

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
AUDIT REPORTING PACKAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

TABLE OF CONTENTS
2019 REPORTING PACKAGE

	<u>Section</u>
School District's Audited Financial Statements	1
School District's Management Letter	2
Extraclassroom Activity Fund Audited Financial Statement.....	3
Extraclassroom Activity Fund Management Letter	4
Letter to those Charged with Governance	5

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2019
WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT

TABLE OF CONTENTS
2019 FINANCIAL STATEMENTS

	Schedule	Page
Independent Auditor's Report		1-2
Management's Discussion and Analysis		3-9
Government-wide Financial Statements		
Statement of Net Position	1	10
Statement of Activities	2	11
Fund Financial Statements		
Combined Balance Sheet - Governmental Funds	3	12
Combined Statement of Revenue, Expenditures and Changes in Fund Equity - Governmental Funds	4	13
Statement of Fiduciary Net Position	5	14
Statement of Changes in Fiduciary Net Position	6	15
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	7	16
Reconciliation of Governmental Funds Revenue, Expenditures and Changes in Fund Equity to the Statement of Activities	8	17
Notes to Financial Statements		18-36
Supplementary Information		
Combining Schedule of Revenue, Expenditures and Changes In Fund Equity - Budget and Actual - Governmental Funds	SS1&SS1A	37-38
Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit	SS2	39
Schedule of Projects Expenditures - Capital Projects Fund	SS3	40
Budget Comparison Statement for State and Other Grant Programs - Special Aid and Food Service Funds	SS4A	41
Notes to the Schedule of Expenditures of Federal Awards	SS4B	42
Schedule of Expenditures of Federal Awards	SS4C	42
Schedule of Net Investment in Capital Assets	SS5	43
Schedule of Changes in the District's Net OPEB Liability and Related Ratios	SS6	44
Schedule of District Contributions - OPEB	SS7	45
Schedule of District Contributions - New York State Teachers' Retirement System (NYSTRS) and New York State and Local Employees' Retirement System (NYSLERS)	SS8	46
Schedule of the District's Proportionate Share of the Net Pension Asset/Liability - New York State Teachers' Retirement System (NYSTRS) and District's Proportionate Share of the Net Pension Liability - New York State and Local Employees' Retirement System (NYSLERS)	SS9	47
Independent Auditor's 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"		48-49
Schedule of Findings and Questioned Costs		50-51
Schedule of Prior Audit Finding		52

INDEPENDENT AUDITOR'S REPORT

To the President and Members of
The Board of Education
Alfred-Almond Central School District
Almond, New York

We have audited the accompanying financial statements of the governmental activities and each major fund of *Alfred-Almond Central School District* as of and for the year ended June 30, 2019, and the related notes to the financial statements which collectively comprise the *Alfred-Almond Central School District's* basic financial statements as listed in the accompanying table of contents. We have also audited the fiduciary fund types of the *Alfred-Almond Central School District* as of June 30, 2019, as displayed in the District's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and aggregate remaining fund information of the *Alfred-Almond Central School District* as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the *Alfred-Almond Central School District's* June 30, 2018 financial statements, and our report dated October 2, 2018, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3 through 9), budgetary comparison information (pages 37 through 38), schedule of changes in the District's net OPEB liability and related ratios (page 44), schedule of District contributions – OPEB (page 45), the schedule of the District's contributions for defined benefit pension plans (page 46), and schedule of the District's share of the net pension asset/liability (page 47), be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Alfred-Almond Central School District's** basic financial statements. The combining and individual fund financial statements and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and other schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2019 on our consideration of **Alfred-Almond Central School District's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 **Alfred-Almond Central School District's** internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
October 9, 2019

I. Discussion and Analysis

The following is a discussion and analysis of the *Alfred-Almond Central School District's* financial performance for the year ended June 30, 2019. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is 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 follows this section.

II. Financial Highlights

The following items are the financial highlights experienced by the *Alfred-Almond Central School District* during the fiscal year ended June 30, 2019:

- Overall net position from operations of the District increased during the current year in the amount of \$319,000 as compared to a decrease of \$50,000 during the prior fiscal year.
- The District's total revenue increased 2% from \$13,908,000 during the year ended June 30, 2018 to \$14,199,000 during the year ended June 30, 2019. This increase was primarily the result of an increase in State aid and BOCES aid.
- The District's total expenses decreased 1% from \$13,958,000 during the year ended June 30, 2018 to \$13,880,000 during the year ended June 30, 2019. This decrease was primarily due to a decrease in teacher retirement system expenses and health insurance offset by an increase in salaries and contractual expenses.
- The District's had capital outlays during the current year in the amount of approximately \$593,000, which primarily related to costs associated with the District's capital outlay projects, capital projects, and the acquisition of buses and other equipment.

III. Overview of the Financial Statements

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

**III. Overview of the Financial Statements
(continued)**

A. Reporting the School District as a Whole (District-wide Financial Statements):

The district-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. Activities that are fiduciary in nature are not included in these statements.

1. Statement of Net Position

The Statement of Net Position (page 10) shows the "assets" (what is owned), "liabilities" (what is owed) and the "net position" (the resources that would remain if all obligations were settled) of the District. The Statement categorizes assets to show that some assets are very liquid, such as cash and cash equivalents. Some assets are restricted for certain purposes or reserved for emergencies and cash flow purposes. Some assets are invested in "fixed" or "capital" assets, such as buildings, equipment and other long-lived property; and some assets are available to fund budgets of the following year.

2. Statement of Activities

The Statement of Activities (page 11) shows the amounts of program-specific and general District revenue used to support the District's various functions.

The Statement of Net Position and Statement of Activities divide the activities of the District into two categories: governmental activities (the school functions, including general support, instruction, transportation, administration, etc.; property taxes, state and federal revenue usually support most of these functions) and proprietary activities. The District only had governmental activities during the current fiscal year.

The two district-wide statements report the School District's net position and how they have changed. Net position – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

**III. Overview of the Financial Statements
(continued)**

**B. Reporting the District's Most Significant Funds
(Fund Financial Statements):**

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or major funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Significance of funds is determined based on the proportional size of the funds, the relative importance of the activities of the funds to the District's operations, and the existence of legal budget requirements. Internal Service funds are never reported as major funds, but are combined and presented in a separate column.

The District has two kinds of funds:

1. Governmental Funds

Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently the governmental funds

**III. Overview of the Financial Statements
(continued)**

**B. Reporting the District's Most Significant Funds
(Fund Financial Statements) (continued):**

1. Governmental Funds (continued)

Statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

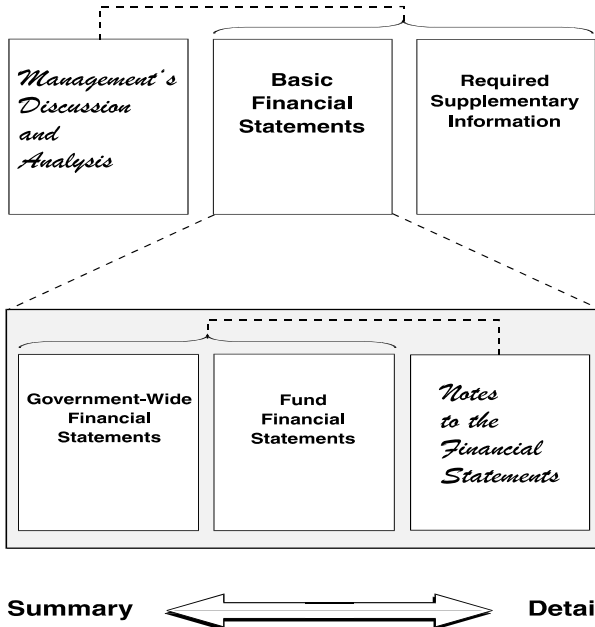
2. Fiduciary Funds

The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

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

	Fund Financial Statements		
	District-Wide	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	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenue, Expenditures, and Changes in Fund Balances	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, all assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All 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

Figure A-2 - Required Components of the District's Annual Financial Report



IV. Financial Analysis of the School District as a Whole (continued)

Governmental Activities

Revenue of the District's governmental activities increased approximately 2%, while total expenses decreased 1%. The District's total net assets increased from operations of approximately \$319,000 during the fiscal year ended June 30, 2019.

Figure A-4 presents the major sources of revenue of the District. Revenue of the District totaled \$14,199,000 for the fiscal year ended June 30, 2019. The most significant changes in the District's governmental revenue are more thoroughly discussed as follows:

- Property tax revenue which represents approximately 35% of the District's total revenue for governmental activities, decreased 0% in comparison with the prior year.
- The District's most significant revenue is state sources which represent \$8,062,000 or 57% of total governmental revenue. The District's state sources increased by approximately 4% which was primarily the result of an increase in basic state aid and BOCES aid.
- During the year ended June 30, 2019, the District saw an increase in program revenue in the amount of \$34,000 which mostly resulted from an increase in operating grants and contributions which increased \$58,000. This increase was partially offset by a decrease in charges for services which decreased \$24,000 as compared with the prior year revenue.

IV. Financial Analysis of the School District as a Whole

Net Position

The District's total reporting entity net position was approximately \$11,089,000. The components of net assets include: net investment in capital assets, of \$9,482,000; restricted net position of \$3,196,000; and unrestricted net position deficit of \$1,589,000 as of June 30, 2019.

Changes in Net Position

The District's total government-wide revenue increased by approximately 2% to \$14,199,000. Approximately 35%, 5% and 57% of total revenue is derived from the property taxes, operating grants and state aid, respectively. The remaining 3% comes from federal aid, use of money and property, miscellaneous, charges for services and other operating grants and contributions.

The total cost of all programs and services of the District decreased 1% to \$13,880,000. The District's expenses cover a range of services, with 73% related to instruction and 18% related to general support. Figure A-4 through figure A-8 and the narrative that follows considers the operations of governmental activities, along with revenue and net costs percentages for governmental activities.

IV. Financial Analysis of the School District as a Whole (continued)

Expenses

Figure A-8 presents the cost of each of the District's five largest expenditure-type, which include; general support, instruction, transportation, debt service and cost of sales; as well as each expenditure-type's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers and NYS by each of these functions. Total costs of the District's governmental activities were \$13,880,000. The most significant changes in the District's governmental expenses are more thoroughly discussed as follows:

- The District's general support increased by approximately \$163,000 or 7% which was primarily due to an increase in contractual expenses and BOCES services.
- The District's instruction costs increased by approximately \$41,000 or 0% which was primarily due to an increase in salaries and tuition costs offset by a decrease in employee benefits.
- Debt service of the District decreased approximately \$263,000 during the year ended June 30, 2019 due to a bond refunding in the prior year.
- Transportation costs of the District decreased 1% or \$9,000 during the year ended June 30, 2019.
- The District's cost of sales (food service fund) totaled \$284,000 during the current year as compared to \$294,000 during the fiscal year ended June 30, 2018.
- The District received approximately \$927,000 of operating grants and charges for services from its state and federal grants and tuition and transportation aid which subsidized certain programs of the District.
- Most of the District's net costs (\$ 13.0 million) were financed by real property taxes and state aid.

Figure A-3 – Condensed Statement of Net Assets

Alfred-Almond Central School District
Condensed Statement of Net Position (in thousands of dollars)

	Governmental Activities and Total District-wide		
	2019	2018	% Change
Assets			
Current and other assets	\$ 9,289	\$ 7,130	30%
Capital assets	17,733	18,202	-3%
Total assets	27,022	25,332	7%
Deferred Outflows of Resources			
Deferred outflows related to pension, OPEB, and bonds	3,134	3,445	-9%
Deferred outflows of resources and assets	\$ 30,156	\$ 28,777	5%
Liabilities			
Other liabilities	\$ 2,766	\$ 801	245%
Long-term liabilities	15,203	15,898	-4%
Total liabilities	17,969	16,699	8%
Deferred Inflows of Resources			
Deferred inflows related to pension and OPEB	1,098	1,308	-16%
Deferred inflows of resources and liabilities	19,067	18,008	6%
Net Position			
Net investment in capital assets	9,482	8,453	12%
Restricted	3,196	3,670	-13%
Unrestricted	(1,589)	(1,353)	17%
Total net position	11,089	10,770	3%
Total liabilities, deferred inflows of resources, and net position	\$ 30,156	\$ 28,777	5%

Figure A-4 – Changes in Net Position

Alfred-Almond Central School District
Changes in Net Position from Operating Results (in thousands of Dollars)

	Governmental Activities and Total District-wide		
	2019	2018	% Change
Revenue			
Program revenue			
Charges for services	281	\$ 305	-8%
Operating grants and contributions	646	588	10%
General revenue			
Real property taxes	4,962	4,970	0%
Use of money & property	24	9	159%
Sale of property & comp for loss	8	8	-3%
State sources	8,062	7,769	4%
Federal sources	27	90	-69%
Miscellaneous	189	169	12%
Total revenue	14,199	13,908	2%
Expenses			
General support	2,452	2,289	7%
Instruction	10,093	10,052	0%
Transportation	856	865	-1%
Community services	1	1	100%
Debt service - interest	194	457	-57%
Cost of sales	284	294	-3%
Total expenses	13,880	13,958	-1%
Change in net position	\$ 319	\$ (50)	

Figure A-5 – Sources of Revenue

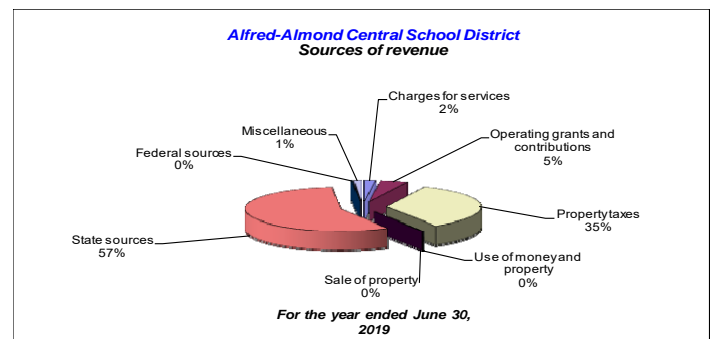


Figure A-6 - Expenses

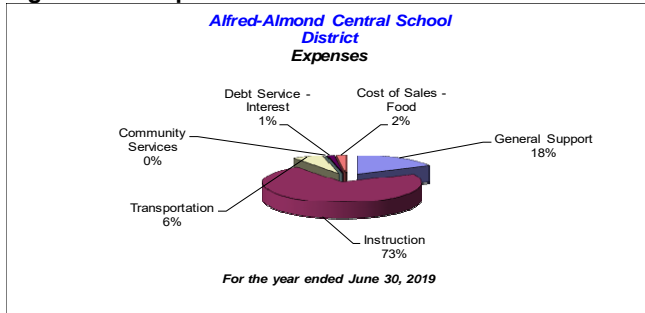


Figure A-7 – Expenditures Supported with Program Revenue

	Governmental Activities & Total District			
	2019		2018	
Expenditures supported with general revenue (from taxes & other sources)	\$ 12,953	93%	\$ 13,065	94%
Expenditures supported with program revenue	927	7%	893	6%
Total expenditures related to governmental activities	\$ 13,880	100%	\$ 13,958	100%

Figure A-8 – Net Cost of Governmental Activities

	Total cost of services			Net cost of services		
	2019	2018	Change	2019	2018	Change
General support	\$ 2,452	\$ 2,289	\$ 163	\$ 2,452	\$ 2,289	\$ 163
Instruction	10,093	10,052	41	9,472	9,457	15
Transportation	856	865	(9)	850	858	(8)
Community Services	1	1	0	1	1	(0)
Debt service - interest	194	457	(263)	194	457	(263)
Cost of sales - food	284	294	(10)	(16)	3	(19)
Total	\$ 13,880	\$ 13,958	\$ (78)	\$ 12,953	\$ 13,065	\$ (112)

V. Financial Analysis of the School District's Funds

It is important to note that variances between years for the governmental fund financial statements (Balance Sheets and Statement of Revenue, Expenditures and Changes in Fund Equity) are not the same as variances between years for the District-wide financial statements (Statement of Net Position and Statement of Activities). The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting, while the statement of net position is presented on the full accrual method of accounting. Therefore, governmental funds do not include long-term

V. Financial Analysis of the School District's Funds

debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt. Below is a description of the most significant changes to the fund financial statements from that reported in the previous year.

General Fund

- The District's general fund expenditures and other uses exceeded its revenue and other sources by approximately \$546,000.
- The District's general fund unassigned fund balance equaled approximately \$1,608,000 as of June 30, 2019.
- The District maintained many fund balance reserves during the year ended June 30, 2019, and had a total restricted fund balance of approximately \$2,671,000.
- The District's total assets increased approximately \$1,817,000 as of June 30, 2019 related to an increase in cash. The District's liabilities increased approximately \$2,363,000, primarily from an increase in accounts payable.
- Total revenue in the District's general fund increased \$226,000, which was primarily related to increases in basic state aid and BOCES aid.
- Total expenditures in the District's general fund increased \$1,046,000 primarily as a result of an increase in salaries and contractual expenditures.

Food Service Fund

- The District's food service fund experienced a \$16,000 increase in fund equity in the current year.
- Revenue and expenditures in the food service fund were \$302,000 and \$286,000, respectively, during 2019 as compared with \$294,000 and \$295,000 in 2018.

Special Aid Fund

- The District's special aid fund revenue and expenditures increased approximately \$57,000 or 13% which was primarily related to an increase in Title I and Title IV grant revenue in the current year.

Capital Projects Fund

- The District had expenditures and other uses in the amount of \$506,000 in capital projects during the year ended June 30, 2019, which was primarily related to costs associated with a capital outlay project, a security project, an emergency project, and the purchase of two school buses.

VI. General Fund Budgetary Highlight

Over the course of the year, the District makes many budget transfers. Actual expenditures were approximately \$480,000 below the revised budget. The most significant positive variances were in the areas of instruction and employee benefits which were \$167,000 and \$204,000, respectively, below that budgeted. On the other hand, resources available for appropriations were approximately \$82,000 above the final budgeted amount. The significant variances in revenue items consisted of favorable variances in local sources in the amount of \$138,000.

Figure A-9 – Budget vs. Actual Comparison

<i>Alfred-Almond Central School District</i>			
<i>General Fund - Budget vs Actual Comparison (in thousands of dollars)</i>			
	Revised Budget	Actual	Difference
Revenue			
Local sources	\$ 5,170	\$ 5,308	\$ 138
State sources	8,134	8,062	(72)
Federal sources	20	27	7
Other sources	-	9	9
Total revenue	\$ 13,324	\$ 13,406	\$ 82
Expenditures			
General support	\$ 2,005	\$ 1,969	\$ 36
Instruction	6,888	6,721	167
Transportation	600	510	90
Community services	2	1	1
Employee benefits	2,754	2,550	204
Debt service	1,473	1,473	-
Operating transfers	710	728	(18)
Total expenditures	\$ 14,432	\$ 13,952	\$ 480

VII. Capital Assets and Debt Administration

Capital Assets

As depicted in Figure A-10, as of June 30, 2019, the District had invested approximately \$17,733,000 in a broad range of capital assets, including reconstruction projects, transportation vehicles and other equipment. Capital additions made during the year ended June 30, 2019, totaled approximately \$593,000 and consisted primarily of costs associated with the District's capital outlay project and the acquisition of two buses. More detailed information about the District's capital assets is presented in the notes of the financial statements.

**VII. Capital Assets and Debt Administration
(continued)**

Long-term Debt

As depicted in Figure A-11, as of June 30, 2019, the District had approximately \$15,203,000 in bonds, compensated absences, net pension liability and other post-employment benefits, a decrease of approximately 4% as compared with the previous year. The decrease in bonds payable was the result of the District making regularly scheduled principal payments. The District's other post-employment benefits and NYS Employees Retirement System net pension liability increased during the year. The capital lease obligation and compensated absences both decreased.

Figure A-10 – Capital Assets

<i>Alfred-Almond Central School District</i>			
<i>Capital Assets (net of depreciation)</i>			
	Governmental Activities & Total District-wide		
	2019	2018	Change
Land	\$ 2,322	\$ 2,322	0%
Buildings	28,012,967	27,789,967	1%
Construction in progress	22,907	-	n/a
Equipment	3,997,513	3,699,908	8%
Accumulated depreciation	(14,303,202)	(13,289,855)	8%
Total Capital Assets, net	\$ 17,732,507	\$ 18,202,342	-3%

Figure A-11 – Outstanding Long-term Debt

<i>Alfred-Almond Central School District</i>			
<i>Outstanding Long-Term Debt and Liabilities</i>			
	Governmental Activities & Total District-wide		
	2019	2018	Change
Bonds payable	\$ 8,777,301	\$ 9,843,107	-11%
Net pension liability - ERS	219,369	108,370	102%
Other post-employment benefits	6,156,812	5,857,290	5%
Capital lease obligation	-	6,189	-100%
Compensated absences	49,125	83,525	-41%
Total Long-Term Debt	\$ 15,202,607	\$ 15,898,481	-4%

VIII. Factors Bearing on the District's Future

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

- The District is monitoring the health of the State's economy closely and waiting to see what the projections are for the funding of public education. The District receives a majority of its funding from state sources, so a reduction in state aid would have serious consequences for the District.

IX. Contacting the District's Financial Management

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

Alfred-Almond Central School District
Attention: Mrs. Tracie Preston
Superintendent
6795 Route 21
Almond, New York 14804

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2019

Schedule 1

Page 10

	<u>2019</u>	<u>2018</u>
Assets		
Cash		
Unrestricted	\$ 4,635,401	\$ 2,289,328
Restricted	3,195,512	3,669,859
Receivables		
State and federal aid	201,153	271,495
Other receivables	3,418	6,125
Due from other governments	538,396	452,564
Inventories	13,319	10,857
Prepaid expenditures	63,527	123,561
Net pension asset - NYS Teachers' Retirement System	490,240	206,013
Cash to be used for capital assets	148,938	100,000
Capital assets, net	17,732,507	18,202,342
Total assets	<u>27,022,411</u>	<u>25,332,144</u>
Deferred Outflows of Resources		
Deferred outflows related to pensions	2,849,070	3,170,651
Deferred outflows related to bonds	58,545	77,822
Deferred outflows related to OPEB	225,979	196,656
Total assets and deferred outflows of resources	<u>\$ 30,156,005</u>	<u>\$ 28,777,273</u>
Liabilities		
Current liabilities		
Accounts payable & retainage payable	\$ 2,023,419	\$ 198,613
Accrued liabilities	34,939	64,509
Accrued interest	32,000	35,000
Due to fiduciary funds	8,213	237
Due to retirement systems	543,791	498,037
Unearned revenue	124,072	4,447
Long-term liabilities		
Portion due or payable within one year		
Bonds payable	1,153,763	1,126,663
Capital lease obligation	-	6,188
Portion due or payable after one year		
Bonds payable	7,623,538	8,716,444
Net pension liability - NYS Employees' Retirement System	219,369	108,370
Other post-employment benefits	6,156,812	5,857,290
Compensated absences	49,125	83,525
Total liabilities	<u>17,969,041</u>	<u>16,699,323</u>
Deferred Inflows of Resources		
Deferred inflows related to pensions	703,555	921,183
Deferred inflows related to OPEB	394,495	387,210
Total liabilities and deferred inflows of resources	<u>19,067,091</u>	<u>18,007,716</u>
Net Position		
Net investment in capital assets	9,482,299	8,453,047
Restricted	3,195,512	3,669,859
Unrestricted (deficit)	<u>(1,588,897)</u>	<u>(1,353,349)</u>
Total net position	<u>11,088,914</u>	<u>10,769,557</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 30,156,005</u>	<u>\$ 28,777,273</u>

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Schedule 2

Page 11

	Expenses	Indirect Expenses Allocation	Program Revenues		2019 Net (Expense) Revenue and Changes in Net Position	2018 Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants		
Functions/Programs						
General support	\$ 2,267,328	\$ 184,608	\$ -	\$ -	\$ (2,451,936)	\$ (2,289,001)
Instruction	9,424,091	668,266	135,494	485,865	(9,470,998)	(9,456,359)
Pupil transportation	645,647	210,348	-	6,019	(849,976)	(857,963)
Community services	1,312	-	-	-	(1,312)	(1,366)
Debt service	194,346	-	-	-	(194,346)	(456,898)
Food service program	283,732	-	145,749	154,351	16,368	(2,896)
Depreciation	1,063,222	(1,063,222)	-	-	-	-
Total functions and programs	\$ 13,879,678	\$ -	\$ 281,243	\$ 646,235	(12,952,200)	(13,064,483)
General Revenues						
Real property taxes					4,962,082	4,970,148
Use of money and property					23,707	9,159
Sale of property and compensation for loss					6,977	8,199
Miscellaneous					189,498	168,449
State sources					8,061,848	7,768,388
Federal sources					27,445	89,968
Total general revenues					13,271,557	13,014,311
Change in net position					319,357	(50,172)
Net position - beginning of year					10,769,557	14,491,499
Prior period adjustments					-	(3,671,770)
Net position - end of year					\$ 11,088,914	\$ 10,769,557

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2019

Schedule 3

Page 12

	Governmental Funds					2019	2018
	General	Special Aid	Food Service	Debt Service	Capital Projects	(Memo only) Total	(Memo only) Total
Assets							
Unrestricted cash	\$ 4,453,070	\$ 136,614	\$ 45,717	\$ -	\$ -	\$ 4,635,401	\$ 2,289,328
Restricted cash	2,671,359	-	-	524,010	149,081	3,344,450	3,769,859
Due from other funds	228,590	-	55,571	143	543,115	827,419	137,983
State and federal aid receivable	97,293	92,606	11,254	-	-	201,153	271,495
Other receivables	2,825	-	593	-	-	3,418	6,125
Due from other governments	538,396	-	-	-	-	538,396	452,564
Inventories	-	-	13,319	-	-	13,319	10,857
Prepaid items	63,527	-	-	-	-	63,527	123,561
Total assets	<u>\$ 8,055,060</u>	<u>\$ 229,220</u>	<u>\$ 126,454</u>	<u>\$ 524,153</u>	<u>\$ 692,196</u>	<u>\$ 9,627,083</u>	<u>\$ 7,061,772</u>
Liabilities and Fund Equity							
Liabilities							
Accounts payable	\$ 1,819,874	\$ 630	\$ 37,955	\$ -	\$ 156,810	\$ 2,015,269	\$ 198,613
Retainage payable	-	-	-	-	8,150	8,150	-
Accrued liabilities	34,939	-	-	-	-	34,939	64,509
Due to other funds	606,899	228,590	-	-	143	835,632	138,220
Unearned revenue	119,233	-	4,839	-	-	124,072	4,447
Due to Teachers' Retirement System	504,864	-	-	-	-	504,864	455,366
Due to Employees' Retirement System	38,927	-	-	-	-	38,927	42,671
Total liabilities	<u>3,124,736</u>	<u>229,220</u>	<u>42,794</u>	<u>-</u>	<u>165,103</u>	<u>3,561,853</u>	<u>903,826</u>
Fund Equity							
Nonspendable	63,527	-	13,319	-	-	76,846	134,418
Restricted	2,671,359	-	-	524,153	-	3,195,512	3,669,859
Assigned	586,993	-	70,341	-	527,093	1,184,427	650,108
Unassigned	1,608,445	-	-	-	-	1,608,445	1,703,561
Total fund equity	<u>4,930,324</u>	<u>-</u>	<u>83,660</u>	<u>524,153</u>	<u>527,093</u>	<u>6,065,230</u>	<u>6,157,946</u>
Total liabilities and fund equity	<u>\$ 8,055,060</u>	<u>\$ 229,220</u>	<u>\$ 126,454</u>	<u>\$ 524,153</u>	<u>\$ 692,196</u>	<u>\$ 9,627,083</u>	<u>\$ 7,061,772</u>

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND EQUITY – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule 4

Page 13

	Governmental Funds						2019	2018
	General	Special Aid	Food Service	Debt Service	Capital Projects	(Memo only) Total	(Memo only) Total	
Revenue								
Real property taxes	\$ 4,962,082	\$ -	\$ -	\$ -	\$ -	\$ 4,962,082	\$ 4,970,148	
Charges for services	135,494	-	-	-	-	135,494	161,510	
Use of money and property	13,276	-	55	10,431	-	23,762	9,211	
Sale of property compensation for loss	6,977	-	-	-	-	6,977	4,448	
Miscellaneous	189,498	-	48,144	-	-	237,642	219,134	
State sources	8,061,848	85,063	5,179	-	-	8,152,090	7,866,158	
Federal sources	27,445	406,821	132,541	-	-	566,807	563,693	
Surplus food	-	-	16,631	-	-	16,631	16,802	
Sales (school food service)	-	-	97,550	-	-	97,550	93,234	
Total revenue	13,396,620	491,884	300,100	10,431	-	14,199,035	13,904,338	
Expenditures								
General support	1,968,855	-	88,295	-	-	2,057,150	1,851,113	
Instruction	6,721,437	425,307	-	-	-	7,146,744	6,697,875	
Pupil transportation	509,656	6,019	-	-	222,763	738,438	611,103	
Community services	1,312	-	-	-	-	1,312	1,366	
Employee benefits	2,549,779	76,796	21,320	-	-	2,647,895	2,837,315	
Debt service								
Principal	1,132,852	-	-	-	-	1,132,852	1,054,334	
Interest	339,974	-	-	-	-	339,974	424,045	
Capital outlay	-	-	-	-	273,556	273,556	76,089	
Cost of sales	-	-	114,243	-	-	114,243	107,363	
Other expenses	-	-	62,350	-	-	62,350	62,824	
Total expenditures	13,223,865	508,122	286,208	-	496,319	14,514,514	13,723,427	
Excess (deficiency) of revenue over expenditures	172,755	(16,238)	13,892	10,431	(496,319)	(315,479)	180,911	
Other sources and uses								
Proceeds from the refunding of bonds	-	-	-	-	-	-	5,172,822	
Payment for the refunding of bonds	-	-	-	-	-	-	(5,172,822)	
Issuance of serial bonds	-	-	-	-	222,763	222,763	108,663	
Operating transfers in	9,351	16,238	2,116	-	710,000	737,705	120,939	
Operating transfers out	(728,354)	-	-	-	(9,351)	(737,705)	(120,939)	
Total other sources (uses)	(719,003)	16,238	2,116	-	923,412	222,763	108,663	
Excess (deficiency) of revenue and other sources over expenditures and other uses	(546,248)	-	16,008	10,431	427,093	(92,716)	289,574	
Fund equity, beginning of year	5,476,572	-	67,652	513,722	100,000	6,157,946	5,868,372	
Fund equity, end of year	\$ 4,930,324	\$ -	\$ 83,660	\$ 524,153	\$ 527,093	\$ 6,065,230	\$ 6,157,946	

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2019

Schedule 5

Page 14

	Private Purpose Trusts	Agency Funds	Total 6/30/2019	(Memo only) Total 6/30/2018
Assets				
Cash	\$ 10,013	\$ 255,959	\$ 265,972	\$ 57,909
Accounts receivable	-	650	650	28,910
Due from other funds	-	8,213	8,213	237
Total assets	\$ 10,013	\$ 264,822	\$ 274,835	\$ 87,056
Liabilities				
Accrued liabilities	\$ -	\$ 204,539	\$ 204,539	\$ 19,169
Student extraclassroom activity funds	-	60,283	60,283	57,874
Total liabilities	-	264,822	264,822	77,043
Net Position				
Reserved for scholarships	10,013	-	10,013	10,013
Total liabilities and net position	\$ 10,013	\$ 264,822	\$ 274,835	\$ 87,056

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019

Schedule 6

Page 15

	6/30/2019	(Memo only) 6/30/2018
Additions		
Gifts and contributions	\$ -	\$ -
Interest earnings	-	-
Total additions	-	-
Deductions		
Other expenses	-	-
Change in net position	-	-
Net position - beginning of year	10,013	10,013
Net position - end of year	\$ 10,013	\$ 10,013

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2019

Total fund balances - governmental funds \$ 6,065,230

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets consist of the following at year-end:

Cost of the assets	\$ 32,035,709	
Accumulated depreciation	<u>(14,303,202)</u>	17,732,507

District's proportionate share of the net pension asset is reported on the statement of net position, whereas in the governmental funds pension costs are based on required contributions.	490,240
--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	---------

Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(32,000)
------------------------------------------------------------------------------------------------------------------------------	----------

Net deferred inflows/outflows of resources related to actuarial pension differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds, pension expense is based on required contributions.	2,145,515
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------

Net deferred inflows/outflows of resources related to actuarial OPEB differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds, OPEB expense is based on required contributions.	(168,516)
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	-----------

Deferred outflows from the refunding of debt is reported in the statement of net position and is amortized over the refunded debt. In the governmental funds the total sources and payments related to the refunding are recognized in statement of revenue, expenditures and changes in fund equity.	58,545
-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:

Bonds payable	(8,777,301)	
Net pension liability - ERS	(219,369)	
Other post-employment benefits	(6,156,812)	
Compensated absences	<u>(49,125)</u>	<u>(15,202,607)</u>

Total net position - governmental activities \$ 11,088,914

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Net Position
Assets					
Cash	\$ 7,979,851	\$ -	\$ -	\$ (148,938)	\$ 7,830,913
Due from other funds	827,419	-	-	(827,419)	-
State and federal aid receivable	201,153	-	-	-	201,153
Other receivables	3,418	-	-	-	3,418
Due from other governments	538,396	-	-	-	538,396
Prepaid expenditures	63,527	-	-	-	63,527
Inventories	13,319	-	-	-	13,319
Net pension asset - TRS	-	490,240	-	-	490,240
Cash to be used for capital assets	-	-	-	148,938	148,938
Capital assets, net	-	17,732,507	-	-	17,732,507
Total assets	9,627,083	18,222,747	-	(827,419)	27,022,411
Deferred Outflows of Resources					
Deferred outflows related to pensions	-	2,849,070	-	-	2,849,070
Deferred outflows related to bonds	-	58,545	-	-	58,545
Deferred outflows related to OPEB	-	225,979	-	-	225,979
Total assets and deferred outflows of resources	\$ 9,627,083	\$ 21,356,341	\$ -	\$ (827,419)	\$ 30,156,005
Liabilities, Deferred Inflows of Resources and Fund Equity/Net Position					
Liabilities					
Accounts payable	\$ 2,015,269	\$ -	\$ -	\$ -	\$ 2,015,269
Retainage payable	8,150	-	-	-	8,150
Accrued liabilities	34,939	-	-	-	34,939
Accrued interest	-	-	32,000	-	32,000
Due to other funds	835,632	-	-	(827,419)	8,213
Unearned revenue	124,072	-	-	-	124,072
Due to retirement systems	543,791	-	-	-	543,791
Bonds payable	-	-	8,777,301	-	8,777,301
Net pension liability - ERS	-	-	219,369	-	219,369
Other post-employment benefits	-	-	6,156,812	-	6,156,812
Compensated absences	-	-	49,125	-	49,125
Total liabilities	3,561,853	-	15,234,607	(827,419)	17,969,041
Deferred Inflows of Resources					
Deferred inflows related to pensions	-	-	703,555	-	703,555
Deferred inflows related to OPEB	-	-	394,495	-	394,495
Total liabilities and deferred inflows of resources	3,561,853	-	16,332,657	(827,419)	19,067,091
Fund equity/net position					
Total liabilities, deferred inflows of resources and fund equity/position	\$ 9,627,083	\$ 21,356,341	\$ -	\$ (827,419)	\$ 30,156,005

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES
AND CHANGES IN FUND EQUITY TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

Total net change in fund balances - governmental funds	\$	(92,716)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Activity for the current fiscal year ended was as follows:		
Capital outlays	\$ 593,387	
Depreciation expense	<u>(1,063,222)</u>	(469,835)
Repayment of bond principal, including bond refunding, is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		1,132,852
Proceeds from the issuance of long-term debt, including bond refunding, is recorded as revenue in governmental funds. However, in the statement of activities, proceeds from long-term debt are not recorded as revenue. Rather, long-term debt is recorded as a liability in the statement of net position.		(222,763)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus required the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. In addition, premiums received on bonds and bond anticipation notes are recorded as revenue in the governmental funds in the year received, whereas in the statement of activities premiums are amortized to interest expense. Lastly, amortization of deferred outflows related to bond refundings are also reflected in the statement of activities.		145,628
District's proportionate share of actuarial calculated pension expense and net amortization of deferred amounts are recorded in the statement of activities, whereas in the governmental funds pension expense is based on the District's required contribution to pension plans.		69,275
District's actuarial calculated OPEB expense and net amortization of deferred outflows and inflows related to OPEB are recorded in the statement of activities, whereas in the governmental funds, OPEB expense is based on the District's contribution to the OPEB plan.		(277,484)
In the statement of activities, certain operating expenses - compensated absences - are measured by the amounts earned during the year. In the governmental funds however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts earned exceeded the amounts paid).		<u>34,400</u>
Change in net position of governmental activities	\$	<u><u>319,357</u></u>

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Activities Totals
Revenue					
Real property taxes	\$ 4,962,082	\$ -	\$ -	\$ -	\$ 4,962,082
Charges for services	135,494	-	-	(135,494)	-
Use of money and property	23,762	-	-	(55)	23,707
Sale of property compensation for loss	6,977	-	-	-	6,977
Miscellaneous	237,642	-	-	(48,144)	189,498
State sources	8,152,090	-	-	(90,242)	8,061,848
Federal sources	566,807	-	-	(539,362)	27,445
Surplus food	16,631	-	-	(16,631)	-
Sales (school food service)	97,550	-	-	(97,550)	-
Total revenue	14,199,035	-	-	(927,478)	13,271,557
Expenditures					
General support	2,057,150	158,783	-	236,003	2,451,936
Instruction	7,146,744	622,499	(34,400)	1,736,155	9,470,998
Pupil transportation	738,438	(35,415)	-	146,953	849,976
Community services	1,312	-	-	-	1,312
Employee benefits	2,647,895	-	208,209	(2,856,104)	-
Debt service	1,472,826	-	(1,278,480)	-	194,346
Capital outlay	273,556	(273,556)	-	-	-
Cost of sales	114,243	-	-	(130,611)	(16,368)
Other expenses	62,350	(2,476)	-	(59,874)	-
Total expenditures	14,514,514	469,835	(1,104,671)	(927,478)	12,952,200
Excess (deficiency) of revenue over expenditures	(315,479)	(469,835)	1,104,671	-	319,357
Other sources and uses					
Issuance of serial bonds	222,763	-	(222,763)	-	-
Operating transfers in	737,705	-	-	(737,705)	-
Operating transfers out	(737,705)	-	-	737,705	-
Total other sources (uses)	222,763	-	(222,763)	-	-
Net change for year	\$ (92,716)	\$ (469,835)	\$ 881,908	\$ -	\$ 319,357

**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Page 18

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Significant Accounting Policies

The accompanying financial statements of the **Alfred-Almond Central School District** have been prepared in conformity with generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standard setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The financial statements include all funds and account groups of the School District as well as the component units and other organizational entities determined to be includable in the School District's financial reporting entity.

The decision to include a potential component unit in the School 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 review of certain entities included in the School District's reporting entity:

1. The Extraclassroom Activity Funds

The extraclassroom activity funds of the **Alfred-Almond Central School District** represents funds of the students of the School District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the School District with respect to its financial transactions, and the designation of student management. The cash and investment balances are reported in the Agency Fund of the District. The audited financial statements (cash basis) of the extraclassroom activity funds are available at the District's offices.

B. Joint Venture

The **Alfred-Almond Central School District** is a component of the Supervisory District of the Greater Southern Tier Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Joint Venture (continued)

BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law.

A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component school district's share of the administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section 1950(4)(b)(7).

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

During the year, the District was billed approximately \$2,449,000 for BOCES administration and program costs. The District's share of BOCES aid and refunds amounted to \$1,182,000 the year ended June 30, 2019. Financial statements for the Greater Southern Tier BOCES are available at the BOCES administrative offices.

C. Basis of Presentation

1. 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 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

1. District-wide Statements (continued)

The Statement of Activities presents a comparison between direct expenses and program 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.

2. Fund Financial Statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

General - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

Special Aid - is used to account for the proceeds of specific revenue sources such as Federal and State grants, that are legally restricted to expenditures for specified purposes, whose funds are restricted as to use. These legal restrictions may be imposed by either governments that provide the funds or outside parties.

Food Service - is used to account for all revenue and expenditures pertaining to the cafeteria operations.

Capital Projects - is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

Debt Service - is used to account for the accumulation of resources and the payment of general long-term debt principal and interest.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

2. Fund Financial Statements (continued)

Fiduciary Fund Types - This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used. Included in the Fiduciary Fund are Private Purpose Trust Funds and Agency Funds. Agency Funds are custodial in nature (assets equal liabilities) and generally are accounted for on the cash basis which approximates the modified accrual basis of accounting. Private Purpose Trust Funds are accounted for on the accrual basis of accounting.

D. Measurement Focus and Basis of Accounting

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

The 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 the current period or soon enough thereafter to be used to pay liabilities of the current period. Non-expendable trust funds are accounted for on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recorded when incurred.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus and Basis of Accounting (continued)

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. Cash and Cash Equivalents

For financial statement purposes, all highly liquid investments of three months or less are considered as cash equivalents. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance.

F. Inventory

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 which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase.

G. Investments

Investments are stated at current market value.

H. Capital Assets

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

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 1,000	Straight-line	15-40 years
Machinery and equipment	\$ 1,000	Straight-line	5-20 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Due To/From Other Funds

The amounts reported on the Statement of Net Position for due to and from other funds represents amounts due between different fund types (governmental activities, and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these notes.

J. Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical 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. The District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods. The District has recorded an estimated liability in the District-wide financial statement amounting to \$49,125. Payment of these benefits is dependent on many factors; therefore, the timing of future payments is not readily determinable.

The District believes sufficient resources and budgetary appropriations will be available as the benefits become payable in future years. The liability for compensated absences is calculated at rates in effect as of the balance sheet date and is recorded in the district-wide financial statements.

K. Unearned Revenue

Unearned revenue is reported on the District's combined balance sheet and the government-wide statement of net position. Unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Post-Employment Benefits

In addition to the retirement benefits described in Note 3VA, the District provides post-employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the School District and its employee groups. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

M. Deferred Inflows and Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has four items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is the District contributions to the pension systems (TRS and ERS Systems) and benefits paid for the OPEB plan subsequent to the measurement date. The third item relates to OPEB reporting in the district-wide Statement of Net Position. This represents the actuarial differences that are deferred and amortized. The fourth item is the deferred charge on refunding reported in the district-wide Statement of Net Position, which is amortized over the life of the remaining debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Deferred Inflows and Outflows of Resources (continued)

The District has two items that qualify for reporting in this category and is related to pensions reported in the district-wide Statement of Net Position. The first item represents the effect of the net change in the District's proportion of the collective net pension liability (ERS and TRS Systems) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item relates to OPEB reporting in the District-wide Statement of Net Position. This represents the actuarial differences that are deferred and amortized.

N. Fund Equity

1. Governmental Funds

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be reported within one of the fund balance categories listed below:

A. Nonspendable

Fund balance associated with assets that are inherently nonspendable in the current period because of their form or because they must be maintained intact, including inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned). Nonspendable Fund Balance includes the following category:

1. Inventory Reserve

This reserve is used to limit the investment in inventory and to restrict that portion of fund balance which is unavailable for appropriation. This reserve is accounted for in the School Food Service Fund.

2. Prepaid Expenses

This reserve is used to account for expenditures that were prepaid at the end of the fiscal year. This reserve is accounted for in the General Fund.

B. Restricted

Fund balance amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors,

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

grantors, contributors, etc., or through enabling legislation. Restricted Fund Balance includes the following categories:

1. Reserve for Employee Benefits

The purpose of this reserve is to reserve funds for the payment of any accrued employee benefit due an employee upon termination of service. This reserve fund may be established by a majority vote of the Board of Education 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.

2. Reserve for Retirement System Credits

This reserve is used to accumulate funds for employee retirement system contributions. The reserve may be established by a majority vote of the Board of Education and is accounted for in the General Fund.

3. Capital Reserve

This reserve is used to accumulate funds to finance all or a portion of future capital projects for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve. The reserve is accounted for in the General Fund or Capital Projects Fund.

4. Reserve for Unemployment Insurance

This reserve is used to accumulate funds to pay the cost of reimbursement to the New York State Unemployment Insurance Fund for payments made to claimants. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. This reserve is accounted for in the General Fund.

5. Debt Service Reserve

This reserve is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations, and remaining bond proceeds not to be utilized for the intended purpose. These reserves are accounted for in the Debt Service Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

6. Endowment Scholarships Reserve

This reserve is used to account for endowments, scholarships and other funds held in trust by the School District. These monies and earnings must be used for the specific purpose of the original contribution. This reserve is accounted for in the private purpose trust fund.

7. Workers' Compensation Reserve

This reserve is used to accumulate funds for the purpose of paying for compensation benefits and other expenditures authorized under Article 2 of the New York State Workers' Compensation Law, and for payment of expenditures of administering this self-insurance program. Excess reserve amounts may be either transferred to another reserve or applied to the appropriations for the next fiscal year's budget. The reserve is accounted for in the General Fund.

C. Committed

Fund balance amounts that can be used only for specific purposes determined by a formal action of the District's Board of Education, which is the District's highest level of decision-making authority. The District did not have any committed fund balance as of June 30, 2019.

D. Assigned

Fund balance intended to be used by the District for specific purposes but does not meet the criteria to be restricted or committed. Along with the District's Board of Education, the Business Manager and Treasurer has been authorized to assign fund balance amounts for specific purposes through the establishment of an encumbrance.

1. Encumbrance Reserve

Encumbrance accounting, under which purchase orders, contracts, and other commitments of the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the General Fund, Special Revenue Funds, and Capital Projects Fund. The District had outstanding encumbrances as of June 30, 2019 in the amount of \$59,741.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

D. Assigned

Fund balance intended to be used by the District for specific purposes but does not meet the criteria to be restricted or committed. Along with the District's

2. Appropriated Fund Equity

General Fund - The amount of \$527,252 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2020 as allowed by Section 1318 of the Real Property Tax Law.

E. Unassigned

The residual classification of the general fund and includes all spendable amounts not contained in the other classifications.

2. Government-wide financial statements

A. Net Investment in Capital Assets

This designation of net position is used to accumulate the capital asset balance in the statement of net position less accumulated depreciation and outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

B. Restricted

This category represents amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation.

C. Unrestricted

This category represents net position of the District not restricted for any other purpose.

3. Order of Fund Balance Spending Policy

When more than one classification of fund balance of the District are eligible to be utilized for an expenditure of the District, the order in which the fund balance classifications will be utilized will be as follows:

- a. Restricted fund balance for which action has been taken by the Board of Education, a designated school official, or by the voters of the District, specifically designating funds to the expenditure;

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

3. Order of Fund Balance Spending Policy (continued)

- b. Committed fund balance for which action has been taken by the Board of Education, a designated school official, or by the voters of the District, specifically designating funds to the expenditure;
- c. Assigned fund balance created specifically for the expenditure (encumbered fund balance);
- d. Assigned fund balance within funds other than the General Fund of the District to which the expenditure relates;
- e. Unassigned fund balance.

O. Budgetary Procedures and Budgetary Accounting

1. Budget Policies

The budget policies are as follows:

- a) The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund and the School Food Service Fund.
- b) The proposed appropriations budget is approved by the voters within the District.
- c) Appropriations are adopted at the program level.
- d) Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The District had supplemental appropriations during the fiscal year ended June 30, 2019 in the amount of \$610,000 of which \$450,000 was transferred from the capital reserve to fund an upcoming capital project, \$100,000 transferred from the capital reserve for a security project, and \$60,000 from unassigned for an emergency project.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Budgetary Procedures and Budgetary Accounting (continued)

2. Budget Basis for Accounting

Budgets are adopted annually on a basis consistent with the fund financial statements and the modified accrual basis of accounting. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year.

The budget and actual comparison for the Food Service Fund reflects budgeted and actual amounts for funds with legally authorized (appropriated) budgets.

Budgetary controls for the special revenue and capital funds are established in accordance with the applicable grant agreement or authorized project limit which may cover a period other than the District's fiscal year. Consequently, the budgets for such funds have been excluded from the combined schedule of revenue, expenditures and changes in fund equity - budget and actual.

P. Property Taxes

1. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on October 31.

2. Enforcement

Uncollected real property taxes are subsequently enforced by the Counties, in which the School District is located. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the School District no later than the forthcoming April 1.

Q. Interfund Transfers

The operations of the School District give rise to certain transactions between funds, including transfers to provide services and construct assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Deferred Compensation Plan

Alfred-Almond Central School District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b) - Tax Sheltered Annuities (TSA). The plan is available to all school employees and permits them to defer taxation on a portion of their salary until future years. The deferred portion is withheld by the District and disbursed to the employees' TSA plan administrator. The TSA plans are owned by the individuals and held in trust by the plan administrator. The School District has a fiduciary responsibility for funds withheld and remittance to trustees.

S. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses.

T. Reclassifications

Certain prior year amounts have been reclassified to conform with current year presentations.

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

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

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

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

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

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities (continued)

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

1. Long-term Revenue Differences

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

2. Capital Related Differences

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

3. Long-term Debt Transaction Differences

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

4. 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.

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

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities (continued)

5. OPEB Differences

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS

I. Cash

The *Alfred-Almond Central School District's* investment policies are governed by State statutes. School District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The District treasurer is authorized to use demand accounts and certificates of deposits. Permissible investments include obligations of the U.S. Treasury and U.S. 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 Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and School Districts.

A. Deposits

Deposits are valued at cost or cost plus interest and are categorized as either:

- (1) Insured through the Federal Deposit Insurance Corporation or collateralized with securities held by the entity or by its agent in the entity's name;
- (2) Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name; or
- (3) Uncollateralized

Total financial institution (bank) balances at June 30, 2019 per the bank were approximately \$8,313,000. Deposits are categorized as follows:

<u>Category 1</u>	<u>Category 2</u>	<u>Carrying Value</u>
\$ 250,000	\$ 8,063,000	\$ 8,313,000

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

I. Cash (continued)

A. Deposits (continued)

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. While the District does not have a specific policy with regards to custodial credit risk, New York State statutes govern the District's investment policies. At June 30, 2019, the District's bank deposits were fully collateralized.

II. Interfund Transactions

Interfund balances as of June 30, 2019 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 228,590	\$ 606,899
School Lunch Fund	55,571	-
Special Aid Fund	-	228,590
Debt Service Fund	143	-
Capital Fund	543,115	143
Fiduciary Funds	8,213	-
Total	\$ 835,632	\$ 835,632

Interfund transfers during the fiscal year ended June 30, 2019 were as follows:

	<u>Interfund Revenue</u>	<u>Interfund Expense</u>
General Fund	\$ 9,351	\$ 728,354
School Lunch Fund	2,116	-
Capital Fund	710,000	9,351
Special Revenue	16,238	-
Debt Service Fund	-	-
Total	\$ 737,705	\$ 737,705

During the current year ended June 30, 2019, the District transferred \$710,000 from the General Fund to the Capital Project Fund to pay for the capital outlay project, capital projects, and an emergency capital project. In addition, \$2,116 was transferred from the General Fund to the School Lunch Fund. The District also transferred \$9,351 from the Capital Project fund to the General Fund which represented unspent funds from the emergency project. \$16,238 was also transferred from the General Fund to the Special Revenue Fund to cover its local share of the summer school/Section 4408 program.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

III. Receivables

Receivables at June 30, 2019 consisted of the following, which are stated at net realizable value. District management has deemed the amounts to be fully collectible.

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Special Aid	State and Federal Aid	\$ 92,606
Food Service	State and Federal Aid	11,254
Food Service	Other Receivables	593
General	State and Federal Aid	97,293
General	Due from Other Governments	538,396
General	Other Receivables	2,825
		<u>\$ 742,967</u>

IV. Capital Assets

Capital asset balances and activity for the year ended June 30, 2019 were as follows:

	<u>Beginning Balance 06/30/18</u>	<u>Net Additions (Disposals)</u>	<u>Ending Balance 06/30/19</u>
Governmental activities:			
Capital assets that are not depreciated:			
Land	\$ 2,322	-	\$ 2,322
Construction-in-progress	-	22,907	22,907
Capital assets that are depreciated:			
Buildings and improvements	27,789,967	223,000	28,012,967
Machinery and equipment	3,699,908	347,480	3,997,513
Total historical cost	31,492,197	593,387	32,035,709
Less accumulated depreciation:			
Buildings and improvements	10,513,275	726,851	11,240,126
Furniture and equipment	2,776,580	336,371	3,063,076
Total accumulated depreciation	13,289,855	1,063,222	14,303,202
Total net book value	\$18,202,342		\$17,732,507

**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

IV. Capital Assets (continued)

Depreciation expense was charged to governmental functions as follows:

General support	\$	184,608
Instruction		668,266
Pupil transportation		210,348
	\$	<u>1,063,222</u>

During the fiscal year ended June 30, 2019, the District had capital additions in the amount of \$593,387 related to bus purchases, security upgrades, and smaller equipment purchases.

V. Liabilities

A. Pension Plans

1. Plan Descriptions and Benefits Provided

a. Teachers' Retirement System (TRS)

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

1. Plan Descriptions and Benefits Provided (continued)

b. 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 (RSSL). Once a public employer elects to participate in the System, the election is irrevocable.

The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

2. Contributions

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

2. Contributions (continued)

For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

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

	TRS	ERS
2019	\$ 486,000	\$ 161,000
2018	433,000	168,000
2017	503,000	164,000

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

3. Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the District reported the following asset (liability) for its proportionate share of the net pension asset (liability) for each of the Systems.

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 43,198	\$ 366,352	\$ 14,726	\$ 66,361
Changes of assumptions	55,141	1,713,710	-	-
Net difference between projected and actual earnings on pension plan investments	-	-	56,302	544,204
Changes in proportion and differences between the Districts contributions and proportionate share of contributions	85,531	60,681	14,547	7,415
District's contributions subsequent to the measurement date	38,927	485,530	-	-
Total	\$ 222,797	\$ 2,626,273	\$ 85,575	\$ 617,980

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

3. Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The net pension asset (liability) was measured as of March 31, 2019 for ERS and June 30, 2018 for TRS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation. The District's proportion of the net pension asset (liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

Actuarial measurement date	ERS	TRS
	3/31/2019	6/30/2018
Net pension asset (liability)	\$ (219,369)	\$ 490,240
District's portion of the Plan's total net pension asset (liability)	.0030961%	.0271111%

For the year ended June 30, 2019, the District's recognized pension expense of \$181,618 for ERS and \$392,085 for TRS. At June 30, 2019, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

3. Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

Year ending:	ERS	TRS
2020	\$ 75,998	\$ 502,995
2021	(22,621)	345,233
2022	10,266	46,796
2023	34,652	344,078
2024	-	230,613
Thereafter	-	53,048

4. 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:

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	3/31/2019	6/30/2018
Actuarial valuation date	4/1/2018	6/30/2017
Interest rate	7%	7.25%
Salary scale	4.2% average	1.90% - 4.72%
	4/1/10 – 3/31/15	7/1/09 – 6/30/14
	System's	System's
Decrement tables	Experience	Experience
Inflation rate	2.5%	2.25%

For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2014.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

4. Actuarial Assumptions (continued)

For ERS, the actuarial assumptions used in the April 1, 2018 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2017 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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:

Measurement date	ERS	Expected	TRS	Expected
	3/31/19	Rate of Return	6/30/18	Rate of Return
Asset Type:				
Domestic Equity	36%	4.55%	33%	5.8%
International Equity	14%	6.35%	16%	7.3%
Global Equity	-%	-%	4%	6.7%
Private Equity	10%	7.50%	8%	8.9%
Real Estate	10%	5.55%	11%	4.9%
Absolute return strategies	2%	3.75%	-%	-%
Opportunistic portfolio	3%	5.68%	-%	-%
Real assets	3%	5.29%	-%	-%
Domestic fixed income securities	-%	-%	16%	1.3%
Global fixed income securities	-%	-%	2%	0.9%
Real estate debt	-%	-%	7%	2.8%
Private debt	-%	-%	1%	6.8%
Short-term debt	-%	-%	1%	0.3%
High-yield fixed income	-%	-%	1%	3.5%
Bonds and Mortgages	17%	1.31%	-%	-%
Cash	1%	(.25%)	-%	-%
Inflation-indexed bonds	4%	1.25%	-%	-%
Total	100%		100%	

5. Discount Rate

The discount rate used to calculate the total pension asset (liability) was 7% for ERS and 7.25% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

5. Discount Rate (continued)

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).

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

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 7% for ERS and 7.25% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1- percentage point lower (6% for ERS and 6.25% for TRS) or 1- percentage point higher (8% for ERS and 8.25% for TRS) than the current rate:

	1% Decrease (6%)	Current Assumption (7%)	1% Increase (8%)
ERS			
Employer's proportionate share of the net pension asset (liability)	\$ (959,118)	\$ (219,369)	\$ 402,072
	1% Decrease (6.25%)	Current Assumption (7.25%)	1% Increase (8.25%)
TRS			
Employer's Proportionate share of the net pension asset (liability)	\$ (3,368,028)	\$ 490,240	\$ 3,722,396

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

7. Pension Plan Fiduciary Net Position

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

Measurement date	(Dollars in Thousands)	
	ERS 3/31/2019	TRS 6/30/2018
Employers' total pension liability	\$ 189,803,429	\$ 118,107,253
Plan net position	\$ 182,718,124	\$ 119,915,517
Employers' net pension asset (liability)	\$ (7,085,305)	\$ 1,808,264
Ratio of plan net position to be Employers' total pension asset (liability)	96.27%	101.53%

8. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2019 represent the projected employer contribution for the period of April 1, 2019 through June 30, 2019 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2019 amounted to \$38,927.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2019 are paid to the System in September, October and November 2019 through a state aid intercept. Accrued retirement contributions as of June 30, 2019 represent employee and employer contributions for the fiscal year ended June 30, 2019 based on paid TRS 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, 2019 amounted to \$504,864 (employer contribution \$485,530 and employee contributions of \$19,334).

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits

Plan Description

The District maintains a single-employer defined benefit healthcare plan (the Plan). The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefit provisions are based on bargaining agreements as negotiated from time to time. The Plan does not issue a publicly available financial report. Eligibility for the Plan is established by the District and specified in the District's employment contracts.

Employees Covered by Benefit Terms

For the fiscal year ended June 30, 2018 the plan had total active employees of 67, survivor 1, and retirees of 26.

Total OPEB Liability

The District's total OPEB liability of \$6,156,812 was measured as of June 30, 2018 and was determined by an actuarial valuation as of July 1, 2017.

Actuarial Methods and Other Inputs

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

Inflation	2.25% per year
Discount rate	3.56% as of June 30, 2017 and 3.62% as of June 30, 2018
Healthcare cost trend rates	Pre-65 medical trend 2018 – 7.00% reduced to an ultimate rate of 3.886% after 2070. For post-65 medical trend 2019 – 5% reduced to an ultimate rate of 3.886% after 2075.
Retirees' share of benefit-related costs	For Principals and Superintendent, District pays 100% of single/family premium for up to 10 and 15 years respectively based on the number of sick days at retirement (one month of coverage per unused sick day). Retirees pay 100% after. For teachers, district contribution based on number of sick days at retirement and the year employees' retire based on contract.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

Changes in the Total OPEB Liability

The discount rate was based on a yield Fidelity General Obligation 20 year AA municipal bond index as of June 30, 2018.

Sex-distinct RPH-2014 Mortality Tables for employees and healthy annuitants, adjusted backward to 2006 with Scale MP-2014, and then adjusted for mortality improvements with Scale MP-2017 mortality improvement scale on a fully generational basis.

The actuarial assumptions used in the June 30, 2018 valuation represent a long-term expectation of future OPEB outcomes.

Service cost	\$ 286,589
Interest	215,222
Change of benefit terms	92,441
Differences between expected and actual experience	-
Changes in assumptions	(98,074)
Benefit payments	(196,656)
Net changes	299,522
Net OPEB liability – beginning of year	5,857,290
Net OPEB liability – end of year	\$ 6,156,812

Changes in benefit terms reflect changes to the benefit terms from NY44 Option A to Univera PPO Signature Copay 1 Plan. Changes in assumptions reflect changes in the discount rate of 3.56% in 2018 to 3.62% in 2019 and changes in the healthcare cost trend rate of 7.25% to 3.886% in 2018 to 7.0% to 3.886% in 2019.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.62%) or 1 percentage point higher (4.62%) than the current discount rate:

**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

	1% Decrease (2.62%)	Current Assumption (3.62%)	1% Increase (4.62%)
Total OPEB liability	\$ 6,787,411	\$ 6,156,812	\$ 5,583,720

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease (6.00%- 2.886%)	Current Assumption (7.00%- 3.886%)	1% Increase (8.00%- 4.886%)
Total OPEB liability	\$ 5,299,699	\$ 6,156,812	\$ 7,211,213

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

For the year ended June 30, 2019, the District recognized OPEB expense of \$503,463. At June 30, 2019, 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
Benefit payments subsequent to the measurement date	\$ 225,979	\$ --
Changes in assumptions	--	394,495
Total	\$ 225,979	\$ 394,495

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

Year ending:	
2020	\$ (50,497)
2021	(50,497)
2022	(50,497)
2023	(50,497)
2024	(50,497)
Thereafter	(142,010)

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness

1. Short-Term Debt

a. Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds is recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. Such notes may be classified as part of the financial statements 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 bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date. Proceeds are utilized to purchase new buses and fund capital projects.

State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date. There were no bond anticipation notes that were issued or matured during the year ended June 30, 2019.

b. Short-Term Debt Interest

The District had short-term interest of \$0 for the year ended June 30, 2019.

1. Long-Term Debt

a. Debt Limit

At June 30, 2019, the total indebtedness represents approximately 43% of its debt limit.

b. Serial Bonds

The District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of capital assets. These long-term liabilities, which are full faith and credit debt of the District, are recorded in the Statement of Net Position. The provisions to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

c. Changes

The changes in the School District's indebtedness during the year ended June 30, 2019 and 2018 are as follows:

	Balance June 30, 2019	Balance June 30, 2018	Amounts Due Within One Year
2011 Serial Bond	-	140,000	-
2013 Serial Bond	-	20,000	-
2014 Installment Bond	45,000	90,000	45,000
2015 Installment Bond	45,000	65,000	20,000
2016 Bus Bond	135,000	180,000	45,000
Series 2017B	3,255,000	3,445,000	195,000
Series 2017B Bond Premium	461,328	524,053	-
Series 2017 Bond Premium	301,211	400,391	-
2017 Refunding Bond Debt	4,225,000	4,870,000	785,000
2017 Bus Bond	87,000	108,663	21,000
2018 Bus Bond	222,763	-	42,763
2003 Capital Lease	-	6,188	-
OPEB Liability	6,156,812	5,857,290	-
Net pension liability Compensated absences	219,369	108,370	-
	49,125	83,525	-
	<u>\$ 15,202,608</u>	<u>\$ 15,898,480</u>	<u>\$ 1,153,763</u>

During the current year, the District issued bonds for buses in the amount of \$222,763. The District also made principal payments on its serial bonds and capital lease in the amount of \$1,126,665 and \$6,188, respectively. The net change in compensated absences was a decrease of \$26,400 during the fiscal year ended June 30, 2019. During the current year, other post-employment benefits liability increased in the amount of \$299,522. The net change in bond premiums was a decrease of \$161,905 during the fiscal year ended June 30, 2019. Lastly, the net pension liability related to the NYS Employees' Retirement System increased by \$110,999 during the current year.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

d. Maturity

1. The following is a summary of serial bonds indebtedness:

Description of Issue	Outstanding at June 30, 2019
Serial Bonds, issued 2017 with a maturity date of May 2026, bonds carry interest at 1.25%-5.00%. Refunded of 2007, 2010, and a portion of 2011 serial bonds.	\$ 4,225,000
Plus: Unamortized bond premium	301,211
Serial Bonds, issued in 2017 with a maturity date of August, 2022, bonds carry interest at 2.39%. Proceeds used to finance purchase of transportation vehicle.	87,000
Serial Bonds, issued in 2018 with a maturity date of August, 2023, bonds carry interest at 2.89%. Proceeds used to finance purchase of transportation vehicle.	222,763
Installment Bonds, issued in 2014 with a maturity date of July 2019, bonds carry interest at 2.75%. Proceeds used to finance purchase of transportation vehicle.	45,000
Installment Bonds, issued in 2015 with a maturity date of July 2020, bonds carry interest at 2.59%. Proceeds used to finance purchase of transportation vehicle.	45,000
Bus Bonds, issued in 2016 with a maturity date of July 2021, bonds carry interest of 2.25%. Proceeds used to finance purchase of transportation vehicle.	135,000
Serial Bonds, issued in 2017 with a maturity date of June 2032, bonds carry interest at 3-5%. Proceeds used to fund additions and reconstruction projects.	3,255,000
Plus: Unamortized bond premium	461,328
	<u>\$ 8,777,302</u>

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

d. Maturity (continued)

Year	Bus Bonds - 2014	
	Principal	Interest
2020	\$ 45,000	\$ 1,238
Total	\$ 45,000	\$ 1,238

Year	Bus Bonds - 2015	
	Principal	Interest
2020	\$ 20,000	\$ 1,166
2021	25,000	648
Total	\$ 45,000	\$ 1,814

Year	Bus Bonds - 2016	
	Principal	Interest
2020	\$ 45,000	\$ 3,038
2021	45,000	2,025
2022	45,000	1,013
Total	\$ 135,000	\$ 6,066

Year	Series Bonds - 2017B	
	Principal	Interest
2020	\$ 195,000	\$ 156,500
2021	205,000	148,700
2022	215,000	140,500
2023	225,000	129,750
2024	230,000	120,750
2025-2029	1,345,000	418,000
2030-2032	840,000	78,750
Total	\$ 3,255,000	\$ 1,192,950

Year	Refunding Bond Debt - 2017	
	Principal	Interest
2020	\$ 785,000	\$ 148,900
2021	805,000	125,350
2022	590,000	101,200
2023	605,000	79,850
2024	625,000	65,750
2025-2026	815,000	49,000
Total	\$ 4,225,000	\$ 570,050

Year	Bus Bonds - 2017	
	Principal	Interest
2020	\$ 21,000	\$ 2,079
2021	22,000	1,577
2022	22,000	1,052
2023	22,000	526
Total	\$ 87,000	\$ 5,234

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

d. Maturity (continued)

Year	Bus Bonds - 2018	
	Principal	Interest
2020	\$ 42,763	\$ 6,295
2021	45,000	5,202
2022	45,000	3,902
2023	45,000	2,601
2024	45,000	1,300
Total	\$ 222,763	\$ 19,300

e. Long-Term Debt Interest

Interest expense on long-term debt amounted to \$339,974 for the year ended June 30, 2019.

3. Debt Issuance Costs, Premiums and Amortization

Net premiums resulting from bond and other debt refinancing are being amortized over the life of the relating debt using the interest method. These premiums are accordingly included in the outstanding principal balances for the bonds. Debt issuance costs related to the bonds are expensed in accordance with GASB 65.

4. Bond Refunding

In 2017, the District issued general obligation bond series 2017 of \$4,875,000 (par value) with an interest rate of 1.25% to 5.00% to refund general obligation bonds originally issued in 2007 (\$900,000), 2010 (\$3,695,000), and a portion of 2011 (\$1,250,000 of \$1,390,000) with interest rates ranging from 3.00% to 4.375%. The net proceeds of \$5,172,821 (after a premium of \$400,391 and bond issuance costs of \$102,570) were used to purchase government securities which will be applied against the bonds when they become callable. Those securities were deposited into an irrevocable trust with an escrow agent to provide for all future debt service payments of the bonds.

As a result of a difference between the carrying value of the refunded debt and reacquisition price of the new debt, a deferred outflows of resources in the amount of \$77,822 was recognized. In the current year, \$19,277 was amortized, with the remaining balance of \$58,545 to be amortized through June 30, 2026.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Fund Equity

A. Classification

The District's fund equity is comprised of various components.

Fund	Reservation Purposes	Balance June 30, 2019
Nonspendable:		
Food Service	Inventory	\$ 13,319
General Fund	Prepaid expenses	\$ 63,527
Restricted:		
General	Reserve for employee benefits	\$ 97,300
	Reserve for unemployment insurance	89,647
	Reserve for retirement system credits	902,589
	Reserve for capital	1,519,823
	Workers compensation	62,000
		<u>\$ 2,671,359</u>
Debt Service	Reserve for debt service	\$ 524,153
Fiduciary	Reserve for endowment scholarships	\$ 10,013
Assigned:		
General	Appropriated Fund Balance	\$ 527,252
	Encumbrances	59,741
		<u>\$ 586,993</u>
Food Service	Fund Equity	\$ 70,341
Capital Projects	Fund Equity	\$ 527,093

B. District-wide Net Position

Net position of the District include restricted net position of \$3,195,512 which represent restricted amounts in the general and debt service funds as presented above.

VII. Commitments and Contingencies

A. Risk Financing and Related Insurance

1. General Information

The *Alfred-Almond Central School District* is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; natural disasters, etc. 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.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VII. Commitments and Contingencies (continued)

A. Risk Financing and Related Insurance (continued)

2. Risk Sharing Pools

For its employee health coverage, *Alfred-Almond Central School District* is a participant in an employee and retiree health insurance plan sponsored by NY44 and its component school districts. The School District pays monthly premiums to the Plan for this health coverage.

The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. A member may withdraw from the plan by a letter of intent. Plan members are subject to supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities.

The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the re-insurer, although it does not discharge the liability of the Plan's direct insurer for the risk reinsured. The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

B. Federal and State Grants

The District has received grants reported in the special aid fund which are subject to audit by agencies of the state and federal government. Such audits may result in disallowances and a request for a return of funds. Based on past audits and no known significant areas of non-compliance, the District believes disallowances, if any, will not be material.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VII. Commitments and Contingencies (continued)

C. Compensated Absences

The District does not accrue a liability for accumulating, non-vesting sick leave, since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, the value for accumulating, non-vesting sick leave is considered a contingent liability.

D. Contingencies

The District, in the normal course of its operations, is involved in various other litigation and arbitration cases. Management is of the opinion that any unfavorable outcome resulting from these actions would not have a material effect on the District's financial position.

NOTE 4 – CAPITAL PROJECTS

During the current year, the District incurred costs for the purchase of new buses in the amount of \$222,763 and incurred costs associated with a local capital outlay project in the amount of \$100,000. In addition, the voters approved safety and security updates to doors in the amount of \$100,000. Total costs incurred by the District related to this project during the year amounted to \$100,000 and was paid for out of the capital reserve fund.

In September, 2018, the District's pool boiler broke down unexpectedly and needed immediate replacement. The board approved the replacement of the boiler as an emergency project, not to exceed \$60,000. During the fiscal year ended June 30, 2019, the District expended \$50,649 related to this project which was paid for through a transfer from the general fund. The District transferred the remaining balance of \$9,351 from the capital projects fund to the general fund to close out the project.

The District was also awarded a portion of the Smart Schools Bond that was approved in 2014. The District's allocation is \$609,287. As of June 30, 2019, costs incurred were related to architect fees and totaled \$22,907.

Lastly, in May 2019, the voters approved a capital improvement project as part of the 2019-20 budget, not to exceed \$4.5 million and to expend \$450,000 from the District's capital reserve fund. The \$450,000 was transferred towards the project during the 2018-19 school year. The project consists of improvements to all District facilities, including the bus garage, K-12 building and campus as well as energy performance improvements. No costs have been incurred as of June 30, 2019.

NOTE 6 – SUBSEQUENT EVENTS

Subsequent events were evaluated through October 9, 2019, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Adopted Budget	Final Budget	Current Year's Revenue	Over (Under) Revised Budget
Revenues				
Local Sources:				
Real property taxes and tax items	\$ 5,081,283	\$ 5,081,283	\$ 4,962,082	\$ (119,201)
Charges for services	32,000	32,000	135,494	103,494
Use of money and property	7,000	7,000	13,276	6,276
Sale of property and compensation for loss	-	-	6,977	6,977
Miscellaneous	49,500	49,500	189,498	139,998
State Sources:				
Basic formula	7,131,047	7,131,047	6,979,061	(151,986)
BOCES	946,241	946,241	1,024,643	78,402
Textbooks	46,751	46,751	33,844	(12,907)
All other aid	11,432	11,432	24,300	12,868
Federal Sources:				
Medicaid reimbursement	20,000	20,000	27,445	7,445
Total revenue	13,325,254	13,325,254	13,396,620	71,366
Other Sources				
Operating transfer in	-	-	9,351	9,351
Total revenue and other sources	13,325,254	13,325,254	\$ 13,405,971	\$ 80,717
Appropriated fund equity and carryover encumbrances	416,700	1,104,463		
Total revenue, other sources and appropriated fund equity	\$ 13,741,954	\$ 14,429,717		

	Adopted Budget	Final Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
Expenditures					
General Support:					
Board of education	\$ 61,665	\$ 61,047	\$ 59,858	\$ -	\$ 1,189
Central administration	157,805	177,771	165,230	50	12,491
Finance	260,541	294,593	294,734	182	(323)
Staff	30,900	65,052	65,300	-	(248)
Central services	995,873	1,110,710	1,088,707	5,236	16,767
Special items	301,804	295,331	295,026	-	305
Instructional:					
Instruction, administration and improvement	409,739	463,585	459,082	874	3,629
Teaching - regular school	3,644,317	3,920,312	3,874,314	21,169	24,829
Programs for children with handicapping conditions	1,415,683	1,301,847	1,260,907	1,653	39,287
Teaching - special schools	25,450	27,635	22,544	-	5,091
Occupational education	482,498	484,544	473,111	2,217	9,216
Instructional media	173,281	223,349	211,778	614	10,957
Pupil services	393,294	466,315	419,701	27,746	18,868
Pupil Transportation	569,555	599,690	509,656	-	90,034
Community services	1,500	1,500	1,312	-	188
Employee Benefits	3,245,223	2,753,610	2,549,779	-	203,831
Debt Service:					
Debt service principal	1,132,852	1,132,852	1,132,852	-	-
Debt service interest	339,974	339,974	339,974	-	-
Total expenditures	13,641,954	13,719,717	13,223,865	59,741	436,111
Other Uses:					
Transfer to other funds	100,000	710,000	728,354	-	(18,354)
Total other uses	100,000	710,000	728,354	-	(18,354)
Total expenditures and other uses	\$ 13,741,954	\$ 14,429,717	13,952,219	\$ 59,741	\$ 417,757
Excess (deficiency) of revenue and other sources over expenditures and other uses			\$ (546,248)		

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule SS1A

Page 38

	School Food Service Fund		
	Budget (Amended)	Actual	Variance Fav. (Unf.)
Revenue			
State sources	\$ 4,522	\$ 5,179	\$ 657
Federal sources	128,478	132,541	4,063
Sales	112,000	97,550	(14,450)
Miscellaneous	42,368	48,144	5,776
Surplus food	18,000	16,631	(1,369)
Use of money and property	-	55	55
Total revenue	<u>305,368</u>	<u>300,100</u>	<u>(5,268)</u>
Expenditures			
General support	93,000	88,295	4,705
Employee benefits	21,591	21,320	271
Cost of sales	117,875	114,243	3,632
Other expenses	72,951	62,350	10,601
Total expenditures	<u>305,417</u>	<u>286,208</u>	<u>19,209</u>
Excess (deficiency) of revenue over expenditures	(49)	13,892	13,941
Other sources (uses)			
Transfer from general fund	-	2,116	2,116
Excess (deficiency) of revenue and other sources over expenditures and other uses	<u>\$ (49)</u>	<u>16,008</u>	<u>\$ 16,057</u>
Fund equity, beginning of year		<u>67,652</u>	
Fund equity, end of year		<u>\$ 83,660</u>	

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT
FOR THE YEAR ENDED JUNE 30, 2019

Schedule SS2

PAGE 39

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	\$ 13,741,954
Additions:	
Prior year encumbrances	77,763
	<hr/>
Original Budget	13,819,717
Budget Revisions:	
Supplemental appropriation - Capital Improvement Project	450,000
Supplemental appropriation - Security Project	100,000
Supplemental appropriation - Emergency Capital Project	60,000
	<hr/>
Final budget	<u><u>\$ 14,429,717</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2019-20 voter-approved expenditure budget	\$ 14,156,270
Maximum allowed (4% of 2019-20 budget)	\$ 566,251
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:	
Unrestricted fund balance:	
Committed fund balance	\$ -
Assigned fund balance	586,993
Unassigned fund balance	1,608,445
	<hr/>
Total unrestricted fund balance	2,195,438
	<hr/>
Less:	
Appropriated fund balance	527,252
Insurance recovery reserve	-
Tax reduction reserve	-
Encumbrances included in committed and assigned fund balance	59,741
	<hr/>
Total adjustments	586,993
	<hr/>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 1,608,445</u></u>
Actual percentage	<u><u>11.4%</u></u>

* Per Office of State Comptroller's "Fund Balance Reporting and Governmental Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of the General Fund fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECTS EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2019

Schedule SS3

Page 40

Project Title	Original Appropriation	Revised Appropriation	Expenditures				Unexpended (Overexpended) Balance	Methods of financing			Fund Balance June 30, 2019
			Prior Years	Current Year	Interfund Transfer	Total		Proceeds of Obligations	Local Sources	Total	
2017-2018 Capital Outlay Project	\$ 100,000	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ -
2017-2018 Door Alternates Projects	100,000	100,000	-	100,000	-	100,000	-	-	100,000	100,000	-
2018-19 Capital Outlay	100,000	100,000	-	-	-	-	100,000	-	100,000	100,000	100,000
Pool Boiler Emergency	60,000	60,000	-	50,649	9,351	60,000	-	-	60,000	60,000	-
Smart Schools Project	609,287	609,287	-	22,907	-	22,907	586,380	-	-	-	(22,907)
\$4.5m Capital Project	4,500,000	4,500,000	-	-	-	-	4,500,000	-	450,000	450,000	450,000
Bus Purchases 2019	222,763	222,763	-	222,763	-	222,763	-	222,763	-	222,763	-
	<u>\$ 5,692,050</u>	<u>\$ 5,692,050</u>	<u>\$ -</u>	<u>\$ 496,319</u>	<u>\$ 9,351</u>	<u>\$ 505,670</u>	<u>\$ 5,186,380</u>	<u>\$ 222,763</u>	<u>\$ 810,000</u>	<u>\$ 1,032,763</u>	<u>\$ 527,093</u>

See accompanying independent auditor's report.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
BUDGET COMPARISON STATEMENT FOR STATE AND
OTHER GRANT PROGRAMS - SPECIAL AID AND FOOD SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule SS4A

Page 41

Grant Title	Grantors Project No.	Grant Period	Award/ Program Budget	Total Revenue	Total Expenditures
Summer school *	N/A	2019	N/A	\$ 34,965	\$ 34,965
Universal Pre-kindergarten	0409-19-7009	2019	\$ 66,336	66,336	66,336
School lunch programs	N/A	2019	N/A	3,468	3,468
School breakfast programs	N/A	2019	N/A	1,711	1,711
				<u>\$ 106,480</u>	<u>\$ 106,480</u>

* Revenue includes interfund transfer of \$16,238 from the general fund which represents the local share of expenditures.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule SS4B

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the ***Alfred-Almond Central School District*** and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with the requirements Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Note 2 - Non-monetary Federal Program

The accompanying ***Alfred-Almond Central School District*** is the recipient of a non-monetary federal award program. During the year ended June 30, 2019, the District reported in the Schedule of Federal Awards \$16,631 of donated commodities at fair market value received and disbursed.

Note 3 – Indirect Cost Rate

Alfred-Almond Central School District has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Schedule SS4C

Page 42

Federal Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Revenue	Expenditures
US Department of Education:					
<i>Passed through NYS</i>					
<i>Department of Education:</i>					
Title I	84.010A	0021-19-0070	\$ 199,094	\$ 191,830	\$ 191,830
Title I	84.010A	0021-18-0070	9,884	9,884	9,884
Title II, Part A	84.367A	0147-19-0070	34,184	34,184	34,184
IDEA Part B, Section 611 *	84.027A	0032-19-0034	143,834	143,832	143,832
IDEA Part B, Section 619 *	84.173A	0033-19-0034	4,592	4,592	4,592
Title IV	84.424A	0204-19-0070	12,263	11,334	11,334
Title V	84.358B	0006-19-0070	11,165	11,165	11,165
US Department of Agriculture:					
<i>Passed through NYS</i>					
<i>Department of Education:</i>					
National School Lunch Program **	10.555	N/A	N/A	96,744	96,744
National School Breakfast Program **	10.553	N/A	N/A	35,797	35,797
<i>Passed through NYS</i>					
<i>Office of General Services:</i>					
National School Lunch Program					
Noncash assistance (Donated Commodities) **	10.555	N/A	N/A	16,631	16,631
Total expenditures and revenue				\$ 555,993	\$ 555,993

* Constitutes a cluster of Federal programs named Special Education Cluster with total revenue and expenditures of \$ 148,424
 ** Constitutes a cluster of Federal programs named Child Nutrition Cluster with total revenue and expenditures of \$ 149,172

Total expenditures of Federal Awards did not exceed \$750,000, and therefore, the District was not subject to a single audit in accordance with the Uniform Guidance.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
AS OF JUNE 30, 2019

Schedule SS5

Page 43

Capital Assets	\$	17,732,507
Less:		
Serial bonds		(8,777,301)
Plus:		
Proceeds for capital outlay project		<u>527,093</u>
Net investment in capital assets	\$	<u><u>9,482,299</u></u>

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S NET
OPEB LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

Schedule SS6

Page 44

As of the measurement date of June 30,	2018	2017
Total OPEB Liability		
Service cost	\$ 286,589	\$ 317,693
Interest	215,222	179,751
Change of benefit terms	92,441	-
Differences between expected and actual experience	-	-
Changes in assumptions	(98,074)	(387,210)
Benefit payments	(196,656)	(182,201)
Net change in total OPEB liability	299,522	(71,967)
Total OPEB liability - beginning	5,857,290	2,075,286
Prior period adjustment	-	3,853,971
Total OPEB liability - ending	\$ 6,156,812	\$ 5,857,290
 Plan fiduciary net position		
Contributions - employer	\$ 196,656	\$ 182,201
Net investment income	-	-
Benefit payments	(196,656)	(182,201)
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - beginning	-	-
Plan fiduciary net position - ending	\$ -	\$ -
 District's net OPEB liability	\$ 6,156,812	\$ 5,857,290
 Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%
 Covered-employee payroll	\$ 5,308,441	n/a
 District's net OPEB liability as a percentage of covered-employee payroll	115.98%	n/a
 Notes to Schedule:		
Benefit Changes: Replaced NY44 Option A with the Univera PPO Signature Copay 1 Plan		
Changes in assumptions: Discount rate changes - 3.56% effective June 30, 2017 and 3.62% effective June 30, 2018 Health care trend rates from 7.25%-3.886% to 7.0%-3.886%		
n/a - The District's covered employee payroll was not available for 2018		

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – OPEB
FOR THE YEARS ENDED JUNE 30, 2018 THROUGH JUNE 30, 2019

Schedule SS7

Page 45

For the year ended June 30,	2019	2018
Actuarially determined contributions	\$ 196,656	\$ 182,201
Contributions in relation to the actuarially determined contribution	<u>(196,656)</u>	<u>(182,201)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$5,308,441	n/a
Contributions as a percentage of District's covered-employee payroll	3.70%	n/a

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of July 1, 2018.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level % of Salary Method
Discount Rate	3.56% as of June 30, 2018 and 3.62% as of June 30, 2019
Inflation	2.25% per year
Rate of salary increase	2.70% per year 7.00% (Pre-65), 5.00% (Post-65 Medicare advantage), Prescription Drug 10.25% for 2019. Rates expected to decrease each year thereafter with an ultimate rate of 3.886% after 2075.
Healthcare cost trend rates	RPH-2014 for employees and healthy annuitants, adjusted backward to 2006 with Scale MP-2014, and then adjusted for mortality improvements with Scale MP-2017 mortality improvement scale on a fully generational basis.
Mortality	For superintendents and principals, District pays 100% of family premium for up to 15 and 10 years, respectively, based on the number of sick days at retirement (1 month of coverage per unused sick day). Retirees pay 100% after 10 years. Teachers number of sick days are converted and applied to health insurance for a period years up to 10 years based on the contract in place at the year of retirement.
Retiree Cost Sharing Participants	67 Active, 1 survivor, and 25 Retirees

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS- NYSTRS AND NYSLERS
FOR THE YEARS ENDED JUNE 30, 2013 THROUGH JUNE 30, 2019

Schedule SS8

Page 46

New York State Teachers' Retirement System

For the year ended June 30,	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 485,530	\$ 432,777	\$ 503,374	\$ 563,381	\$ 750,705	\$ 678,625	\$ 478,268
Contributions in relation to the contractually required contribution	(485,530)	(432,777)	(503,374)	(563,381)	(750,705)	(678,625)	(478,268)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 4,571,849	\$ 4,522,384	\$ 4,425,721	\$ 4,248,725	\$ 4,282,402	\$ 4,176,154	\$ 4,039,426
Contributions as a percentage of District's covered-employee payroll	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%

New York State Local Employees' Retirement System

For the year ended March 31,	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 160,969	\$ 168,273	\$ 163,766	\$ 193,633	\$ 197,487	\$ 221,064	\$ 191,454
Contributions in relation to the contractually required contribution	(160,969)	(168,273)	(163,766)	(193,633)	(197,487)	(221,064)	(191,454)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,082,807	\$ 1,113,964	\$ 1,071,380	\$ 1,066,404	\$ 1,064,944	\$ 1,102,416	\$ 1,050,766
Contributions as a percentage of District's covered-employee payroll	14.87%	15.11%	15.29%	18.16%	18.54%	20.05%	18.22%

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT**Schedule SS9****SCHEDULE OF DISTRICTS PROPORTIONATE SHARE OF THE
NET PENSION ASSET/LIABILITY - NYSTRS AND PROPORTIONATE SHARE OF
NET PENSION LIABILITY - NYSLERS
FOR THE YEARS ENDED JUNE 30, 2013 THROUGH JUNE 30, 2019****Page 47****New York State Teachers' Retirement System - Net Pension Asset (Liability)**

As of the measurement date of June 30,	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension asset (liability)	n/a	0.0271111%	0.027103%	0.027534%	0.028509%	0.028272%	0.027577%
District's proportionate share of the net pension asset (liability)	n/a	\$ 490,240	\$ 206,013	\$ (294,897)	\$ 2,961,151	\$ 3,149,279	\$ 181,526
District's covered-employee payroll	n/a	\$ 4,522,384	\$ 4,425,721	\$ 4,248,725	\$ 4,282,402	\$ 4,176,154	\$ 4,039,426
District's proportionate share of the net pension asset (liability) as a percentage of its covered employee payroll	n/a	10.84%	4.65%	-6.94%	69.15%	75.41%	4.49%
Plan fiduciary net position as a percentage of the total pension asset (liability)	n/a	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

New York State Local Employees' Retirement System - Net Pension (Liability)

As of the measurement date of March 31,	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension (liability)	0.0030961%	0.0033578%	0.0031662%	0.0033587%	0.0032845%	n/a	n/a
District's proportionate share of the net pension (liability)	\$ (219,369)	\$ (108,370)	\$ (297,506)	\$ (539,085)	\$ (110,959)	\$ (148,423)	n/a
District's covered-employee payroll	\$ 1,082,807	\$ 1,113,964	\$ 1,071,380	\$ 1,066,404	\$ 1,064,944	\$ 1,102,416	n/a
District's proportionate share of the net pension (liability) as a percentage of its covered employee payroll	20.26%	9.73%	27.77%	50.55%	10.42%	13.46%	n/a
Plan fiduciary net position as a percentage of the total pension (liability)	96.27%	98.24%	94.70%	90.70%	97.90%	n/a	n/a



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

**To the President and
Members of the Board of Education
Alfred-Almond Central School District
Almond, New York**

We have audited 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, the financial statements of the governmental activities and each major fund of *Alfred-Almond Central School District* as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise *Alfred-Almond Central School District's* basic financial statements and have issued our report thereon dated October 3, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered *Alfred-Almond Central School District's* internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of *Alfred-Almond Central School District's* internal control. Accordingly, we do not express an opinion on the effectiveness of *Alfred-Almond 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item II.A.2019-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Alfred-Almond Central School District's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item II.B.2019-002.

Alfred-Almond Central School District's Responses to Findings

Alfred-Almond Central School District's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. *Alfred-Almond Central School District's* responses were not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 result of that testing, and not provided 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.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 9, 2019**

**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

Page 50

I. SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unmodified opinion on the financial statements of *Alfred-Almond Central School District*.
2. One deficiency relating to the audit of the financial statements is reported in the Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with "Governmental Auditing Standards". This condition is reported as a significant deficiency and is described in the accompanying schedule of findings and questioned costs as item II.A.2019-001.
3. There was one instance of noncompliance material to the financial statements of *Alfred-Almond Central School District* reported in the 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". This instance of noncompliance is reported as item II.B.2019-002.
4. A single audit in accordance with Uniform Guidance was not required during the fiscal year ended June 30, 2019, as the District's expenditures of Federal Awards were below \$750,000.

I. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2019-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Year ended June 30, 2019

Condition and criteria: During the current year, adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly reflect the financial statements in accordance with generally accepted accounting principles. Some of the adjustments and footnotes were related to converting to the full accrual method for GASB 34 purposes. In addition, a draft of the financial statements was prepared by the auditors and reviewed and accepted by the District.

Cause and Effect: AU-C Section 265 entitled Communicating Internal Control Related Matters Identified in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency. Without this assistance, the potential risk exists of the District's financial statements not conforming with Generally Accepted Accounting Principles (GAAP).

Auditors' Recommendations: Although auditors may continue to provide such assistance both now and in the future, under the new pronouncement, the District should continue to review and accept both proposed adjusting journal entries and footnote disclosures, along with the draft financial statements.

School District's Response: As pointed out above, auditors are still permitted to provide these services but are required to disclose the assistance as a significant deficiency. All journal entries and the financial statements are reviewed by the district in detail before being accepted. The District believes that officials have a thorough understanding of the financial statements and that allowing the auditors to prepare the journal entries necessary to comply with GASB 34 as well as the financial statements and disclosures is the most efficient and cost effective approach. Furthermore, the District feels that it has the ability to make informed judgments based on the financial statements and disclosures provided.

B. COMPLIANCE AND OTHER MATTERS

2019-002 Fund Balance

Year ended June 30, 2019

Conditions and criteria: **Alfred-Almond Central School District's** unassigned fund balance in the general fund as of June 30, 2019 amounted to approximately \$1,608,000. This amount constitutes approximately 11.4% of the 2019-2020 school budget.

Cause and Effect: The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

Auditor's Recommendation: **Alfred-Almond Central School District'** should continue to monitor fund balance throughout the year and continue to review its options with regards to reservation and designation of fund balance.

School District's Response: **Alfred-Almond Central School District'** realizes that its unassigned fund balance as of June 30, 2019 was in excess of the NYS mandated 4% level. The District has and will continue to closely monitor fund balance in the future and will review all options with regards to reservation and designation of fund balance.

III. PRIOR FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2018-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements
Year ended June 30, 2018

Summary of Prior Year Finding: Adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly reflect the financial statements in accordance with generally accepted accounting principles. In addition, a draft of the financial statements was prepared by the auditors and reviewed and accepted by the District. AU-C Section 265 entitled Communicating Internal Control Related Matters Identified in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency.

Current Status: Similar finding related to internal control over financial reporting is being reported upon during the year ended June 30, 2019 as finding 2019-001.

B. COMPLIANCE AND OTHER MATTERS

2018-002 Unassigned Fund Balance
Year Ended June 30, 2018

Summary of Prior Year Finding: *Alfred-Almond Central School District's* unassigned fund balance as of June 30, 2018 amounted to approximately \$1,704,000. This amount constitutes approximately 12.4% of the 2018-2019 school budget. The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

Current Status: Similar finding related to compliance and other matters is being reported upon during the year ended June 30, 2019 as finding 2019-002.



**To the President and Members of the
Board of Education
and School Administration
Alfred-Almond Central School District
Almond, New York**

Ladies and Gentlemen:

We have completed our audit for the year ended June 30, 2019 of the District's financial statements and have issued our reports thereon dated October 9, 2019. Our audit report expressed an unmodified opinion which states that the District's financial statements are in accordance with generally accepted accounting principles for governments and school districts located in New York State. In addition, we have issued a separate report on internal controls over financial reporting and compliance with laws and regulations as required by Government Auditing Standards.

In planning and performing our audit of the financial statements of the *Alfred-Almond Central School District* for the year ended June 30, 2019, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure and its operation.

Attached to this letter is a schedule of revenue and expense comparisons (modified accrual basis) and analysis of fund equity for the school years ended June 30, 2015 through June 30, 2019. In addition, we have also presented a summary of additional comments which we desire to bring to the board and administration's attention involving various matters. Although such matters were not of sufficient nature to be disclosed in the previously mentioned reports, we do feel the comments should be reviewed and acted upon primarily by the business staff. *Alfred-Almond Central School District's* has provided responses to additional comments that follow, however, we did not audit such responses and, accordingly, we express no opinion on them.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 9, 2019**

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
REVENUE AND EXPENDITURES COMPARISON AND ANALYSIS OF FUND
EQUITY - GENERAL FUND (AMOUNTS IN \$1,000)

	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
Revenue and other sources					
Property taxes	\$ 4,962	\$ 4,970	\$ 4,942	\$ 4,916	\$ 4,856
State aid	8,062	7,768	7,382	6,802	6,683
All other	381	441	413	458	303
	<u>13,405</u>	<u>13,179</u>	<u>12,737</u>	<u>12,176</u>	<u>11,842</u>
Expenditures and other uses					
General support	1,969	1,757	1,601	1,602	1,436
Instruction	6,721	6,320	6,131	5,739	5,784
Transportation	510	496	517	483	517
Benefits	2,550	2,742	2,520	2,387	2,492
Debt	1,473	1,478	1,596	1,372	1,820
Transfers	728	112	110	101	102
	<u>13,951</u>	<u>12,905</u>	<u>12,475</u>	<u>11,684</u>	<u>12,151</u>
Excess (deficiency) of revenue over expenditures	(546)	274	262	492	(309)
Fund equity					
Beginning of year	5,477	5,203	4,941	4,449	4,758
End of year	<u>\$ 4,931</u>	<u>\$ 5,477</u>	<u>\$ 5,203</u>	<u>\$ 4,941</u>	<u>\$ 4,449</u>
Analysis of fund equity					
Nonspendable	\$ 64	\$ 124	\$ 143	\$ 137	\$ 135
Restricted					
Reserve for retirement system credits	903	902	902	902	902
Reserve for employee benefits	97	97	97	97	97
Reserve for unemployment insurance	90	90	90	90	90
Reserve for workers' compensation	62	-	-	-	-
Reserve for capital	1,520	2,068	1,918	1,818	1,818
Assigned					
Reserve for encumbrances	60	76	48	63	91
Next year's budget	527	417	535	535	561
Unassigned	1,608	1,703	1,470	1,299	757
	<u>\$ 4,931</u>	<u>\$ 5,477</u>	<u>\$ 5,203</u>	<u>\$ 4,941</u>	<u>\$ 4,449</u>

**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
SUMMARY OF ADDITIONAL COMMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Page 3

Capital Assets

The District reports approximately \$18 million of capital assets. For financial statement reporting purposes there are reconciliations that are required to agree the District's records to the fixed asset appraisal, which are primarily related to prior capital projects that were not included on the appraisal report. We recommend the District work to identify the differences and contact the appraisal company so that the appraisal report will align with the District's audit report. In the future, an important step in the capital assets process is not only reporting additions and disposals to the appraisal company on an annual basis but also reviewing the report once an update is complete to verify that such items were accounted for properly.

District response: The District's Business Manager has begun reviewing the fixed asset appraisal report in an attempt to reconcile back to accounting records and capital project final cost reports. Assistance from the auditors has been requested in interpreting source documents. The District will look into acquiring an asset management program.

Fund Balance Reserves

As of June 30, 2019, the District has certain fund balance reserves. The New York State Comptroller's Office in its audits of school districts has increased its scrutiny of fund balance reserves established by districts. We recommend that the District ensure that as reserves are established and utilized that New York State required procedures are closely followed. Further, for existing and future reserves we recommend that the District document its rationale to support the purpose and dollar level of the reserves along with a chronological history of the board and voter actions taken to create, fund, and utilize reserves. In addition, we recommend that the District consider forming a long-term plan with regard to funding and use of each reserve. This worksheet should be carried forward to future years and provide important historical data of all reserves of the District.

In addition, the District should consider segregating cash related to the reserves in separate general ledger accounts.

District's response: Beginning in the 2017-18 fiscal year, as part of its budget document the District was required to provide information about its reserves which included estimated balances as of the fiscal year third quarter, purposes, and plans for use in the upcoming fiscal year.

Currently the District maintains one primary bank account for all of its General Fund cash. It should be noted that the aggregate cash balance is reconciled every month and the balance included in the year-end financial statements is accurate. The auditor's suggestion is that the District consider establishing restricted general ledger cash accounts on the books to segregate these reserved funds. In 2019-2020, the District will explore creating separate general ledger restricted cash accounts within the financial software.

School Funding Transparency Reporting

In 2018, New York State passed a law requiring New York Schools to annually report a detailed statement of total funding allocation for each school in the District. A School Funding Transparency Form was created by New York State to capture this information. Beginning in 2020, the District will be required to submit this form annually to the Division of Budget and State Education Department. We recommend that the District continue to review any new guidance issued by New York State and seek opportunities to attend future educational seminars if they arise.

As part of a Federal mandate, school districts will be required to report per-pupil expenditure data at the school level as mandated by the Every Student Succeeds Act (ESSA). The new ESSA financial requirements include reporting money spent on staff compared with other expenses at the school and the levels of federal, state, and local funding provided to each school building.

District response: Alfred-Almond Central School District has two "schools" within the District. District personnel will coordinate with accounting staff at GST BOCES to seek opportunities to attend educational seminars and ensure compliance.

**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
SUMMARY OF ADDITIONAL COMMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Page 4

Purchase Order and Requisitions – General Fund

We noted instances whereby purchases were made during the fiscal year ended June 30, 2019 without documentation of prior authorization or approval from management in the form of a purchase order and/or purchase requisition. The goal of the District should be to have all purchase orders signed and approved prior to the purchase of all goods and services. During situations when it is not practical to issue a purchase order, documentation should be maintained that evidences that proper authorization for the purchases has been made.

District response: The District's Business Office has begun reviewing purchasing procedures to ensure proper approvals are in place.

Future Governmental Accounting Standards

GASB 84 – Fiduciary Activities

In 2017, the Governmental Accounting Standards Board issued Statement No. 84, Fiduciary Activities, which will be effective for the fiscal year ending June 30, 2020. This new standard's objective is to improve the guidance regarding the identification and reporting of fiduciary activities and focuses on the source of the revenue and control over activity assets. One of the characteristics of a fiduciary activity as defined by the standard are that the assets are for the benefit of individuals and the district does not have administrative involvement with the assets or direct financial involvement with the assets. School districts will be required to evaluate activity currently recorded in the trust and agency fund, including extraclassroom activities. Those activities that do not meet the fiduciary definition will be required to be reported in the governmental funds, either in the general fund or special revenue fund. The change also affects how certain fiduciary activities, custodial funds, are reported by requiring additions and subtractions to be included on the Statement of Changes in Fiduciary Net Position. We recommend the District review the new fiduciary activity standard to ensure proper adherence.

GASB 87- Accounting for Leases

In 2017, the Governmental Accounting Standards Board issued Statement No. 87, Accounting for Leases, which will be effective for the fiscal year ending June 30, 2021. The primary objective of this is new standard is to bring most leases onto the balance sheet. The goal is to determine if any operating leases contain a right-to-use asset and record an asset and liability related to that lease. Also under the new standard there will be changes in the terms used for the two classifications; operating leases and finance leases (previously capital leases). We recommend that the District begin to collect pertinent data on all lease agreements for evaluation along with familiarizing themselves with the new lease standard, which may include continuing education, webinars and further training.

District response: The District will continue to monitor and educate business office staff on these new standards and make necessary changes when deemed necessary.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT

***EXTRACLASSROOM ACTIVITY FUND
FINANCIAL STATEMENT***

FOR THE FISCAL YEAR ENDED JUNE 30, 2019

***WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS***

ALFRED ALMOND CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Extraclassroom Financial Statements	
Statement of Receipts and Disbursements – Cash Basis	2
Note to Financial Statement	3



INDEPENDENT AUDITOR'S REPORT

**To the President and
Members of the Board of Education
Alfred-Almond Central School District
Almond, New York**

We have audited the accompanying statement of cash receipts and disbursements – cash basis of the Extraclassroom Activity Fund of the **Alfred-Almond Central School District** for the year ended June 30, 2019, and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis for Qualified Opinion

The records of the Extraclassroom funds of the **Alfred-Almond Central School District** were not adequate to permit the application of adequate auditing procedures to indicate whether all receipts were recorded.

Qualified Opinion

In our opinion, except for the effects of any adjustments that might have been determined to be necessary had we been able to perform adequate auditing procedures in regard to the receipts referred to in the basis for qualified opinion paragraph, the financial statement referred to above presents fairly, in all material respects, the cash transactions of the Extraclassroom Activity Fund of the **Alfred-Almond Central School District** for the year ended June 30, 2019 on the basis of accounting described in Note 1.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 9, 2018**

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
STATEMENT OF RECEIPTS AND DISBURSEMENTS – CASH BASIS
JULY 1, 2018 THROUGH JUNE 30, 2019

	Balances July 01, 2018	Total Receipts 2018-19	Total Receipts & Balances	Total Payments 2018-19	Balances June 30, 2019
ALCEN	\$ 5,366	\$ 14,987	\$ 20,353	\$ 13,460	\$ 6,893
Athletic Council	6,404	5,323	11,727	5,967	5,760
Band Club	2,107	4,937	7,044	6,064	980
Chorus Club	6,105	6,195	12,300	7,343	4,957
Class of 2019	7,729	19,984	27,713	27,713	-
Class of 2020	6,350	6,867	13,217	3,673	9,544
Class of 2021	3,570	2,320	5,890	962	4,928
Class of 2022	2,147	743	2,890	-	2,890
Class of 2023	1,848	1,777	3,625	383	3,242
Class of 2024	-	2,158	2,158	-	2,158
Computer Club	300	475	775	436	339
French Club	1,290	1,262	2,552	1,341	1,211
Interest Account	101	160	261	137	124
Math Club	215	695	910	336	574
National Honor Society	2,445	3,961	6,406	3,147	3,259
Performing Arts	3,708	6,520	10,228	6,192	4,036
Sales Tax	643	1,526	2,169	1,412	757
Ski Club	-	9,664	9,664	9,664	-
Spanish Club	3,884	1,297	5,181	1,262	3,919
Student Government	3,662	5,562	9,224	4,512	4,712
Total activity fund	<u>\$ 57,874</u>	<u>\$ 96,413</u>	<u>\$ 154,287</u>	<u>\$ 94,004</u>	<u>\$ 60,283</u>

**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
NOTE TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019**

Page 3

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Fund are not considered part of the reporting entity of **Alfred-Almond Central School District**. Consequently, such transactions are not included in the financial statements of the School District. However, cash balances of \$60,283 are included in the Trust and Agency Fund as restricted cash, with a corresponding amount recorded as a liability in the Fund.

The accounts of the Extraclassroom Activity Fund of **Alfred-Almond Central School District** are maintained on a cash basis, and the statement of cash receipts and disbursements reflects only cash received and disbursed. Therefore, receivables and payables, inventories, long-lived assets, and accrued income and expenses, which would be recognized under generally accepted accounting principles, and which may be material in amount, are not recognized in the accompanying financial statement.



**To the President and Members of the
Board of Education
and School Administration
Alfred Almond Central School District
Almond, New York**

Ladies and Gentlemen:

In planning and performing our audit of the statement of cash receipts and disbursements – cash basis of the Extraclassroom Activity Fund of **Alfred Almond Central School District** as of and for the year ended June 30, 2018, in accordance with auditing standards generally accepted in the United States of America, we considered **Alfred Almond Central School District's** internal control over financial reporting (internal control) as a basis for designing 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 **Alfred Almond Central School District's** internal control. Accordingly, we do not express an opinion on the effectiveness of **Alfred Almond Central School District's** internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified deficiencies in internal control that we consider to be material weaknesses.

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. We consider the following deficiencies in internal control to be material weaknesses:

Point of Sale Records

We noted several instances where the receipt of cash lacked point of sale records. Each cash receipt received by the central treasurer should be accompanied by supporting documentation which reconciles cash received to participation times rates/fees. Due to the lack of point of sale records, cash receipts are not adequate to permit the application of the necessary auditing procedures to indicate whether receipts were recorded. We recommend that point of sale records be filled out in detail or an appropriate summary be attached by the student treasurer or teacher advisor, and be verified or reviewed by the central treasurer.

District response: The District, with the help of the central treasurer, will continue to urge the student treasurers and faculty advisors to provide appropriate point of sale records to back up their fundraiser deposits. The point of sale records are provided for many deposits, but certain fundraisers remain difficult to ensure proper point of sale records are kept.

Gross Margin Analysis

At the conclusion of each fundraiser, the Activity Fund is expected to compare the actual revenue and expenditures to the expected results. We recommend that going forward these forms be required to be completed for each individual fundraiser. Further, we recommend that these forms be filed separate from the receipts and disbursements records and that they be analyzed by someone in an oversight role to ensure that fundraisers meet budgeted expectations and achieve appropriate margins.

District's response: The District's current fundraiser procedures includes the use of the gross margin analysis, and we will continue to advise the clubs that it is a necessary form to submit before and after the event.

The following are additional comments for consideration.

Student Involvement and Approval of Receipts

An activity fund is defined as “an organization within the School District whose activities are conducted by students and whose financial support is raised other than taxation or through charges of the Board of Education”. During our audit of the extraclassroom activities fund, we noticed in all instances a student’s signature and club advisor was lacking from documentation relating to cash receipts. We recommend that students substantiate their involvement in the cash receipt process by signing off on all cash deposits. Activity advisors should also sign or initial the deposit to evidence their oversight.

District response: The student treasurers/faculty advisors currently sign off on a log sheet that lists the amounts of student activity deposits, which is kept separate of the individual deposits. The District will explore the possibility of requiring signatures on the deposit document.

Comptroller Audits

The New York State Comptroller’s Office has increased its scrutiny over student activity clubs as evidenced by recent audits. Areas of emphasis of these audits include cash receipts and disbursements, as well as recordkeeping and internal controls. The District should consider creating a faculty auditor position who is responsible for oversight of the student activity clubs. Finally, the District should consider formal training opportunities for advisors and central treasurers.

District response: The District will consider formal training with its advisors and central treasurers to communicate the importance of items outlined above.

This communication is intended solely for the information and use of management, Board of Education, and others within [Alfred Almond Central School District](#), and is not intended to be, and should not be, used by anyone other than these specified parties.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 9, 2019**



October 9, 2019

To the Audit Committee
and Board of Education
Alfred-Almond Central School District
Almond, New York

We have audited the financial statements of Alfred-Almond Central School District as of and for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Governmental Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 20, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Alfred-Almond Central School District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2019. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

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

Management's estimate of depreciation is based on estimates of useful lives of assets and cost basis of certain assets were derived from a third-party independent appraisal company. We evaluated the key factors and assumptions used to develop depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

In addition, the District also has estimated future costs associated with pension and other post-employment benefits and has recorded a net pension asset (TRS), a net pension liability (ERS) and an other post-employment benefit liability based on an actuarial study performed by a third-party actuary. We evaluated the key assumptions used to develop this study and its reasonableness in relation to the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures on long-term debt in Note 3 to the financial statements, due to their significance.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 9, 2019.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

We applied certain limited procedures to management's discussion and analysis, budgetary comparison information, schedule of funding progress, schedule of the District's share of the net pension asset/liability, and the schedule of the District's contributions for defined benefit pension plans, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information, including combining and individual fund financial statements, the schedule of expenditures of federal awards, and other schedules, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Very truly yours,

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.