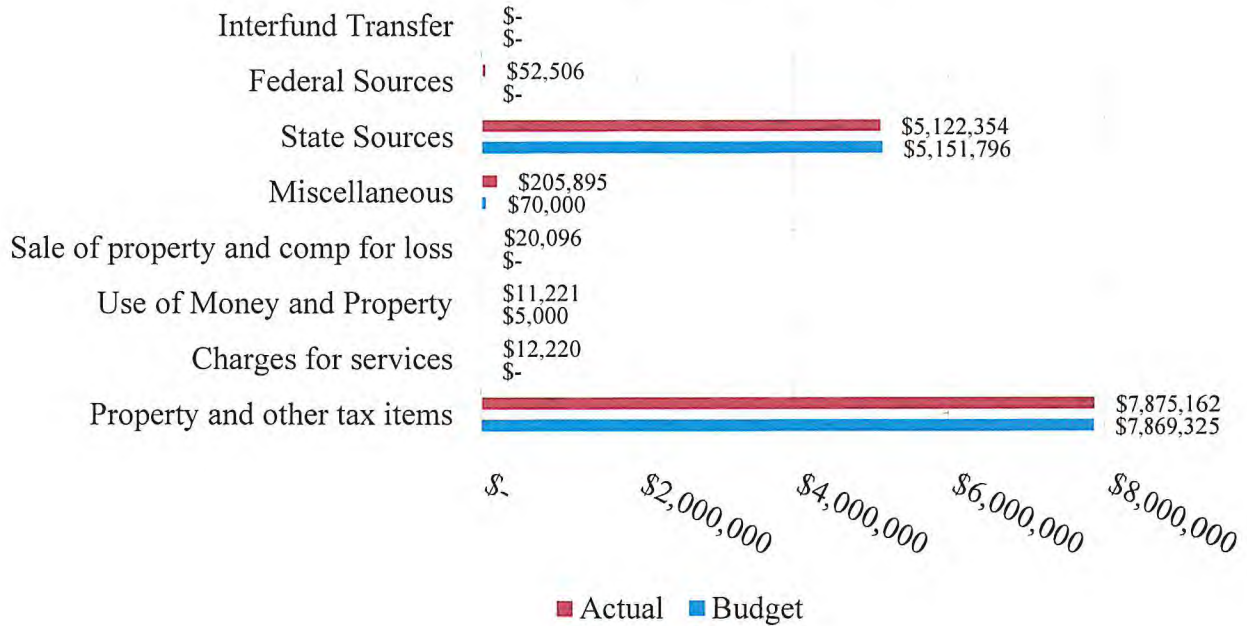
The District funded the following restricted funds in the 2021-22 fiscal year, see table below:

<u>General Fund Restricted Balances:</u>	<u>2021</u>	<u>2022</u>	<u>Total Variance</u>
Reserve for Unemployment Insurance	\$ 61,904	\$ 62,003	\$ 99
Retirement Contribution Reserve - ERS	364,607	365,190	583
Retirement Contribution Reserve - TRS	80,764	80,893	129
Reserve for Employee Benefit Accrued Liability	110,077	25,000	(85,077)
Total General Fund Restricted Balance	\$ 617,352	\$ 533,086	\$ (84,266)

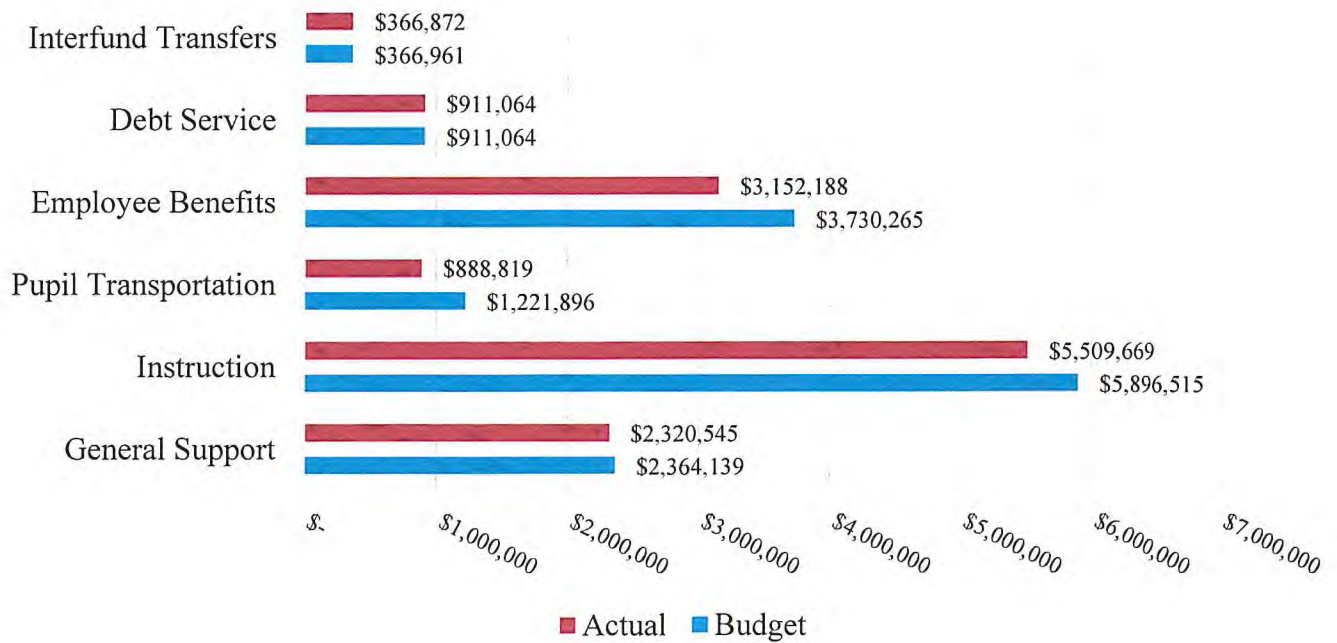
**Alexandria Central School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

General Fund Budgetary Highlights

Actual v. Final Budgeted Revenues



Actual v. Final Budgeted Expenses



**Alexandria Central School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

Over the course of the year, the District revised the annual operating budget. During the 2021-22 fiscal year, the Board of Education approved amendments increasing budget appropriations from \$14,231,186 to \$14,490,840. This increase included \$109,654 of encumbrances rolled over from the prior fiscal year, and \$150,000 of transfers into the Capital Fund, based upon the voter-approved gym renovation project.

Actual revenues were \$13,299,454, a difference of \$203,333 or 1.6% higher than the final amended budget. Sale of property, miscellaneous, State and Federal revenues were all higher than anticipated. This was due to new Inter-Municipal Agreements with Hammond Central School District and the Village of Alexandria Bay. During the 2021-22 fiscal year, Alexandria Central took over the maintenance of Hammond's transportation department and also took over Hammond's business office. The revenues from this agreement amounted to \$44,879. The agreement with the Village of Alexandria Bay was due to the new joint fueling station. Alexandria Central School District provides the fuel (gasoline and diesel) and bills the Village monthly for their share of the fuel costs. Those revenues amounted to \$38,517.

Actual expenditures and carryover encumbrances were \$13,180,236 or 9% less than the final amended budget due, in part, to conservative budgeting and expenditure controls.

Capital Asset and Debt Administration

Capital Assets

By the end of the 2021-22 fiscal year, the District has invested \$16,155,349 in a broad range of capital assets, including land, school buildings, furniture, equipment, and vehicles. These amounts are represented as follows:

	<u>2021</u>	<u>2022</u> <u>Additions</u>	<u>2022</u> <u>Retirements</u>	<u>2022</u>
Land	\$ 54,825	\$ -	\$ -	\$ 54,825
Construction in Progress	325,254	490,482	(305,745)	509,991
Buildings and improvements	20,822,885	480,273	-	21,303,158
Furniture and equipment	435,751	94,774	-	530,525
Vehicles	1,828,041	291,099	(252,626)	1,866,514
Less:				
Accumulated depreciation	<u>(7,638,884)</u>	<u>(689,342)</u>	<u>218,562</u>	<u>(8,109,664)</u>
Net Capital Assets	<u>\$ 15,827,872</u>	<u>\$ 667,286</u>	<u>\$ (339,809)</u>	<u>\$ 16,155,349</u>

Notable additions during the fiscal year included the purchase of two (2) buses, via bonding, an emergency fueling station; a storage building; and the voter-approved gym renovation.

**Alexandria Central School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

Right-to-Use Assets

The District is in possession of assets that it paid for the right-to-use over a period of time. All of the assets under the right-to-use agreement were paid for during the past five years, in full, during the year the right-to-use agreement began for a particular asset. The amount is amortized over five years, the number of years each asset item is to be used under the right-to-use agreement. A summary of the assets purchased by year, less accumulated amortization, is summarized as follows:

<u>Fiscal year</u> <u>obtained</u>	<u>Cost</u>	<u>Prior</u> <u>Amortization</u>	<u>Current</u> <u>Amortization</u>	<u>Total</u> <u>Amortization</u>	<u>Net</u>
06/30/18	\$ 116,084	\$ 69,650	\$ 23,217	\$ 92,867	\$ 23,217
06/30/19	66,735	26,694	13,347	40,041	26,694
06/30/20	100,050	20,010	20,010	40,020	60,030
06/30/21	61,430	-	12,286	12,286	49,144
06/30/22	83,971	-	-	-	83,971
Total	<u>\$ 428,270</u>	<u>\$ 116,354</u>	<u>\$ 68,860</u>	<u>\$ 185,214</u>	<u>\$ 243,056</u>

Short-Term Debt

At year-end, the District had obtained BAN financing for the gym construction project. Transactions for short-term debt are as follows:

	<u>Maturity</u>	<u>Stated</u> <u>Interest</u> <u>Rate</u>	<u>Beginning</u> <u>Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending</u> <u>Balance</u>
BAN	06/29/23	3.00%	<u>\$ -</u>	<u>\$2,519,919</u>	<u>\$ -</u>	<u>\$2,519,919</u>

Long-Term Debt

At year-end, the District had \$69,145,723 in general obligation bonds and other long-term debt outstanding, a \$5,060,511 increase from last year as follows:

**Alexandria Central School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022**

	<u>2021</u>	<u>2022</u> <u>Additions</u>	<u>2022</u> <u>Retirements</u>	<u>2022</u>
Bonds payable	\$ 6,107,500	\$ 298,000	\$ (662,500)	\$ 5,743,000
Premiums on bonds	24,798	-	(5,006)	19,792
Installment purchase debt	96,561	-	(76,791)	19,770
Compensated absences payable	53,136	28,347	-	81,483
Other postemployment benefits obligation	57,158,577	6,123,101	-	63,281,678
Net pension liability - proportionate share	<u>644,640</u>	<u>-</u>	<u>(644,640)</u>	<u>-</u>
Total Long-Term Obligations	<u>\$ 64,085,212</u>	<u>\$ 6,449,448</u>	<u>\$ (1,388,937)</u>	<u>\$ 69,145,723</u>

School Food Service Fund

During the 2021-22 fiscal year, the USDA required Districts to offer breakfast and lunch to all students, free of charge, funded under the COVID-19 Summer Food Service Program. The fund continued to operate at a loss, which required an \$85,365 transfer from the General Fund to supplement the Food Service Program.

Adoption of New Pronouncement/Restatement of Prior Period Fund Balance

During the current year, the District adopted GASB Statement No. 87, *Leases*. This pronouncement requires the District to report any leases and the related assets as lease payable and capital assets. The District currently pays for its lease-type assets in full up front and then has the right to use the asset for a period of five years. The prior period net asset balance has been adjusted by the net amount of the right-to-use assets (cost less accumulated amortization), an amount of \$227,945.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the School District was not aware of any existing circumstances which could significantly affect its financial position in the future.

Contacting the District's Financial Management

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

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

Alexandria Central School District
Statement of Net Position
Governmental Activities
June 30, 2022

Statement #1

Assets

Cash

Unrestricted	\$ 6,919,854
Restricted	728,766

Receivables

Accounts receivable	32,499
State and federal aid	367,223
Due from other governments	176,708

Inventories

19,822

Capital assets (net)

Not being depreciated	564,816
Being depreciated - net of accumulated depreciation	15,590,533

Right-to-use asset, net of accumulated depreciation

243,056

Net pension asset - proportionate share

4,213,933

 Total Assets

\$ 28,857,210

Deferred Outflows of Resources

Pensions 3,375,063

Other postemployment benefits 4,150,009

Deferred charges - bond refunding 5,266

 Total Deferred Outflows of Resources

\$ 7,530,338

 Total Assets and Deferred Outflows of Resources

\$ 36,387,548

Liabilities

Payables

 Accounts payable \$ 28,985

 Accrued liabilities 45,243

 Accrued interest 11,283

 Due to other governments 519

 Unearned credits 38,261

 Due to teachers' retirement system 469,325

 Due to employees' retirement system 28,368

Long-term liabilities

 Due and payable within one year

 Bond anticipation note 2,519,919

 Bonds payable, net 741,456

 Installment purchase debt payable 19,770

 Due and payable after one year

 Bonds payable, net 5,021,336

 Compensated absences 81,483

 Other postemployment benefits payable 63,281,678

 Total Liabilities

\$ 72,287,626

**Alexandria Central School District
Statement of Net Position
Governmental Activities
June 30, 2022**

Statement #1

Deferred Inflows of Resources

Pensions \$ 5,612,453

Total Deferred Inflows of Resources \$ 5,612,453

Net Position

Net investment in capital assets \$ 10,372,787

Restricted for:

Unemployment 62,003

Retirement contributions - ERS/TRS 446,083

Employee benefits 25,000

Debt 195,680

Other legal restrictions 671,172

Unrestricted (deficit) (53,285,256)

Total Net Position \$ (41,512,531)

Alexandria Central School District
Statement of Activities and Changes in Net Position
Governmental Activities
For the Year Ended June 30, 2022

Statement #2

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenues and</u>
		<u>Services</u>	<u>Grants</u>	<u>Changes in</u>
				<u>Net Position</u>
Functions/Programs				
General support	\$ 5,222,033	\$ -	\$ -	\$ (5,222,033)
Instruction	19,345,867	12,220	886,502	(18,447,145)
Pupil transportation	2,703,766	-	-	(2,703,766)
Debt service - interest	169,449	-	-	(169,449)
School lunch program	<u>483,870</u>	<u>25,588</u>	<u>366,799</u>	<u>(91,483)</u>
 Total Functions and Programs	 <u>\$ 27,924,985</u>	 <u>\$ 37,808</u>	 <u>\$ 1,253,301</u>	 <u>(26,633,876)</u>
 General Revenues				
Real property taxes				7,506,840
Other tax items				368,322
Use of money and property				13,304
Sale of property and compensation for loss				(19,604)
Miscellaneous				307,029
State sources				5,171,005
Federal sources				<u>52,506</u>
 Total General Revenues				 <u>13,399,402</u>
 Change in Net Position				 (13,234,474)
 Total Net Position - Beginning of year as restated				 <u>(28,278,057)</u>
 Total Net Position - End of year				 <u>\$ (41,512,531)</u>

Alexandria Central School District
Balance Sheet
Governmental Funds
June 30, 2022

Statement #3

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Miscellaneous Special Revenue	Total Governmental Funds
Assets							
Cash							
Unrestricted	\$ 3,601,640	\$ -	\$ 1,577	\$ -	\$ 3,256,551	\$ 60,086	\$ 6,919,854
Restricted	533,086	-	-	195,680	-	-	728,766
Receivables							
Accounts receivable	32,499	-	-	-	-	-	32,499
State and federal aid	272,244	30,150	64,829	-	-	-	367,223
Due from other funds	-	4,379	-	-	415,024	-	419,403
Due from other governments	128,057	-	-	-	48,651	-	176,708
Inventories	-	-	19,822	-	-	-	19,822
Total Assets	\$ 4,567,526	\$ 34,529	\$ 86,228	\$ 195,680	\$ 3,720,226	\$ 60,086	\$ 8,664,275
Liabilities							
Payables							
Accounts payable	\$ 22,897	\$ -	\$ -	\$ -	\$ 6,088	\$ -	\$ 28,985
Accrued liabilities	45,243	-	-	-	-	-	45,243
Bond anticipation note	-	-	-	-	2,519,919	-	2,519,919
Due to other funds	363,632	-	55,771	-	-	-	419,403
Due to other governments	-	-	519	-	-	-	519
Due to teachers' retirement system	469,325	-	-	-	-	-	469,325
Due to employees' retirement system	20,984	-	7,384	-	-	-	28,368
Unearned credits							
Unearned revenues	-	34,529	2,732	-	-	1,000	38,261
Total Liabilities	922,081	34,529	66,406	-	2,526,007	1,000	3,550,023
Fund Balances							
Nonspendable	-	-	19,822	-	-	-	19,822
Restricted for:							
Unemployment	62,003	-	-	-	-	-	62,003
Retirement contributions - ERS/TRS	446,083	-	-	-	-	-	446,083
Employment benefits accrued liability	25,000	-	-	-	-	-	25,000
Debt	-	-	-	195,680	-	-	195,680
Capital	-	-	-	-	671,172	-	671,172
Assigned	1,381,079	-	-	-	523,047	59,086	1,963,212
Unassigned	1,731,280	-	-	-	-	-	1,731,280
Total Fund Balances	3,645,445	-	19,822	195,680	1,194,219	59,086	5,114,252
Total Liabilities and Fund Balances	\$ 4,567,526	\$ 34,529	\$ 86,228	\$ 195,680	\$ 3,720,226	\$ 60,086	\$ 8,664,275

Alexandria Central School District
Reconciliation of Governmental Funds
Balance Sheet to the Statement of Net Position
June 30, 2022

Statement #3A

	Total Governmental Funds	Long-Term Assets & Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
Assets				
Cash				
Unrestricted	\$ 6,919,854	\$ -	\$ -	\$ 6,919,854
Restricted	728,766	-	-	728,766
Receivables				
Accounts receivable	32,499	-	-	32,499
State and federal aid	367,223	-	-	367,223
Due from other funds	419,403	-	(419,403)	-
Due from other governments	176,708	-	-	176,708
Inventories	19,822	-	-	19,822
Capital assets (net)	-	16,155,349	-	16,155,349
Right-to-use assets, net	-	243,056	-	243,056
Net pension asset - proportionate share	-	4,213,933	-	4,213,933
Total Assets	<u>\$ 8,664,275</u>	<u>\$ 20,612,338</u>	<u>\$ (419,403)</u>	<u>\$ 28,857,210</u>
Deferred Outflows of Resources				
Pensions	\$ -	\$ 3,375,063	\$ -	\$ 3,375,063
Other postemployment benefits	-	4,150,009	-	4,150,009
Deferred charges - bond refunding	-	5,266	-	5,266
Total Deferred Outflows of Resources	<u>\$ -</u>	<u>\$ 7,530,338</u>	<u>\$ -</u>	<u>\$ 7,530,338</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 8,664,275</u>	<u>\$ 28,142,676</u>	<u>\$ (419,403)</u>	<u>\$ 36,387,548</u>
Liabilities				
Payables				
Accounts payable	\$ 28,985	\$ -	\$ -	\$ 28,985
Accrued liabilities	45,243	-	-	45,243
Accrued interest	-	11,283	-	11,283
Due to other funds	419,403	-	(419,403)	-
Due to other governments	519	-	-	519
Due to teachers' retirement system	469,325	-	-	469,325
Due to employees' retirement system	28,368	-	-	28,368
Notes payable				
Bond anticipation	2,519,919	-	-	2,519,919
Unearned credits				
Unearned revenues	38,261	-	-	38,261
Bonds payable, net	-	5,762,792	-	5,762,792
Installment purchase debt payable	-	19,770	-	19,770
Compensated absences payable	-	81,483	-	81,483
Other postemployment benefits payable	-	63,281,678	-	63,281,678
Total Liabilities	<u>\$ 3,550,023</u>	<u>\$ 69,157,006</u>	<u>\$ (419,403)</u>	<u>\$ 72,287,626</u>

See Notes to Financial Statements.

**Alexandria Central School District
 Reconciliation of Governmental Funds
 Balance Sheet to the Statement of Net Position
 June 30, 2022**

Statement #3A

Deferred Inflows of Resources					
Pensions	\$	-	\$ 5,612,453	\$ -	\$ 5,612,453
Total Deferred Inflows of Resources	\$	-	\$ 5,612,453	\$ -	\$ 5,612,453
Total Fund Balance/Net Position					
Total Fund Balances / Net Position	\$	5,114,252	\$ (46,626,783)	\$ -	\$ (41,512,531)
Total Liabilities, Deferred Inflows of Resources and Fund Balances / Net Position	\$	8,664,275	\$ 28,142,676	\$ (419,403)	\$ 36,387,548

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, 2022

Statement #4

	General	Special Aid	School Food Service	Debt Service	Capital Projects	Miscellaneous Special Revenue	Total Governmental Funds
Revenues							
Real property taxes	\$ 7,506,840	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,506,840
Other tax items	368,322	-	-	-	-	-	368,322
Charges for services	12,220	-	-	-	-	-	12,220
Use of money and property	11,221	-	1	307	1,679	96	13,304
Sale of property and compensation for loss	20,096	-	-	-	-	-	20,096
Miscellaneous	205,895	22,232	1,610	-	-	77,292	307,029
State sources	5,122,354	68,488	7,394	-	48,651	-	5,246,887
Federal sources	52,506	818,014	351,948	-	-	-	1,222,468
Surplus food	-	-	7,457	-	-	-	7,457
Sales - school lunch	-	-	25,588	-	-	-	25,588
Total Revenues	\$ 13,299,454	\$ 908,734	\$ 393,998	\$ 307	\$ 50,330	\$ 77,388	\$ 14,730,211
Expenditures							
General support	\$ 2,320,545	\$ -	\$ 203,496	\$ -	\$ -	\$ 74,869	\$ 2,598,910
Instruction	5,509,669	913,272	-	-	-	-	6,422,941
Pupil transportation	888,819	-	-	-	-	-	888,819
Employee benefits	3,152,188	6,245	90,886	-	-	-	3,249,319
Debt service	-	-	-	-	-	-	-
Principal	739,291	-	-	-	-	-	739,291
Interest	171,773	-	-	-	-	-	171,773
Cost of sales	-	-	190,760	-	-	-	190,760
Capital outlay	-	-	-	-	825,823	-	825,823
Total Expenditures	\$ 12,782,285	\$ 919,517	\$ 485,142	\$ -	\$ 825,823	\$ 74,869	\$ 15,087,636
Excess (Deficiency) of Revenues Over Expenditures	\$ 517,169	\$ (10,783)	\$ (91,144)	\$ 307	\$ (775,493)	\$ 2,519	\$ (357,425)
Other Financing Sources and Uses							
Issuance of serial bonds	\$ -	\$ -	\$ -	\$ -	\$ 298,000	\$ -	\$ 298,000
Operating transfers in	-	10,783	85,365	42,047	271,560	-	409,755
Operating transfers (out)	(366,872)	-	(836)	-	(42,047)	-	(409,755)
Total Other Financing Sources (Uses)	\$ (366,872)	\$ 10,783	\$ 84,529	\$ 42,047	\$ 527,513	\$ -	\$ 298,000
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Sources (Uses)	\$ 150,297	\$ -	\$ (6,615)	\$ 42,354	\$ (247,980)	\$ 2,519	\$ (59,425)
Fund Balance - Beginning of year (as restated)	3,495,148	-	26,437	153,326	1,442,199	56,567	5,173,677
Fund Balance - End of year	\$ 3,645,445	\$ -	\$ 19,822	\$ 195,680	\$ 1,194,219	\$ 59,086	\$ 5,114,252

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, 2022

Statement #4A

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

Net Change in Fund Balances - Total Governmental Funds \$ (59,425)

Capital Related Items

Governmental funds report capital outlays as expenditures. However, in the Statement of 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 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	\$ 801,172	
Depreciation expense	(689,342)	
Right-to-use asset	83,971	
Right-to-use asset depreciation expense	(68,860)	
Gain (loss) on disposal	(34,064)	
Additions to assets	<u>249,711</u>	342,588

Long-Term Debt Transactions

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statements of Net Position. This is the amount of debt repayments made in the current period. 739,291

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. (298,000)

(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. (28,347)

On the Statement of Activities, the actual and projected long term expenditures for benefits are reported, whereas, on the governmental funds only the actual expenditures are recorded for postemployment benefits. (14,697,089)

(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	608,171	
Employees' Retirement System	<u>156,013</u>	764,184

Deferred bond refunding costs are recognized as expenditures in the governmental funds, however, 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. (3,286)

**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, 2022**

Statement #4A

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

5,006

(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.

604

Changes in Net Position of Governmental Activities

\$ (13,234,474)

Alexandria Central School District
Notes to Financial Statements
June 30, 2022

1 – Summary of significant accounting policies

The financial statements of 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 and its component unit and other organizational entities determined to be includable in the District’s financial reporting entity. 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 a miscellaneous special revenue fund.

Alexandria Central School District
Notes to Financial Statements
June 30, 2022

B. Joint Venture:

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

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

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

During the year, the District was billed \$1,466,526 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$330,518. This represents state aid distributions of \$284,572 and 2021 fund balance returned to schools of \$45,946.

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.

Alexandria Central School District
Notes to Financial Statements
June 30, 2022

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. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

ii. Funds Statements:

The fund statements provide information about the District's funds. Separate statements for each fund category 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 Fund: Used to account for special operating projects or programs supported in whole, or in part, with Federal Funds or State of 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 assets 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.

Alexandria Central School District
Notes to Financial Statements
June 30, 2022

Miscellaneous Special Revenue Funds: These funds are used to account for transactions of activities for which the District has administrative control, but the activities are not part of the District's operations. Included in the miscellaneous special revenue funds are the extraclassroom activity funds and the scholarship funds.

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

The 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 except for property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year as it matches the liquidation of related obligations.

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

E. Property Taxes:

Real property taxes are levied annually by the Board of Education no later than September 1, 2021 and become a lien on July 27, 2021. Taxes are collected during the period September 1, 2021 to October 29, 2021.

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

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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). Eliminations have been made for all interfund receivables and payables between the 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 12 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, 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 assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

I. Cash (and Cash Equivalents):

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

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investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

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

J. Accounts Receivable:

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

K. Inventories and Prepaid Items:

Inventories of food in the School 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 of 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:

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

M. Capital Assets:

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

Land and construction in process are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

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	Capitalization <u>Threshold</u>	Depreciation <u>Method</u>	Estimated <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 bond refunding reported in the government-wide Statement of Net Position. A deferred charge on bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (TRS and ERS Systems) and other postemployment benefits (OPEB) subsequent to the measurement date. The fourth item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. The 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. Unearned Credits:

The District reports unearned credits on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to

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incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

P. Vested Employee Benefits:

Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave 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 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.

Q. Other Benefits:

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

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

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

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R. Short-Term Debt:

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

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

The District may issue Bond Anticipation Notes (BAN) in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. 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.

S. Accrued Liabilities and Long-Term Obligations:

Payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in full, in a timely manner, from current financial resources. Claims and judgments, other postemployment benefits payable and compensated absences that will be paid from governmental funds are reported as a liability in the 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.

T. 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, construction or improvements of those assets.

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

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

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

Non-spendable – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes inventory recorded in the School Food Service Fund of \$19,822.

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.

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 accounted 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 reserve 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

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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.

Encumbrances

Encumbrances 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	\$ 62,003
Retirement contributions - NYSERS	365,190
Retirement contributions - NYSTRS	80,893
Employment benefit accrued liability	25,000
Capital projects fund	671,172
Debt service fund	195,680
	<u>\$ 1,399,938</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, 2022.

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

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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 \$31,079. Any remaining fund balance in other funds is considered assigned. As of June 30, 2022, the District’s General Fund encumbrances were classified as follows:

General support	\$ 3,478
Instruction	12,669
Pupil transportation	<u>14,932</u>
Total	<u>\$ 31,079</u>

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.

Unassigned Fund Balance

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserve for tax reduction, a school district can retain to no more than 4% of the District’s budget for the General Fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year, encumbrances and amounts reserved for insurance recoveries are also excluded from the 4% limitation.

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.

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Order of Use of Fund Balance:

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as assigned or 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.

U. Implementation of New Accounting Standards:

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB). At June 30, 2022, the District implemented the following new standards issued by GASB:

GASB has issued Statement No. 87 – *Leases*, effective for the year ending June 30, 2022.

GASB has issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*, effective for the year ending June 30, 2022.

GASB has issued Statement No. 92, *Omnibus*, effective for the year ending June 30, 2022.

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rate* (paragraph 11b, 13 and 14), effective for the year ending June 30, 2022.

GASB has issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, an amendment of GASB Statements No. 14 and 84, and a supersession of GASB Statement No. 32, effective for the year ending June 30, 2022 (the requirements in paragraph 4, as they apply to defined contribution pension plans, defined contribution OPEB plans and other employee benefit plans, and paragraph 5 were effective as of June 30, 2020).

V. Future Changes in Accounting Standards:

GASB has issued Statement No. 91, *Conduit Debt Obligations*, effective for the year ending June 30, 2023.

GASB has issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the year ending June 30, 2023.

GASB has issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending June 30, 2023.

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

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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 Sheet, as applied to the reporting of capital assets and long-term liabilities, including pensions and other post-employment benefits.

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.

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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.

3 – Changes in Accounting Principles

For the fiscal year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*. The implementation of the statement establishes criteria for identifying activities of all school districts. See note 16 for the financial statement impact of the implementation of the statement.

4 – Stewardship, compliance and accountability

Budgets

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

The voters of the District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line-item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year:

Capital Reserve Transfer	<u>\$ 150,000</u>
Total	<u>\$ 150,000</u>

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

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The General Fund is the only fund with a legally adopted budget for the fiscal year ended June 30, 2022.

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.

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.

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

Cash

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>7,179,693</u>

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$533,086 restricted for various fund balance reserves in the General Fund and \$195,680 restricted for Debt Service Fund.

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

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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, 2022 all deposits were fully insured and collateralized by the District's agent but not 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 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 or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.

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6 – Capital assets

Capital asset balances and activity were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 54,825	\$ -	\$ -	\$ 54,825
Construction in progress	<u>325,254</u>	<u>490,482</u>	<u>(305,745)</u>	<u>509,991</u>
Total nondepreciable	<u>380,079</u>	<u>490,482</u>	<u>(305,745)</u>	<u>564,816</u>
Capital assets being depreciated:				
Buildings and improvements	20,822,885	480,273	-	21,303,158
Furniture and equipment	435,751	94,774	-	530,525
Vehicles	<u>1,828,041</u>	<u>291,099</u>	<u>(252,626)</u>	<u>1,866,514</u>
Total depreciated assets	<u>23,086,677</u>	<u>866,146</u>	<u>(252,626)</u>	<u>23,700,197</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,605,952)	(420,051)	-	(7,026,003)
Furniture and equipment	(160,673)	(51,671)	-	(212,344)
Vehicles	<u>(872,259)</u>	<u>(217,620)</u>	<u>218,562</u>	<u>(871,317)</u>
Total accumulated depreciation	<u>(7,638,884)</u>	<u>(689,342)</u>	<u>218,562</u>	<u>(8,109,664)</u>
Total depreciated assets, net	<u>15,447,793</u>	<u>176,804</u>	<u>(34,064)</u>	<u>15,590,533</u>
Total capital assets balances, net	<u>\$ 15,827,872</u>	<u>\$ 667,286</u>	<u>\$ (339,809)</u>	<u>\$ 16,155,349</u>

Pupil transportation	\$ 220,701
General support	42,311
Instruction	417,066
School food service program	<u>9,264</u>
	<u>\$ 689,342</u>

7 – Right-to-use Assets

The District is in possession of assets that it paid for the right-to-use over a period of time. All of the assets under the right-to-use agreement were paid for during the past five years, in full, during the year the right-to-use agreement began for a particular asset. The amount is amortized over five years, the number of years each asset item is to be used under the right-to-use agreement. A summary of the assts purchased by year, less accumulated amortization, is summarized as follows:

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Fiscal year obtained	Cost	Prior Amortization	Current Amortization	Total Amortization	Net
06/30/18	\$ 116,084	\$ 69,650	\$ 23,217	\$ 92,867	\$ 23,217
06/30/19	66,735	26,694	13,347	40,041	26,694
06/30/20	100,050	20,010	20,010	40,020	60,030
06/30/21	61,430	-	12,286	12,286	49,144
06/30/22	83,971	-	-	-	83,971
	<u>\$ 428,270</u>	<u>\$ 116,354</u>	<u>\$ 68,860</u>	<u>\$ 185,214</u>	<u>\$ 243,056</u>

8 – Short-term debt

Transactions in short-term debt for the year ended June 30, 2022 are summarized below:

	Maturity	Stated Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
BAN	6/29/2023	3.00%	<u>\$ -</u>	<u>\$ 2,519,919</u>	<u>\$ -</u>	<u>\$ 2,519,919</u>

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

Interest paid	\$ -
Less: interest accrued in the prior year	-
Plus: interest accrued in the current year	<u>414</u>
Total interest on short-term debt	<u>\$ 414</u>

9 – Long-term debt obligations

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

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on 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 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 benefit of the capital assets. These long-term liabilities are full faith and

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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 Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Long-Term Liabilities:					
Serial bonds	\$ 6,107,500	\$ 298,000	\$ (662,500)	\$ 5,743,000	\$ 738,000
Premium on bonds	24,798	-	(5,006)	19,792	3,456
Installment purchase debt	<u>96,561</u>	<u>-</u>	<u>(76,791)</u>	<u>19,770</u>	<u>19,770</u>
Total Long-Term Liabilities	<u>6,228,859</u>	<u>298,000</u>	<u>(744,297)</u>	<u>5,782,562</u>	<u>761,226</u>
Other Long-Term Liabilities:					
Compensated absences	53,136	28,347	-	81,483	-
Other postemployment benefits obligation	57,158,577	6,123,101	-	63,281,678	-
Net pension liability - proportionate share	<u>644,640</u>	<u>-</u>	<u>(644,640)</u>	<u>-</u>	<u>-</u>
	<u>57,856,353</u>	<u>6,151,448</u>	<u>(644,640)</u>	<u>63,363,161</u>	<u>-</u>
	<u>\$ 64,085,212</u>	<u>\$ 6,449,448</u>	<u>\$ (1,388,937)</u>	<u>\$ 69,145,723</u>	<u>\$ 761,226</u>

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

Bonds payable is comprised of the following:

Description	Issue Date	Final Maturity	Interest Rate	Balance
2016 Serial Bonds	05/03/16	10/01/23	1.00-2.00%	\$ 395,000
2018 Serial Bonds	06/28/18	06/15/33	3.00-3.25%	4,670,000
2021-22 Buses	09/15/20	08/15/26	0.50-1.40%	298,000
2020-2021 Buses	09/15/20	08/15/26	0.60-1.00%	225,000
2019-20 Buses	08/15/19	08/15/24	1.10%	<u>155,000</u>
				<u>\$ 5,743,000</u>

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

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<u>Fiscal year ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 738,000	\$ 155,911	\$ 893,911
2024	760,000	137,558	897,558
2025	575,000	121,586	696,586
2026	535,000	107,572	642,572
2027	490,000	93,999	583,999
2028-2032	2,385,000	265,038	2,650,038
2033	<u>260,000</u>	<u>8,450</u>	<u>268,450</u>
Total	<u>\$ 5,743,000</u>	<u>\$ 890,114</u>	<u>\$ 6,633,114</u>

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

Interest paid	\$ 171,773
Less: interest accrued in the prior year	(11,473)
Plus: interest accrued in the current year	10,869
Plus: bond refunding recognized	2,872
Less: bond premium recognized	<u>(5,006)</u>
Total interest on long-term debt	<u>\$ 169,035</u>

The energy performance contract is carried in fixed assets at a cost of \$813,531 with accumulated depreciation of \$252,194 resulting in a net book value of \$561,337.

10 – 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.

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 New York State 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-

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time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. 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 NYTRS Comprehensive Annual Financial report, which can be found on the System's website at 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 the 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 or obtained by writing to the New York State and Local Retirement System, NYSERS, 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% 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 for the ERS' fiscal year ended 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 and two preceding years were equal to 100 percent of the contributions required, and were as follows:

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	<u>TRS</u>	<u>ERS</u>
2021-2022	\$ 394,394	\$ 192,260
2020-2021	382,509	177,895
2019-2020	432,647	173,436

The District contributions made the Systems were equal to 100 percent of the contributions 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 (Credit), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions:

At June 30, 2022, 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, 2021 for TRS and March 31, 2022 for ERS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District’s proportion of the net pension asset/(liability) was based on a projection of the District’s long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and ERS Systems in reports provided to the District.

	<u>TRS</u>	<u>ERS</u>
Actuarial valuation date	June 30, 2021	March 31, 2022
Net pension asset/(liability)	\$ 3,851,883	\$ 362,050
District's portion of the Plan's total net pension asset/(liability)	0.022228%	0.004429%

For the year ended June 30, 2022, the District recognized its proportionate share of pension expense (credit) of (\$211,830) for TRS and \$16,098 for ERS. At June 30, 2022 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences between expected and actual experience	\$ 530,941	\$ 27,419	\$ 20,012	\$ 35,563
Changes of assumptions	1,266,965	604,221	224,361	10,196
Net difference between projected and actual earnings on pension plan investments	-	-	4,031,394	1,185,562
Changes in proportion and differences between the District's contributions and proportionate share of contributions	119,356	21,899	83,378	21,987
District's contributions subsequent to the measurement date	<u>775,894</u>	<u>28,368</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,693,156</u>	<u>\$ 681,907</u>	<u>\$4,359,145</u>	<u>\$1,253,308</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended March 31, 2023 for ERS and June 30, 2022 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>TRS</u>	<u>ERS</u>
2022	\$(488,234)	\$ -
2023	(575,415)	(95,865)
2024	(743,163)	(132,386)
2025	(956,131)	(308,944)
2026	188,775	(62,575)
Thereafter	132,285	-

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 valuations used the following actuarial assumptions:

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	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2021	March 31, 2022
Actuarial valuation date	June 30, 2020	April 1, 2021
Interest rate	6.95%	5.90%
Salary scale	1.95-5.18%	4.40%
Decrement tables	July 1, 2015 - June 30, 2020	April 1, 2015 - March 31, 2020
	System's Experience	System's Experience
Inflation rate	2.40%	2.70%
Cost of living adjustments	1.30%	1.40%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2020.

For ERS, the actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

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

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<u>TRS</u>	<u>Target Allocation</u> <u>2021</u>	<u>Long-term expected</u> <u>Real rate of return*</u> <u>2021</u>
Asset Type		
Domestic equities	33%	6.80%
International equities	16%	7.60%
Global equities	4%	7.10%
Real estate equities	11%	6.50%
Private equities	8%	10.00%
Domestic fixed income	16%	1.30%
Global bonds	2%	0.80%
Private debt	1%	5.90%
Real estate debt	7%	3.30%
High-yield bonds	1%	3.80%
Cash	<u>1%</u>	<u>-0.20%</u>
Total	100%	

*Real rates of returns are net of the long-term inflation assumption of 2.4% for 2021.

<u>ERS</u>	<u>Target Allocation</u> <u>2022</u>	<u>Long-term expected</u> <u>Real rate of return*</u> <u>2022</u>
Asset Type		
Domestic equities	32%	3.30%
International equities	15%	5.85%
Private equities	10%	6.50%
Real estate equities	9%	5.00%
Absolute return strategies (1)	3%	4.10%
Credit	4%	3.78%
Real assets	3%	5.58%
Fixed income	23%	0.00%
Cash	<u>1%</u>	<u>-1.00%</u>
Total	100%	

* Real rates of returns are net of the long-term inflation assumption of 2.5% for 2022.

(1) Excludes equity-oriented and long-only funds. For investment management purposes, these funds are included in domestic equities and international equities, respectively.

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Discount Rate:

The discount rate used to calculate the total pension liability was 6.95% for TRS and 5.9% for ERS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially 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 Liability to the Discount Rate Assumption:

The following presents the District's proportionate share of the net pension asset/(liability) as of June 30, 2022 was calculated using the discount rate of 6.95% for TRS and 5.9% for ERS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1 percentage point lower (5.95% for TRS and 4.9% for ERS) or 1 percentage point higher (7.95% for TRS and 6.9% for ERS) than the current rate:

	1% Decrease <u>(5.95%)</u>	Current Assumption <u>(6.95%)</u>	1% Increase <u>(7.95%)</u>
<u>TRS</u>			
Employers' proportionate share of the net pension asset (liability)	\$ <u>404,199</u>	\$ <u>3,851,883</u>	\$ <u>6,749,412</u>
	1% Decrease <u>(4.90%)</u>	Current Assumption <u>(5.90%)</u>	1% Increase <u>(6.90%)</u>
<u>ERS</u>			
Employers' proportionate share of the net pension asset (liability)	\$ <u>(931,912)</u>	\$ <u>362,050</u>	\$ <u>1,444,387</u>

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Pension Plan Fiduciary Net Position:

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

Valuation date	<u>TRS</u>	<u>ERS</u>
	June 30, 2021	March 31, 2022
	(Dollars in Thousands)	
Employers' total pension liability	\$ 130,819,415	\$ 223,874,888
Plan fiduciary net position	<u>148,148,457</u>	<u>232,049,473</u>
Employers' net pension asset/(liability)	<u>\$ 17,329,042</u>	<u>\$ 8,174,585</u>
Ratio of plan fiduciary net position to the employers' total pension liability	113.2%	103.65%

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 benefits.

Payables to the Pension Plan:

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 based on paid TRS covered 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, 2022 amounted to \$469,325.

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, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$28,368.

11 – Unrestricted Net Position

Unrestricted net position in the general fund consists of the following at June 30, 2022:

Designated for subsequent years' expenditures	\$ 1,350,000
Reserve for encumbrances	31,079
Unreserved	<u>1,731,280</u>
Total unrestricted net position general fund	<u>\$ 3,112,359</u>

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12 – Interfund transactions – governmental funds

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 issued. All interfund payables are expected to be repaid within one year.

Interfund transactions and balances are as follows:

	Interfund			
	Receivable	Payable	Revenues	Expenditures
General	\$ -	\$ 363,632	\$ -	\$ 366,872
School food service	-	55,771	85,365	836
Special aid	4,379	-	10,783	-
Debt service	-	-	42,047	-
Capital projects	415,024	-	271,560	42,047
Total Governmental Funds	<u>\$ 419,403</u>	<u>\$ 419,403</u>	<u>\$ 409,755</u>	<u>\$ 409,755</u>

During 2021-2022, the General Fund transferred \$10,783 to the Special Aid Fund for the District’s share of the special education summer school programs its students attended.

13 – 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

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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.

14 – 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.

The District has signed contracts for a gym renovation project. The total anticipated cost of this project is \$6,550,000, of which \$419,169 has been expended through the end of this fiscal year.

15 – Postemployment Benefit 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 plan (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 GASB Statement No. 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 contract. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. Employers 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, 2022, approximately \$1,122,437 was paid on behalf of 90 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, 2022, the following employees were covered by the benefit terms:

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Inactive employees/beneficiaries currently receiving benefit payments	90
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>104</u>
	<u><u>194</u></u>

Net OPEB Liability

The District’s total OPEB liability measured as of June 30, 2021; the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	Based on CPI
Salary increase	Varied by years of service and retirement system
Discount rate	2.09%
Healthcare Cost Trend Rates:	
Medical	6.75% for 2021 decrease to an ultimate rate of 4.50% by 2031
Part B Reimbursement	6.75% for 2021 decrease to an ultimate rate of 4.50% by 2031
Excise Tax Limits	40.00% for 2021 and all subsequent years

The mortality tables used for this valuation is based on the Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables using Employee and Healthy Annuitant Tables for both pre-and post-retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2019.

Retirement participation rate assumed that 90% of the eligible Teachers, Instructional Administrators, and participants other than Teachers and Instructional Administrators will elect medical coverage at retirement age, and 50% 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

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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 using an average of three 20-year bond indices (e.g., Bond Buyer -20 Bond GO – 2.21%, S & P Municipal Bond 20 Year High Grade Rate Index – 2.66%, and Fidelity GA AA 20 Years -2.45%) as of June 30, 2021 and rounded to the nearest 0.01%.

Changes in the Total OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Total OPEB Liability (a)
Balance at June 30, 2021	\$ 57,158,577	\$ -	\$ 57,158,577
<u>Changes for the year:</u>			
Service cost	2,064,061	-	2,064,061
Interest	1,181,319	-	1,181,319
Changes in assumptions	4,150,009	-	4,150,009
Benefit payments	(1,272,288)	(1,272,288)	-
Contributions from employer	-	1,272,288	(1,272,288)
Net changes	<u>6,123,101</u>	<u>-</u>	<u>6,123,101</u>
Balance at June 30, 2022	<u>\$ 63,281,678</u>	<u>\$ -</u>	<u>\$ 63,281,678</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.44% in 2021 to 2.09% in 2022.

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 (1.09%) or 1 percentage point higher (3.09%) than the current discount rate:

	1% Decrease (1.09%)	Discount Rate (2.09%)	1% Increase (3.09%)
Total OPEB Liability	<u>\$ 77,736,408</u>	<u>\$ 63,281,678</u>	<u>\$ 52,302,624</u>

Alexandria Central School District
Notes to Financial Statements
June 30, 2022

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 trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate:

	1% <u>Decrease</u>	Discount <u>Rate</u>	1% <u>Increase</u>
Total OPEB Liability	<u>\$ 50,895,264</u>	<u>\$ 63,281,678</u>	<u>\$ 80,133,789</u>

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$6,410,191. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions or other inputs	4,150,009	-
Benefit payments subsequent to measurement period	-	-
Total	<u>\$ 4,150,009</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>Fiscal year ending June 30,</u>	<u>Amount</u>
2022	\$ 628,789
2023	628,789
2024	628,789
2025	628,789
2026	628,789
Thereafter	<u>1,006,064</u>
	<u>\$ 4,150,009</u>

16 – Adoption of New Pronouncement/Restatement of Prior Period Fund Balance

During the current year, the District adopted GASB 87, *Leases*. This pronouncement requires the District to report any leases and the related assets as lease payable and capital assets. The District currently pays for its lease-type assets in full up front and then has the right to use the asset for a period of five years. The prior period net asset balance has been adjusted by the net amount of the right-to-use assets (cost less accumulated amortization), an amount of \$227,945.

Alexandria Central School District
Notes to Financial Statements
June 30, 2022

17 – Subsequent events

The District has evaluated events and transactions that occurred between June 30, 2022 and October 14, 2022, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements. Nothing of significance was noted.

Alexandria Central School District
Required Supplementary Information
Schedule of Funding Progress- Other Postemployment Benefits
Last 5 Fiscal Years
For the Year Ended June 30, 2022

SS #1

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement Date	06/30/21	06/30/20	06/30/19	06/30/18	06/30/17
Total OPEB Liability					
Service Cost	\$ 2,064,061	\$ 1,779,097	\$ 1,303,155	\$ 1,181,526	\$ 1,372,987
Interest	1,181,319	1,031,253	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	4,150,009	12,723,997	3,494,572	(1,169,374)	(3,656,781)
Benefit payments	<u>(1,272,288)</u>	<u>(1,280,495)</u>	<u>(1,068,214)</u>	<u>(809,065)</u>	<u>(727,687)</u>
Net change in total OPEB liability	6,123,101	14,253,852	4,905,905	5,653,477	(1,979,722)
Total OPEB liability - beginning	<u>57,158,577</u>	<u>42,904,725</u>	<u>37,998,820</u>	<u>32,345,343</u>	<u>34,325,065</u>
Total OPEB liability - ending	<u>\$ 63,281,678</u>	<u>\$ 57,158,577</u>	<u>\$ 42,904,725</u>	<u>\$ 37,998,820</u>	<u>\$ 32,345,343</u>
Covered payroll	<u>\$ 5,786,013</u>	<u>\$ 5,596,388</u>	<u>\$ 5,661,358</u>	<u>\$ 5,758,384</u>	<u>\$ 5,130,225</u>
Total OPEB liability as a percentage of covered payroll	1093.70%	1021.35%	757.85%	659.89%	630.49%

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

Note: The District does not have net 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 Pension* to pay OPEB benefits. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

Alexandria Central School District
Required Supplementary Information
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended June 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual (Budgetary Basis)</u>		<u>Final Budget Variance with Budgetary Actual</u>
Revenues					
Local Sources					
Real property taxes	\$ 7,859,325	\$ 7,506,840	\$ 7,506,840		\$ -
Other tax items	10,000	362,485	368,322		5,837
Charges for services	-	-	12,220		12,220
Use of money and property	5,000	5,000	11,221		6,221
Sale of Property and Compensation for Loss	-	-	20,096		20,096
Miscellaneous	70,000	70,000	205,895		135,895
Total Local Sources	7,944,325	7,944,325	8,124,594		180,269
State sources	5,151,796	5,151,796	5,122,354		(29,442)
Federal sources	-	-	52,506		52,506
Total Revenues	13,096,121	13,096,121	13,299,454		\$ 203,333
Appropriated Fund Balance					
Prior years' surplus	1,025,000	1,175,000			
Prior year's encumbrances	109,654	109,654			
Appropriated reserves	110,065	110,065			
Total Appropriated Fund Balance	1,244,719	1,394,719			
Total Revenues and Appropriated Fund Balance	\$ 14,340,840	\$ 14,490,840			Final Budget Variance with Budgetary Actual & Encumbrances
Expenditures					
General Support					
Board of Education	\$ 21,130	\$ 28,468	\$ 23,214	\$ -	\$ 5,254
Central Administration	213,064	249,794	247,618	566	1,610
Finance	256,003	271,817	267,619	4	4,194
Staff	50,344	67,266	67,177	-	89
Central Services	1,514,644	1,564,675	1,544,109	2,908	17,658
Special Items	184,115	182,119	170,808	-	11,311
Total General Support	2,239,300	2,364,139	2,320,545	3,478	40,116
Instruction					
Administration and Improvement	375,452	421,798	365,110	124	56,564
Teaching - Regular School	2,940,226	2,890,268	2,804,912	4,825	80,531
Programs for Students with Disabilities	1,320,404	1,232,886	1,197,704	161	35,021
Teaching - Special Schools	420,826	417,155	383,136	427	33,592
Instructional Media	357,751	318,159	302,181	7,034	8,944
Pupil Services	627,252	616,249	456,626	98	159,525
Total Instruction	6,041,911	5,896,515	5,509,669	12,669	374,177
Pupil Transportation	1,233,685	1,221,896	888,819	14,932	318,145
Employee Benefits	3,724,880	3,730,265	3,152,188	-	578,077
Debt Service	911,064	911,064	911,064	-	-
Total Expenditures	14,150,840	14,123,879	12,782,285	31,079	1,310,515
Other Financing Uses					
Transfers to other funds	190,000	366,961	366,872	-	89
Total Expenditures and Other Financing Uses	14,340,840	14,490,840	13,149,157	\$ 31,079	\$ 1,310,604
Net Change in Fund Balance			150,297		
Fund Balance - Beginning of Year			3,495,148		
Fund Balance - End of Year			\$ 3,645,445		

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

**Alexandria Central School District
Required Supplementary Information
Schedule of District Contributions
NYSTRS Pension Plan - Last 8 Fiscal Years
For the Year Ended June 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 394,394	\$ 382,509	\$ 432,647	\$ 412,617	\$ 422,548	\$ 477,745	\$ 614,769	\$ 590,471
Contributions in Relation to the Contractually Required Contribution	<u>394,394</u>	<u>382,509</u>	<u>432,647</u>	<u>412,617</u>	<u>422,548</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>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 4,172,963	\$ 4,131,171	\$ 4,028,337	\$ 3,856,827	\$ 4,209,871	\$ 3,598,184	\$ 3,503,926	\$ 3,578,723
Contributions as a Percentage of Covered-Employee Payroll	9.45%	9.26%	10.74%	10.70%	10.04%	13.28%	17.55%	16.50%

**Alexandria Central School District
Schedule of District Contributions
NYSERS Pension Plan - Last 8 Fiscal Years
For the Year Ended June 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 192,260	\$ 177,895	\$ 173,436	\$ 170,194	\$ 183,050	\$ 177,185	\$ 194,797	\$ 195,035
Contributions in Relation to the Contractually Required Contribution	<u>192,260</u>	<u>177,895</u>	<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>	<u>\$ -</u>	<u>\$ -</u>
District's Covered-Employee Payroll	\$ 1,613,050	\$ 1,277,311	\$ 1,267,269	\$ 1,212,844	\$ 1,548,513	\$ 1,212,571	\$ 1,132,814	\$ 1,129,900
Contributions as a Percentage of Covered-Employee Payroll	11.92%	13.93%	13.69%	14.03%	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 to each year subsequent to the year of implementation until 10 years of historical data is available.

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

**Alexandria Central School District
Required Supplementary Information
Schedule of District's Proportionate Share
of the Net Pension Liability
NYSTRS Pension Plan - Last 8 Fiscal Years
For the Year Ended June 30, 2022**

SS #4

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension (Liability) Asset	0.022228%	0.023176%	0.023165%	0.024417%	0.021718%	0.023349%	0.023346%	0.023766%
District's Proportionate Share of the Net Pension (Liability) Asset	\$ 3,851,883	\$ (640,417)	\$ 601,815	\$ 441,527	\$ 165,081	\$ (250,072)	\$ 2,424,951	\$ 2,647,391
District's Covered-Employee Payroll	\$ 4,172,963	\$ 4,131,171	\$ 4,028,337	\$ 3,856,827	\$ 4,209,871	\$ 3,598,184	\$ 3,503,926	\$ 3,578,723
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	-92.31%	-15.50%	-14.94%	-11.45%	-3.92%	-6.95%	-69.21%	-73.98%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

**Alexandria Central School District
Schedule of District's Proportionate Share
of the Net Pension Liability
NYSERS Pension Plan - Last 8 Fiscal Years
For the Year Ended June 30, 2022**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's Proportion of the Net Pension (Liability) Asset	0.0044290%	0.0042413%	0.0043743%	0.0042689%	0.0048523%	0.0043765%	0.0043800%	0.0043000%
District's Proportionate Share of the Net Pension (Liability) Asset	\$ 362,050	\$ (4,223)	\$ (1,158,335)	\$ (305,466)	\$ (156,604)	\$ (411,227)	\$ (702,948)	\$ (145,265)
District's Covered-Employee Payroll	\$ 1,613,050	\$ 1,277,311	\$ 1,267,269	\$ 1,212,844	\$ 1,548,513	\$ 1,212,571	\$ 1,132,814	\$ 1,129,900
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	22.45%	-0.33%	-91.40%	-25.19%	-10.11%	-33.91%	-62.05%	-12.86%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	103.65%	99.95%	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 Auditors' Report.

**Alexandria Central School District
 Supplementary Information
 Schedule of Change from Adopted Budget to Final Budget
 And the Real Property Tax Limit - General Fund
 For the Year Ended June 30, 2022**

SS #5

Change From Adopted Budget to Final Budget

Adopted Budget	\$ 14,231,186
Add: Prior year's encumbrances	<u>109,654</u>
Original Budget	14,340,840
Budget revisions	<u>150,000</u>
Final Budget	<u>\$ 14,490,840</u>

Section 1318 of Real Property Tax Law Limit Calculation

2022-23 voter-approved expenditure budget	\$ 15,030,670
Maximum allowed (4% of 2022-23 budget)	<u>601,227</u>
General Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	1,381,079
Unassigned fund balance	<u>1,731,280</u>
Total unrestricted fund balance	<u>\$ 3,112,359</u>
Less:	
Appropriated fund balance	\$ 1,350,000
Encumbrances included in assigned fund balance	<u>31,079</u>
Total adjustments	<u>\$ 1,381,079</u>
General Fund Balance Subject to Section 1318 of Real Property Tax Law	<u>\$ 1,731,280</u>
Actual percentage	11.52%

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, 2022

Supplemental Schedule #6

Project Title	Original	Revised	Prior	Expenditures	Total	Unexpended	Proceeds of	Methods of Financing		Total	Transfer to	Fund
	Appropriation	Appropriation	Years	Current				State	Local			
				Year		Balance	Obligations	Aid	Sources		Service Fund	June 30, 2021
Gym renovations	\$ 6,550,000	\$ 6,550,000	\$ 19,509	\$ 399,660	\$ 419,169	\$ 6,130,831	\$ -	\$ -	\$ 1,613,388	\$ 1,613,388	\$ -	\$ 1,194,219
Bus garage fueling station	150,000	150,000	128,017	21,949	149,966	34	-	-	149,966	149,966	-	-
SSBA project	339,224	339,224	-	24,000	24,000	315,224	-	24,000	-	24,000	-	-
2021-22 Capital outlay	100,000	100,000	-	99,610	99,610	390	-	-	99,610	99,610	-	-
2021-22 E-Rate project	19,435	19,435	-	-	-	19,435	-	-	-	-	-	-
ECF Window #1	20,601	20,601	-	20,601	20,601	-	-	20,601	-	20,601	-	-
ECF Window #2	4,050	4,050	-	4,050	4,050	-	-	4,050	-	4,050	-	-
2021-22 Buses	298,000	298,000	-	255,953	255,953	42,047	298,000	-	-	298,000	42,047	-
Totals	\$ 7,481,310	\$ 7,481,310	\$ 147,526	\$ 825,823	\$ 973,349	\$ 6,507,961	\$ 298,000	\$ 48,651	\$ 1,862,964	\$ 2,209,615	\$ 42,047	\$ 1,194,219

Alexandria Central School District
Supplementary Information
Net Investment in Capital Assets
For the Year Ended June 30, 2022

Supplemental Schedule #7

Capital assets, net		\$ 16,155,349
Deduct:		
Short-term portion of bonds payable	\$ 741,456	
Long-term portion of bonds payable	5,021,336	
Short-term portion of Energy Performance Contract	<u>19,770</u>	<u>5,782,562</u>
Net Investment in Capital Assets		<u>\$ 10,372,787</u>

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

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

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Education
Alexandria Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alexandria Central School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Alexandria Central School District's basic financial statements, and have issued our report thereon dated October 14, 2022.

Report on 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) as a basis for designing 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.

Report on 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 financial statements. 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
October 14, 2022

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

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Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Education
Alexandria Central School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Alexandria Central School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Alexandria Central School District's major federal programs for the year ended June 30, 2022. Alexandria Central School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Alexandria Central School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Alexandria Central School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Alexandria Central School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and the maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Alexandria Central School District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Alexandria Central School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Alexandria Central School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Alexandria Central School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Alexandria Central School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Alexandria Central School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

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

CERTIFIED PUBLIC ACCOUNTANTS

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Stackel & Navarra, CPA, PC

Watertown, NY
October 14, 2022

**Alexandria Central School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Agency or Pass-through Number</u>	<u>Expenditures</u>
U.S. Department of Education			
<u>Passed-through NYS Education Department:</u>			
Special Education Cluster:			
IDEA - Part B (Section 611)	84.027	0032-22-0315	\$ 118,526
ARP-IDEA-Part B (Section 611)	84.027X	5532-22-0315	587
IDEA - Part B (Section 619)	84.173	0033-22-0315	1,911
ARP-IDEA-PartB (Section 619)	84.173X	5533-22-0315	<u>972</u>
Total Special Education Cluster			<u>121,996</u>
Title I - ESEA - Basic Grant	84.010	0021-22-1160	118,652
Title II A - Teacher/Principal Training/Recruit	84.367	0147-22-1160	16,500
Title IV - Student Support/Academic Enrichment	84.424	0204-22-1160	10,000
Education Stabilization Funds:			
CRRSA - ESSER 2	84.425D	5891-21-1160	183,538
ARP ESSER 3	84.425U	5880-21-1160	<u>336,950</u>
Total Education Stabilization Funds			<u>520,488</u>
Total Passed-through NYS Education Department			<u>787,636</u>
Direct Programs			
REAP- Rural Education Achievement Program	84.358	S358A212961	<u>30,378</u>
Total Direct Programs			<u>30,378</u>
 <i>Total, U.S. Department of Education</i>			 <u>818,014</u>
<u>U.S. Department of Defense</u>			
Direct Programs:			
Impact Aid (Supplement, CWSD, BRAC)	12.558		<u>23,274</u>
Total Direct Programs			<u>23,274</u>
 <i>Total, U.S. Department of Defense</i>			 <u>23,274</u>
<u>U.S. Department of Homeland Security</u>			
Passed-through NYS Division of Homeland Security:			
FEMA Disaster Grants	97.036		<u>21,460</u>
Total FEMA Disaster Grants			<u>21,460</u>
Total Passed-through NYS Division of Homeland Security			<u>21,460</u>
 <i>Total, U.S. Department of Homeland Security</i>			 <u>21,460</u>

See Notes to Schedule of Expenditures of Federal Awards.

**Alexandria Central School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Agency or Pass-through Number</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture</u>			
Passed-through NYS Education Department:			
Child Nutrition Cluster:			
Non-Cash Assistance (food distribution)			
National School Lunch Program	10.555		\$ <u>7,457</u>
Non-Cash Assistance subtotal			<u>7,457</u>
Cash Assistance			
School Breakfast Program	10.553		89,509
National School Lunch Program	10.555		238,984
Summer Feeding Program	10.559		<u>23,455</u>
Cash Assistance subtotal			<u>351,948</u>
Total Child Nutrition Cluster			<u>359,405</u>
Total Passed-through NYS Education Department			<u>359,405</u>
Total, U.S. Department of Agriculture			<u>359,405</u>
Total Federal Awards Expended			<u>\$ 1,222,153</u>

See Notes to Schedule of Expenditures of Federal Awards.

**Alexandria Central School District
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022**

1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the District financial statements. Federal awards that are included in the Schedule may be received directly from Federal agencies, as well as Federal awards that are passed through from other government agencies.

The information presented in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

2 – Summary of Certain Significant Accounting Policies

Matching costs (the District's share of certain program costs) are not included in the reported expenditures. Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. The amounts reported as Federal expenditures were obtained from the Federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

The Federal expenditures are recognized under the Uniform Guidance.

3 – Scope of Audit

The District is an independent municipal corporation. All Federal grant operations of the District are included in the scope of the single audit.

4 – Non-Cash Assistance

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2022, the District received food commodities totaling \$7,457.

5 – Indirect Cost Rate

The District did not elect to use the 10% de minimus cost rate.

**Alexandria Central School District
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022**

Indirect costs may be included in the reported expenditures, to the extent they are included in the Federal financial reports used as the source for the data presented. The District's policy is not to charge Federal award programs with indirect costs.

6 – Other Disclosures

No insurance is carried specifically to cover equipment purchased with Federal funds. Any equipment purchased with Federal funds has only a nominal value, and is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

7 – Subrecipients

No amounts were provided to subrecipients.

**Alexandria Central School District
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2022**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's opinion(s) issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Type of auditor's opinion(s) issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR-200.516(a) _____ yes X no

Identification of major programs:

Name of federal program CFDA Number

Education Stabilization Funds:

CRRSA-ESSER 2 84.425D

ARP-ESSER 3 84.425U

Dollar threshold used to distinguish between Type A and Type B Programs \$750,000

Auditee qualified as low risk? _____ yes X no

Section II - Financial Statements Findings

None

Section III - Federal Award Findings and Questioned Costs

None

**Alexandria Central School District
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2022**

There were no prior year audit findings.