

Alfred-Almond Central School District

**Basic Financial Statements
Required Supplementary Information,
Supplementary Information, and
Federal Awards Information
As of June 30, 2023
Together With
Independent Auditor's Report**

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT

Table of Contents

	<u>Page No.</u>
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 11
<u>BASIC FINANCIAL STATEMENTS:</u>	
District-Wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet - Governmental Funds	14
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	16
Reconciliation of Governmental Funds Revenues, Expenditures and Changes in Fund Equity to the Statement of Activities	17
Notes to the Financial Statements	18 - 42
<u>REQUIRED SUPPLEMENTARY INFORMATION:</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual – General Fund	43 - 44
Schedule of District's Proportionate Share of the Net Pension (Asset) Liability	45
Schedule of District Contributions	46
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	47
Schedule of District Contributions - OPEB	48
<u>SUPPLEMENTARY INFORMATION:</u>	
Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit - General Fund	49
Schedule of Project Expenditures - Capital Projects Fund	50
Net Investment in Capital Assets	51
Budget Comparison Statement for State and Other Grant Programs – Special Aid and Food Service Funds	52

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT

Table of Contents

Page No.

**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*..... 53 - 54**

FEDERAL AWARD PROGRAM INFORMATION:

**Report on Compliance for Each Major
Program and on Internal Control Over Compliance in
Accordance with the Uniform Guidance..... 55 - 57**

Schedule of Expenditures of Federal Awards **58**

Notes to Schedule of Expenditures of Federal Awards..... **59**

Schedule of Findings and Questioned Costs **60 - 61**

Summary Schedule of Prior Audit Findings..... **62**

* * * * *



INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Alfred-Almond Central School District as of and for the year ended June 30, 2023, 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 table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Alfred-Almond Central School District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Alfred-Almond Central School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

BUFFALO
501 John James Audubon
Suite 390
Amherst, NY 14228
P: (716) 694-0336

COOPERSTOWN
55-57 Grove Street
Cooperstown, NY 13326
P: (607) 282-4161

ONEONTA
189 Main Street, Suite 302
Oneonta, NY 13820
P: (607) 432-3462

PERRY
199 S. Main Street, PO Box 1
Perry, NY 14530
P: (585) 237-3887

ROCHESTER
150 State Street, Suite 301 A
Rochester, NY 14614
P: (585) 410-6733

VICTOR
6536 Anthony Drive, Suite B
Victor, NY 14564
P: (585) 410-6733

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Alfred-Almond Central School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Alfred-Almond Central School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual – General Fund, Schedule of District Contributions to NYSLRS, Schedule of District's Proportionate Share of the Net Pension (Asset) Liability, Schedule of Changes in the District's Total OPEB Liability and Related Ratios, and Schedule of District Contributions – OPEB, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Alfred-Almond Central School District's basic financial statements. The accompanying Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Project Expenditures – Capital Projects Fund, Net Investment in Capital Assets, Budget Comparison Statement for State and Other Grant Programs – Special Aid and Food Service Funds, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed above, is 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 12, 2023, on our consideration of Alfred-Almond Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Alfred-Almond Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Alfred-Almond Central School District's internal control over financial reporting and compliance.

Allied CPAs, P.C.

Amherst, New York
October 12, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

The following is a discussion and analysis of the Alfred-Almond Central School District's (the "District") financial performance for the fiscal year ended June 30, 2023. The section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

The District's total net position at the close of this fiscal year was \$10,815,190.

Total net position increased from \$10,016,325 due to a change in net position of \$798,865.

The District's total combined fund balance at the close of this fiscal year was \$7,546,768.

Total combined fund balance increased from \$7,057,579 due to an increase of revenues over expenditures of \$489,189.

Total long-term debt at year-end was \$16,415,018 at June 30, 2023, an increase of \$251,607 from the prior year.

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 the School District:

- The first two statements are *district-wide* financial statements that provide both *short-term* and *long-term* information about the School District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operation in *more detail* than the district-wide statements. The fund financial statements concentrate on the School District's most significant funds.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.

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

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Major Features of the District-Wide and Fund Financial Statements

	Fund Financial Statements		
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	·Statement of net position ·Statement of activities	Balance sheet Statement of revenues, 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/ deferred outflows of resources/ liability/ deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, 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 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

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

District-Wide Statements

The district-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the School District's net assets and how they have changed. Net position – the difference between the School District's assets and liabilities – is one way to measure the School District's financial health or *position*.

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

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

Fund Financial Statements

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

- Some funds are required by State law and by bond covenants.
- The School District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

The District has one kind of funds:

- *Governmental Funds* -Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Summary of Condensed Statement of Net Position

	Governmental Activities and Total School District			
	Beginning	Ending	Increase (Decrease)	Percentage Change
<u>ASSETS AND DEFERRED OUTFLOWS</u>				
<u>ASSETS</u>				
Current and other assets	\$ 13,330,756	\$ 8,569,269	\$ (4,761,487)	-35.72%
Capital assets and right-to-use assets	16,487,903	16,996,233	508,330	3.08%
TOTAL ASSETS	29,818,659	25,565,502	(4,253,157)	-14.26%
Deferred outflows of resources	5,172,125	4,604,075	(568,050)	-10.98%
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 34,990,784	\$ 30,169,577	\$ (4,821,207)	-13.78%
<u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u>				
<u>LIABILITIES</u>				
Long-term debt outstanding	\$ 16,163,411	\$ 16,415,018	\$ 251,607	1.56%
Other liabilities	1,296,611	1,023,322	(273,289)	-21.08%
TOTAL LIABILITIES	17,460,022	17,438,340	(21,682)	-0.12%
Deferred inflows of resources	7,514,437	1,916,047	(5,598,390)	-74.50%
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	24,974,459	19,354,387	(5,620,072)	-22.50%
<u>NET POSITION</u>				
Net investment in capital assets	8,060,233	9,389,053	1,328,820	16.49%
Restricted	4,334,843	5,443,459	1,108,616	25.57%
Unrestricted	(2,378,751)	(4,017,322)	(1,638,571)	68.88%
TOTAL NET POSITION	10,016,325	10,815,190	798,865	7.98%
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	\$ 34,990,784	\$ 30,169,577	\$ (4,821,207)	-13.78%

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Changes in Net Position from Operating Results

	Governmental Activities and Total School District			
	Beginning	Ending	Increase (Decrease)	Percentage Change
<u>REVENUES:</u>				
PROGRAM REVENUES:				
Charges for services	\$ 155,652	\$ 163,742	\$ 8,090	5.20%
Operating grants and contributions	1,177,642	5,431,401	4,253,759	361.21%
Capital grants	-	62,002	62,002	100.00%
GENERAL REVENUES:				
Property taxes and tax items	5,231,880	5,224,678	(7,202)	-0.14%
State and federal sources	9,258,373	6,793,245	(2,465,128)	-26.63%
Other	301,402	408,261	106,859	35.45%
TOTAL REVENUES	16,124,949	18,083,329	1,958,380	12.15%
<u>EXPENSES:</u>				
General support	2,652,798	3,471,211	818,413	30.85%
Instruction	9,689,559	12,011,817	2,322,258	23.97%
Pupil transportation	834,021	1,108,999	274,978	32.97%
Community services	1,000	1,575	(575)	57.50%
Debt service	191,589	336,140	144,551	75.45%
School lunch expenditures	335,801	354,722	18,921	5.63%
TOTAL EXPENSES	13,704,768	17,284,464	3,578,546	26.12%
Changes in net position	2,420,181	798,865	(1,621,316)	-66.99%
NET POSITION - BEGINNING (RESTATED)	7,596,144	10,016,325	2,420,181	31.86%
NET POSITION - ENDING	\$ 10,016,325	\$ 10,815,190	\$ 798,865	7.98%

**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023**

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Statement of Revenues, Expenditures and Changes in Fund Balance

	Governmental Funds					Miscellaneous	Total
	General	Special Aid	School Lunch	Capital	Debt Service	Special Revenue	
FUND BALANCE AT JUNE 30, 2021	\$ 6,042,886	\$ -	\$ 171,063	\$ (2,483,561)	\$ 562,754	\$ 10,013	\$ 4,303,155
Revenues	14,853,359	780,878	468,576	-	22,136	-	16,124,949
Expenditures	(14,149,097)	(793,732)	(335,801)	(2,220,895)	-	-	(17,499,525)
Other financing sources (uses)	(1,273,433)	12,854	-	5,445,000	(55,421)	-	4,129,000
FUND BALANCE AT JUNE 30, 2022	\$ 5,473,715	\$ -	\$ 303,838	\$ 740,544	\$ 529,469	\$ 10,013	\$ 7,057,579
Revenues	15,307,837	2,327,233	383,710	62,002	2,547	-	18,083,329
Expenditures	(14,062,829)	(2,353,992)	(388,375)	(1,053,344)	-	-	(17,858,540)
Other financing sources (uses)	(245,383)	26,759	-	483,018	6	-	264,400
FUND BALANCE AT JUNE 30, 2023	\$ 6,473,340	\$ -	\$ 299,173	\$ 232,220	\$ 532,022	\$ 10,013	\$ 7,546,768

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

GENERAL FUND BUDGETARY HIGHLIGHTS

The following changes were made to the original budget in the General Fund as follows:

- General support was increased by \$161,678.
- Instruction was decreased by \$146,185.
- Pupil transportation was decreased by \$21,995.
- Employee benefits decreased by \$27,547.
- Debt service was increased by \$1,411.
- Transfers out was increased by \$146,759.

CAPITAL ASSETS, RIGHT-TO-USE ASSETS, AND DEBT ADMINISTRATION

Capital Assets and Right-to-Use Assets

The District's investment in capital assets and right-to-use assets as of June 30, 2023, amounted to \$16,996,233 (net of accumulated depreciation and amortization). The investment in capital assets and right-to-use assets includes land, buildings, equipment, vehicles, and infrastructure.

The following table lists the capital assets and right-to-use assets of the District:

<u>Asset</u>	<u>Balance at June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2023</u>
Land	\$ 2,322	\$ -	\$ -	\$ 2,322
Work in progress	5,052,114	788,950	(260,894)	5,580,170
Buildings	20,375,330	260,894	-	20,636,224
Equipment	3,928,095	323,280	(253,824)	3,997,551
Right-to-use assets	971,729	376,846	(88,821)	1,259,754
TOTAL CAPITAL ASSETS AND RIGHT-TO-USE ASSETS	30,329,590	1,749,970	(603,539)	31,476,021
<u>Depreciation and Amortization</u>	<u>Balance at June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2023</u>
Buildings	\$ 10,672,024	\$ 536,770	\$ -	\$ 11,208,794
Equipment	2,779,499	281,273	(240,924)	2,819,848
Right-to-use assets	390,164	178,029	(117,047)	451,146
TOTAL DEPRECIATION AND AMORTIZATION	13,841,687	996,072	(357,971)	14,479,788
TOTAL CAPITAL ASSETS AND RIGHT-TO-USE ASSETS, NET	\$ 16,487,903	\$ 753,898	\$ (245,568)	\$ 16,996,233

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2023

CAPITAL ASSETS AND DEBT ADMINISTRATION

Long-Term Debt

Summary of Outstanding Long-Term Debt

	<u>Total School District</u>	
	<u>June 30, 2022</u>	<u>June 30, 2023</u>
Bonds payable	\$ 8,786,000	\$ 7,839,400
Bond premiums	382,214	290,149
Compensated absences	17,375	36,252
OPEB liability	6,977,822	6,896,912
Net pension liability	-	1,352,305
TOTAL	<u>\$ 16,163,411</u>	<u>\$ 16,415,018</u>

At June 30, 2023, the School District had long-term serial bonds outstanding of \$7,839,400 as compared to \$8,786,000 in the prior year. During the year, retirement of serial bonds debt amounted to \$1,211,000. The constitutional debt limit for the district is contained in Section 104.00 of the Local Finance Law. The limit is 10% of the full value on the most recent tax roll. The debt limit for the district falls under the 4% debt contracting power.

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:

- Uncertainties regarding aid from New York State may adversely affect the District's programs and financial position.
- The 2% tax cap may adversely affect the District's programs and financial position.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Manager, Alfred-Almond Central School District, 6795 Route 21, Almond, New York, 14804.

BASIC FINANCIAL STATEMENTS

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

ASSETS AND DEFERRED OUTFLOWS

ASSETS

Unrestricted cash	\$	1,403,678
Restricted cash and investments		5,409,811
State and federal aid receivable		841,268
Due from other governments		894,965
Other receivables		4,493
Inventories		15,054
Capital assets, net of depreciation		16,187,625
Right of use assets, net of amortization		808,608
		25,565,502
TOTAL ASSETS		25,565,502

DEFERRED OUTFLOWS OF RESOURCES

Bonds		12,083
Pensions		2,895,941
OPEB		1,696,051
		4,604,075
TOTAL DEFERRED OUTFLOWS OF RESOURCES		4,604,075

TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES \$ 30,169,577

LIABILITIES, DEFERRED INFLOWS, AND NET POSITION

LIABILITIES

Accounts payable	\$	283,038
Accrued liabilities		41,660
Accrued interest on obligations		28,403
Due to other governments		71,329
Due to employees' retirement system		45,421
Due to teachers' retirement system		553,471
Long-term liabilities:		
Due in less than one year:		
Bonds payable		1,274,400
Bond premium		76,742
Due in more than one year:		
Bonds payable		6,565,000
Bond premium		213,407
Compensated absences		36,252
Accrued post-employment benefit obligation		6,896,912
Net pension liability - proportionate share		1,352,305
		17,438,340
TOTAL LIABILITIES		17,438,340

DEFERRED INFLOWS OF RESOURCES

Deferred revenues		27,582
Pensions		279,094
OPEB		1,609,371
		1,916,047
TOTAL DEFERRED INFLOWS OF RESOURCES		1,916,047

NET POSITION

Net investment in capital assets		9,389,053
Restricted		5,443,459
Unrestricted		(4,017,322)
		10,815,190
TOTAL NET POSITION		10,815,190

TOTAL LIABILITIES AND NET POSITION \$ 30,169,577

The accompanying notes are an integral
part of the basic financial statements.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

		Program Revenue			
	Expenses	Charges for Services	Operating Grants	Capital Grants	Net (Expense) Revenue and Changes in Net Position
<u>FUNCTIONS / PROGRAMS</u>					
General support	\$ (3,471,211)	\$ -	\$ -	\$ 62,002	\$ (3,409,209)
Instruction	(12,011,817)	5,732	5,189,809	-	(6,816,276)
Pupil transportation	(1,108,999)	69,815	-	-	(1,039,184)
Community services	(1,575)	-	-	-	(1,575)
Debt service	(336,140)	-	-	-	(336,140)
School lunch	(354,722)	88,195	241,592	-	(24,935)
TOTAL FUNCTIONS AND PROGRAMS	\$ (17,284,464)	\$ 163,742	\$ 5,431,401	\$ 62,002	(11,627,319)
 <u>GENERAL REVENUES:</u>					
Real property taxes					5,224,678
Use of money and property					11,968
Sale of property					55,396
Miscellaneous					340,897
State sources					6,747,515
Federal sources					45,730
TOTAL GENERAL REVENUES					12,426,184
Change in net position					798,865
Total net position - beginning of year (restated)					10,016,325
Total net position - end of year					\$ 10,815,190

The accompanying notes are an integral
part of the basic financial statements.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2023

ASSETS

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Miscellaneous Special Revenue</u>	<u>Total Governmental Funds</u>
ASSETS							
Unrestricted cash	\$ 1,157,492	\$ 5,627	\$ 240,559	\$ -	\$ -	\$ -	\$ 1,403,678
Restricted cash and investments	4,669,204	-	-	198,585	532,009	10,013	5,409,811
State and federal aid receivable	226,357	539,333	13,576	62,002	-	-	841,268
Due from other governments	894,965	-	-	-	-	-	894,965
Other receivables	2,239	-	2,254	-	-	-	4,493
Due from other funds	465,721	-	44,981	98,624	13	-	609,339
Inventories	-	-	15,054	-	-	-	15,054
TOTAL ASSETS	\$ 7,415,978	\$ 544,960	\$ 316,424	\$ 359,211	\$ 532,022	\$ 10,013	\$ 9,178,608

LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE

LIABILITIES

Accounts payable	\$ 87,775	\$ 56,239	\$ 12,046	\$ 126,978	\$ -	\$ -	\$ 283,038
Accrued liabilities	41,077	-	583	-	-	-	41,660
Due to other funds	143,605	465,721	-	13	-	-	609,339
Due to other governments	71,289	-	40	-	-	-	71,329
Due to employees' retirement system	45,421	-	-	-	-	-	45,421
Due to teachers' retirement system	553,471	-	-	-	-	-	553,471
TOTAL LIABILITIES	942,638	521,960	12,669	126,991	-	-	1,604,258

DEFERRED INFLOWS OF RESOURCES

Deferred revenues	-	23,000	4,582	-	-	-	27,582
TOTAL DEFERRED INFLOWS OF RESOURCES	-	23,000	4,582	-	-	-	27,582

FUND BALANCE

Non-spendable	-	-	15,054	-	-	-	15,054
Restricted	4,669,204	-	-	232,220	532,022	10,013	5,443,459
Committed	68,378	-	-	-	-	-	68,378
Assigned	13,507	-	284,119	-	-	-	297,626
Unassigned	1,722,251	-	-	-	-	-	1,722,251
TOTAL FUND BALANCE	6,473,340	-	299,173	232,220	532,022	10,013	7,546,768

TOTAL LIABILITIES, DEFERRED INFLOWS,

AND FUND BALANCE	\$ 7,415,978	\$ 544,960	\$ 316,424	\$ 359,211	\$ 532,022	\$ 10,013	\$ 9,178,608
-------------------------	---------------------	-------------------	-------------------	-------------------	-------------------	------------------	---------------------

The accompanying notes are an integral
part of the basic financial statements.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2023

Fund Balances - Total Governmental Funds **\$ 7,546,768**

Amounts reported for Governmental Activities in the Statement of Net Position are:

Capital assets, net of accumulated depreciation, are not current financial resources and are not reported in the funds. 16,187,625

Right of use assets, net of accumulated amortization, are not reported in the funds. 808,608

The District's proportionate share of the teacher and employee retirement system's net pension (liability) asset are not reported in the funds.
 Net pension (liability asset) (1,352,305)

Deferred outflows of resources, including OPEB and pensions, represent a consumption of net position that applies to future periods and is not reported in the funds. Deferred inflows of resources, including OPEB and pensions, represent an acquisition of net position that applies to future periods and is not reported in the funds.

Deferred outflows of resources - pensions	2,895,941
Deferred outflows of resources - OPEB	1,696,051
Deferred outflows of resources - bonds	12,083
Deferred inflows of resources - pensions	(279,094)
Deferred inflows of resources - OPEB	(1,609,371)

Long term liabilities are not due and payable in the current period and are not reported in the funds.

Bonds payable	(7,839,400)
Unamortized bond premiums	(290,149)
Compensated absences	(36,252)
Other post employment benefits liability	(6,896,912)

Interest is accrued on outstanding balances of debt obligations.

Accrued interest on obligations	(28,403)
---------------------------------	----------

NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 10,815,190**

The accompanying notes are an integral part of the basic financial statements.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Miscellaneous Special Revenue</u>	<u>Total Governmental Funds</u>
REVENUES:							
Real property tax	\$ 5,224,678	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,224,678
Charges for services	75,547	-	-	-	-	-	75,547
Use of money and property	9,335	-	86	-	2,547	-	11,968
Sale of property	55,396	-	-	-	-	-	55,396
Miscellaneous	287,059	-	53,838	-	-	-	340,897
State sources	9,610,092	211,144	13,965	62,002	-	-	9,897,203
Federal sources	45,730	2,116,089	227,627	-	-	-	2,389,446
Sales - food service	-	-	88,194	-	-	-	88,194
TOTAL REVENUES	<u>15,307,837</u>	<u>2,327,233</u>	<u>383,710</u>	<u>62,002</u>	<u>2,547</u>	<u>-</u>	<u>18,083,329</u>
EXPENDITURES:							
General support	2,389,425	-	-	788,950	-	-	3,178,375
Instruction	7,017,925	2,188,273	-	-	-	-	9,206,198
Pupil transportation	657,232	15,067	-	264,394	-	-	936,693
Community services	1,000	-	-	-	-	-	1,000
Employee benefits	2,457,510	150,652	33,653	-	-	-	2,641,815
Debt service - principal	1,211,000	-	-	-	-	-	1,211,000
Debt service - interest	328,737	-	-	-	-	-	328,737
Cost of sales	-	-	354,722	-	-	-	354,722
TOTAL EXPENDITURES	<u>14,062,829</u>	<u>2,353,992</u>	<u>388,375</u>	<u>1,053,344</u>	<u>-</u>	<u>-</u>	<u>17,858,540</u>
Excess (deficiency) of revenues over expenditures	<u>1,245,008</u>	<u>(26,759)</u>	<u>(4,665)</u>	<u>(991,342)</u>	<u>2,547</u>	<u>-</u>	<u>224,789</u>
OTHER FINANCING SOURCES (USES):							
Proceeds from bond issuance	-	-	-	264,400	-	-	264,400
Operating transfers in	-	26,759	-	218,624	6	-	245,389
Operating transfers out	(245,383)	-	-	(6)	-	-	(245,389)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(245,383)</u>	<u>26,759</u>	<u>-</u>	<u>483,018</u>	<u>6</u>	<u>-</u>	<u>264,400</u>
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	999,625	-	(4,665)	(508,324)	2,553	-	489,189
Fund balance - beginning of year	5,473,715	-	303,838	740,544	529,469	10,013	7,057,579
Fund balance - end of year	<u>\$ 6,473,340</u>	<u>\$ -</u>	<u>\$ 299,173</u>	<u>\$ 232,220</u>	<u>\$ 532,022</u>	<u>\$ 10,013</u>	<u>\$ 7,546,768</u>

The accompanying notes are an integral
part of the basic financial statements.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Net change in fund balances - Total governmental funds	\$	489,189
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital outlay expenditures for capital assets are recorded in governmental funds as expenditures. Such expenditures are not recorded in the Statement of Activities because they are recorded as capital assets.		1,749,971
Disposals of capital assets are recorded on the Statement of Activities but not in the governmental funds.		(245,569)
Depreciation and amortization is recorded on the Statement of Activities but not in the governmental funds.		(996,072)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of debt repayments made.		1,211,000
Proceeds from long-term debt are recorded as other financing source for governmental funds, but it is not recorded in the Statement of Activities. This is the amount of proceeds from long-term debt received in the current year.		(264,400)
Amortization of bond premiums is recorded on the Statement of Activities but not in the governmental funds.		92,065
Accrued interest on outstanding obligations is not reported in the governmental funds.		(7,403)
Changes in accrued compensated absences reported in the Statement of Activities do not provide for or require the use of current financial resources and are not reported as expenditures in the governmental funds.		(18,877)
Changes in the proportionate share of the net pension asset (liability) reported in the Statement of Activities do not provide for or require the use of current financial resources and are not reported as expenditures in the governmental funds.		(6,349,871)
The Statement of Activities shows the actual and projected long term expenditures for postemployment benefits are reported, whereas, on the governmental funds only the actual expenditures are recorded.		80,910
Deferred outflows and deferred inflows are not reported in the governmental funds:		
Change in deferred outflows of employees' and teachers' retirement systems		(385,603)
Change in deferred outflows of other post-employment benefits		(176,406)
Change in deferred outflows of refunding bonds		(6,041)
Change in deferred inflows of employees' and teachers' retirement systems		5,901,984
Change in deferred inflows of other post-employment benefits		(276,012)
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	<u>798,865</u>

The accompanying notes are an integral part of the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 - Summary of Certain Significant Accounting Policies

The financial statements of Alfred-Almond Central School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies utilized by the District are described below:

Reporting Entity

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of seven members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 39, Component Units. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, no entities are included in the District's reporting entity.

Extraclassroom Activity Funds - The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The district accounts for assets for various student organizations in the miscellaneous special revenue fund. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District's business office.

Joint Venture

The District is a component of the Supervisory District of the Greater Southern Tier Board of Cooperative Educational Services (BOCES). 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. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

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

During the year, the District was billed \$3,133,404 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,398,109. Financial statements for BOCES are available from the BOCES administrative office.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 - Summary of Certain Significant Accounting Policies (Cont.)

Basis of Presentation:

District-Wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State Aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between program expenses and revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenue includes 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. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

Funds 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 Fund - This is the District's primary operating fund. It accounts for all financial transactions except those required to be accounted for in another fund.

Special Aid Fund - Used to account for proceeds received from State and Federal grants that are restricted for specific programs.

School Food Service Fund - Used to account for revenue and expenditures pertaining to the cafeteria operations.

Debt Service Fund - This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

Miscellaneous Special Revenue Fund - Used to account for and report revenue and expenditures that are restricted for scholarships.

Capital Projects Fund - These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. For these funds, each capital project is assessed to determine whether it is a major or non-major fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.

Fiduciary Fund

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. The District does not have any activities that qualify for reporting as a fiduciary fund.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 - Summary of Certain Significant Accounting Policies (Cont.)

Measurement Focus and Basis of Accounting

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The 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 365 days after the end of the fiscal year, except for real property taxes which are considered to be available if they are collected within 60 days after the end of the fiscal year.

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

Cash and Cash Equivalents

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

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies; obligations of the State and its municipalities and Districts and obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations (if permitted by the District's policy).

Investments

Investments are stated at their current market value.

Receivables

Receivables are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such an allowance would not be material.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 - Summary of Certain Significant Accounting Policies (Cont.)

Inventories and Prepaid Items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value that approximates market. Purchases of inventorial items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. These non-liquid assets (inventories and prepaid items) have been recognized as non-spendable fund balances to signify that a portion of fund balance is not available for other subsequent expenditures.

Capital Assets

Capital assets should be accounted for at historical (actual) cost or, if the cost is not practicably determinable, at estimated cost. The cost of the capital asset should include ancillary charges necessary to place the asset into use. Donated capital assets and capital assets acquired in a service concession arrangement should be recorded at acquisition value. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date, or the amount at which a liability could be liquidated with the counter party at the acquisition.

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

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

Deferred Outflows and Inflows of Resources

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

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 - Summary of Certain Significant Accounting Policies (Cont.)

Deferred Outflows and Inflows of Resources (cont.)

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) 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 third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The fourth item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

Deferred Revenues

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

Short-Term Debt

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BAN's issued for capital purposes be converted to long-term financing within five years after the original issue date. The District did not issue any BANs for the year ended June 30, 2023.

Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

Compensated Absences

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement No. 16, Accounting for Compensated Absences, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the funds statements only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 - Summary of Certain Significant Accounting Policies (Cont.)

Other Benefits

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

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

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

Order of Use of Fund Balance

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

Equity Classifications

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

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

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

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

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

Non-spendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes inventory in the School Lunch Fund of \$15,054.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 - Summary of Certain Significant Accounting Policies (Cont.)

Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or law or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The School District has established the following restricted fund balances:

Debt Service - According to General Municipal Law §6-1, the mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement. This reserve is accounted for in the General Fund.

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

Workers' Compensation Reserve Fund - According to General Municipal Law §6-j, all expenditures made from the worker's compensation reserve fund must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the General Fund.

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

Unemployment Insurance Reserve Fund - According to General Municipal Law §6-m, all expenditures made from the unemployment insurance payment reserve fund must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund. This reserve is accounted for in the General Fund.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 - Summary of Certain Significant Accounting Policies (Cont.)

Restricted Fund Balance (Cont.)

Capital Reserve Fund - According to Education Law §3651, expenditures made from the capital reserve fund must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund.

Endowment Scholarships Reserve – This reserve is used to accumulate funds for endowments, scholarships, and other funds held by the District. These monies and earnings must be used for the specific purpose of the contribution. This reserve is accounted for in the Miscellaneous Special Revenue Fund.

Repair Reserve Funds - According to General Municipal Law §6-d, expenditures made from the repair reserve fund must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the General Fund.

Restricted fund balance includes the following as of June 30, 2023:

<u>GENERAL FUND:</u>	
Capital reserve	\$ 2,571,111
Retirement contribution	1,004,957
TRS reserve	418,299
Unemployment	275,126
Workers' compensation	226,106
Employee accrued liability	<u>173,605</u>
TOTAL GENERAL FUND	<u>4,669,204</u>
 <u>CAPITAL PROJECTS FUND:</u>	
Reserved for capital projects	<u>232,220</u>
 <u>DEBT SERVICE FUND:</u>	
Reserved for debt service	<u>532,022</u>
 <u>MISCELLANEOUS SPECIAL REVENUE FUND:</u>	
Scholarships	<u>10,013</u>
TOTAL RESTRICTED FUND BALANCE	<u>\$ 5,443,459</u>

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 - Summary of Certain Significant Accounting Policies (Cont.)

Committed - Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision-making authorities, i.e., the Board of Education. The School District has committed fund balance of \$68,378 as of June 30, 2023, which is related to the District's extraclassroom activities.

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

<u>GENERAL FUND:</u>	
Encumbrances	<u>\$ 13,507</u>
<u>SCHOOL LUNCH FUND:</u>	
Fund balance	144,787
Encumbrances	<u>139,332</u>
	<u>284,119</u>
TOTAL ASSIGNED FUND	<u>\$ 297,626</u>

Unassigned - Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned. NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserve for tax reduction, a school district can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year, encumbrances and amounts reserved for insurance recoveries are also excluded from the 4% limitation.

Net Position/Fund Balance

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

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

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Note 1 - Summary of Certain Significant Accounting Policies (Cont.)

Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on August 15. Taxes are collected during the period September 1 to November 1.

Uncollected real property taxes are subsequently enforced by the County in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1.

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

In the district-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to the notes to the financial statements for a detailed disclosure by individual fund for interfund receivables, payables, revenues, and expenditures activity.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

Restatement of Beginning Net Position

During the fiscal year ended June 30, 2023, the District received an asset valuation study, which listed the capital assets that are currently owned by the District. An adjustment was made to correct the balances of fixed asset accounts, which decreased net position on the Statement of Net Position. The District restated its beginning net position from \$14,936,890 at the beginning of the year to \$10,016,325 as a result of this study being completed.

Subsequent Events

The District has evaluated events and transactions for potential recognition or disclosure in the financial statements through October 12, 2023 (the date the financial statements were available to be issued).

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

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

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

Total fund balance 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 long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund balance sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions and other post-employment benefits.

Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities

Differences between the governmental funds Statements 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:

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.

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

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.

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.

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.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Note 2 - Explanation of Certain Differences between Governmental Fund Statements and District-Wide Statements (Cont.)

Budgets

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

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

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

Budgets are established and used for individual capital project fund expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

Certain Special Revenue Funds have not been included in the comparison because they do not have legally authorized (appropriated) budgets.

Encumbrances

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

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Note 3 - Cash and Cash Equivalents

The District's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

	Bank Balance	Carrying Amount
FDIC Insured	\$ 250,000	\$ 250,000
Collateralized with securities held by the pledging financial institution, or its trust department or agent in the District's name:	2,272,921	2,062,027
TOTAL DEPOSITS	\$ 2,522,921	\$ 2,312,027

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$4,669,204 in the General Fund, restricted for reserves, \$198,585 in the Capital Projects Fund, restricted for ongoing capital projects, \$532,009 in the Debt Service Fund, restricted for debt service, and \$10,013 in the Miscellaneous Special Revenue Fund, restricted for scholarships.

Deposits

Deposits are valued at cost- or cost-plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2023 all deposits were fully insured and collateralized by the District's agent in the District's name

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 for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these Notes.

Note 4 – Investments

NYCLASS Investments

The District participates in the New York Cooperative Liquid Asset Securities System (NYCLASS) local government investment pool.

NYCLASS measures its investments at fair value in accordance with Paragraph 41 of GASB Statement No. 79 and paragraph 11 of GASB Statement No. 31. Under these circumstances, a participants investments are not required to be categorized within the fair value hierarch for purposes of paragraph 71a(2) of GASB Statement No. 72.

NYCLASS portfolio holdings as of June 30, 2023 were as follows:

U.S. Treasury Securities	57.58%
Repurchase Agreements	29.89%
Collateralized Bank Deposits	10.14%
FDIC Insured Bank Deposits	2.39%
	100.00%

U.S. Treasury Securities do not require collateral because they are backed by the full faith and credit of the United States Government. The other permissible security types are collateralized in accordance with NYS General Municipal Law Section 10 and the NYCLASS Investment policy. Repurchase agreements are collateralized be either U.S. Treasuries or U.S. Agencies. Certificates of deposit are required to be fully collateralized.

The total investment balance held by the District as of June 30, 2023, was \$4,501,212.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Note 5 - Receivables

Receivables at year-end for individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

Description	Governmental Activities				Total
	General	Special Aid	School Lunch	Capital Projects	
State and Federal aid receivable	\$ 226,357	\$ 539,333	\$ 13,576	\$ 62,002	\$ 841,268
Due from other governments	894,965	-	-	-	894,965
Other receivables	2,239	-	2,254	-	4,493
TOTAL	\$ 1,123,561	\$ 539,333	\$ 15,830	\$ 62,002	\$ 1,740,726

Note 6 - Capital Assets and Right of Use Assets

Capital asset balances and activity for the year ended June 30, 2023 were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
GOVERNMENTAL ACTIVITIES:				
CAPITAL ASSETS NOT BEING DEPRECIATED:				
Land	\$ 2,322	\$ -	\$ -	\$ 2,322
Work in progress	5,052,114	788,950	(260,894)	5,580,170
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	5,054,436	788,950	(260,894)	5,582,492
CAPITAL ASSETS BEING DEPRECIATED:				
Buildings	20,375,330	260,894	-	20,636,224
Equipment	3,928,095	323,280	(253,824)	3,997,551
TOTAL CAPITAL ASSETS BEING DEPRECIATED	24,303,425	584,174	(253,824)	24,633,775
LESS: ACCUMULATED DEPRECIATION:				
Buildings	10,672,024	536,770	-	11,208,794
Equipment	2,779,499	281,273	(240,924)	2,819,848
TOTAL ACCUMULATED DEPRECIATION	13,451,523	818,043	(240,924)	14,028,642
Total capital assets being depreciated, net	10,851,902	(233,869)	(12,900)	10,605,133
TOTAL CAPITAL ASSETS, NET	\$ 15,906,338	\$ 555,081	\$ (273,794)	\$ 16,187,625

Depreciation expense charged to governmental functions as follows:

General support	\$ 122,706
Instruction	548,089
Pupil transportation	147,248
TOTAL	\$ 818,043

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Note 6 - Capital Assets and Right of Use Assets (Cont.)

The District entered into various agreements with Erie 1 BOCES to acquire IT and computer equipment. The equipment is owned by Erie 1 BOCES, however, the District has recognized a right-to-use asset in accordance with GASB Statement No. 87, Leases. The District paid cash for the equipment rather than through an installment purchase contract. The District amortizes its right-to-use assets over a period of five years.

Right of use asset balances and activity for the year ended June 30, 2023 were as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
<u>RIGHT TO USE LEASE ASSETS</u>				
Equipment	\$ 971,729	\$ 376,847	\$ (88,821)	\$ 1,259,755
Less: accumulated amortization	390,164	178,029	(117,046)	451,147
TOTAL RIGHT TO USE ASSETS, NET	\$ 581,565	\$ 198,818	\$ 28,225	\$ 808,608

Total amortization expense of \$81,016 was charged to instruction.

Note 7 - Short-term Debt

Bond Anticipation Notes

Notes issued in anticipation of proceeds from the sale of bonds are recorded as a liability in the fund that will receive the proceeds from the issuance of the bonds. BANs may be classified as part of the financial statements when the intention is to refinance the debt on a long-term basis, and the intention can be substantiated through a post balance sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that BANs issued for capital purposes be converted to long-term financing within five years of the original issue date.

The District had no outstanding BANs for the fiscal year ended June 30, 2023.

Note 8 - Long-Term Debt

Serial Bonds

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

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

	<u>Balance at June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2023</u>	<u>Amounts Due Within One Year</u>
<u>LONG-TERM LIABILITIES:</u>					
Bonds payable	\$ 8,786,000	\$ 264,400	\$ (1,211,000)	\$ 7,839,400	\$ 1,274,400
Unamortized bond premiums	382,213	-	(92,064)	290,149	76,742
Compensated absences	17,375	18,877	-	36,252	-
OPEB	6,977,822	-	(80,910)	6,896,912	-
Net pension liability	-	1,352,305	-	1,352,305	-
TOTAL LONG-TERM LIABILITIES	\$ 16,163,410	\$ 1,635,582	\$ (1,383,974)	\$ 16,415,018	\$ 1,351,142

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

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Note 8 - Long-Term Debt (Cont.)

Serial Bond obligations are composed of the following at June 30, 2023:

Description	Issue Date	Final Maturity	Interest Rate	Balance
Serial bonds	6/2017	6/2032	3.00 - 5.00%	\$ 2,415,000
Serial bonds	5/2018	5/2026	1.25 - 5.00%	1,440,000
Bus bond	9/2018	8/2023	2.89%	45,000
Bus bond	9/2019	8/2024	.75 - 2.85%	40,000
Bus bond	8/2020	8/2025	.25 - 1.86%	150,000
Bus bond	8/2021	8/2026	.60 - 2.10%	100,000
Serial bonds	6/2022	6/2036	3.00 - 3.50%	3,385,000
Bus bond	2/2023	8/2027	1.00 - 5.50%	264,400
TOTAL				\$ 7,839,400

The following is a summary of debt service requirements for bonds payable and bond premium amortization:

Fiscal Year Ended June 30,	Bond Principal	Unamortized Bond Premium	Interest	Total
2024	\$ 1,274,400	\$ 76,742	\$ 276,787	\$ 1,627,929
2025	1,280,000	60,001	255,767	1,595,768
2026	780,000	41,066	235,860	1,056,926
2027	580,000	32,580	215,926	828,506
2028	570,000	27,360	193,015	790,375
2029 - 2033	2,440,000	52,400	593,750	3,086,150
2034 - 2037	915,000	-	74,350	989,350
TOTAL	\$ 7,839,400	\$ 290,149	\$ 1,845,455	\$ 9,975,004

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

Interest paid	\$ 328,737
Less: Interest accrued in prior year	(21,000)
Add: Interest accrued in current year	28,403
TOTAL INTEREST EXPENSE	\$ 336,140

Debt Issuance Costs, Premiums, and Amortization

Premiums from bond and debt refinancing are being amortized over the life of the related debt using the interest method. These premiums are shown separately from bonds payable on the Statement of Net Position. Debt issuance costs related to the bonds are expensed in accordance with GASB 65.

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 the carrying value of the refunded debt and reacquisition price of the new debt, a deferred outflow of resources in the amount of \$77,822 was recognized. In the current year, \$6,041 was amortized, with the remaining balance of \$12,083 to be amortized through the year ended June 30, 2026.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Note 9 – Pension Plans

Plan Description

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS). These are cost-sharing multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

Teachers' Retirement System (TRS)

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

Employees' Retirement System (ERS)

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

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Note 9 – Pension Plans (Cont.)

Funding Policies

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

The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years and were as follows:

	ERS	TRS
2023	\$ 129,189	\$ 464,557
2022	\$ 173,000	\$ 465,000
2021	\$ 158,000	\$ 442,000

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

At June 30, 2023, the District reported the following (asset) liability for its proportionate share of the net pension (asset) liability for each of the Systems. The net pension (asset) liability was measured as of March 31, 2023 for ERS and June 30, 2022 for TRS. The total pension (asset) liability used to calculate 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 projects contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the School District.

For the year ended June 30, 2023, the districted recognized a pension expense of \$331,345 for ERS and \$665,129 for TRS. At June 30, 2023, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 89,342	\$ 538,052	\$ 23,558	\$ 10,289
Changes of assumptions	407,392	996,045	4,502	206,840
Net difference between projected and actual earnings on pension plan investments	-	663,452	4,928	-
Changes in proportion and differences between District contributions and proportionate share of contributions	85,913	50,338	2,953	26,024
District's contributions subsequent to the measurement date	14,036	51,371	-	-
TOTAL	\$ 596,683	\$ 2,299,258	\$ 35,941	\$ 243,153

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Note 9 – Pension Plans (Cont.)

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>ERS</u>	<u>TRS</u>
2023	\$ -	\$ 389,126
2024	142,425	201,167
2025	(17,734)	(81,473)
2026	185,633	1,309,966
2027	236,383	174,792
Thereafter	-	11,155

Actuarial Assumptions

The total pension asset/(liability) at March 31, 2023 was determined by using an actuarial valuation as of April 1, 2022, with update procedures used to roll forward total pension liability to March 31, 2023. The actuarial valuations used the following actuarial assumptions:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Actuarial Valuation date	April 1, 2022	June 30, 2021
Interest Rate	5.90%	6.95%
Inflation Rate	2.90%	2.40%
Salary Increases	4.40%	3.00 - 8.00%
Cost of living adjustment	1.50%	1.50%
Decrement Tables	April 1, 2015 - March 31, 2020 System's experience	July 1, 2015 - June 30, 2020 System's experience

For ERS, annuitant mortality rates are based on April 1, 2015- March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2020. For TRS, annuitant mortality rates are based on July 1, 2015 – June 30, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP2020.

For ERS, the actuarial assumptions used in the April 1, 2022 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Note 9 – Pension Plans (Cont.)

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 weighing 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:

	ERS	TRS
Measurement date	March 31, 2023	June 30, 2022
<u>ASSET TYPE:</u>		
Domestic equity	32.00%	33.00%
International equity	15.00%	16.00%
Private equity	10.00%	8.00%
Global equity	-	4.00%
Real estate	9.00%	11.00%
Opportunistic/ARS portfolio	3.00%	-
Credit	4.00%	-
Real assets	3.00%	-
Domestic fixed income securities	23.00%	16.00%
Global bonds	-	2.00%
Private debt	-	2.00%
Real estate debt	-	6.00%
High-yield bonds	-	1.00%
Fixed income	-	-
Cash	1.00%	1.00%

Discount Rate

The discount rate used to calculate the total pension liability was 5.90% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contribution from plan members will be made at the current contribution rates and that contributions from employers will be made statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension (asset) liability.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Note 9 – Pension Plans (Cont.)

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 5.90 percent for ERS and 6.95 percent 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-percentagepoint lower (4.90% for ERS and 5.95% for TRS) or 1-percentagepoint higher (6.90% for ERS and 7.95% for TRS), than the current rate:

	1% Decrease 4.90%	Current Assumption 5.90%	1% Increase 6.90%
ERS			
Employer's proportionate share of the net pension liability (asset)	\$ 2,027,104	\$ 838,835	\$ (154,102)
	1% Decrease 5.95%	Current Assumption 6.95%	1% Increase 7.95%
TRS			
Employer's proportionate share of the net pension liability (asset)	\$ 4,734,435	\$ 513,470	\$ (3,036,333)

Pension Plan Fiduciary Net Position

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

	ERS	TRS	TOTAL
Employers' total pension liability (asset)	\$ 232,627,259	\$ 133,883,474	\$ 366,510,733
Fiduciary net position	211,183,223	131,964,582	343,147,805
Employers' net position liability (asset)	\$ 21,444,036	\$ 1,918,892	\$ 23,362,928
Ration of fiduciary net position to the Employers' total pension liability (asset)	90.78%	98.57%	93.63%

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, 2023 represent the projected employer contribution for the period of April 1, 2023 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions, as of June 30, 2023, amounted to \$45,421.

For TRS, Employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October, and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on 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, 2023, amounted to \$553,471.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Note 10 - Post-Employment (Health Insurance) Benefits (GASB 75)

General Information about the OPEB Plan

Plan Description

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

Benefits Provided

The District provides for continuation of medical and/or Medicare Part B benefits for certain retirees and their spouses. The benefit terms are dependent on which contract each employee falls under, retirees and their spouses receive benefits for the lifetime of the retired employee. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms

At June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	29
Active employees	<u>68</u>
Total employees	<u>97</u>

Total OPEB Liability

The District's total OPEB liability of \$6,896,912 was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions and Other Inputs

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

Inflation	2.25%
Rate of compensation increase	2.70%
Discount rate	3.69%
Healthcare cost trend rates	6.75%, decreasing to an ultimate rate of 3.78%

The discount rate was selected from a range of indices for 20-year tax-exempt general obligation municipal bonds as of June 30, 2023 (measurement date).

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2021

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Note 10 - Post-Employment (Health Insurance) Benefits (GASB 75) (Cont.)

Changes in the Total OPEB Liability

Balance at June 30, 2022		\$ <u>6,977,822</u>
<u>Changes for the year:</u>		
Service cost		417,200
Interest		138,848
Changes of benefit terms		225,305
Changes in assumptions or other inputs		(535,507)
Differences between expected and actual experience		-
Benefit payments		<u>(326,756)</u>
Net changes		<u>(80,910)</u>
 Balance at June 30, 2023		 \$ <u>6,896,912</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 1.92 percent in 2022 to 3.69 percent in 2023.

The mortality improvement scale was revised from Scale MP-2020 to Scale MP-2021 on a generational basis, in order to reflect the most receive experience available.

The annual rate of increase in healthcare costs was revised to better reflect future expectations.

Assumed rates of retirement and turnover incidence for participants of the New York State Teachers' Retirement System (TRS) were updated based on the July 1, 2015 to June 30, 2020 experience study released by the Office of the Actuary and published in their October 2021 report.

Several negotiated employee contracts were amended to include retiree health benefits.

Sensitivity to 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 (2.69 percent) or 1 percentage point higher (4.69 percent) than the current discount rate:

	<u>1% Decrease</u> <u>(2.69%)</u>	<u>Discount</u> <u>Rate</u> <u>(3.69%)</u>	<u>1% Increase</u> <u>(4.69%)</u>
Net OPEB Liability	\$ <u>7,547,866</u>	\$ <u>6,896,912</u>	\$ <u>6,298,254</u>

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Note 10 - Post-Employment (Health Insurance) Benefits (GASB 75) (Cont.)

Sensitivity to 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 a healthcare cost trend rate that is 1 percentage point lower (5.75 percent) or 1 percentage point higher (7.75 percent) than the current healthcare cost trend rate:

	1% Decrease (5.75% Decreasing to 2.78%)	Healthcare Cost trend rates (6.75% Decreasing to 3.78%)	1% Increase (7.75% Decreasing to 4.78%)
Net OPEB Liability	\$ 6,018,059	\$ 6,896,912	\$ 7,943,702

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$58,286. At June 30, 2023, 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
Difference between expected and actual experience	\$ -	\$ 937,255
Changes of assumptions or other inputs	1,366,485	672,116
Contributions subsequent to the measurement period	329,566	-
	\$ 1,696,051	\$ 1,609,371

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

Fiscal Year Ending June 30,	Amount
2024	\$ 72,821
2025	72,821
2026	88,531
2027	117,089
2028	118,166
Thereafter	152,120

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2023

Note 11 - Interfund Receivables and Payables

Interfund transactions and balances at June 30, 2023 were as follows:

	Interfund	
	Receivable	Payable
<u>GOVERNMENTAL FUNDS:</u>		
General Fund	\$ 465,721	\$ 143,605
Special Aid Fund	-	465,721
School Lunch Fund	44,981	-
Capital Projects Fund	98,624	13
Debt Service Fund	13	-
TOTAL GOVERNMENTAL FUNDS	\$ 609,339	\$ 609,339

Interfund receivables and payables are eliminated on the Statement of net position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

Note 12 - Interfund Transfers

The following is a summary of interfund transfers at June 30, 2023:

	Interfund	
	Transfers In	Transfers Out
<u>GOVERNMENTAL FUNDS:</u>		
General Fund	\$ -	\$ 245,383
Special Aid Fund	26,759	-
Capital Projects Fund	218,624	6
Debt Service Fund	6	-
TOTAL GOVERNMENTAL FUNDS	\$ 245,389	\$ 245,389

Amounts listed above are permanent transfers of assets to provide funding for ongoing capital projects, local funding for special grants or programs, and transfers to reserve monies meant for debt service.

Note 13 - Commitments and Contingencies

Federal and State Grants

The District has received Federal and State grants, which are subject to audit by agencies of the State and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior years' experience, the district's administration believes disallowances, if any, will not be material.

Risk Financing and Related Insurance

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employee; errors and omissions; natural disaster, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage.

* * * * *

REQUIRED SUPPLEMENTARY INFORMATION

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
REVENUES:				
LOCAL SOURCES:				
Real property taxes	\$ 5,227,959	\$ 5,227,959	\$ 5,224,678	\$ (3,281)
Charges for services	71,710	71,710	75,547	3,837
Use of money and property	3,000	3,000	9,335	6,335
Sale of property	11,150	11,150	55,396	44,246
Miscellaneous	175,200	175,200	287,059	111,859
STATE SOURCES:				
Basic formula aid	8,177,949	8,177,949	6,747,515	(1,430,434)
Lottery aid	-	-	1,409,600	1,409,600
BOCES aid	1,137,559	1,137,559	1,398,109	260,550
Textbook aid	31,863	31,863	31,863	-
Computer software	19,368	19,368	19,369	1
Library A/V loan program	3,550	3,550	3,550	-
Other state aid	-	-	86	86
Federal sources	26,974	21,095	45,730	24,635
TOTAL REVENUES	<u>14,886,282</u>	<u>14,880,403</u>	<u>\$ 15,307,837</u>	<u>\$ 427,434</u>
APPROPRIATED FUND BALANCE:				
Prior year designated fund balance	358,391	358,391		
Emergency appropriations	-	120,000		
Appropriated reserves - prior year encumbrances	<u>47,891</u>	<u>47,891</u>		
TOTAL REVENUES, OTHER SOURCES AND APPROPRIATED FUND BALANCE	<u>\$ 15,292,564</u>	<u>\$ 15,406,685</u>		

See independent auditor's report.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

<u>EXPENDITURES:</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
<u>GENERAL SUPPORT:</u>					
Board of education	\$ 63,894	\$ 69,003	\$ 68,048	\$ 9,122	\$ (8,167)
Central administration	179,400	187,642	187,638	4,384	(4,380)
Finance	314,482	345,064	342,873	-	2,191
Staff	40,705	35,905	31,290	-	4,615
Central services	1,399,111	1,516,641	1,424,812	-	91,829
Special items	332,837	337,852	334,764	-	3,088
TOTAL GENERAL SUPPORT	<u>2,330,429</u>	<u>2,492,107</u>	<u>2,389,425</u>	<u>13,506</u>	<u>89,176</u>
<u>INSTRUCTION:</u>					
Instruction, administration, and improvement	427,922	430,586	355,873	-	74,713
Teaching - regular school	4,106,156	4,024,892	3,842,174	-	182,718
Programs for children with disabilities	1,621,805	1,534,014	1,406,201	-	127,813
Occupational education	8,728	8,728	8,400	-	328
Teaching - special schools	568,939	568,939	567,318	-	1,621
Instructional media	162,935	164,735	157,765	-	6,970
Pupil services	601,957	620,363	680,194	-	(59,831)
TOTAL INSTRUCTION	<u>7,498,442</u>	<u>7,352,257</u>	<u>7,017,925</u>	<u>-</u>	<u>334,332</u>
Pupil transportation	<u>777,855</u>	<u>755,860</u>	<u>657,232</u>	<u>-</u>	<u>98,628</u>
Community service	1,150	1,150	1,000	-	150
Employee benefits	<u>3,046,362</u>	<u>3,018,815</u>	<u>2,457,510</u>	<u>-</u>	<u>561,305</u>
<u>DEBT SERVICE:</u>					
Debt service - principal	1,236,000	1,211,000	1,211,000	-	-
Debt service - interest	302,326	328,737	328,737	-	-
TOTAL DEBT SERVICE	<u>1,538,326</u>	<u>1,539,737</u>	<u>1,539,737</u>	<u>-</u>	<u>-</u>
TOTAL EXPENDITURES	15,192,564	15,159,926	14,062,829	13,506	1,083,591
<u>OTHER FINANCING USES:</u>					
Operating transfers out	<u>100,000</u>	<u>246,759</u>	<u>245,383</u>	<u>-</u>	<u>1,376</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 15,292,564</u>	<u>\$ 15,406,685</u>	<u>14,308,212</u>	<u>\$ 13,506</u>	<u>\$ 1,084,967</u>
Net change in fund balance			999,625		
Fund balance - beginning of year			<u>5,473,715</u>		
Fund balance - end of year			<u>\$ 6,473,340</u>		

See independent auditor's report.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY
NYSLRS PENSION PLAN
FOR THE YEARS ENDED JUNE 30,

New York State Teachers' Retirement System										
As of the measurement date of June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension liability (asset)	0.026759%	0.027351%	0.027390%	0.027111%	0.027103%	0.027103%	0.027534%	0.028509%	0.028272%	0.027577%
District's proportionate share of the net pension liability (asset)	\$ 513,470	\$ 4,739,721	\$ (769,697)	\$ 711,596	\$ 490,240	\$ 206,013	\$ (294,897)	\$ 2,961,151	\$ 3,149,279	\$ 181,526
District's covered-employee payroll	\$ 4,908,782	\$ 4,641,742	\$ 4,727,799	\$ 4,571,849	\$ 4,522,384	\$ 4,425,721	\$ 4,248,725	\$ 4,282,401	\$ 4,039,426	\$ 4,039,426
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	10.46%	102.11%	-16.28%	15.56%	10.84%	4.65%	-6.94%	69.15%	77.96%	4.49%

New York State Employees' Retirement System										
As of the measurement date of March 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.003912%	0.003154%	0.003149%	0.002858%	0.003096%	0.003358%	0.003166%	0.003359%	0.003285%	N/A
District's proportionate share of the net pension liability (asset)	\$ 838,835	\$ 257,845	\$ (3,136)	\$ (756,848)	\$ (219,369)	\$ (108,370)	\$ (297,506)	\$ (539,085)	\$ (110,959)	\$ (148,423)
District's covered-employee payroll	\$ 1,209,938	\$ 1,116,453	\$ 1,089,197	\$ 1,071,910	\$ 1,082,807	\$ 1,113,964	\$ 1,071,380	\$ 1,066,404	\$ 1,064,944	\$ 1,102,416
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	69.33%	23.10%	-0.29%	-70.61%	-20.26%	-9.73%	-27.77%	-50.55%	-10.42%	-13.46%

See independent auditor's report.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
NYSLRS PENSION PLAN
FOR THE YEAR ENDED JUNE 30,

New York State Teachers' Retirement System										
For the year ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 505,114	\$ 464,557	\$ 442,358	\$ 418,883	\$ 485,530	\$ 432,777	\$ 503,374	\$ 563,381	\$ 750,705	\$ 578,625
Contributions in relation to the contractually required contribution	\$ 505,114	\$ 464,557	\$ 442,358	\$ 418,883	\$ 485,530	\$ 432,777	\$ 503,374	\$ 563,381	\$ 750,705	\$ 578,625
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 4,908,782	\$ 4,740,378	\$ 4,641,742	\$ 4,727,799	\$ 4,571,849	\$ 4,522,384	\$ 4,425,721	\$ 4,248,725	\$ 4,282,402	\$ 4,176,154
Contributions as a percentage of covered-employee payroll	10.29%	9.80%	9.53%	8.86%	10.62%	9.57%	11.37%	13.26%	17.53%	13.86%

New York State Employees' Retirement System										
For the year ended March 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 129,189	\$ 173,391	\$ 157,980	\$ 155,418	\$ 160,969	\$ 168,273	\$ 163,766	\$ 193,633	\$ 197,487	\$ 221,064
Contributions in relation to the contractually required contribution	\$ 129,189	\$ 173,391	\$ 157,980	\$ 155,418	\$ 160,969	\$ 168,273	\$ 163,766	\$ 193,633	\$ 197,487	\$ 221,064
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,209,938	\$ 1,116,453	\$ 1,089,197	\$ 1,071,910	\$ 1,082,807	\$ 1,113,964	\$ 1,071,380	\$ 1,066,404	\$ 1,064,944	\$ 1,102,416
Contributions as a percentage of covered-employee payroll	10.68%	15.53%	14.50%	14.50%	14.87%	15.11%	15.29%	18.16%	18.54%	20.05%

See independent auditor's report.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED JUNE 30,

Measurement date, June 30,	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability:						
Service cost	\$ 417,200	\$ 313,046	\$ 277,426	\$ 291,511	\$ 286,589	\$ 317,693
Interest	138,848	147,300	174,436	229,339	215,222	179,751
Changes in benefit terms	225,305	(182,494)	94,300	(95,844)	92,441	-
Changes of assumptions or other inputs	(535,507)	1,390,278	268,524	117,598	(98,074)	(387,210)
Differences between expected and actual experience in the measurement of the total OPEB liability	-	(254,611)	(162,905)	(1,064,517)	-	-
Benefit payments	(326,756)	(269,809)	(226,589)	(225,979)	(196,656)	(182,201)
Net change in total OPEB liability	(80,910)	1,143,710	425,192	(747,892)	299,522	(71,967)
Total OPEB - beginning	<u>6,977,822</u>	<u>5,834,112</u>	<u>5,408,920</u>	<u>6,156,812</u>	<u>5,857,290</u>	<u>5,929,257</u>
Total OPEB - ending	<u>\$ 6,896,912</u>	<u>\$ 6,977,822</u>	<u>\$ 5,834,112</u>	<u>\$ 5,408,920</u>	<u>\$ 6,156,812</u>	<u>\$ 5,857,290</u>
Covered payroll	<u>\$ 4,957,693</u>	<u>\$ 4,957,693</u>	<u>\$ 6,170,110</u>	<u>\$ 5,999,761</u>	<u>\$ 5,308,441</u>	N/A
Total OPEB liability as a percentage of covered payroll	139.12%	140.75%	94.55%	90.15%	115.98%	N/A

See independent auditor's report.

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

For the year ended June 30,	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contributions	\$ 326,756	\$ 269,809	\$ 226,589	\$ 225,979	\$ 196,656	\$ 182,201
Contributions in relation to the actuarially determined contribution	<u>\$ 326,756</u>	<u>\$ 269,809</u>	<u>\$ 226,589</u>	<u>\$ 225,979</u>	<u>\$ 196,656</u>	<u>\$ 182,201</u>
Contribution deficiency (excess)	<u>\$ -</u>					
District's covered-employee payroll	\$ 4,957,693	\$ 4,957,693	\$ 6,170,110	\$ 5,999,761	\$ 5,308,441	N/A
Contributions as a percentage of covered-employee payroll	6.59%	5.44%	3.67%	3.77%	3.70%	N/A

Notes to the Schedule of District Contributions – OPEB:

Valuation date: June 30, 2022

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level % of Salary Method
Discount rate	3.69% as of June 30, 2023
Inflation	2.25% per year
Rate of salary increase	2.70% per year
Healthcare cost trend rates	6.75% (pre-65), 4.40% (Post-65 Medicare advantage), prescription Drug 6.75% for 2023. Rates expected to decrease each year thereafter with an ultimate rate of 3.78% after 2075.
Mortality	Pub-2010 Public retirement Plans Mortality Tables for employees and healthy retirees, adjusted for mortality improvements with Scale MP-2021 mortality improvement scale on a generational basis.
Retiree cost sharing	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. Retirees pay 100% of their insurance after 10 years. Teachers number of sick days are converted and applied to health insurance for a period of up to 10 years based on the contract in place at the time of retirement.

See independent auditor's report.

SUPPLEMENTARY INFORMATION

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 15,244,673
Additions:	
Prior year encumbrances	47,891
Budget adjustments	<u>114,121</u>
Final Budget	<u>\$ 15,406,685</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2023 - 24 voter approved expenditure budget	\$ <u>16,513,631</u>
Maximum allowed (4% of 2023 - 24 budget)	<u>\$ 660,545</u>

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

Unrestricted fund balance:	
Committed fund balance	68,378
Assigned fund balance	13,507
Unassigned fund balance	<u>1,722,251</u>
TOTAL UNRESTRICTED FUND BALANCE	<u>1,804,136</u>

Less:	
Committed fund balance	68,378
Appropriated fund balance	-
Encumbrances	<u>13,507</u>
TOTAL ADJUSTMENTS	<u>81,885</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	\$ <u>1,722,251</u>
---	---------------------

Actual Percentage	10.43%
-------------------	--------

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES – CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2023

PROJECT TITLE:	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance 6/30/2023
			Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
2020-21 Capital Outlay	\$ 100,000	\$ 100,000	\$ 100,000	\$ -	\$ 100,000	\$ -	\$ -	\$ 100,000	\$ -	\$ 100,000	\$ -
2021-22 Capital Outlay	100,000	100,000	-	98,624	98,624	1,376	-	100,000	98,624	198,624	100,000
2022-23 Capital Outlay	100,000	100,000	-	-	-	100,000	-	-	-	-	-
Smart Schools Project	609,287	609,287	512,919	62,002	574,921	34,366	-	62,002	-	62,002	(512,919)
\$4.5m Capital Project	4,500,000	4,500,000	4,500,000	1,409	4,501,409	(1,409)	4,000,000	500,000	-	4,500,000	(1,409)
\$5.2m Capital Project	5,200,000	5,200,000	39,196	464,645	503,841	4,696,159	-	945,000	-	945,000	441,159
Emergency Project - Boiler	475,000	475,000	-	102,530	102,530	372,470	-	246,000	-	246,000	143,470
Emergency Project - Elevator	120,000	120,000	-	59,740	59,740	60,260	-	-	120,000	120,000	60,260
Bus Purchases 21-22	127,341	127,341	127,341	-	127,341	-	129,000	-	-	129,000	1,659
Bus Purchases 22-23	264,400	264,400	-	264,400	264,400	-	264,400	-	-	264,400	-
TOTAL	\$ 11,596,028	\$ 11,596,028	\$ 5,279,456	\$ 1,053,350	\$ 6,332,806	\$ 5,263,222	\$ 4,393,400	\$ 1,953,002	\$ 218,624	\$ 6,565,026	\$ 232,220

See independent auditor's report.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
JUNE 30, 2023

Capital assets and right-to-use assets, net		\$ 16,996,233
<u>Deduct:</u>		
Bonds payable	<u>(7,839,400)</u>	
TOTAL DEDUCTIONS		(7,839,400)
<u>Additions:</u>		
Assets reserved for capital projects, net of related liabilities	<u>232,220</u>	
TOTAL ADDITIONS		<u>232,220</u>
NET INVESTMENT IN CAPITAL ASSETS		<u>\$ 9,389,053</u>

See 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, 2023

<u>Grant Title</u>	<u>Project No.</u>	<u>Grant Period</u>	<u>Program Budget</u>	<u>Total Revenue</u>	<u>Total Expenditures</u>
Summer school	N/A	2023	N/A	\$ 69,064	\$ 69,064
Universal Pre-Kindergarten	0409-23-7009	2023	\$ 172,325	160,765	160,765
School lunch programs	N/A	2023	N/A	12,292	12,292
School breakfast program	N/A	2023	N/A	<u>1,673</u>	<u>1,673</u>
				<u>\$ 243,794</u>	<u>\$ 243,794</u>

See independent auditor's report.



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

Board of Education
Alfred-Almond Central School District
Almond, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Alfred-Almond Central School District, as of and for the year ended June 30, 2023, 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 12, 2023.

Report on 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) 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alfred-Almond Central School's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

BUFFALO
501 John James Audubon
Suite 390
Amherst, NY 14228
P: (716) 694-0336

COOPERSTOWN
55-57 Grove Street
Cooperstown, NY 13326
P: (607) 282-4161

ONEONTA
189 Main Street, Suite 302
Oneonta, NY 13820
P: (607) 432-3462

PERRY
199 S. Main Street, PO Box 1
Perry, NY 14530
P: (585) 237-3887

ROCHESTER
150 State Street, Suite 301 A
Rochester, NY 14614
P: (585) 410-6733

VICTOR
6536 Anthony Drive, Suite B
Victor, NY 14564
P: (585) 410-6733

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Allied CPAs, P.C.

Amherst, New York
October 12, 2023

**SINGLE AUDIT
WITH
INDEPENDENT AUDITOR'S REPORT**



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Alfred-Almond Central School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Alfred-Almond Central School District's major federal programs for the year ended June 30, 2023. Alfred-Almond Central School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Alfred-Almond Central School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

BUFFALO
501 John James Audubon
Suite 390
Amherst, NY 14228
P: (716) 694-0336

COOPERSTOWN
55-57 Grove Street
Cooperstown, NY 13326
P: (607) 282-4161

ONEONTA
189 Main Street, Suite 302
Oneonta, NY 13820
P: (607) 432-3462

PERRY
199 S. Main Street, PO Box 1
Perry, NY 14530
P: (585) 237-3887

ROCHESTER
150 State Street, Suite 301 A
Rochester, NY 14614
P: (585) 410-6733

VICTOR
6536 Anthony Drive, Suite B
Victor, NY 14564
P: (585) 410-6733

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Allied CPAs, P.C.

Amherst, New York
October 12, 2023

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

<u>Federal Grantor / Pass-through Grantor / Program or Cluster Title</u>	<u>Assistance Listing Number</u>	<u>Pass-through Entity Identification Number</u>	<u>Total Federal Expenditures</u>
<u>U.S. DEPARTMENT OF AGRICULTURE:</u>			
<u>Passed through New York State Department of Education:</u>			
<i>Child Nutrition Cluster:</i>			
National School Breakfast Program	10.553	N/A	\$ 35,968
National School Lunch Program	10.555	N/A	191,658
Total U.S. Department of Agriculture			<u>227,626</u>
<u>U.S. Department of Education:</u>			
<u>Pass-through New York State Department of Education</u>			
E.S.E.A. Title I - Improved Basic Skills through Remediation	84.010	0021-22-0070	1,489
E.S.E.A. Title I - Improved Basic Skills through Remediation	84.010	0021-23-0070	<u>190,112</u>
<i>Special Education Cluster (IDEA):</i>			
IDEA Part B - Section 611	84.027	5532-22-0045	147,617
ARP - IDEA Part B - Section 611	84.173X	5532-22-0034	30,981
IDEA Part B - Section 619	84.173A	0033-23-0034	4,991
ARP - IDEA Part B - Section 619	84.173X	5533-22-0034	<u>2,521</u>
Total Special Education Cluster			<u>186,110</u>
Rural Education Achievement Program (REAP)	84.358A	N/A	<u>20,529</u>
E.S.E.A. Title II - Supporting Effective Instruction State Grant	84.367	0147-23-0070	<u>20,873</u>
E.S.E.A. Title IV - Student Support and Academic Enrichment Grants	84.424	0204-23-0070	<u>14,342</u>
COVID-19 CARES Act - ESSER	84.425D	5890-21-0070	<u>4,554</u>
Elementary and Secondary School Emergency Relief (ESSER)	84.425D	5891-21-0070	<u>579,362</u>
<i>American Rescue Plan - Elementary and Secondary School Emergency Relief:</i>			
ARP - ESSER 3	84.425U	5880-21-0070	895,985
ARP - SLR Summer Enrichment	84.425U	5882-21-0070	50,378
ARP - SLR Learning Loss	84.425U	5884-21-0070	<u>156,908</u>
Total American Rescue Plan - Elementary and Secondary School Emergency Relief			<u>1,103,271</u>
Total Department of Education			<u>2,120,642</u>
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u>			
<u>Direct Program:</u>			
Medicaid	93.778	N/A	41,176
Total Department of Health and Human Services			<u>41,176</u>
Total Expenditures of Federal Awards			<u>\$ 2,389,444</u>

See Report on Compliance with Requirements Applicable to each Major Program
and Internal Control Over Compliance in Accordance with the Uniform Guidance.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Note 1 – Summary of Certain Significant Accounting Principles

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in Note 2 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The District did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance. Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The District's policy is not to charge Federal award programs with indirect costs.

Note 2 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Alfred-Almond Central School District and presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. Federal grants received by the District are subject to audit and adjustment. If any expenditure is disallowed by the grantor agencies as a result of such audit, the grantor agencies could make claims to reimbursement, which would become a liability of the District.

Various reimbursement procedures are used for Federal Awards received by the District. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Accrued balance at year end represent an excess of expenditures over cash reimbursements received to date. Deferred balances at year end represent an excess of cash reimbursements received over reimbursable expenditures to date. Generally, accrued, or deferred balances are caused by differences in the timing of cash reimbursements and expenditures and will be reversed in the remaining grant period.

Note 3 – Non-Cash Assistance

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2023, the District received food commodities totaling \$13,609.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Section I - Summary of Auditor's Results

Financial Statements:

Type of Auditors Report Issued: Unmodified

Internal Control Over Financial Reporting:

Material weaknesses identified? _____ Yes X No

Significant deficiencies identified not considered to be material weaknesses? _____ Yes X No

Noncompliance material to financial statements noted? _____ Yes X None reported

Federal Awards:

Internal control over major programs:

Material weaknesses identified? _____ Yes X No

Significant deficiencies identified not considered to be material weaknesses? _____ Yes X No

Type of auditor's report issued on compliance for major programs? Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CRF §200.516(a) _____ Yes X No

Identification of Major Programs:

Assistance Listing No.	Name of Federal Program
84.425U	American Rescue Plan - Elementary and Secondary School Emergency Relief

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

Auditee qualified as a low-risk auditee? _____ Yes X No

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

Section II – Findings Related to Financial Statements

As of and for the year ended June 30, 2023, Alfred-Almond Central School District had no findings that were required to be reported in accordance with GAGAS.

Section III – Federal Award Findings and Questioned Costs:

As of and for the year ended June 30, 2023, Alfred-Almond Central School District had no findings that were required to be reported in accordance with the Uniform Guidance.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2023

Section I - Findings Related to Financial Statements – Prior Year

2022-001 - Adjusting Journal Entries and Required Disclosures to the Financial Statements

Summary of Prior Year Audit Finding: Adjusting journal entries, along with the financial statement 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 not being reported upon during the year ended June 30, 2023.

2022-002 – Compliance – Unassigned Fund Balance in the General Fund

Summary of Prior Year Audit Finding: The District's unassigned fund balance as of June 30, 2022, amounted to approximately \$1,210,000. This amount constitutes approximately 7.9% of the 2022-2023 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 internal control over financial reporting is not being reported upon during the year ended June 30, 2023.

Section II - Federal Award Findings and Questioned Costs – Prior Year:

There were no audit findings included in the prior audit's schedule of findings and questioned costs relative to federal awards.