

*ALFRED-ALMOND CENTRAL SCHOOL DISTRICT*  
*AUDIT REPORTING PACKAGE*  
*FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

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**2020 REPORTING PACKAGE**

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***ALFRED-ALMOND CENTRAL SCHOOL DISTRICT***  
***FINANCIAL STATEMENTS***  
***AND SUPPLEMENTARY INFORMATION***  
***FOR THE FISCAL YEAR ENDED JUNE 30, 2020***  
***WITH***  
***REPORT OF CERTIFIED PUBLIC ACCOUNTANTS***

**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT**

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**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, 2020, 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, 2020, 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, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Report on Summarized Comparative Information**

We have previously audited the **Alfred-Almond Central School District's** June 30, 2019 financial statements, and our report dated October 9, 2019, 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, 2019, 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 6, 2020 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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **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 6, 2020

**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, 2020. 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, 2020:

- Overall net position from operations of the District increased during the current year in the amount of \$241,000 as compared to an increase of \$319,000 during the prior fiscal year.
- The District's total revenue increased 2% from \$14,199,000 during the year ended June 30, 2019 to \$14,545,000 during the year ended June 30, 2020. This increase was primarily the result of an increase in property taxes, state aid and BOCES aid.
- The District's total expenses increased 3% from \$13,880,000 during the year ended June 30, 2019 to \$14,304,000 during the year ended June 30, 2020. This increase was primarily due to an increase in Teachers' Retirement System and Employees' Retirement System pension expense resulting from actuarial updates, along with an increase in salaries. These increases were partially offset by a decrease in other post-employment benefits expense (OPEB) as a result of an actuarial update.
- The District's had capital outlays during the current year in the amount of approximately \$708,000, 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**

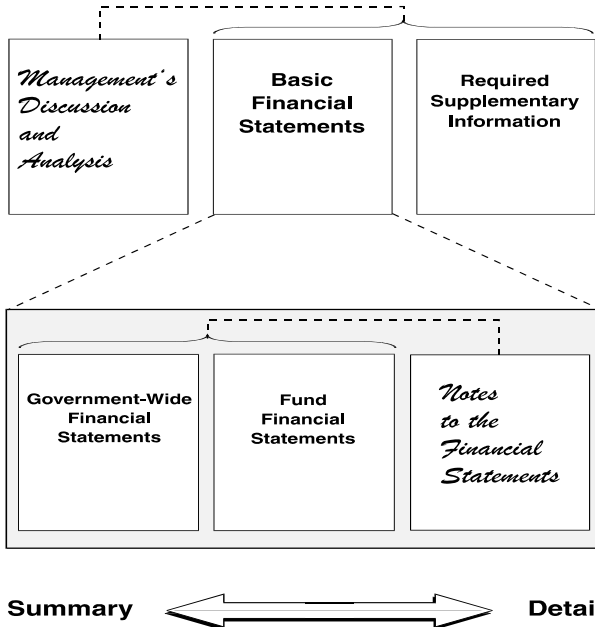
The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. 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 increased 3%. The District's total net assets increased from operations of approximately \$241,000 during the fiscal year ended June 30, 2020.

Figure A-4 presents the major sources of revenue of the District. Revenue of the District totaled \$14,545,000 for the fiscal year ended June 30, 2020. 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, increased 2% in comparison with the prior year as a result of an increase in the tax levy.
- The District's most significant revenue is state sources which represent \$8,288,000 or 57% of total governmental revenue. The District's state sources increased by approximately 3% which was primarily the result of an increase in basic state aid and BOCES aid.
- During the year ended June 30, 2020, the District saw an increase in program revenue in the amount of \$38,000 which mostly resulted from an increase in operating grants and contributions which increased \$95,000. This increase was partially offset by a decrease in charges for services which decreased \$57,000 as compared with the prior year revenue. During the Pandemic the District participated in the Summer Food Program where all meals served were reimbursed by the Federal government, resulting in higher Federal reimbursement and less charges for meals. In addition, more meals were served during the Pandemic.

**IV. Financial Analysis of the School District as a Whole**

Net Position

The District's total reporting entity net position was approximately \$11,330,000. The components of net assets include: net investment in capital assets, of \$10,127,000; restricted net position of \$3,592,000; and unrestricted net position deficit of \$2,389,000 as of June 30, 2020.

Changes in Net Position

The District's total government-wide revenue increased by approximately 2% to \$14,545,000. 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 increased 3% to \$14,304,000. The District's expenses cover a range of services, with 69% related to instruction and 22% 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 \$14,304,000. The most significant changes in the District's governmental expenses are more thoroughly discussed as follows:

- The District's general support increased by approximately \$734,000 or 30% which was primarily due to an increase in salaries expenses, BOCES services and pension expense.
- The District's instruction costs decreased by approximately \$287,000 or 3% which was primarily due to a decrease in BOCES services which was partially offset by an increase in salaries and pension expense.
- Debt service of the District decreased approximately \$10,000 during the year ended June 30, 2020 resulting from a decrease in interest expense related to the district bonds.
- Transportation costs of the District decreased 3% or \$24,000 during the year ended June 30, 2020 as a result of a decrease in depreciation expense.
- The District's cost of sales (food service fund) totaled \$295,000 during the current year as compared to \$284,000 during the fiscal year ended June 30, 2019. During the Pandemic the District served additional meals.
- The District received approximately \$965,000 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 (\$ 13.3 million) were financed by real property taxes and state aid.

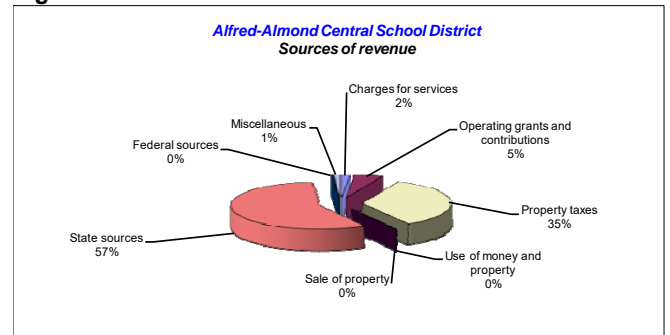
**Figure A-3 – Condensed Statement of Net Assets**

Alfred-Almond Central School District Condensed Statement of Net Position (in thousands of dollars)			
	Governmental Activities and Total District-wide		
	2020	2019	% Change
<b>Assets</b>			
Current and other assets	\$ 7,683	\$ 9,289	-17%
Capital assets	17,420	17,733	-2%
Total assets	25,103	27,022	-7%
<b>Deferred Outflows of Resources</b>			
Deferred outflows related to pension, OPEB, and bonds	3,239	3,134	3%
Deferred outflows of resources and assets	\$ 28,342	\$ 30,156	-6%
<b>Liabilities</b>			
Other liabilities	\$ 912	\$ 2,766	-67%
Long-term liabilities	13,793	15,203	-9%
Total liabilities	14,705	17,969	-18%
<b>Deferred Inflows of Resources</b>			
Deferred inflows related to pension and OPEB	2,307	1,098	110%
Deferred inflows of resources and liabilities	17,012	19,067	-11%
<b>Net Position</b>			
Net investment in capital assets	10,127	9,482	7%
Restricted	3,592	3,196	12%
Unrestricted	(2,389)	(1,589)	50%
Total net position	11,330	11,089	2%
Total liabilities, deferred inflows of resources, and net position	\$ 28,342	\$ 30,156	-6%

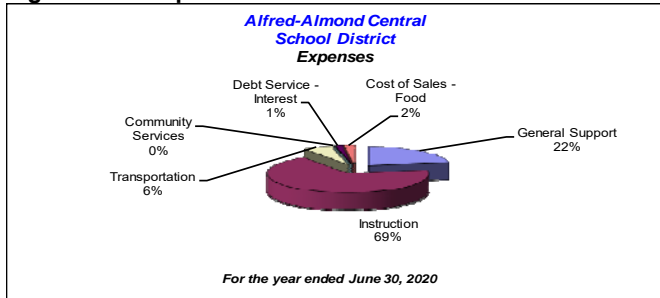
**Figure A-4 – Changes in Net Position**

Alfred-Almond Central School District Changes in Net Position from Operating Results (in thousands of Dollars)			
	Governmental Activities and Total District-wide		
	2020	2019	% Change
<b>Revenue</b>			
Program revenue			
Charges for services	\$ 224	\$ 281	-20%
Operating grants and contributions	741	646	15%
General revenue			
Real property taxes	5,082	4,962	2%
Use of money & property	8	24	-66%
Sale of property & comp for loss	3	8	-63%
State sources	8,288	8,062	3%
Federal sources	37	27	33%
Miscellaneous	162	189	-15%
Total revenue	14,545	14,199	2%
<b>Expenses</b>			
General support	3,186	2,452	30%
Instruction	9,806	10,093	-3%
Transportation	832	856	-3%
Community services	1	1	100%
Debt service - interest	184	194	-5%
Cost of sales	295	284	4%
Total expenses	14,304	13,880	3%
<b>Change in net position</b>	<b>\$ 241</b>	<b>\$ 319</b>	

**Figure A-5 – Sources of Revenue**



**Figure A-6 - Expenses**



**Figure A-7 – Expenditures Supported with Program Revenue**

	Governmental Activities & Total District			
	2020		2019	
Expenditures supported with general revenue (from taxes & other sources)	\$ 13,339	93%	\$ 12,953	93%
Expenditures supported with program revenue	965	7%	927	7%
<b>Total expenditures related to governmental activities</b>	<b>\$ 14,304</b>	<b>100%</b>	<b>\$ 13,880</b>	<b>100%</b>

**Figure A-8 – Net Cost of Governmental Activities**

	Total cost of services			Net cost of services		
	2020	2019	Change	2020	2019	Change
General support	\$ 3,186	\$ 2,452	\$ 734	\$ 3,186	\$ 2,452	\$ 734
Instruction	9,806	10,093	(287)	9,191	9,472	(281)
Transportation	832	856	(24)	825	850	(25)
Community Services	1	1	-	1	1	(0)
Debt service - interest	184	194	(10)	184	194	(10)
Cost of sales - food	295	284	11	(48)	(16)	(32)
<b>Total</b>	<b>\$ 14,304</b>	<b>\$ 13,880</b>	<b>\$ 424</b>	<b>\$ 13,339</b>	<b>\$ 12,953</b>	<b>\$ 386</b>

**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 revenue and other sources exceeded its expenditures and other uses by approximately \$209,000.
- The District's general fund unassigned fund balance equaled approximately \$1,437,000 as of June 30, 2020.
- The District maintained many fund balance reserves during the year ended June 30, 2020, and had a total restricted fund balance of approximately \$3,064,000.
- The District's total assets decreased approximately \$1,930,000 as of June 30, 2020 related to a decrease in cash. The District's liabilities decreased approximately \$2,138,000, primarily from a decrease in accounts payable.
- Total revenue in the District's general fund increased \$293,000, which was primarily related to increases in property taxes, state aid and BOCES aid.
- Total expenditures in the District's general fund decreased \$462,000 primarily as a result of a decrease in transfers to the capital project fund, contractual expenditures and material and supplies. These decreases were partially offset by an increase in salaries.

Food Service Fund

- The District's food service fund experienced a \$50,000 increase in fund equity in the current year.
- Revenue and expenditures in the food service fund were \$345,000 and \$295,000, respectively, during 2020 as compared with \$302,000 and \$286,000 in 2019. During the Pandemic, the District participated in the Summer Food Program resulting in higher Federal reimbursement.

Special Aid Fund

- The District's special aid fund revenue and expenditures increased approximately \$7,000 or 1% which was primarily related to an increase summer school handicapped funding.

Capital Projects Fund

- The District had expenditures and other uses in the amount of \$642,000 in capital projects during the year ended June 30, 2020, which was primarily related to costs associated with a capital outlay project, smart bond project, emergency project, and the purchase of a school bus.

**VI. General Fund Budgetary Highlight**

Over the course of the year, the District makes many budget transfers. Actual expenditures were approximately \$927,000 below the revised budget. The most significant positive variances were in the areas of instruction and employee benefits which were \$342,000 and \$397,000, respectively, below that budgeted. On the other hand, resources available for appropriations were approximately \$69,000 above the final budgeted amount. The significant variances in revenue items consisted of favorable variances in local sources in the amount of \$137,000.

**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
<b>Revenue</b>			
Local sources	\$ 5,235	\$ 5,372	\$ 137
State sources	8,374	8,289	(85)
Federal sources	20	37	17
Other sources	-	-	-
<b>Total revenue</b>	<b>\$ 13,629</b>	<b>\$ 13,698</b>	<b>\$ 69</b>
<b>Expenditures</b>			
General support	\$ 2,582	\$ 2,575	\$ 7
Instruction	6,381	6,039	342
Transportation	572	467	105
Community services	2	1	1
Employee benefits	3,014	2,617	397
Debt service	1,473	1,473	0
Operating transfers	392	317	75
<b>Total expenditures</b>	<b>\$ 14,416</b>	<b>\$ 13,489</b>	<b>\$ 927</b>

**VII. Capital Assets and Debt Administration**

Capital Assets

As depicted in Figure A-10, as of June 30, 2020, the District had invested approximately \$17,420,000 in a broad range of capital assets, including reconstruction projects, transportation vehicles and other equipment. Capital additions made during the year ended June 30, 2020, totaled approximately \$708,000 and consisted primarily of costs associated with the District's capital outlay project and the acquisition of a bus. 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, 2020, the District had approximately \$13,793,000 in bonds, compensated absences, net pension liability and other post-employment benefits, a decrease of approximately 9% as compared with the previous year. The decrease in bonds payable was the result of the District making regularly scheduled principal payments. During the current year, the District's other post-employment benefits decreased and NYS Employees Retirement System net pension liability increased as a result of actuarial updates.

**Figure A-10 – Capital Assets**

<i>Alfred-Almond Central School District</i>			
<i>Capital Assets (net of depreciation)</i>			
	Governmental Activities & Total District-wide		
	2020	2019	Change
Land	\$ 2,322	\$ 2,322	0%
Buildings	28,312,967	28,012,967	1%
Construction in progress	302,997	22,907	n/a
Equipment	4,072,240	3,997,513	2%
Accumulated depreciation	(15,270,346)	(14,303,202)	7%
<b>Total Capital Assets, net</b>	<b>\$ 17,420,180</b>	<b>\$ 17,732,507</b>	<b>-2%</b>

**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		
	2020	2019	Change
Bonds payable	\$ 7,578,455	\$ 8,777,301	-14%
Net pension liability - ERS	756,848	219,369	245%
Other post-employment benefits	5,408,920	6,156,812	-12%
Compensated absences	49,000	49,125	0%
<b>Total Long-Term Debt</b>	<b>\$ 13,793,223</b>	<b>\$ 15,202,607</b>	<b>-9%</b>

**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 uncertain as to the level of state aid in the upcoming years as a result of the Pandemic. New York State enacted a 20-21 budget provision that provides for three time periods during the State's fiscal year at which time the Division of Budget will evaluate revenue and expenditures against its budget projections and potentially adjust State aid to school districts that could result in mid-year cuts. In addition, 2020-21 State aid includes a reduced "Pandemic Adjustment" which is being offset with Federal Stimulus funds.

**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: Ms. Tracie Bliven  
Superintendent  
6795 Route 21  
Almond, New York 14804

**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2020**

**Schedule 1**

**Page 10**

	2020	2019
<b>Assets</b>		
Cash		
Unrestricted	\$ 2,202,072	\$ 4,635,401
Restricted	3,591,649	3,195,512
Receivables		
State and federal aid	296,921	201,153
Other receivables	145,990	3,418
Due from other governments	546,813	538,396
Inventories	12,403	13,319
Prepaid expenditures	-	63,527
Net pension asset - NYS Teachers' Retirement System	711,596	490,240
Cash to be used for capital assets	176,068	148,938
Capital assets, net	17,420,180	17,732,507
Total assets	<u>25,103,692</u>	<u>27,022,411</u>
<b>Deferred Outflows of Resources</b>		
Deferred outflows related to pensions	2,864,722	2,849,070
Deferred outflows related to bonds	41,994	58,545
Deferred outflows related to OPEB	331,912	225,979
Total assets and deferred outflows of resources	<u>\$ 28,342,320</u>	<u>\$ 30,156,005</u>
<b>Liabilities</b>		
Current liabilities		
Accounts payable & retainage payable	\$ 286,943	\$ 2,023,419
Accrued liabilities	90,309	34,939
Accrued interest	26,000	32,000
Due to other governments	9,060	-
Due to fiduciary funds	6,390	8,213
Due to retirement systems	485,026	543,791
Unearned revenue	8,158	124,072
Long-term liabilities		
Portion due or payable within one year		
Bonds payable	1,167,592	1,153,763
Portion due or payable after one year		
Bonds payable	6,410,863	7,623,538
Net pension liability - NYS Employees' Retirement System	756,848	219,369
Other post-employment benefits	5,408,920	6,156,812
Compensated absences	49,000	49,125
Total liabilities	<u>14,705,109</u>	<u>17,969,041</u>
<b>Deferred Inflows of Resources</b>		
Deferred inflows related to pensions	1,009,762	703,555
Deferred inflows related to OPEB	1,297,396	394,495
Total liabilities and deferred inflows of resources	<u>17,012,267</u>	<u>19,067,091</u>
<b>Net Position</b>		
Net investment in capital assets	10,127,124	9,482,299
Restricted	3,591,649	3,195,512
Unrestricted (deficit)	<u>(2,388,720)</u>	<u>(1,588,897)</u>
Total net position	<u>11,330,053</u>	<u>11,088,914</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 28,342,320</u>	<u>\$ 30,156,005</u>

**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**Schedule 2**

**Page 11**

			Program Revenues		2020	2019
	Indirect		Charges for	Operating	Net (Expense)	Net (Expense)
	Expenses		Services	Grants	Revenue and	Revenue and
	Allocation				Changes in	Changes in
					Net Position	Net Position
	Expenses					
<b>Functions/Programs</b>						
General support	\$ 2,947,679	\$ 238,672	\$ -	\$ -	\$ (3,186,351)	\$ (2,451,936)
Instruction	9,194,932	610,479	122,067	492,461	(9,190,883)	(9,470,998)
Pupil transportation	660,804	171,241	-	7,266	(824,779)	(849,976)
Community services	1,000	-	-	-	(1,000)	(1,312)
Debt service	184,091	-	-	-	(184,091)	(194,346)
Food service program	295,164	-	102,260	241,267	48,363	16,368
Depreciation	1,020,392	(1,020,392)	-	-	-	-
Total functions and programs	\$ 14,304,062	\$ -	\$ 224,327	\$ 740,994	(13,338,741)	(12,952,200)
<b>General Revenues</b>						
Real property taxes					5,081,672	4,962,082
Use of money and property					8,023	23,707
Sale of property and compensation for loss					2,946	6,977
Miscellaneous					161,615	189,498
State sources					8,289,008	8,061,848
Federal sources					36,616	27,445
Total general revenues					13,579,880	13,271,557
<b>Change in net position</b>					241,139	319,357
Net position - beginning of year					11,088,914	10,769,557
<b>Net position - end of year</b>					\$ 11,330,053	\$ 11,088,914



**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT**  
**COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS**  
**AS OF JUNE 30, 2020**

**Schedule 3**

**Page 12**

	Governmental Funds					2020	2019
	General	Special Aid	Food Service	Debt Service	Capital Projects	(Memo only) Total	(Memo only) Total
<b>Assets</b>							
Unrestricted cash	\$ 2,150,010	\$ 25,515	\$ 26,613	\$ -	\$ -	\$ 2,202,138	\$ 4,635,401
Restricted cash	3,063,772	-	-	527,811	176,068	3,767,651	3,344,450
Due from other funds	265,361	-	-	66	144,789	410,216	827,419
State and federal aid receivable	85,819	211,102	-	-	-	296,921	201,153
Other receivables	13,535	-	132,455	-	-	145,990	3,418
Due from other governments	546,813	-	-	-	-	546,813	538,396
Inventories	-	-	12,403	-	-	12,403	13,319
Prepaid items	-	-	-	-	-	-	63,527
Total assets	<u>\$ 6,125,310</u>	<u>\$ 236,617</u>	<u>\$ 171,471</u>	<u>\$ 527,877</u>	<u>\$ 320,857</u>	<u>\$ 7,382,132</u>	<u>\$ 9,627,083</u>
<b>Liabilities and Fund Equity</b>							
<b>Liabilities</b>							
Accounts payable	\$ 250,675	\$ -	\$ 876	\$ -	\$ 35,392	\$ 286,943	\$ 2,015,269
Retainage payable	-	-	-	-	-	-	8,150
Accrued liabilities	90,309	-	-	-	-	90,309	34,939
Due to other funds	151,179	236,617	28,744	-	66	416,606	835,632
Unearned revenue	-	-	8,158	-	-	8,158	124,072
Due to Teachers' Retirement System	445,910	-	-	-	-	445,910	504,864
Due to Employees' Retirement System	39,116	-	-	-	-	39,116	38,927
Total liabilities	<u>986,249</u>	<u>236,617</u>	<u>37,778</u>	<u>-</u>	<u>35,458</u>	<u>1,296,102</u>	<u>3,561,853</u>
<b>Fund Equity</b>							
Nonspendable	-	-	12,403	-	-	12,403	76,846
Restricted	3,063,772	-	-	527,877	-	3,591,649	3,195,512
Assigned	638,397	-	121,290	-	285,399	1,045,086	1,184,427
Unassigned	1,436,892	-	-	-	-	1,436,892	1,608,445
Total fund equity	<u>5,139,061</u>	<u>-</u>	<u>133,693</u>	<u>527,877</u>	<u>285,399</u>	<u>6,086,030</u>	<u>6,065,230</u>
Total liabilities and fund equity	<u>\$ 6,125,310</u>	<u>\$ 236,617</u>	<u>\$ 171,471</u>	<u>\$ 527,877</u>	<u>\$ 320,857</u>	<u>\$ 7,382,132</u>	<u>\$ 9,627,083</u>



**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT**  
**COMBINED STATEMENT OF REVENUE, EXPENDITURES AND**  
**CHANGES IN FUND EQUITY – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**Schedule 4**

**Page 13**

	Governmental Funds						2020	2019
	General	Special Aid	Food Service	Debt Service	Capital Projects	(Memo only)	(Memo only)	
						Total	Total	
<b>Revenue</b>								
Real property taxes	\$ 5,081,672	\$ -	\$ -	\$ -	\$ -	\$ 5,081,672	\$ 4,962,082	
Charges for services	122,067	-	-	-	-	122,067	135,494	
Use of money and property	4,299	-	23	3,724	-	8,046	23,762	
Sale of property compensation for loss	2,946	-	-	-	-	2,946	6,977	
Miscellaneous	161,615	-	44,040	-	-	205,655	237,642	
State sources	8,289,008	106,853	8,638	-	-	8,404,499	8,152,090	
Federal sources	36,616	392,874	215,631	-	-	645,121	566,807	
Surplus food	-	-	16,998	-	-	16,998	16,631	
Sales (school food service)	-	-	58,197	-	-	58,197	97,550	
Total revenue	13,698,223	499,727	343,527	3,724	-	14,545,201	14,199,035	
<b>Expenditures</b>								
General support	2,575,047	-	88,892	-	-	2,663,939	2,057,150	
Instruction	6,039,706	448,583	-	-	-	6,488,289	7,146,744	
Pupil transportation	466,715	7,266	-	-	100,592	574,573	738,438	
Community services	1,000	-	-	-	-	1,000	1,312	
Employee benefits	2,616,954	59,294	18,875	-	-	2,695,123	2,647,895	
Debt service								
Principal	1,153,763	-	-	-	-	1,153,763	1,132,852	
Interest	319,215	-	-	-	-	319,215	339,974	
Capital outlay	-	-	-	-	541,694	541,694	273,556	
Cost of sales	-	-	119,400	-	-	119,400	114,243	
Other expenses	-	-	67,997	-	-	67,997	62,350	
Total expenditures	13,172,400	515,143	295,164	-	642,286	14,624,993	14,514,514	
<b>Excess (deficiency) of revenue over expenditures</b>	525,823	(15,416)	48,363	3,724	(642,286)	(79,792)	(315,479)	
<b>Other sources and uses</b>								
Issuance of serial bonds	-	-	-	-	100,592	100,592	222,763	
Operating transfers in	-	15,416	1,670	-	300,000	317,086	710,000	
Operating transfers out	(317,086)	-	-	-	-	(317,086)	(710,000)	
Total other sources (uses)	(317,086)	15,416	1,670	-	400,592	100,592	222,763	
<b>Excess (deficiency) of revenue and other sources over expenditures and other uses</b>	208,737	-	50,033	3,724	(241,694)	20,800	(92,716)	
Fund equity, beginning of year	4,930,324	-	83,660	524,153	527,093	6,065,230	6,157,946	
<b>Fund equity, end of year</b>	\$ 5,139,061	\$ -	\$ 133,693	\$ 527,877	\$ 285,399	\$ 6,086,030	\$ 6,065,230	

**See accompanying independent auditor's report and notes to financial statements.**

**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**AS OF JUNE 30, 2020**

**Schedule 5**

**Page 14**

	Private Purpose Trusts	Agency Funds	Total 6/30/2020	(Memo only) Total 6/30/2019
<b>Assets</b>				
Cash	\$ 10,013	\$ 107,785	\$ 117,798	\$ 265,972
Accounts receivable	-	352	352	650
Due from other funds	-	6,390	6,390	8,213
Total assets	\$ 10,013	\$ 114,527	\$ 124,540	\$ 274,835
<b>Liabilities</b>				
Accrued liabilities	\$ -	\$ 52,234	\$ 52,234	\$ 204,539
Student extraclassroom activity funds	-	62,293	62,293	60,283
Total liabilities	-	114,527	114,527	264,822
<b>Net Position</b>				
Reserved for scholarships	10,013	-	10,013	10,013
Total liabilities and net position	\$ 10,013	\$ 114,527	\$ 124,540	\$ 274,835

**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**Schedule 6**

**Page 15**

	6/30/2020	(Memo only) 6/30/2019
<b>Additions</b>		
Gifts and contributions	\$ -	\$ -
Interest earnings	-	-
Total additions	-	-
<b>Deductions</b>		
Other expenses	-	-
<b>Change in net position</b>	-	-
Net position - beginning of year	10,013	10,013
<b>Net position - end of year</b>	<b>\$ 10,013</b>	<b>\$ 10,013</b>

**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT**  
**RECONCILIATION OF GOVERNMENTAL FUNDS**  
**BALANCE SHEET TO THE STATEMENT OF NET POSITION**  
**AS OF JUNE 30, 2020**

**Total fund balances - governmental funds** \$ 6,086,030

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	\$ 32,690,526	
Accumulated depreciation	<u>(15,270,346)</u>	17,420,180

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.	711,596
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Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.	(26,000)
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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.	1,854,960
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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.	(965,484)
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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.	41,994
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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	(7,578,455)	
Net pension liability - ERS	(756,848)	
Other post-employment benefits	(5,408,920)	
Compensated absences	<u>(49,000)</u>	<u>(13,793,223)</u>

**Total net position - governmental activities** \$ 11,330,053

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Net Position
<b>Assets</b>					
Cash	\$ 5,969,789	\$ -	\$ -	\$ (176,068)	\$ 5,793,721
Due from other funds	410,216	-	-	(410,216)	-
State and federal aid receivable	296,921	-	-	-	296,921
Other receivables	145,990	-	-	-	145,990
Due from other governments	546,813	-	-	-	546,813
Inventories	12,403	-	-	-	12,403
Net pension asset - TRS	-	711,596	-	-	711,596
Cash to be used for capital assets	-	-	-	176,068	176,068
Capital assets, net	-	17,420,180	-	-	17,420,180
Total assets	7,382,132	18,131,776	-	(410,216)	25,103,692
<b>Deferred Outflows of Resources</b>					
Deferred outflows related to pensions	-	2,864,722	-	-	2,864,722
Deferred outflows related to bonds	-	41,994	-	-	41,994
Deferred outflows related to OPEB	-	331,912	-	-	331,912
Total assets and deferred outflows of resources	\$ 7,382,132	\$ 21,370,404	\$ -	\$ (410,216)	\$ 28,342,320
<b>Liabilities, Deferred Inflows of Resources and Fund Equity/Net Position</b>					
<b>Liabilities</b>					
Accounts payable	\$ 286,943	\$ -	\$ -	\$ -	\$ 286,943
Accrued liabilities	90,309	-	-	-	90,309
Accrued interest	-	-	26,000	-	26,000
Due to other funds	416,606	-	-	(410,216)	6,390
Unearned revenue	8,158	-	-	-	8,158
Due to other governments	9,060	-	-	-	9,060
Due to retirement systems	485,026	-	-	-	485,026
Bonds payable	-	-	7,578,455	-	7,578,455
Net pension liability - ERS	-	-	756,848	-	756,848
Other post-employment benefits	-	-	5,408,920	-	5,408,920
Compensated absences	-	-	49,000	-	49,000
Total liabilities	1,296,102	-	13,819,223	(410,216)	14,705,109
<b>Deferred Inflows of Resources</b>					
Deferred inflows related to pensions	-	-	1,009,762	-	1,009,762
Deferred inflows related to OPEB	-	-	1,297,396	-	1,297,396
Total liabilities and deferred inflows of resources	1,296,102	-	16,126,381	(410,216)	17,012,267
<b>Fund equity/net position</b>					
	6,086,030	21,370,404	(16,126,381)	-	11,330,053
Total liabilities, deferred inflows of resources and fund equity/position	\$ 7,382,132	\$ 21,370,404	\$ -	\$ (410,216)	\$ 28,342,320

**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, 2020**

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<b>Total net change in fund balances - governmental funds</b>	\$	20,800
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>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:</p>		
Capital outlays	\$ 708,065	
Depreciation expense	<u>(1,020,392)</u>	(312,327)
<p>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.</p>		
		1,153,763
<p>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.</p>		
		(100,592)
<p>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.</p>		
		135,124
<p>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.</p>		
		(606,678)
<p>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.</p>		
		(49,076)
<p>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).</p>		
		<u>125</u>
<b>Change in net position of governmental activities</b>	<b>\$</b>	<b><u>241,139</u></b>

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	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Activities Totals
<b>Revenue</b>					
Real property taxes	\$ 5,081,672	\$ -	\$ -	\$ -	\$ 5,081,672
Charges for services	122,067	-	-	(122,067)	-
Use of money and property	8,046	-	-	(23)	8,023
Sale of property compensation for loss	2,946	-	-	-	2,946
Miscellaneous	205,655	-	-	(44,040)	161,615
State sources	8,404,499	-	-	(115,491)	8,289,008
Federal sources	645,121	-	-	(608,505)	36,616
Surplus food	16,998	-	-	(16,998)	-
Sales (school food service)	58,197	-	-	(58,197)	-
Total revenue	14,545,201	-	-	(965,321)	13,579,880
<b>Expenditures</b>					
General support	2,663,939	190,694	-	331,718	3,186,351
Instruction	6,488,289	592,678	(125)	2,110,041	9,190,883
Pupil transportation	574,573	70,649	-	179,557	824,779
Community services	1,000	-	-	-	1,000
Employee benefits	2,695,123	-	655,754	(3,350,877)	-
Debt service	1,472,978	-	(1,288,887)	-	184,091
Capital outlay	541,694	(541,694)	-	-	-
Cost of sales	119,400	-	-	(167,763)	(48,363)
Other expenses	67,997	-	-	(67,997)	-
Total expenditures	14,624,993	312,327	(633,258)	(965,321)	13,338,741
Excess (deficiency) of revenue over expenditures	(79,792)	(312,327)	633,258	-	241,139
<b>Other sources and uses</b>					
Issuance of serial bonds	100,592	-	(100,592)	-	-
Operating transfers in	317,086	-	-	(317,086)	-
Operating transfers out	(317,086)	-	-	317,086	-
Total other sources (uses)	100,592	-	(100,592)	-	-
<b>Net change for year</b>	\$ 20,800	\$ (312,327)	\$ 532,666	\$ -	\$ 241,139

**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**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.

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

**B. Joint Venture (continued)**

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 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 \$2,450,000 for BOCES administration and program costs. The District's share of BOCES aid and refunds amounted to \$1,213,000 the year ended June 30, 2020. 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.

**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**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:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
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 \$49,000. 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. Teachers' Retirement System Reserve**

This reserve is used to accumulate funds for TRS contributions and has limits of 2% annually and 10% in total of teacher retirement salaries. The reserve may be established by a majority vote of the Board of Education and is accounted for in the General fund.

**4. 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.

**5. 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.

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

**N. Fund Equity (continued)**

**1. Governmental Funds (continued)**

**B. Restricted (continued)**

**6. 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.

**7. 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.

**8. 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, 2020.

**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.

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

**N. Fund Equity (continued)**

**1. Governmental Funds (continued)**

**D. Assigned (continued)**

**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, 2020 in the amount of \$11,145.

**2. Appropriated Fund Equity**

General Fund - The amount of \$627,252 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2021 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.

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

**N. Fund Equity (continued)**

**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;
- 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, 2020 in the amount of \$200,000 from unassigned fund balance 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, 2020 per the bank were approximately \$6,329,000. Deposits are categorized as follows:

<u>Category 1</u>	<u>Category 2</u>	<u>Carrying Value</u>
\$ 250,000	\$ 6,079,000	\$ 6,329,000

**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**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, 2020, the District's bank deposits were fully collateralized.

**II. Interfund Transactions**

Interfund balances as of June 30, 2020 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 265,361	\$ 151,179
School Lunch Fund	-	28,744
Special Aid Fund	-	236,617
Debt Service Fund	66	-
Capital Fund	144,789	66
Fiduciary Funds	6,390	-
<b>Total</b>	<b>\$ 416,606</b>	<b>\$ 416,606</b>

Interfund transfers during the fiscal year ended June 30, 2020 were as follows:

	<u>Interfund Revenue</u>	<u>Interfund Expense</u>
General Fund	\$ -	\$ 317,086
School Lunch Fund	1,670	-
Capital Fund	300,000	-
Special Revenue	15,416	-
Debt Service Fund	-	-
<b>Total</b>	<b>\$ 317,086</b>	<b>\$ 317,086</b>

During the current year ended June 30, 2020, the District transferred \$300,000 from the General Fund to the Capital Project Fund to pay for the capital outlay project (\$100,000) and an emergency capital project (\$200,000). In addition, \$1,670 was transferred from the General Fund to the School Lunch Fund. The District transferred \$15,416 from the General Fund to the Special Revenue Fund to cover its local share of the summer school/Section 4408 program.

**III. Receivables**

Receivables at June 30, 2020 consisted of the following, which are stated at net realizable value. District management has deemed the amounts to be fully collectible.

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**III. Receivables**

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Special Aid	State and Federal Aid	\$ 211,102
Food Service	Other Receivables	132,455
General	Other Receivables	13,535
General	State and Federal Aid	85,819
General	Due from Other Governments	546,813
		<u>\$ 989,724</u>

In August, the New York State Division of Budget began withholding 20% of excess cost and BOCES aid payments which could be converted to permanent reductions, depending on the size and timing of new Federal aid, if any. As a result, the District has reduced applicable receivables by 20% withholding in the general fund balance sheet and district-wide statement of net position in the amount of \$144,167.

**IV. Capital Assets**

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	<u>Beginning Balance 06/30/19</u>	<u>Net Additions (Disposals)</u>	<u>Ending Balance 06/30/20</u>
Governmental activities:			
Capital assets that are not depreciated:			
Land	\$ 2,322	\$ -	\$ 2,322
Construction-in-progress	22,907	280,090	302,997
Capital assets that are depreciated:			
Buildings and improvements	28,012,967	300,000	28,312,967
Machinery and equipment	3,997,513	74,727	4,072,240
Total historical cost	<u>32,035,709</u>	<u>\$ 654,817</u>	<u>32,690,526</u>
Less accumulated depreciation:			
Buildings and improvements	11,240,126	\$ 734,351	11,974,477
Furniture and equipment	3,063,076	232,793	3,295,869
Total accumulated depreciation	<u>14,303,202</u>	<u>\$ 967,144</u>	<u>15,270,346</u>
Total net book value	<u>\$17,732,507</u>		<u>\$17,420,180</u>



**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**IV. Capital Assets (continued)**

Depreciation expense was charged to governmental functions as follows:

General support	\$	238,672
Instruction		610,479
Pupil transportation		171,241
	\$	<u>1,020,392</u>

During the fiscal year ended June 30, 2020, the District had capital additions in the amount of \$708,065 related to bus purchases, rotary lift, 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](http://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](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, 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, 2020**

**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
2020	\$ 419,000	\$ 155,000
2019	486,000	161,000
2018	433,000	168,000

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, 2020, 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	\$ 44,544	\$ 482,230	\$ -	\$ 52,916
Changes of assumptions	15,239	1,344,300	13,159	327,778
Net difference between projected and actual earnings on pension plan investments	387,997	-	-	570,663
Changes in proportion and differences between the Districts contributions and proportionate share of contributions	85,259	47,154	21,937	23,309
District's contributions subsequent to the measurement date	39,116	418,883	-	-
<b>Total</b>	<b>\$ 572,155</b>	<b>\$ 2,292,567</b>	<b>\$ 35,096</b>	<b>\$ 974,666</b>

**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, 2020 for ERS and June 30, 2019 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
	3/31/2020	6/30/2019
Net pension asset (liability)	\$ (756,848)	\$ 711,596
District's portion of the Plan's total net pension asset (liability)	.0028581%	.027390%

For the year ended June 30, 2020, the District's recognized pension expense of \$293,249 for ERS and \$888,466 for TRS. At June 30, 2020, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**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, 2021. 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
2021	\$ 99,270	\$ 330,391
2022	129,154	28,883
2023	150,956	329,224
2024	118,563	214,666
2025	-	22,386
Thereafter	-	(26,532)

**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	3/31/2020	6/30/2019
Actuarial valuation date	4/1/2019	6/30/2018
Interest rate	6.8%	7.1%
Salary scale	4.2% average 4/1/10 – 3/31/15	1.90% - 4.72% 7/1/09 – 6/30/14
Decrement tables	System's Experience	System's Experience
Inflation rate	2.5%	2.2%

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-2018. For TRS, annuitant mortality rates are based on member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2018, applied on a generational basis. Active members' experience.

**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, 2019 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, 2018 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 3/31/20	Expected Rate of Return	TRS 6/30/19	Expected Rate of Return
<b>Asset Type:</b>				
Domestic Equity	36%	4.05%	33%	6.3%
International Equity	14%	6.15%	16%	7.8%
Global Equity	-%	-%	4%	7.2%
Private Equity	10%	6.75%	8%	9.9%
Real Estate	10%	4.95%	11%	4.6%
Absolute return strategies	2%	3.25%	-%	-%
Opportunistic portfolio	3%	4.65%	-%	-%
Real assets	3%	5.25%	-%	-%
Domestic fixed income securities	-%	-%	16%	1.3%
Global fixed income securities	-%	-%	2%	0.9%
Real estate debt	-%	-%	7%	2.9%
Private debt	-%	-%	1%	6.5%
Short-term debt	-%	-%	1%	6.5%
High-yield fixed income	-%	-%	1%	3.6%
Bonds and Mortgages	17%	.75%	-%	-%
Cash	1%	0%	-%	.3%
Inflation-indexed bonds	4%	.5%	-%	-%
<b>Total</b>	<b>100%</b>		<b>100%</b>	

**5. Discount Rate**

The discount rate used to calculate the total pension asset (liability) was 6.8% for ERS and 7.10% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially.

**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 6.8% for ERS and 7.10% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1- percentage point lower (5.8% for ERS and 6.10% for TRS) or 1- percentage point higher (7.8% for ERS and 8.10% for TRS) than the current rate:

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
ERS			
Employer's proportionate share of the net pension asset (liability)	\$ (1,389,030)	\$ (756,848)	\$ (174,606)
	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
TRS			
Employer's Proportionate share of the net pension asset (liability)	\$ (3,212,070)	\$ 711,596	\$ 4,003,109

**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 3/31/2020	TRS 6/30/2019
Employers' total pension liability	\$ 194,596,261	\$ 119,879,474
Plan net position	\$ 168,115,682	\$ 122,477,481
Employers' net pension asset (liability)	\$ (26,480,579)	\$ 2,598,007
Ratio of plan net position to be Employers' total pension asset (liability)	86.39%	102.2%

**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, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$39,116.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2020 amounted to \$445,910 (employer contribution \$418,883 and employee contributions of \$27,027).

**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**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, 2019 the plan had total active employees of 66, survivor 1, and retirees of 24.

Total OPEB Liability

The District's total OPEB liability of \$5,408,920 was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2019.

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	3.62% as of June 30, 2018 and 3.13% as of June 30, 2019
Healthcare cost trend rates	Pre-65 medical trend 2019 – 6.75% reduced to an ultimate rate of 3.784% after 2075. For post-65 medical trend 2019 – 4.75% reduced to an ultimate rate of 3.784% after 2075.
Retirees' share of benefit-related costs	For the Superintendent the District pays 100% of single/family premium. For Principals the District pays 100% of single/family premium for up to 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, 2019.

Sex-distinct and job category-specific headcount weighted Pub-2010 Public Retirement Plans Mortality Tables for employees and healthy retirees, adjusted for mortality improvements with Scale MP-2018 mortality improvement scale on a generational basis.

The actuarial assumptions used in the June 30, 2019 valuation represent a long-term expectation of future OPEB outcomes.

Service cost	\$	291,511
Interest		229,339
Change of benefit terms		(95,844)
Differences between expected and actual experience		(1,064,517)
Changes in assumptions		117,598
Benefit payments		(225,979)
Net changes		(747,892)
Net OPEB liability – beginning of year		6,156,812
Net OPEB liability – end of year	\$	5,408,920

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 3.62% in 2019 to 3.13% in 2020 and changes in the healthcare cost trend rate of 7% to 3.886% in 2019 to 6.75% to 3.784% in 2020.

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.13%) or 1 percentage point higher (4.13%) that the current discount rate:

**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

**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 (2.13%)	Current Assumption (3.13%)	1% Increase (4.13%)
Total OPEB liability	\$ 5,946,204	\$ 5,408,920	\$ 4,918,769

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 (5.75%- 2.784%)	Current Assumption (6.75%- 3.784%)	1% Increase (7.75%- 4.784%)
Total OPEB liability	\$ 4,695,254	\$ 5,408,920	\$ 6,301,709

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$275,665. At June 30, 2020, 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	\$ 226,589	\$ --
Changes in assumptions	105,323	343,998
Difference between expected and actual experience	--	953,398
<b>Total</b>	<b>\$ 331,912</b>	<b>\$ 1,297,396</b>

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:	
2021	\$ (149,341)
2022	(149,341)
2023	(149,341)
2024	(149,341)
2025	(149,341)
Thereafter	(445,368)

**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, 2020.

**b. Short-Term Debt Interest**

The District had short-term interest of \$0 for the year ended June 30, 2020.

**1. Long-Term Debt**

**a. Debt Limit**

At June 30, 2020, the total indebtedness represents approximately 37% 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, 2020**

**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, 2020 and 2019 are as follows:

	Balance June 30, 2020	Balance June 30, 2019	Amounts Due Within One Year
2014 Bond	\$ -	\$ 45,000	\$ -
2015 Bond	25,000	45,000	25,000
2016 Bus Bond	90,000	135,000	45,000
Series 2017B	3,060,000	3,255,000	205,000
Series 2017B Bond Premium	400,808	461,328	-
Series 2017 Bond Premium	216,055	301,210	-
2017 Refunding Bond Debt	3,440,000	4,225,000	805,000
2017 Bus Bond	66,000	87,000	22,000
2018 Bus Bond	180,000	222,763	45,000
2019 Bus Bond	100,592	-	20,592
OPEB Liability	5,408,920	6,156,812	-
Net pension liability	756,848	219,369	-
Compensated absences	49,000	49,125	-
	<u>\$ 13,793,223</u>	<u>\$ 15,202,607</u>	<u>\$ 1,167,592</u>

During the current year, the District issued bonds for buses in the amount of \$100,592. The District also made principal payments on its serial bonds in the amount of \$1,153,763. The net change in bond premiums was a decrease of \$145,675 during the fiscal year ended June 30, 2020. The net change in compensated absences was a decrease of \$125 during the fiscal year ended June 30, 2020. During the current year, other post-employment benefits liability decreased in the amount of \$747,892. Lastly, the net pension liability related to the NYS Employees' Retirement System increased by \$537,479 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, 2020
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.	\$ 3,440,000
Plus: Unamortized bond premium	216,055
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.	66,000
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.	180,000
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.	25,000
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.	90,000
Bus Bonds, issued in 2019 with a maturity date of August 2024, bonds carry interest of .7-2.85%. Proceeds used to finance purchase of transportation vehicle.	100,592
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. Plus: Unamortized bond premium	3,060,000 400,808
	<u>\$ 7,578,455</u>

**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**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 - 2015	
	Principal	Interest
2021	\$ 25,000	\$ 648
Total	\$ 25,000	\$ 648

Year	Bus Bonds - 2016	
	Principal	Interest
2021	\$ 45,000	\$ 2,025
2022	45,000	1,013
Total	\$ 90,000	\$ 3,038

Year	Series Bonds - 2017B	
	Principal	Interest
2021	\$ 205,000	\$ 148,700
2022	215,000	140,500
2023	225,000	129,750
2024	230,000	120,750
2025-2029	245,000	109,250
2026-2030	1,410,000	350,750
2031-2032	530,000	36,750
Total	\$ 3,060,000	\$ 1,036,450

Year	Refunding Bond Debt - 2017	
	Principal	Interest
2021	\$ 805,000	\$ 125,350
2022	590,000	101,200
2023	605,000	79,850
2024	625,000	65,750
2025	650,000	40,750
2026	165,000	8,250
Total	\$ 3,440,000	\$ 421,150

Year	Bus Bonds - 2017	
	Principal	Interest
2021	\$ 22,000	\$ 1,577
2022	22,000	1,052
2023	22,000	526
Total	\$ 66,000	\$ 3,155

Year	Bus Bonds - 2018	
	Principal	Interest
2021	\$ 45,000	\$ 5,202
2022	45,000	3,902
2023	45,000	2,601
2024	45,000	1,300
Total	\$ 180,000	\$ 13,005

**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 - 2019	
	Principal	Interest
2021	\$ 20,592	\$ 2,083
2022	20,000	1,320
2023	20,000	1,095
2024	20,000	770
2025	20,000	285
Total	\$ 100,592	\$ 5,553

**e. Long-Term Debt Interest**

Interest expense on long-term debt amounted to \$319,215 for the year ended June 30, 2020.

**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 prior years, the District defeased other general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust account assets and liability on the defeased bonds are not included in the District's financial statements.

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, \$16,551 was amortized, with the remaining balance of \$41,994 to be amortized through June 30, 2026.



**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**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, 2020
<b>Nonspendable:</b>		
Food Service	Inventory	\$ 12,403
<b>Restricted:</b>		
General	Reserve for employee benefits	\$ 97,369
	Reserve for unemployment insurance	139,710
	Reserve for retirement system credits	903,223
	Reserve for capital	1,619,711
	Retirement contribution - TRS	179,759
	Workers compensation	124,000
		<u>\$ 3,063,772</u>
Debt Service	Reserve for debt service	\$ 527,877
Fiduciary	Reserve for endowment scholarships	\$ 10,013
<b>Assigned:</b>		
General	Appropriated Fund Balance	\$ 627,252
	Encumbrances	11,145
		<u>\$ 638,397</u>
Food Service	Fund Equity	\$ 121,290
Capital Projects	Fund Equity	\$ 285,399

**B. District-wide Net Position**

Net position of the District include restricted net position of \$3,591,649 which represent restricted amounts in the general and debt service funds as presented above.

**VII. Commitments and Contingencies**

**A. Risk Financing and Related Insurance**

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)**

**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.

**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 a new bus in the amount of \$100,592. The District also incurred costs associated with capital outlay projects in the amount of \$24,327 and \$100,000.

In September, 2019, the District's rotary lift broke down unexpectedly and needed replacement. The Board of Education approved the replacement of the lift as an emergency project. During the fiscal year ended June 30, 2020, the District expended \$200,000 related to this project which was paid for through a transfer from the general fund.

The District was also awarded a portion of the Smart Schools Bond that was approved in 2014. The District's allocation is \$609,287. No costs related to the Smart Bond project were incurred during the year June 30, 2020.

Lastly, in May 2019, the voters approved a capital improvement project 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. The District incurred \$217,367 of expenses as of June 30, 2020.

**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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**NOTE 5 – COVID 19 PANDEMIC**

In March 2020, the World Health Organization declared the novel strain of COVID-19 (coronavirus) a global pandemic and has become increasingly widespread in the United States. The coronavirus outbreak has had a significant impact on financial markets and general economic conditions. As a result, the District was forced to close its school buildings and move to a remote learning environment for the remainder of the school year. The District froze certain spending but maintained the majority of its workforce and contracted services. The District also provided free breakfast and lunches to all students (except those who opted out) through National Summer Food Program.

Also in March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was passed which provides funding and emergency assistance to Organizations including public school Districts. The New York State Department of Education has allocated approximately \$212,000 of CARES Aid assistance to the District which is for the funding period of March 13, 2020 through September 20, 2022. As of June 30, 2020, the District has not applied any expenditures against this funding. In addition, 2020-21 State aid includes a reduced "Pandemic Adjustment" which is being offset by Federal Stimulus funds.

Lastly, New York State enacted 2020-21 budget grants the authority to the Division of Budget (DOB) Director to reduce aid-to-localities appropriations and disbursements by any amount needed to achieve a balanced budget, as estimated by DOB which includes the ability to withhold and reduce specific local aid payments during the fiscal year. The State budget is deemed out of balance for the fiscal year, and the Director's powers are activated, if actual tax receipts are less than 99 percent of estimated tax receipts, or actual disbursements are more than 101 percent of estimated disbursements, as measured at three points during the year (April 1-30, May 1-June 30, and July 1 – December 31).

Given the uncertainty regarding the COVID -19 Pandemic, the overall financial impact to the District cannot be reasonably predicted or estimated at this time.

**NOTE 6 – SUBSEQUENT EVENTS**

Subsequent events were evaluated through October 6, 2020, which is the date the financial statements were available to be issued.

For the 2020-21 year, the district is following its reopening plan that was submitted to New York State in July 2020. The district will continue to evaluate the plan and make necessary changes based on District assessments, along with County and State guidance.

***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, 2020**

	Adopted Budget	Final Budget	Current Year's Revenue	Over (Under) Revised Budget
<b>Revenues</b>				
<b>Local Sources:</b>				
Real property taxes and tax items	\$ 5,081,283	\$ 5,081,283	\$ 5,081,672	\$ 389
Charges for services	42,000	42,000	122,067	80,067
Use of money and property	7,000	7,000	4,299	(2,701)
Sale of property and compensation for loss	-	-	2,946	2,946
Miscellaneous	104,500	104,500	161,615	57,115
<b>State Sources:</b>				
Basic formula	7,277,899	7,277,899	7,199,561	(78,338)
BOCES	1,037,889	1,037,889	1,030,901	(6,988)
Textbooks	46,868	46,868	34,018	(12,850)
All other aid	11,579	11,579	24,528	12,949
<b>Federal Sources:</b>				
Medicaid reimbursement	20,000	20,000	36,616	16,616
<b>Total revenue</b>	<b>13,629,018</b>	<b>13,629,018</b>	<b>13,698,223</b>	<b>69,205</b>
<b>Other Sources</b>				
Operating transfer in	-	-	-	-
<b>Total revenue and other sources</b>	<b>13,629,018</b>	<b>13,629,018</b>	<b>\$ 13,698,223</b>	<b>\$ 69,205</b>
Supplemental appropriation - emergency project	-	200,000		
Appropriated fund equity and carryover encumbrances	527,252	586,993		
<b>Total revenue, other sources and appropriated fund equity</b>	<b>\$ 14,156,270</b>	<b>\$ 14,416,011</b>		

See accompanying independent auditor's report.

	Adopted Budget	Final Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
<b>Expenditures</b>					
<b>General Support:</b>					
Board of education	\$ 62,726	\$ 63,558	\$ 63,325	\$ -	\$ 233
Central administration	167,015	224,953	221,198	475	3,280
Finance	276,484	265,802	257,627	4,200	3,975
Staff	30,900	31,663	30,892	-	771
Central services	1,036,458	1,685,320	1,691,665	923	(7,268)
Special items	293,482	310,706	310,340	250	116
<b>Instructional:</b>					
Instruction, administration and improvement	434,346	440,586	420,753	-	19,833
Teaching - regular school	3,870,633	3,500,820	3,408,618	3,225	88,977
Programs for children with handicapping conditions	1,500,068	1,365,921	1,226,494	984	138,443
Teaching - special schools	25,450	30,238	25,659	-	4,579
Occupational education	462,579	456,409	449,400	-	7,009
Instructional media	114,588	145,579	114,622	-	30,957
Pupil services	402,270	441,704	394,160	565	46,979
<b>Pupil Transportation</b>	573,608	572,063	466,715	523	104,825
<b>Community services</b>	1,500	1,500	1,000	-	500
<b>Employee Benefits</b>	3,256,184	3,014,124	2,616,954	-	397,170
<b>Debt Service:</b>					
Debt service principal	1,153,763	1,153,763	1,153,763	-	-
Debt service interest	319,216	319,216	319,215	-	1
<b>Total expenditures</b>	<b>13,981,270</b>	<b>14,023,925</b>	<b>13,172,400</b>	<b>11,145</b>	<b>840,380</b>
<b>Other Uses:</b>					
Transfer to other funds	175,000	392,086	317,086	-	75,000
<b>Total other uses</b>	<b>175,000</b>	<b>392,086</b>	<b>317,086</b>	<b>-</b>	<b>75,000</b>
<b>Total expenditures and other uses</b>	<b>\$ 14,156,270</b>	<b>\$ 14,416,011</b>	<b>13,489,486</b>	<b>\$ 11,145</b>	<b>\$ 915,380</b>
<b>Excess of revenue and other sources over expenditures and other uses</b>			<b>\$ 208,737</b>		

**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, 2020**

**Schedule SS1A**

**Page 38**

	School Food Service Fund		
	Budget (Amended)	Actual	Variance Fav. (Unf.)
<b>Revenue</b>			
State sources	\$ 4,010	\$ 8,638	\$ 4,628
Federal sources	139,202	215,631	76,429
Sales	99,728	58,197	(41,531)
Miscellaneous	44,077	44,040	(37)
Surplus food	25,000	16,998	(8,002)
Use of money and property	-	23	23
Total revenue	<u>312,017</u>	<u>343,527</u>	<u>31,510</u>
<b>Expenditures</b>			
General support	89,920	88,892	1,028
Employee benefits	28,819	18,875	9,944
Cost of sales	123,678	119,400	4,278
Other expenses	69,600	67,997	1,603
Total expenditures	<u>312,017</u>	<u>295,164</u>	<u>16,853</u>
<b>Excess of revenue over expenditures</b>	-	48,363	48,363
<b>Other sources (uses)</b>			
Transfer from general fund	-	1,670	1,670
<b>Excess of revenue and other sources over expenditures and other uses</b>	<u>\$ -</u>	<u>50,033</u>	<u>\$ 50,033</u>
Fund equity, beginning of year		<u>83,660</u>	
<b>Fund equity, end of year</b>		<u>\$ 133,693</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, 2020**

**Schedule SS2**

**PAGE 39**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

<b>Adopted budget</b>	\$ 14,156,270
<b>Additions:</b>	
Prior year encumbrances	<u>59,741</u>
<b>Original Budget</b>	14,216,011
<b>Budget Revisions:</b>	
Supplemental appropriation - Emergency Capital Project	<u>200,000</u>
<b>Final budget</b>	<u>\$ 14,416,011</u>

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

<b>2020-21 voter-approved expenditure budget</b>	<b>\$ 14,355,618</b>
<b>Maximum allowed (4% of 2020-21 budget)</b>	<b>\$ 574,225</b>

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

<b>Unrestricted fund balance:</b>	
Committed fund balance	\$ -
Assigned fund balance	638,397
Unassigned fund balance	<u>1,436,892</u>
Total unrestricted fund balance	<u>2,075,289</u>
<b>Less:</b>	
Appropriated fund balance	627,252
Insurance recovery reserve	-
Tax reduction reserve	-
Encumbrances included in committed and assigned fund balance	<u>11,145</u>
Total adjustments	<u>638,397</u>
<b>General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law</b>	<b><u>\$ 1,436,892</u></b>
<b>Actual percentage</b>	<b><u>10.0%</u></b>

\* 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, 2020**

**Schedule SS3**

**Page 40**

Project Title	Original Appropriation	Revised Appropriation	Expenditures				Unexpended (Overexpended) Balance	Methods of financing			Fund Balance June 30, 2020
			Prior Years	Current Year	Interfund Transfer	Total		Proceeds of Obligations	Local Sources	Total	
2018-19 Capital Outlay	\$ 100,000	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ -	\$ 100,000	\$ 100,000	\$ -
2019-20 Capital Outlay	100,000	100,000	-	24,327	-	24,327	75,673	-	100,000	100,000	75,673
Emergency Bus Lift	200,000	200,000	-	200,000	-	200,000	-	-	200,000	200,000	-
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	-	217,367	-	217,367	4,282,633	-	450,000	450,000	232,633
Bus Purchase	100,592	100,592	-	100,592	-	100,592	-	100,592	-	100,592	-
	<u>\$ 5,609,879</u>	<u>\$ 5,609,879</u>	<u>\$ 22,907</u>	<u>\$ 642,286</u>	<u>\$ -</u>	<u>\$ 665,193</u>	<u>\$ 4,944,686</u>	<u>\$ 100,592</u>	<u>\$ 850,000</u>	<u>\$ 950,592</u>	<u>\$ 285,399</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, 2020**

**Schedule SS4A**

**Page 41**

Grant Title	Grantors Project No.	Grant Period	Award/ Program Budget	Total Revenue	Total Expenditures
Summer school *	N/A	2020	N/A	\$ 55,933	\$ 55,933
Universal Pre-kindergarten	0409-20-7009	2020	\$ 66,336	66,336	66,336
School lunch programs	N/A	2020	N/A	6,262	6,262
School breakfast programs	N/A	2020	N/A	2,376	2,376
				<u>\$ 130,907</u>	<u>\$ 130,907</u>

\* Revenue includes interfund transfer of \$15,416 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, 2020***

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***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.

**Basis of Accounting**

The basis of accounting varies by Federal program consistent with underlying regulations pertaining to each program. The amounts reported as Federal expenditures generally were obtained from the appropriate Federal financial reports for applicable program and periods. The amounts reported in these Federal financial reports are prepared from records maintained for each program, which are periodically reconciled with the District's financial reporting system.

**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, 2020, the District reported in the Schedule of Federal Awards \$16,998 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, 2020**

**Schedule SS4C**

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Federal Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Revenue	Expenditures
<b>US Department of Education:</b>					
<b>Passed through NYS</b>					
<b>Department of Education:</b>					
Title I	84.010A	0021-20-0070	\$ 195,615	\$ 187,803	\$ 187,803
Title I	84.010A	0021-19-0070	7,264	7,264	7,264
Title II, Part A	84.367A	0147-20-0070	26,583	26,583	26,583
IDEA Part B, Section 611 *	84.027A	0032-20-0034	140,756	140,756	140,756
IDEA Part B, Section 619 *	84.173A	0033-20-0034	4,704	4,704	4,704
Title IV	84.424A	0204-20-0070	14,808	14,159	14,159
Title V	84.358B	0006-20-0070	11,605	11,605	11,605
<b>US Department of Agriculture:</b>					
<b>Passed through NYS</b>					
<b>Department of Education:</b>					
National School Lunch Program **	10.555	N/A	N/A	65,688	65,688
National School Breakfast Program **	10.553	N/A	N/A	22,050	22,050
COVID-19 Summer Food Program for Children**	10.559	N/A	N/A	127,893	127,893
<b>Passed through NYS</b>					
<b>Office of General Services:</b>					
National School Lunch Program					
Noncash assistance (Donated Commodities) **	10.555	N/A	N/A	16,998	16,998
<b>Total expenditures and revenue</b>				<b>\$ 625,503</b>	<b>\$ 625,503</b>

\* Constitutes a cluster of Federal programs named Special Education Cluster with total revenue and expenditures of \$ 145,460  
 \*\* Constitutes a cluster of Federal programs named Child Nutrition Cluster with total revenue and expenditures of \$ 232,629

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, 2020**

**Schedule SS5**

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Capital Assets	\$	17,420,180
Less:		
Serial bonds		(7,578,455)
Plus:		
Assets for capital projects, net of related liabilities		<u>285,399</u>
Net investment in capital assets	\$	<u><u>10,127,124</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, 2018 THROUGH JUNE 30, 2020**

**Schedule SS6**

**Page 44**

As of the measurement date of June 30,	2019	2018	2017
<b>Total OPEB Liability</b>			
Service cost	\$ 291,511	\$ 286,589	\$ 317,693
Interest	229,339	215,222	179,751
Change of benefit terms	(95,844)	92,441	-
Differences between expected and actual experience	(1,064,517)	-	-
Changes in assumptions	117,598	(98,074)	(387,210)
Benefit payments	(225,979)	(196,656)	(182,201)
Net change in total OPEB liability	(747,892)	299,522	(71,967)
Total OPEB liability - beginning	6,156,812	5,857,290	2,075,286
Prior period adjustment	-	-	3,853,971
Total OPEB liability - ending	<u>\$ 5,408,920</u>	<u>\$ 6,156,812</u>	<u>\$ 5,857,290</u>
<b>Plan fiduciary net position</b>			
Contributions - employer	\$ 225,979	\$ 196,656	\$ 182,201
Net investment income	-	-	-
Benefit payments	(225,979)	(196,656)	(182,201)
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's net OPEB liability	<u>\$ 5,408,920</u>	<u>\$ 6,156,812</u>	<u>\$ 5,857,290</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 5,999,761	\$ 5,308,441	n/a
District's net OPEB liability as a percentage of covered-employee payroll	90.15%	115.98%	n/a

Notes to Schedule:

Change in benefit terms: Change in plan from the NY 44 Option to the Univera PPO

Changes in assumptions: Discount rate changes - 3.62% for 2019 and 3.13% for 2020  
 Health care trend rates from 7.05%-3.886% for 2019 to 6.75%-3.784% in 2020

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, 2020**

**Schedule SS7**

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For the year ended June 30,	2020	2019	2018
Actuarially determined contributions	\$ 225,979	\$ 196,656	\$ 182,201
Contributions in relation to the actuarially determined contribution	(225,979)	(196,656)	(182,201)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
District's covered-employee payroll	\$5,999,761	\$5,308,441	n/a
Contributions as a percentage of District's covered-employee payroll	3.77%	3.70%	n/a

Notes to Schedule

Valuation date:

Actuarially determined contribution rates are calculated as of July 1, 2019.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level % of Salary Method
Discount Rate	3.62% as of June 30, 2019 and 3.13% as of June 30, 2020
Inflation	2.25% per year
Rate of salary increase	2.70% per year
Healthcare cost trend rates	6.75% (Pre-65), 4.75% (Post-65 Medicare advantage), Prescription Drug 9.00% for 2020. Rates expected to decrease each year thereafter with an ultimate rate of 3.784% after 2075.
Mortality	Pub-2010 Public Retirement Plans Mortality Tables for employees and healthy retirees, adjusted for mortality improvements with Scale MP-2018 mortality improvement scale on a generational basis.
Retiree Cost Sharing Participants	For superintendents, retiree contributes 11% of the premium for pre-65 coverage and 100% of the premium for post-65 coverage. For principals, District pays 100% of single/family premium for up to 10 years 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.
	66 Active, 1 survivor, and 24 Retirees

n/a - The District's covered employee payroll is not available

**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT CONTRIBUTIONS- NYSTRS AND NYSLERS**  
**FOR THE YEARS ENDED JUNE 30, 2013 THROUGH JUNE 30, 2020**

**Schedule SS8**

**Page 46**

***New York State Teachers' Retirement System***

For the year ended June 30,	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 418,883	\$ 485,530	\$ 432,777	\$ 503,374	\$ 563,381	\$ 750,705	\$ 678,625	\$ 478,268
Contributions in relation to the contractually required contribution	(418,883)	(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	\$ 4,571,849	\$ 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	9.16%	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,	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 155,418	\$ 160,969	\$ 168,273	\$ 163,766	\$ 193,633	\$ 197,487	\$ 221,064	\$ 191,454
Contributions in relation to the contractually required contribution	(155,418)	(160,969)	(168,273)	(163,766)	(193,633)	(197,487)	(221,064)	(191,454)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,071,910	\$ 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	14.50%	14.87%	15.11%	15.29%	18.16%	18.54%	20.05%	18.22%

**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT**  
**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, 2020**

**Schedule SS9**

**Page 47**

***New York State Teachers' Retirement System - Net Pension Asset (Liability)***

As of the measurement date of June 30,	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension asset (liability)	n/a	0.027390%	0.027111%	0.027103%	0.027534%	0.028509%	0.028272%	0.027577%
District's proportionate share of the net pension asset (liability)	n/a	\$ 711,596	\$ 490,240	\$ 206,013	\$ (294,897)	\$ 2,961,151	\$ 3,149,279	\$ 181,526
District's covered-employee payroll	n/a	\$ 4,571,849	\$ 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	15.56%	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	102.20%	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,	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension (liability)	0.0028581%	0.0030961%	0.0033578%	0.0031662%	0.0033587%	0.0032845%	n/a	n/a
District's proportionate share of the net pension (liability)	\$ (756,848)	\$ (219,369)	\$ (108,370)	\$ (297,506)	\$ (539,085)	\$ (110,959)	\$ (148,423)	n/a
District's covered-employee payroll	\$ 1,071,910	\$ 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	70.61%	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)	86.39%	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, 2020, 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 6, 2020.

***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.2020-001 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.2020-002.

### **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 6, 2020**

**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**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.2020-001.
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.2020-002.
4. A single audit in accordance with Uniform Guidance was not required during the fiscal year ended June 30, 2020, as the District's expenditures of Federal Awards were below \$750,000.

**II. FINANCIAL STATEMENTS AUDIT - FINDINGS**

**A. INTERNAL CONTROL OVER FINANCIAL REPORTING**

**2020-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements**

**Year ended June 30, 2020**

*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**

**2020-002 Fund Balance**

**Year ended June 30, 2020**

*Conditions and criteria:* **Alfred-Almond Central School District's** unassigned fund balance in the general fund as of June 30, 2020 amounted to approximately \$1,437,000. This amount constitutes approximately 10.0% of the 2020-2021 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, 2020 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.

**I. PRIOR 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**

***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, 2020 as finding 2020-001.

**B. COMPLIANCE AND OTHER MATTERS**

**2019-002 Unassigned Fund Balance**

**Year Ended June 30, 2019**

***Summary of Prior Year Finding:*** *Alfred-Almond Central School District's* unassigned fund balance as of June 30, 2019 amounted to approximately \$1,608,000. This amount constitutes approximately 11.4% of the 2019-2020 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, 2020 as finding 2020-002.



**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, 2020 of the District's financial statements and have issued our reports thereon dated October 6, 2020. 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, 2020, 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, 2016** through June 30, 2020. 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 6, 2020**

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

	6/30/2020	6/30/2019	6/30/2018	6/30/2017	6/30/2016
<b>Revenue and other sources</b>					
Property taxes	\$ 5,082	\$ 4,962	\$ 4,970	\$ 4,942	\$ 4,916
State aid	8,289	8,062	7,768	7,382	6,802
All other	327	381	440	414	458
	<u>13,698</u>	<u>13,405</u>	<u>13,178</u>	<u>12,738</u>	<u>12,176</u>
<b>Expenditures and other uses</b>					
General support	2,575	1,969	1,757	1,601	1,602
Instruction	6,040	6,721	6,320	6,131	5,739
Transportation	467	510	496	517	483
Benefits	2,617	2,550	2,742	2,520	2,387
Debt	1,473	1,473	1,478	1,596	1,372
Transfers	317	728	112	110	101
	<u>13,489</u>	<u>13,951</u>	<u>12,905</u>	<u>12,475</u>	<u>11,684</u>
<b>Excess (deficiency) of revenue over expenditures</b>	209	(546)	273	263	492
<b>Fund equity</b>					
Beginning of year	4,930	5,476	5,203	4,940	4,448
End of year	<u>\$ 5,139</u>	<u>\$ 4,930</u>	<u>\$ 5,476</u>	<u>\$ 5,203</u>	<u>\$ 4,940</u>
<b>Analysis of fund equity</b>					
Nonspendable	\$ -	\$ 64	\$ 124	\$ 143	\$ 137
Restricted					
Reserve for retirement system credits	903	903	902	902	902
Reserve for TRS	180	-	-	-	-
Reserve for employee benefits	97	97	97	97	97
Reserve for unemployment insurance	140	90	90	90	90
Reserve for workers' compensation	124	62	-	-	-
Reserve for capital	1,620	1,520	2,068	1,918	1,818
Assigned					
Reserve for encumbrances	11	60	76	48	63
Next year's budget	627	527	417	535	535
Unassigned	1,437	1,607	1,702	1,470	1,298
	<u>\$ 5,139</u>	<u>\$ 4,930</u>	<u>\$ 5,476</u>	<u>\$ 5,203</u>	<u>\$ 4,940</u>



**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT  
SUMMARY OF ADDITIONAL COMMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**Capital Assets**

The District reports approximately \$17 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, 2020, 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.

Lastly, prior to June 30<sup>th</sup> of each year, school districts have the ability to fund reserves. The Board of Education's authorization to fund reserves prior to June 30<sup>th</sup> should be specific to include the name of the reserves to be funded, along with a stated range of the amount to be funded. In addition, such funds should be placed in the designated reserves prior to the imposition of the tax levy. A confirming resolution by the Board that acknowledges the amount and timing of the transfer, subsequent to the transfer being made, is also prudent.

***District's response: As part of its budget document the District is 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 2020-2021, the District will explore creating separate general ledger restricted cash accounts within the financial software.***

**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.***

**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT  
SUMMARY OF ADDITIONAL COMMENTS  
FOR THE YEAR ENDED JUNE 30, 2020**

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**Future Governmental Accounting Standards**

In May 2020, the Governmental Accounting Standards Board issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which extends the implementation dates of new GASB standards for an additional year, including two standards outlined below that may have significance to the District.

**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.***

**COVID-19 Pandemic**

**Federal Aid**

In March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was passed which provides funding and emergency assistance to school Districts. The New York State Department of Education has allocated approximately \$212,000 of CARES Act assistance to the District which is for the funding period of March 13, 2020 through September 30, 2022. We recommend the District continue to review Federal guidance, including compliance requirements, related to this funding.

**Internal Controls IT Risks**

During the initial phases of the Pandemic, certain processes of the District that were previously performed in-person were completed remotely. Because significant data is being transmitted electronically, the District may consider performing a penetration/security test of its IT network. In addition, the District shall continue to periodically review listing of employees with access to the internal local area network to determine if accounts should be disabled or deleted and continue to periodically review user access rights to determine that employees only have rights that are commensurate with their job responsibilities.

***District response: The District does and will continue to monitor guidance in regards to COVID-19. The District will continue to closely monitor its information technology and make changes as necessary.***

*ALFRED-ALMOND CENTRAL SCHOOL DISTRICT*

*EXTRACLASSROOM ACTIVITY FUND  
FINANCIAL STATEMENT*

*FOR THE FISCAL YEAR ENDED JUNE 30, 2020*

*WITH  
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS*

**ALFRED ALMOND CENTRAL SCHOOL DISTRICT  
EXTRACLASSROOM ACTIVITY FUND**

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## **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, 2020, 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, 2020 on the basis of accounting described in Note 1.

*Buffamante Whipple Buttafaro PC*

**BUFFAMANTE WHIPPLE BUTTAFARO, P.C.**

**Olean, New York  
October 6, 2020**

**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF RECEIPTS AND DISBURSEMENTS – CASH BASIS**  
**JULY 1, 2019 THROUGH JUNE 30, 2020**

	Balances July 01, 2019	Total Receipts 2019-20	Total Receipts & Balances	Total Payments 2019-20	Balances June 30, 2020
ALCEN	\$ 6,893	\$ 11,472	\$ 18,365	\$ 11,610	\$ 6,755
Athletic Council	5,760	2,619	8,379	3,014	5,365
Band Club	980	2,675	3,655	815	2,840
Chorus Club	4,957	6,464	11,421	6,349	5,072
Class of 2020	9,544	28,994	38,538	32,336	6,202
Class of 2021	4,928	2,297	7,225	948	6,277
Class of 2022	2,890	726	3,616	250	3,366
Class of 2023	3,242	2,888	6,130	1,231	4,899
Class of 2024	2,158	2,136	4,294	-	4,294
Class of 2025	-	50	50	-	50
Computer Club	339	1,220	1,559	1,031	528
French Club	1,211	-	1,211	385	826
Interest Account	124	17,182	17,306	17,241	65
Math Club	574	751	1,325	495	830
National Honor Society	3,259	2,717	5,976	2,233	3,743
Performing Arts	4,036	220	4,256	2,675	1,581
Sales Tax	757	882	1,639	1,072	567
Ski Club	-	8,239	8,239	8,239	-
Spanish Club	3,919	960	4,879	680	4,199
Student Government	4,712	2,086	6,798	1,964	4,834
Total activity fund	<u>\$ 60,283</u>	<u>\$ 94,578</u>	<u>\$ 154,861</u>	<u>\$ 92,568</u>	<u>\$ 62,293</u>

**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT**  
**EXTRACLASSROOM ACTIVITY FUND**  
**NOTE TO FINANCIAL STATEMENT**  
**FOR THE YEAR ENDED JUNE 30, 2020**

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**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 \$62,293 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, 2020, 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.***

**Funds Raised for Certain Purposes**

School districts were faced with difficult decisions during school closures resulting from the Pandemic including what to do with funds raised by students for certain purposes (i.e. student trip) that didn’t take place. We recommend that the District develop a policy to address this situation if it occurs in the future and consider reviewing the policy with its legal counsel.

***District response: The Class of 2020 chose to donate their funds to the upcoming classes. The District will work with legal counsel on any future concerns.***

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 6, 2020**



October 6, 2020

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, 2020. 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 April 17, 2020. 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, 2020. 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 and disclosures related to the Pandemic in Note 5 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 6, 2020.

***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 changes in the District's net OPEB liability and related ratios, schedule of District contributions-OPEB, 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.