

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT

AUDIT REPORTING PACKAGE

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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2022 REPORTING PACKAGE

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ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2022
WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of *Alfred-Almond Central School District* as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise *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 the *Alfred-Almond Central School District* as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the *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.

Change in Accounting Principle

As described in Note 6 to the financial statements, in 2022, the District adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the *Alfred-Almond Central School District's* June 30, 2021 financial statements, and our report dated October 5, 2021, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 the *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.

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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 **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 (pages 3-9) and budgetary comparison information (pages 35-36) schedule of changes in District's net OPEB liability and related ratios (page 42), schedule of District contributions – OPEB (page 43), schedule of the District contributions for defined benefit pension plans (page 44) and the schedule of the District's proportionate share of the net pension asset/liability (page 45) 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 combining and individual fund financial statements and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The 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, is also presented for purposes of additional analysis and is 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 combining and individual fund financial statements, other schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 12, 2022, on our consideration of the **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 the **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.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
October 12, 2022

**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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I. Discussion and Analysis

The following is a discussion and analysis of the *Alfred-Almond Central School District's* financial performance for the year ended June 30, 2022. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which follows this section.

II. Financial Highlights

The following items are the financial highlights experienced by the *Alfred-Almond Central School District* during the fiscal year ended June 30, 2022:

- Overall net position from operations of the District increased during the current year in the amount of \$2,420,000 as compared to an increase of \$512,000 during the prior fiscal year.
- The District's total revenue increased 9% from \$14,733,000 during the year ended June 30, 2021 to \$16,125,000 during the year ended June 30, 2022. This increase was primarily the result of increases in Pandemic related Federal grants and state aid.
- The District's total expenses decreased 4% from \$14,221,000 during the year ended June 30, 2021 to \$13,705,000 during the year ended June 30, 2022. This decrease was primarily due to decreases in pension and other post-employment benefit expenses resulting from actuarial updates, which was partially offset by increases in salaries and BOCES expenses.
- The District's had capital outlays during the current year in the amount of approximately of which approximately \$2,366,000 primarily related to costs associated with the District's capital outlay projects, capital projects and the acquisition of buses and equipment purchases, including right-to-use assets.

III. Overview of the Financial Statements

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

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

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

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

1. Statement of Net Position

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

2. Statement of Activities

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

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

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

**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

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

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

The District has two kinds of funds:

1. Governmental Funds

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

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

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

1. Governmental Funds (continued)

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

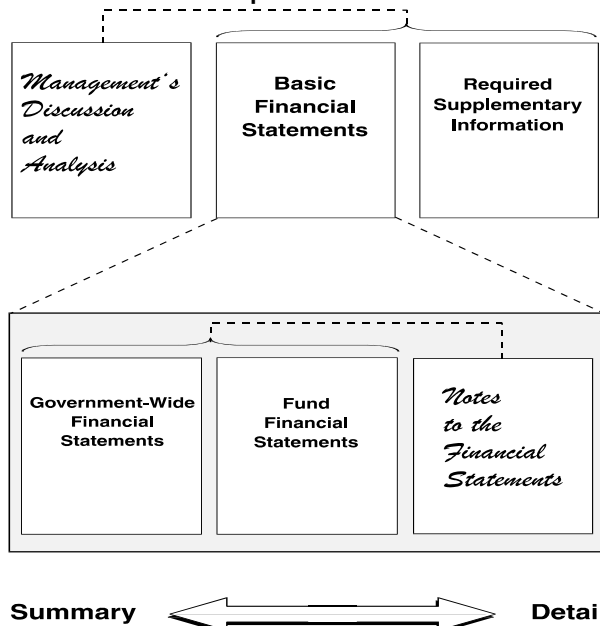
2. Fiduciary Funds

As discussed in Note 1, the District implemented GASB 84, fiduciary activities and as a result do not have activities that qualify for reporting as a fiduciary under this new standard.

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

		Fund Financial Statements	
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Funds used to account for resources held for the benefit of parties outside the District
Required financial statements	Statement of Net Position Statement of Activities	Balance Sheet Statement of Revenue, Expenditures, and Changes in Fund Balances	Statement of Fiduciary Net Position Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, all assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets and right-to-use assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets and right-to-use assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

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



IV. Financial Analysis of the School District as a Whole

Net Position

The District's total reporting entity net position was approximately \$14,936,000. The components of net assets include: net investment in capital and right-to-use assets and right-to-use assets, of \$12,981,000; restricted net position of \$4,335,000; and unrestricted net position deficit of \$2,380,000 as of June 30, 2022.

Changes in Net Position

The District's total government-wide revenue increased by approximately 9% to \$16,125,000. Approximately 32%, 7% and 56% of total revenue is derived from the property taxes, operating grants and state aid, respectively. The remaining 5% comes from federal aid, use of money and property, miscellaneous, charges for services and other operating grants and contributions.

The total cost of all programs and services of the District decreased 4% to \$13,705,000. The District's expenses cover a range of services, with 71% related to instruction and 19% related to general support. Figure A-4 through figure A-8 and the narrative that follows considers the operations of governmental activities, along with revenue and net costs percentages for governmental activities.

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

Governmental Activities

Revenue of the District's governmental activities increased approximately 9%, while total expenses decreased 4%. The District's total net assets increased from operations of approximately \$2,420,000 during the fiscal year ended June 30, 2022.

Figure A-4 presents the major sources of revenue of the District. Revenue of the District totaled \$16,125,000 for the fiscal year ended June 30, 2022. The most significant changes in the District's governmental revenue are more thoroughly discussed as follows:

- Property tax revenue which represents approximately 32% of the District's total revenue for governmental activities, increased 1% in comparison with the prior year as a result of an increase in the tax levy.
- The District's most significant revenue is state sources which represent \$8,988,000 or 56% of total governmental revenue. The District's state sources increased by approximately 9% which was primarily the result of an increase in state aid.
- During the year ended June 30, 2022, the District saw an increase in program revenue in the amount of \$473,000 which mostly resulted from an increase in operating grants and contributions of \$453,000 and charges for services which increased \$20,000 as compared with the prior year revenue. The increase in operating grants and contributions resulted from an increase in Pandemic related Federal grants and increases in Federal reimbursement of meals due to higher participation in the food service program in the current year.
- Federal aid increased during the fiscal year ended June 30, 2022, related to CARES Act funds and FEMA funds recognized as revenue in the current year.

Expenses

Figure A-8 presents the cost of each of the District's five largest expenditure-type, which include; general support, instruction, transportation, debt service and cost of sales; as well as each expenditure-type's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers and NYS by each of these functions. Total costs of the District's governmental activities were \$13,705,000.

**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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

Expenses (continued)

The most significant changes in the District's governmental expenses are more thoroughly discussed as follows:

- The District's general support decreased by approximately \$577,000 or 18% which was primarily due to a decrease in pension and OPEB expenses related to actuarial updates, along with decreases in depreciation and amortization and BOCES expenses which were partially offset by an increase in salaries.
- The District's instruction costs increased by approximately \$172,000 or 2% which was primarily due to an increase in salaries, materials and supplies and BOCES services which were partially offset by decreases in pension and OPEB expenses related to actuarial updates.
- Debt service of the District decreased approximately \$17,000 during the year ended June 30, 2022 resulting from a decrease in interest expense.
- Transportation costs of the District decreased 14% or \$133,000 during the year ended June 30, 2022 as a result of decreases in pension and OPEB expenses related to actuarial updates which was partially offset by increases in salaries and contractual costs.
- The District's cost of sales (food service fund) totaled \$336,000 during the current year as compared to \$297,000 during the fiscal year ended June 30, 2021. This increase was related to higher participation in the food service program resulting in increases in food purchases.
- The District received approximately \$1,334,000 of operating grants and charges for services from its state and federal grants and tuition and transportation aid which subsidized certain programs of the District.
- Most of the District's net costs (\$ 12.4 million) were financed by real property taxes and state aid.

Figure A-3 – Condensed Statement of Net Assets

<i>Alfred-Almond Central School District</i> Condensed Statement of Net Position (in thousands of dollars)			
	Governmental Activities and Total District-wide		
	2022	2021	% Change
Assets			
Current and other assets	\$ 13,331	\$ 9,765	37%
Capital assets and right-to-use assets	21,408	19,463	10%
Total assets	34,739	29,228	19%
Deferred Outflows of Resources			
Deferred outflows related to pension, OPEB, and bonds	5,172	4,019	29%
Deferred outflows of resources and assets	\$ 39,911	\$ 33,247	20%
Liabilities			
Other liabilities	\$ 1,297	\$ 5,525	-77%
Long-term liabilities	16,164	13,171	23%
Total liabilities	17,461	18,696	-7%
Deferred Inflows of Resources			
Deferred inflows related to pension and OPEB	7,514	2,637	185%
Deferred inflows of resources and liabilities	24,975	21,333	17%
Net Position			
Net investment in capital assets and right-to-use assets	12,981	10,457	24%
Restricted	4,335	4,578	-5%
Unrestricted	(2,380)	(3,121)	-24%
Total net position	14,936	11,914	25%
Total liabilities, deferred inflows of resources, and net position	\$ 39,911	\$ 33,247	20%

Figure A-4 – Changes in Net Position

<i>Alfred-Almond Central School District</i> Changes in Net Position from Operating Results (in thousands of Dollars)			
	Governmental Activities and Total District-wide		
	2022	2021	% Change
Revenue			
Program revenue			
Charges for services	\$ 156	\$ 136	14%
Operating grants and contributions	1,178	725	62%
General revenue			
Real property taxes	5,232	5,178	1%
Use of money & property	7	4	67%
Sale of property & comp for loss	22	17	27%
State sources	8,988	8,282	9%
Federal sources	270	28	864%
Miscellaneous	272	363	-25%
Total revenue	16,125	14,733	9%
Expenses			
General support	2,653	3,230	-18%
Instruction	9,689	9,517	2%
Transportation	834	967	-14%
Community services	1	1	100%
Debt service - interest	192	209	-8%
Cost of sales	336	297	13%
Total expenses	13,705	14,221	-4%
Change in net position	\$ 2,420	\$ 512	

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2022

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Figure A-5 – Sources of Revenue

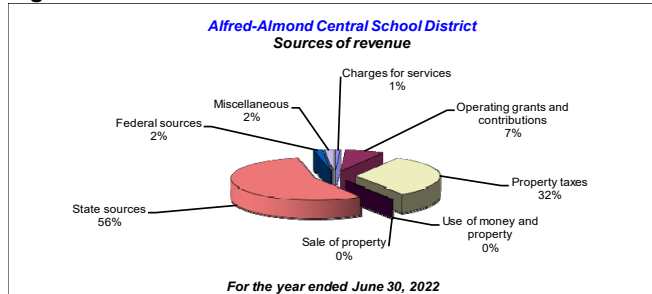


Figure A-6 - Expenses

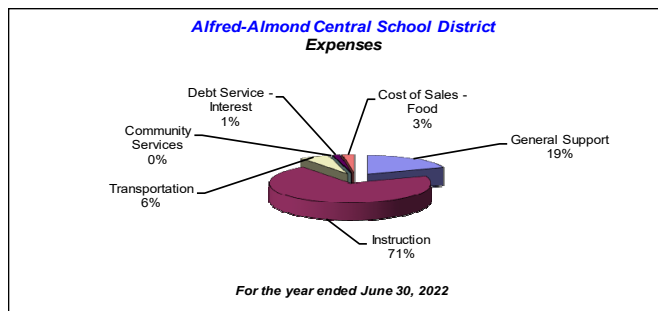


Figure A-7– Expenditures Supported with Program Revenue

Alfred-Almond Central School District					
<i>Expenditures supported with program revenue (in thousands of dollars)</i>					
	Governmental Activities & Total District				
	2022		2021		
Expenditures supported with general revenue (from taxes & other sources)	\$ 12,371	90%	\$ 13,360	94%	
Expenditures supported with program revenue	1,334	10%	861	6%	
Total expenditures related to governmental activities	\$ 13,705	100%	\$ 14,221	100%	

Figure A-8 – Net Cost of Governmental Activities

Alfred-Almond Central School District						
<i>Net Cost of Governmental Activities (in thousands of dollars)</i>						
	Total cost of services			Net cost of services		
	2022	2021	Change	2022	2021	Change
General support	\$ 2,653	\$ 3,230	\$ (577)	\$ 2,653	\$ 3,230	\$ (577)
Instruction	9,689	9,517	172	8,835	8,990	(155)
Transportation	834	967	(133)	823	967	(144)
Community Services	1	1	-	1	1	-
Debt service - interest	192	209	(17)	192	209	(17)
Cost of sales - food	336	297	39	(133)	(37)	(96)
Total	\$ 13,705	\$ 14,221	\$ (516)	\$ 12,371	\$ 13,360	\$ (989)

V. Financial Analysis of the School District's Funds

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

Therefore, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets and right-to-use assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets and right-to-use assets, and the current payments for debt. Below is a description of the most significant changes to the fund financial statements from that reported in the previous year.

General Fund

- The District's general fund expenditures and other uses exceeded its revenue and other sources by approximately \$569,000.
- The District's general fund unassigned fund balance equaled approximately \$1,210,000 as of June 30, 2022.
- The District maintained many fund balance reserves during the year ended June 30, 2022, and had a total restricted fund balance of approximately \$3,795,000.
- The District's total assets increased approximately \$117,000 as of June 30, 2022 related to an increase in state and federal aid receivables. The District's liabilities increased approximately \$686,000, primarily from an increase in due to other funds.
- Total revenue in the District's general fund increased \$955,000, which was primarily related to increases in state aid and Federal aid from the CARES Act.
- Total expenditures in the District's general fund increased \$2,366,000 primarily as a result of an increase in transfers to the capital project fund and an increase in salaries.

Food Service Fund

- The District's food service fund experienced a \$133,000 increase in fund equity in the current year.
- Revenue and expenditures in the food service fund were \$469,000 and \$336,000, respectively, during 2022 as compared with \$334,000 and \$297,000 in 2021. The increases in revenue and expenditures resulted from an increase in meals served in the current year.

Special Aid Fund

- The District's special aid fund revenue and expenditures increased approximately \$347,000 or 78% which was primarily related to Pandemic related Federal grants.

**ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2022**

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V. Financial Analysis of the School District's Funds

Capital Projects Fund

- The District had expenditures and other uses in the amount of \$2,221,000 in capital projects during the year ended June 30, 2022, which was primarily related to costs associated with the District's \$4.5 million and \$5.2 million capital projects, a capital outlay project, smart bond project, and the purchase of school buses.

VI. General Fund Budgetary Highlight

Over the course of the year, the District makes many budget transfers. Actual expenditures were approximately \$917,000 below the revised budget. The most significant variances were in the areas of instruction and employee benefits which were \$401,000 and \$271,000, respectively, below that budgeted. On the other hand, resources available for appropriations were approximately \$286,000 above the final budgeted amount. The significant variances in revenue items consisted of a favorable variance in local sources in the amount of \$109,000.

Figure A-9 – Budget vs. Actual Comparison

Figure A-3 Budget vs. Actual Comparison

Alfred-Almond Central School District				
General Fund - Budget vs Actual Comparison (in thousands of dollars)				
	Revised Budget	Actual	Difference	
Revenue				
Local sources	\$ 5,486	\$ 5,595	\$	109
State sources	8,907	8,989		82
Federal sources	230	270		40
Other sources	-	55		55
Total revenue	\$ 14,623	\$ 14,909	\$	286
Expenditures				
General support	\$ 2,409	\$ 2,312	\$	97
Instruction	7,486	7,085		401
Transportation	674	543		131
Community services	1	1		0
Employee benefits	2,771	2,500		271
Debt service	1,763	1,708		55
Operating transfers	1,291	1,329		(38)
Total expenditures	\$ 16,395	\$ 15,478	\$	917

VII. Capital assets and Right-to-Use Assets and Debt Administration

Capital Assets and Right-to-Use Assets

As depicted in Figure A-10, as of June 30, 2022, the District had invested approximately \$21,408,000 in a broad range of capital assets and right-to-use assets, including reconstruction projects, transportation vehicles and other equipment. Capital additions made during the year ended June 30, 2022, totaled approximately \$2,366,000 and consisted primarily of costs associated with the District's capital projects, a capital outlay project and the acquisition of buses, along with purchases of equipment including right-to-use equipment. More detailed information about the District's capital assets and right-to-use assets is presented in the notes of the financial statements.

Long-term Debt

As depicted in Figure A-11, as of June 30, 2022, the District had approximately \$16,163,000 in bonds, compensated absences, net pension liability and other post-employment benefits, a decrease of approximately 23% as compared with the previous year. The increase in bonds payable was the result of the District issuing new bonds, which was partially offset by making regularly scheduled principal payments. During the current year, the District's other post-employment benefits increased as a result of an actuarial update. Lastly, as a result of actuarial updates, the TRS and ERS pension system reported net pension assets in the current year, whereas in the prior year they were reported as net pension liabilities.

Figure A-10 – Capital Assets and Right-to-Use Assets

<i>Alfred-Almond Central School District</i>				
<i>Capital assets and right-to-use assets (net of depreciation and amortization)</i>				
	Governmental Activities & Total District-wide			
	2022	2021	Change	
Land	\$ 2,322	\$ 2,322	0%	
Buildings	28,512,967	28,412,967	0%	
Construction in progress	5,052,114	3,058,560	65%	
Equipment	4,011,687	3,991,904	0%	
Right-to-use assets	971,729	-	100%	
Accumulated depreciation and amortization	(17,142,351)	(16,002,428)	7%	
Total capital assets and right-to-use assets, net	\$ 21,408,468	\$ 19,463,325	10%	

Figure A-11 – Outstanding Long-term Debt

<i>Alfred-Almond Central School District</i>				
<i>Outstanding Long-Term Debt and Liabilities</i>				
	Governmental Activities & Total District-wide			
	2022	2021	Change	
Bonds payable	\$ 9,168,214	\$ 6,522,828	41%	
Net pension liabilities	-	772,833	-100%	
Other post-employment benefits	6,977,822	5,834,112	20%	
Compensated absences	17,375	40,625	-57%	
Total Long-Term Debt	\$ 16,163,411	\$ 13,170,398	23%	

VIII. Factors Bearing on the District's Future

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

- The District is uncertain as to the ongoing impact in the upcoming years as a result of the Covid-19 Pandemic.

IX. Contacting the District's Financial Management

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

Alfred-Almond Central School District
Attention: Ms. Kathryn Kruger, Business Manager
6795 Route 21
Almond, New York 14804

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2022

Schedule 1

Page 10

	2022	2021
Assets		
Cash		
Unrestricted	\$ 2,443,596	\$ 2,141,105
Restricted	4,334,843	4,577,657
Receivables		
State and federal aid	903,523	348,841
Other receivables	742	3,893
Due from other governments	603,716	657,588
Inventories	14,191	14,100
Net pension asset - NYS Employees' Retirement System	257,845	-
Net pension asset - NYS Teachers' Retirement System	4,739,721	-
Cash to be used for capital assets	32,579	2,021,371
Capital assets and right-to-use assets, net	21,408,468	19,463,325
Total assets	<u>34,739,224</u>	<u>29,227,880</u>
Deferred Outflows of Resources		
Deferred outflows related to pensions	3,281,544	3,386,562
Deferred outflows related to bonds	18,124	28,480
Deferred outflows related to OPEB	1,872,457	604,448
Total assets and deferred outflows of resources	<u>\$ 39,911,349</u>	<u>\$ 33,247,370</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 300,173	\$ 745,871
Accrued liabilities	139,221	99,006
Accrued interest	21,000	64,000
Due to other governments	39,549	46,362
Due to retirement systems	533,485	522,425
Unearned revenue	263,183	47,736
Bond anticipation notes payable	-	4,000,000
Long-term liabilities		
Portion due or payable within one year		
Bonds payable	1,211,000	981,000
Portion due or payable after one year		
Bonds payable	7,957,214	5,541,828
Net pension liability - NYS Employees' Retirement System	-	3,136
Net pension liability - NYS Teachers' Retirement System	-	769,697
Other post-employment benefits	6,977,822	5,834,112
Compensated absences	17,375	40,625
Total liabilities	<u>17,460,022</u>	<u>18,695,798</u>
Deferred Inflows of Resources		
Deferred inflows related to pensions	6,181,078	1,354,778
Deferred inflows related to OPEB	1,333,359	1,282,345
Total liabilities and deferred inflows of resources	<u>24,974,459</u>	<u>21,332,921</u>
Net Position		
Net investment in capital assets and right-to-use assets	12,980,798	10,456,936
Restricted	4,334,843	4,577,657
Unrestricted (deficit)	(2,378,751)	(3,120,144)
Total net position	<u>14,936,890</u>	<u>11,914,449</u>
Total liabilities, deferred inflows of resources, and net position	<u>\$ 39,911,349</u>	<u>\$ 33,247,370</u>

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

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Schedule 2

Page 11

		Indirect	Program Revenues		2022	2021
	Expenses	Expenses Allocation	Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Functions/Programs						
General support	\$ 2,500,372	\$ 152,426	\$ -	\$ -	\$ (2,652,798)	\$ (3,229,861)
Instruction	9,006,128	683,431	83,840	769,811	(8,835,908)	(8,990,235)
Pupil transportation	646,447	187,574	-	11,067	(822,954)	(966,546)
Community services	1,000	-	-	-	(1,000)	(1,000)
Debt service	191,589	-	-	-	(191,589)	(209,464)
Food service program	335,801	-	71,812	396,764	132,775	37,361
Depreciation and amortization	1,023,431	(1,023,431)	-	-	-	-
Total functions and programs	<u>\$ 13,704,768</u>	<u>\$ -</u>	<u>\$ 155,652</u>	<u>\$ 1,177,642</u>	<u>(12,371,474)</u>	<u>(13,359,745)</u>
General Revenues						
Real property taxes					5,231,880	5,178,373
Use of money and property					6,669	3,993
Sale of property and compensation for loss					21,642	16,426
Miscellaneous					273,091	362,746
State sources					8,988,504	8,282,150
Federal sources					269,869	28,147
Total general revenues					<u>14,791,655</u>	<u>13,871,835</u>
Change in net position					2,420,181	512,090
Net position - beginning of year					11,914,449	11,330,053
Prior period adjustments					602,260	72,306
Net position - end of year					<u>\$ 14,936,890</u>	<u>\$ 11,914,449</u>

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2022

Schedule 3

Page 12

	Governmental Funds						2022	2021
	General	Special Aid	Food Service	Debt Service	Capital Projects	Miscellaneous Special Revenue	(Memo only) Total	(Memo only) Total
Assets								
Unrestricted cash	\$ 2,118,127	\$ 190,207	\$ 136,201	\$ 55,421	\$ -	\$ -	\$ 2,499,956	\$ 2,175,435
Restricted cash	3,795,361	-	-	473,109	32,579	10,013	4,311,062	6,564,698
Due from other funds	173,050	-	82,359	56,360	798,732	-	1,110,501	527,579
State and federal aid receivable	549,512	278,269	75,742	-	-	-	903,523	348,841
Other receivables	498	-	244	-	-	-	742	3,893
Due from other governments	603,716	-	-	-	-	-	603,716	657,588
Inventories	-	-	14,191	-	-	-	14,191	14,100
Total assets	<u>\$ 7,240,264</u>	<u>\$ 468,476</u>	<u>\$ 308,737</u>	<u>\$ 584,890</u>	<u>\$ 831,311</u>	<u>\$ 10,013</u>	<u>\$ 9,443,691</u>	<u>\$ 10,292,134</u>
Liabilities and Fund Equity								
Liabilities								
Accounts payable	\$ 114,933	\$ 150,624	\$ 209	\$ -	\$ 34,407	\$ -	\$ 300,173	\$ 745,871
Accrued liabilities	138,934	-	287	-	-	-	139,221	99,006
Bond anticipation notes payable	-	-	-	-	-	-	-	4,000,000
Due to other funds	939,739	58,981	-	55,421	56,360	-	1,110,501	527,579
Unearned revenue	-	258,871	4,312	-	-	-	263,183	47,736
Due to other governments	39,458	-	91	-	-	-	39,549	46,362
Due to Teachers' Retirement System	502,100	-	-	-	-	-	502,100	479,044
Due to Employees' Retirement System	31,385	-	-	-	-	-	31,385	43,381
Total liabilities	<u>1,766,549</u>	<u>468,476</u>	<u>4,899</u>	<u>55,421</u>	<u>90,767</u>	<u>-</u>	<u>2,386,112</u>	<u>5,988,979</u>
Fund Equity								
Nonspendable	-	-	14,191	-	-	-	14,191	14,100
Restricted	3,795,361	-	-	529,469	-	10,013	4,334,843	4,577,657
Committed	62,178	-	-	-	-	-	62,178	62,493
Assigned	406,282	-	289,647	-	740,544	-	1,436,473	709,358
Unassigned (deficit)	1,209,894	-	-	-	-	-	1,209,894	(1,060,453)
Total fund equity	<u>5,473,715</u>	<u>-</u>	<u>303,838</u>	<u>529,469</u>	<u>740,544</u>	<u>10,013</u>	<u>7,057,579</u>	<u>4,303,155</u>
Total liabilities and fund equity	<u>\$ 7,240,264</u>	<u>\$ 468,476</u>	<u>\$ 308,737</u>	<u>\$ 584,890</u>	<u>\$ 831,311</u>	<u>\$ 10,013</u>	<u>\$ 9,443,691</u>	<u>\$ 10,292,134</u>

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND EQUITY – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

Schedule 4

Page 13

	Governmental Funds						2022	2021
	General	Special Aid	Food Service	Debt Service	Capital Projects	Miscellaneous Special Revenue	(Memo only) Total	(Memo only) Total
Revenue								
Real property taxes	\$ 5,231,880	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,231,880	\$ 5,178,373
Charges for services	83,840	-	-	-	-	-	83,840	84,114
Use of money and property	6,434	-	23	235	-	-	6,692	4,012
Sale of property compensation for loss	21,642	-	-	-	-	-	21,642	16,426
Miscellaneous	251,190	-	52,859	21,901	-	-	325,950	407,860
State sources	8,988,504	94,057	16,420	-	-	-	9,098,981	8,362,515
Federal sources	269,869	686,821	358,235	-	-	-	1,314,925	663,285
Surplus food	-	-	22,109	-	-	-	22,109	9,799
Sales (school food service)	-	-	18,930	-	-	-	18,930	6,264
Total revenue	14,853,359	780,878	468,576	22,136	-	-	16,124,949	14,732,648
Expenditures								
General support	2,311,680	-	90,311	-	-	-	2,401,991	2,657,926
Instruction	7,084,878	739,767	-	-	-	-	7,824,645	6,153,017
Pupil transportation	543,446	11,067	-	-	127,341	-	681,854	795,431
Community services	1,000	-	-	-	-	-	1,000	1,000
Employee benefits	2,500,246	42,898	26,534	-	-	-	2,569,678	2,717,562
Debt service								
Principal	1,376,000	-	-	-	-	-	1,376,000	1,167,592
Interest	331,847	-	-	-	-	-	331,847	284,985
Capital outlay	-	-	-	-	2,093,554	-	2,093,554	2,861,663
Cost of sales	-	-	127,116	-	-	-	127,116	81,420
Other expenses	-	-	91,840	-	-	-	91,840	106,233
Total expenditures	14,149,097	793,732	335,801	-	2,220,895	-	17,499,525	16,826,829
Excess (deficiency) of revenue over expenditures	704,262	(12,854)	132,775	22,136	(2,220,895)	-	(1,374,576)	(2,094,181)
Other sources and uses								
BANs redeemed from appropriations	-	-	-	-	395,000	-	395,000	-
Issuance of serial bonds	-	-	-	-	3,734,000	-	3,734,000	239,000
Operating transfers in	55,421	12,854	-	-	1,316,000	-	1,384,275	161,943
Operating transfers out	(1,328,854)	-	-	(55,421)	-	-	(1,384,275)	(161,943)
Total other sources (uses)	(1,273,433)	12,854	-	(55,421)	5,445,000	-	4,129,000	239,000
Excess (deficiency) of revenue and other sources over expenditures and other uses	(569,171)	-	132,775	(33,285)	3,224,105	-	2,754,424	(1,855,181)
Fund equity (deficit), beginning of year	6,042,886	-	171,063	562,754	(2,483,561)	10,013	4,303,155	6,086,030
Prior period adjustment	-	-	-	-	-	-	-	72,306
Fund equity (deficit), end of year	\$ 5,473,715	\$ -	\$ 303,838	\$ 529,469	\$ 740,544	\$ 10,013	\$ 7,057,579	\$ 4,303,155

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

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2022

Total fund balances - governmental funds		\$ 7,057,579
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets and right-to-use assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets and right-to-use assets consist of the following at year-end:		
Cost of the assets	\$ 38,550,819	
Accumulated depreciation and amortization	<u>(17,142,351)</u>	21,408,468
District's proportionate share of the net pension assets are reported on the statement of net position, whereas in the governmental funds pension costs are based on required contributions.		4,997,566
Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(21,000)
Net deferred inflows/outflows of resources related to actuarial pension differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds, pension expense is based on required contributions.		(2,899,534)
Net deferred inflows/outflows of resources related to actuarial OPEB differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds, OPEB expense is based on required contributions.		539,098
Deferred outflows from the refunding of debt is reported in the statement of net position and is amortized over the refunded debt. In the governmental funds the total sources and payments related to the refunding are recognized in statement of revenue, expenditures and changes in fund equity.		18,124
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:		
Bonds payable	(9,168,214)	
Other post-employment benefits	(6,977,822)	
Compensated absences	<u>(17,375)</u>	<u>(16,163,411)</u>
Total net position - governmental activities		\$ 14,936,890

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Net Position
Assets					
Cash	\$ 6,811,018	\$ -	\$ -	\$ (32,579)	\$ 6,778,439
Due from other funds	1,110,501	-	-	(1,110,501)	-
State and federal aid receivable	903,523	-	-	-	903,523
Other receivables	742	-	-	-	742
Due from other governments	603,716	-	-	-	603,716
Inventories	14,191	-	-	-	14,191
Net pension assets	-	4,997,566	-	-	4,997,566
Cash to be used for capital assets	-	-	-	32,579	32,579
Capital assets and right-to-use assets, net	-	21,408,468	-	-	21,408,468
Total assets	9,443,691	26,406,034	-	(1,110,501)	34,739,224
Deferred Outflows of Resources					
Deferred outflows related to pensions	-	3,281,544	-	-	3,281,544
Deferred outflows related to bonds	-	18,124	-	-	18,124
Deferred outflows related to OPEB	-	1,872,457	-	-	1,872,457
Total assets and deferred outflows of resources	\$ 9,443,691	\$ 31,578,159	\$ -	\$ (1,110,501)	\$ 39,911,349
Liabilities, Deferred Inflows of Resources and Fund Equity/Net Position					
Liabilities					
Accounts payable	\$ 300,173	\$ -	\$ -	\$ -	\$ 300,173
Accrued liabilities	139,221	-	-	-	139,221
Accrued interest	-	-	21,000	-	21,000
Due to other funds	1,110,501	-	-	(1,110,501)	-
Unearned revenue	263,183	-	-	-	263,183
Due to other governments	39,549	-	-	-	39,549
Due to retirement systems	533,485	-	-	-	533,485
Bonds payable	-	-	9,168,214	-	9,168,214
Other post-employment benefits	-	-	6,977,822	-	6,977,822
Compensated absences	-	-	17,375	-	17,375
Total liabilities	2,386,112	-	16,184,411	(1,110,501)	17,460,022
Deferred Inflows of Resources					
Deferred inflows related to pensions	-	-	6,181,078	-	6,181,078
Deferred inflows related to OPEB	-	-	1,333,359	-	1,333,359
Total liabilities and deferred inflows of resources	2,386,112	-	23,698,848	(1,110,501)	24,974,459
Fund equity/net position	7,057,579	31,578,159	(23,698,848)	-	14,936,890
Total liabilities, deferred inflows of resources and fund equity/position	\$ 9,443,691	\$ 31,578,159	\$ -	\$ (1,110,501)	\$ 39,911,349

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES
AND CHANGES IN FUND EQUITY TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022

Total net change in fund balances - governmental funds \$ 2,754,424

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

Capital outlays are reported in governmental funds as expenditures. However,
in the statement of activities, the cost of those assets is allocated over their
estimated useful lives as depreciation and amortization expense. Activity for
the current fiscal year ended was as follows:

Capital outlays	\$ 2,366,314	
Depreciation and amortization expense	<u>(1,023,431)</u>	1,342,883

Repayment of bond and bond anticipation note principal, including bond refunding, is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		1,376,000
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Proceeds from the issuance of long-term debt, including bond refunding, is recorded as revenue in governmental funds. However, in the statement of activities, proceeds from long-term debt are not recorded as revenue. Rather, long-term debt is recorded as a liability in the statement of net position.		(3,734,000)
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Bond anticipation notes reeemed from appropriations are recorded as other sources in governmental funds, whereas the repayment reduces short-term liabilities in the statement of net position.		(395,000)
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Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus required the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. In addition, premiums received on bonds and bond anticipation notes are recorded as revenue in the governmental funds in the year received, whereas in the statement of activities premiums are amortized to interest expense. Lastly, amortization of deferred outflows related to bond refundings are also reflected in the statement of activities.		140,258
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District's proportionate share of actuarial calculated pension expense and net amortization of deferred amounts are recorded in the statement of activities, whereas in the governmental funds pension expense is based on the District's required contribution to pension plans.		839,081
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District's actuarial calculated OPEB expense and net amortization of deferred outflows and inflows related to OPEB are recorded in the statement of activities, whereas in the governmental funds, OPEB expense is based on the District's contribution to the OPEB plan.		73,285
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In the statement of activities, certain operating expenses - compensated absences - are measured by the amounts earned during the year. In the governmental funds however, expenditures for these items are measured by the amount of financial actually paid). This year, special termination benefits and compensated absences resources used (essentially, the amounts earned exceeded the amounts paid).		<u>23,250</u>
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Change in net position of governmental activities		<u>\$ 2,420,181</u>
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	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Activities Totals
Revenue					
Real property taxes	\$ 5,231,880	\$ -	\$ -	\$ -	\$ 5,231,880
Charges for services	83,840	-	-	(83,840)	-
Use of money and property	6,692	-	-	(23)	6,669
Sale of property compensation for loss	21,642	-	-	-	21,642
Miscellaneous	325,950	-	-	(52,859)	273,091
State sources	9,098,981	-	-	(110,477)	8,988,504
Federal sources	1,314,925	-	-	(1,045,056)	269,869
Surplus food	22,109	-	-	(22,109)	-
Sales (school food service)	18,930	-	-	(18,930)	-
Total revenue	16,124,949	-	-	(1,333,294)	14,791,655
Expenditures					
General support	2,401,991	152,426	-	98,381	2,652,798
Instruction	7,824,645	538,012	(23,250)	496,501	8,835,908
Pupil transportation	681,854	60,233	-	80,867	822,954
Community services	1,000	-	-	-	1,000
Employee benefits	2,569,678	-	(912,366)	(1,657,312)	-
Debt service	1,707,847	-	(1,516,258)	-	191,589
Capital outlay	2,093,554	(2,093,554)	-	-	-
Cost of sales	127,116	-	-	(259,891)	(132,775)
Other expenses	91,840	-	-	(91,840)	-
Total expenditures	17,499,525	(1,342,883)	(2,451,874)	(1,333,294)	12,371,474
Excess (deficiency) of revenue over expenditures	(1,374,576)	1,342,883	2,451,874	-	2,420,181
Other sources and uses					
BANs redeemed from appropriations	395,000	-	(395,000)	-	-
Issuance of serial bonds	3,734,000	-	(3,734,000)	-	-
Operating transfers in	1,384,275	-	-	(1,384,275)	-
Operating transfers out	(1,384,275)	-	-	1,384,275	-
Total other sources (uses)	4,129,000	-	(4,129,000)	-	-
Net change for year	\$ 2,754,424	\$ 1,342,883	\$ (1,677,126)	\$ -	\$ 2,420,181

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Significant Accounting Policies

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

A. Reporting Entity

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

The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the School District's reporting entity:

1. The Extraclassroom Activity Funds

The extraclassroom activity fund of the **Alfred-Almond Central School District** represents funds of the students of the School District. The Board of Education exercises general oversight of these funds and has adopted the guidance prescribed by the New York State Education Department for safeguarding, accounting and auditing of extraclassroom activity funds. As a result, these funds do not meet the criteria required to be reported as fiduciary funds and are reported in a governmental fund. The cash and investment balances as well as revenues and expenditures are reported in the general fund of the District. The audited financial statements (cash basis) of the extraclassroom activity funds are available at the District's offices.

B. Joint Venture

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Joint Venture (continued)

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law.

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

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

During the year, the District was billed approximately \$3,044,000 for BOCES administration and program costs. The District's share of BOCES aid and refunds amounted to \$1,358,000 the year ended June 30, 2022. Financial statements for the Greater Southern Tier BOCES are available at the BOCES administrative offices.

C. Basis of Presentation

1. District-wide Statements

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

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FOR THE YEAR ENDED JUNE 30, 2022

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

1. District-wide Statements (continued)

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

2. Fund Financial Statements (continued)

Miscellaneous Special Revenue - is used to account for and report those revenues that are restricted to expenditures for scholarships.

Fiduciary Fund Types - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. 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.

D. Measurement Focus and Basis of Accounting

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within the current period or soon enough thereafter to be used to pay liabilities of the current period. Non-expendable trust funds are accounted for on the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recorded when incurred.

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus and Basis of Accounting (continued)

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

E. Cash and Cash Equivalents

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

F. Inventory

Inventories of food in the School Food Service Fund are recorded at cost on a first-in, first-out basis or in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase.

G. Investments

Investments are stated at current market value.

H. Capital assets

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Due To/From Other Funds

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

J. Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical time. Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation, or death, employees may contractually receive a payment based on unused accumulated sick leave. The District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods. The District has recorded an estimated liability in the District-wide financial statement amounting to \$17,375. Payment of these benefits is dependent on many factors; therefore, the timing of future payments is not readily determinable.

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

K. Unearned Revenue

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

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Post-Employment Benefits

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

M. Deferred Inflows and Outflows of Resources

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Deferred Inflows and Outflows of Resources (continued)

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

N. Fund Equity

1. Governmental Funds

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

A. Nonspendable

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

1. Inventory Reserve

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

2. Prepaid Expenses

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

B. Restricted

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

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

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

1. Reserve for Employee Benefits

The purpose of this reserve is to reserve funds for the payment of any accrued employee benefit due an employee upon termination of service. This reserve fund may be established by a majority vote of the Board of Education and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

2. Reserve for Retirement System Credits

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

3. Teachers' Retirement System Reserve

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

4. Capital Reserve

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

5. Reserve for Unemployment Insurance

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

6. Debt Service Reserve

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

7. Endowment Scholarships Reserve

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

8. Workers' Compensation Reserve

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

C. Committed

Fund balance amounts that can be used only for specific purposes determined by a formal action of the District's Board of Education, which is the District's highest level of decision-making authority. The District reports the fund balance of the extraclassroom activities as committed fund balance as of June 30, 2022.

D. Assigned

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

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

1. Governmental Funds (continued)

D. Assigned (continued)

1. Encumbrance Reserve

Encumbrance accounting, under which purchase orders, contracts, and other commitments of the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the General Fund, Special Revenue Funds, and Capital Projects Fund. The District had outstanding encumbrances as of June 30, 2022 in the amount of \$47,891.

2. Appropriated Fund Equity

General Fund - The amount of \$358,391 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2023 as allowed by Section 1318 of the Real Property Tax Law.

E. Unassigned

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

2. Government-wide Financial Statements

A. Net Investment in Capital assets and right-to-use assets

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

B. Restricted

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

C. Unrestricted

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Fund Equity (continued)

3. Order of Fund Balance Spending Policy

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

- a. Restricted fund balance represents amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation;
- b. Committed fund balance for which action has been taken by the Board of Education, a designated school official, or by the voters of the District, specifically designating funds to the expenditure;
- c. Assigned fund balance created specifically for the expenditure (encumbered fund balance);
- d. Assigned fund balance within funds other than the General Fund of the District to which the expenditure relates;
- e. Unassigned fund balance.

O. Budgetary Procedures and Budgetary Accounting

1. Budget Policies

The budget policies are as follows:

- a) The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund and the School Food Service Fund.
- b) The proposed appropriations budget is approved by the voters within the District.
- c) Appropriations are adopted at the program level.
- d) Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The District had supplemental appropriations during the fiscal year ended June 30, 2022 in the amount of \$1,430,319 related to CARES funding (\$210,346), use of EBLAR reserve (\$28,973), emergency capital project (\$246,000) and transfer of capital reserve to new project (\$945,000) that was expended during the current year.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Budgetary Procedures and Budgetary Accounting (continued)

2. Budget Basis for Accounting

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

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

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

P. Property Taxes

1. Calendar

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

2. Enforcement

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

Q. Interfund Transfers

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

R. Deferred Compensation Plan

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

S. Estimates

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

T. Reclassifications

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

U. New Accounting Pronouncement

Effective July 1, 2021, the District implemented the provisions of GASB Statement No. 87, Leases, which establishes a single model for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset, thereby eliminating the distinction between operating and capital leases. As a result substantially all leases are reported on the district-wide statement of net position.

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

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

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

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

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

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

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

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

1. Long-term Revenue Differences

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

2. Capital Related Differences

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

3. Long-term Debt Transaction Differences

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

4. Pension Differences

Pension differences occur as a result of changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

5. OPEB Differences

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS

I. Cash

The *Alfred-Almond Central School District's* investment policies are governed by State statutes. School District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The District treasurer is authorized to use demand accounts and certificates of deposits. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and School Districts.

A. Deposits

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

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

Total financial institution (bank) balances at June 30, 2022 per the bank were approximately \$6,859,000. Deposits are categorized as follows:

<u>Category 1</u>	<u>Category 2</u>	<u>Carrying Value</u>
\$ 500,000	\$ 6,359,000	\$ 6,859,000

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. While the District does not have a specific policy with regards to custodial credit risk, New York State statutes govern the District's investment policies. At June 30, 2022, the District's bank deposits were fully collateralized.

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

II. Interfund Transactions

Interfund balances as of June 30, 2022 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	\$ 173,050	\$ 939,739
School Lunch Fund	82,359	-
Special Aid Fund	-	58,981
Debt Service Fund	56,360	55,421
Capital Fund	798,732	56,360
Total	\$ 1,110,501	\$ 1,110,501

Interfund transfers during the fiscal year ended June 30, 2022 were as follows:

	Interfund Revenue	Interfund Expense
General Fund	\$ 55,421	\$ 1,328,854
Capital Fund	1,316,000	-
Special Revenue	12,854	-
Debt Service Fund	-	55,421
Total	\$ 1,384,275	\$ 1,384,275

During the current year ended June 30, 2022, the District transferred \$1,316,000 from the General Fund to the capital project fund to pay for the capital outlay project (\$100,000), towards the \$5.2 million project (\$945,000) and \$4.5 million project (\$25,000), and emergency project (\$246,000). In addition, \$12,854 was transferred from the general fund to the special revenue fund to cover its local share of the summer school/Section 4408 program. Lastly, \$55,421 was transferred from the debt service fund to the general fund, which represented premiums received on bond anticipation notes.

III. Receivables

Receivables at June 30, 2022 consisted of the following, which are stated at net realizable value. District management has deemed the amounts to be fully collectible.

Fund	Description	Amount
Special Aid	State and Federal Aid	\$ 278,269
Food Service	Other Receivables	244
Food Service	State and Federal Aid	75,742
General	Other Receivables	498
General	State and Federal Aid	549,512
General	Due from Other Governments	603,716
		\$ 1,507,981

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

IV. Capital Assets and Right-to-Use Assets

A. Capital Assets

Capital asset balances and activity for the year ended June 30, 2022 were as follows:

	Beginning Balance 06/30/21	Net Additions (Disposals)	Ending Balance 06/30/22
Governmental activities:			
Capital assets that are not depreciated:			
Land	\$ 2,322	\$ -	\$ 2,322
Construction-in-progress	3,058,560	1,993,554	5,052,114
Capital assets that are depreciated:			
Buildings and improvements	28,412,967	100,000	28,512,967
Machinery and equipment	3,991,904	19,783	4,011,687
Total historical cost	35,465,753	\$ 2,113,337	37,579,090
Less accumulated depreciation:			
Buildings and improvements	12,724,403	\$ 754,926	13,479,329
Furniture and equipment	3,278,025	(5,167)	3,272,858
Total accumulated depreciation	16,002,428	\$ 749,759	16,752,187
Total net book value	\$19,463,325		\$20,826,903

B. Depreciation and Amortization

Depreciation and amortization expenses were charged to governmental functions as follows:

General support	\$ 152,426
Instruction	683,431
Pupil transportation	187,574
	\$ 1,023,431

C. Right-to-Use Assets

The District reported right-to-use assets net of amortization as of June 30, 2022 in the amount of \$581,565. More information related to the right-to-use assets is disclosed in Note 6.

D. Capital and Right-to-Use Asset Additions

During the fiscal year ended June 30, 2022, the District had capital additions in the amount \$2,366,314 including right-to-use assets.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities

A. Pension Plans

1. Plan Descriptions and Benefits Provided

a. Teachers' Retirement System (TRS)

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

b. Employees' Retirement System (ERS)

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

1. Plan Descriptions and Benefits Provided (continued)

b. Employees' Retirement System (ERS)

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

2. Contributions

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

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

2. Contributions (continued)

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

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

		TRS	ERS
2022	\$	465,000	\$ 173,000
2021		442,000	158,000
2020		419,000	155,000

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

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

At June 30, 2022, the District reported the following asset (liability) for its proportionate share of the net pension asset (liability) for each of the Systems.

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 19,527	\$ 653,320	\$ 25,328	\$ 24,625
Changes of assumptions	430,314	1,558,993	7,261	276,075
Net difference between projected and actual earnings on pension plan investments	-	-	844,334	4,960,608
Changes in proportion and differences between the District's contributions and proportionate share of contributions	88,024	35,424	8,759	34,088
District's contributions subsequent to the measurement date	31,385	464,557	-	-
Total	\$ 569,250	\$ 2,712,294	\$ 885,682	\$ 5,295,396

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

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

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

	ERS	TRS
Actuarial measurement date	3/31/2022	6/30/2021
Net pension asset (liability)	\$ 257,845	\$ 4,739,721
District's portion of the Plan's total net pension asset (liability)	.0031542%	.027351%

For the year ended June 30, 2022, the District's recognized pension expense (benefit) of \$50,661 for ERS and \$(263,488) for TRS. At June 30, 2022, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

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

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

	ERS	TRS
Year ending:		
2023	\$ (35,812)	(603,603)
2024	(71,016)	(718,009)
2025	(201,269)	(910,023)
2026	(39,720)	(1,198,922)
2027	-	223,277
Thereafter	-	159,621

4. Actuarial Assumptions

The total pension asset (liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension asset (liability) to the measurement date. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	3/31/22	6/30/21
Actuarial valuation date	4/1/21	6/30/20
Interest rate	5.9%	6.95%
Salary scale	4.4% average	1.95% - 5.18%
	4/1/15 - 3/31/20	7/1/15 - 6/30/20
	System's	System's
Decrement tables	Experience	Experience
Inflation rate	2.7%	2.4%

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

4. Actuarial Assumptions (continued)

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

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

	ERS 3/31/22	Expected Rate of Return	TRS 6/30/21	Expected Rate of Return
Measurement date				
Asset Type:				
Domestic equity	32%	3.30%	33%	6.8%
International equity	15%	5.85%	16%	7.6%
Global equity	-%	-%	4%	7.1%
Private equity	10%	6.50%	8%	10.0%
Real Estate	9%	5.00%	11%	6.5%
Opportunistic/ARS portfolio	3%	4.10%	-%	-%
Credit	4%	3.78%	-%	-%
Real assets	3%	5.58%	-%	-%
Domestic fixed income securities	-%	-%	16%	1.3%
Global fixed income securities	-%	-%	2%	0.8%
Real estate debt	-%	-%	7%	3.3%
Private debt	-%	-%	1%	5.9%
High-yield fixed income	-%	-%	1%	3.8%
Fixed Income	23%	-%	-%	-%
Cash	1%	-1.0%	1%	(.2)%
Total:	100%		100%	

5. Discount Rate

The discount rate used to calculate the total pension asset (liability) was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. 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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

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

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

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
ERS			
Employer's proportionate share of the net pension asset (liability)	\$ (663,690)	\$ 257,845	\$ 1,028,665
	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
TRS			
Employer's Proportionate share of the net pension asset (liability)	\$ 497,365	\$ 4,739,721	\$ 8,305,114

7. Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)	
	ERS	TRS
Measurement date	3/31/22	6/30/21
Employers' total pension liability	\$ 223,874,888	\$ 130,819,415
Plan net position	\$ 232,049,473	\$ 148,148,457
Employers' net pension asset (liability)	\$ 8,174,585	\$ 17,329,042
Ratio of plan net position to be Employers' total pension asset (liability)	103.65%	113.2%

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

8. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$31,385.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2022 amounted to \$502,100 (employer contribution \$464,557 and employee contributions of \$37,543).

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits

Plan Description

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

Employees Covered by Benefit Terms

For the fiscal year ended June 30, 2022 the plan had 68 total active employees, 2 survivors, and 27 retirees.

Total OPEB Liability

The District's total OPEB liability of \$6,977,822 was measured as of June 30, 2021 and was determined by an actuarial valuation as of June 30, 2021.

Actuarial Methods and Other Inputs

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

Inflation	2.25% per year
Discount rate	1.92% as of June 30, 2022 and 2.45% as of June 30, 2021.
Healthcare cost trend rates	Pre-65 medical trend 2021 – 6.75% reduced to an ultimate rate of 3.784% after 2075. For post-65 medical trend 2021 – 4.4% reduced to an ultimate rate of 3.784% after 2075.
Retirees' share of benefit-related costs	For the Superintendent the District pays 100% of single/family premium. For Principals the District pays 100% of single/family premium for up to 15 years respectively based on the number of sick days at retirement (one month of coverage per unused sick day). Retirees pay 100% after. For teachers, district contribution based on number of sick days at retirement and the year employees' retire based on contract.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

Changes in the Total OPEB Liability

The discount rate was based on a yield Fidelity General Obligation 20 year AA municipal bond index as of June 30, 2020.

Sex-distinct and job category-specific headcount weighted Pub-2010 Public Retirement Plans Mortality Tables for employees and healthy retirees, adjusted for mortality improvements with Scale MP-2020 mortality improvement scale on a generational basis.

The actuarial assumptions used in the June 30, 2021 measurement represent a long-term expectation of future OPEB outcomes.

Service cost	\$	313,046
Interest		147,300
Change of benefit terms		(182,494)
Differences between expected and actual experience		(254,611)
Changes in assumptions		1,390,278
Benefit payments		(269,809)
Net changes		1,143,710
Net OPEB liability – beginning of year		5,834,112
Net OPEB liability – end of year	\$	6,977,822

Changes in benefit terms reflect changes to the benefit terms from the Univera PPO Signature Copay 1 Plan to the POS Plan offered through BCBS of Western NY. Changes in assumptions reflect changes in the discount rate of 1.92% as of June 30, 2022 and 2.45% as of June 30, 2021. Mortality tables changed from using Scale MP-2019 in 2020 to Scale MP-2020 in 2021.

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (0.92%) or 1 percentage point higher (2.92%) than the current discount rate:

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

	1% Decrease (0.92%)	Current Assumption (1.92%)	1% Increase (2.92%)
Total OPEB liability	\$ 7,628,012	\$ 6,977,822	\$ 6,374,284

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

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

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

1% Decrease (5.75%- 2.784%)	Current Assumption (6.75%- 3.784%)	1% Increase (7.75%- 4.784%)

Total OPEB liability	\$ 6,091,358	\$ 6,977,822	\$ 8,040,848
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OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the District recognized OPEB expense of \$253,471. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Benefit payments subsequent to the measurement date	\$ 326,756	\$ -
Changes in assumptions	1,545,701	243,004
Difference between expected and actual experience	-	1,090,355
Total	\$ 1,872,457	\$ 1,333,359

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

Year ending:	
2023	\$ (24,381)
2024	(24,381)
2025	(24,381)
2026	(24,381)
2027	(8,671)
Thereafter	318,537

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness

1. Short-Term Debt

a. Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds is recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds.

Such notes may be classified as part of the financial statements when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date. Proceeds are utilized to purchase buses and fund capital projects.

State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date. On September 16, 2020, the District issued bond anticipation notes in the amount of \$4,000,000 with an interest rate of 1.25% which matured on September 15, 2021. On September 14, 2021, the District issued bond anticipation notes in the amount of \$4,000,000 with an interest rate of 1% which matured on June 14, 2022 at which time the District issued serial bonds for \$3,605,000. BANs redeemed from appropriations totaled \$395,000 during the year ended June 30, 2022.

b. Short-Term Debt Interest

The District had short-term interest of \$79,860 for the year ended June 30, 2022.

1. Long-Term Debt

a. Debt Limit

At June 30, 2022, the total indebtedness represents approximately 44% of its debt limit.

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NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

b. Serial Bonds

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

c. Changes

The changes in the School District's indebtedness during the year ended June 30, 2022 and 2021 are as follows:

	Balance June 30, 2022	Balance June 30, 2021	Amounts Due Within One Year
Series 2017B	\$ 2,640,000	\$ 2,855,000	\$ 225,000
Series 2017B Bond Premium	288,971	343,304	-
Series 2017 Bond Premium	93,243	146,524	-
2017 Refunding Bond Debt	2,045,000	2,635,000	605,000
2016 Bus Bond	-	45,000	-
2017 Bus Bond	22,000	44,000	22,000
2018 Bus Bond	90,000	135,000	45,000
2019 Bus Bond	60,000	80,000	20,000
2020 Bus Bond	195,000	239,000	45,000
2021 Bus Bond	129,000	-	29,000
2022 Serial Bond	3,605,000	-	220,000
OPEB Liability	6,977,822	5,834,112	-
Net pension liabilities	-	772,833	-
Compensated absences	17,375	40,625	-
	<u>\$ 16,163,411</u>	<u>\$ 13,170,398</u>	<u>\$ 1,211,000</u>

During the current year, the District issued bonds for its capital project and buses in the amount of \$3,605,000 and \$129,000, respectively. The District also made principal payments on its serial bonds in the amount of \$981,000. The net change in bond premiums was a decrease of \$107,614 during the fiscal year ended June 30, 2022. There was a decrease of \$23,250 in compensated absences during the fiscal year ended June 30, 2022. During the current year,

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

c. Changes (continued)

other post-employment benefits liability increased in the amount of \$1,143,710. Lastly, the net pension liabilities related to the NYS and TRS Employees' Retirement System decreased by \$772,833, as both pension systems were reported as net pension assets in the current year.

d. Maturity

- The following is a summary of serial bonds indebtedness:

Description of Issue	Outstanding at June 30, 2022
Serial Bonds, issued 2017 with a maturity date of May 2026, bonds carry interest at 1.25%-5.00%. Refunded of 2007, 2010, and a portion of 2011 serial bonds.	\$ 2,045,000
Plus: Unamortized bond premium	93,243
Serial Bonds, issued in 2017 with a maturity date of August, 2022, bonds carry interest at 2.39%. Proceeds used to finance purchase of transportation vehicle.	22,000
Serial Bonds, issued in 2018 with a maturity date of August, 2023, bonds carry interest at 2.89%. Proceeds used to finance purchase of transportation vehicle.	90,000
Bus Bonds, issued in 2019 with a maturity date of August 2024, bonds carry interest of .7-2.85%. Proceeds used to finance purchase of transportation vehicle.	60,000
Serial Bonds, issued in 2020 with a maturity date of August 2025, bonds carry interest at 0.75-2.85%. Proceeds used to finance purchase of transportation vehicle.	195,000
Serial Bonds, issued in 2017 with a maturity date of June 2032, bonds carry interest at 3-5%. Proceeds used to fund additions and reconstruction projects.	2,640,000
Plus: Unamortized bond premium	288,971
Bus Bonds, issued in 2021 with a maturity date of August 2026, bonds carry interest at 0.60-2.10%. Proceeds used to finance purchase of transportation vehicle.	129,000
Serial Bonds, issued in 2022 with a maturity date of June 2036, bonds carry interest at 3.00-3.50%. Conversion of a 2021 bond anticipation note.	3,605,000
	<u>\$ 9,168,214</u>

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

d. Maturity (continued)

Series Bonds - 2017B		
Year	Principal	Interest
2023	\$ 225,000	\$ 129,750
2024	230,000	120,750
2025	245,000	109,250
2026	255,000	97,000
2027	270,000	84,250
2028-2032	1,415,000	206,250
Total	\$ 2,640,000	\$ 747,250

Refunding Bond Debt - 2017		
Year	Principal	Interest
2023	\$ 605,000	\$ 79,850
2024	625,000	65,750
2025	650,000	40,750
2026	165,000	8,250
Total	\$ 2,045,000	\$ 194,600

Bus Bonds - 2017		
Year	Principal	Interest
2023	\$ 22,000	\$ 526
Total	\$ 22,000	\$ 526

Bus Bonds - 2018		
Year	Principal	Interest
2023	\$ 45,000	\$ 2,601
2024	45,000	1,301
Total	\$ 90,000	\$ 3,902

Bus Bonds - 2019		
Year	Principal	Interest
2023	\$ 20,000	\$ 1,095
2024	20,000	770
2025	20,000	295
Total	\$ 60,000	\$ 2,160

Bus Bonds - 2020		
Year	Principal	Interest
2023	\$ 45,000	\$ 1,918
2024	50,000	1,618
2025	50,000	1,180
2026	50,000	465
Total	\$ 195,000	\$ 5,181

Bus Bonds - 2021		
Year	Principal	Interest
2023	\$ 29,000	\$ 2,362
2024	25,000	1,413
2025	25,000	1,119
2026	25,000	738
2027	25,000	263
Total	\$ 129,000	\$ 5,895

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

d. Maturity (continued)

Serial Bonds - 2022		
Year	Principal	Interest
2023	\$ 220,000	\$ 110,637
2024	230,000	108,181
2025	240,000	101,281
2026	230,000	94,081
2027	230,000	87,181
2028-2032	1,255,000	328,030
2033-2036	1,200,000	106,394
Total	\$ 3,605,000	\$ 935,785

e. Long-Term Debt Interest

Interest expense on long-term debt amounted to \$251,987 for the year ended June 30, 2022.

3. Debt Issuance Costs, Premiums and Amortization

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

4. Bond Refunding

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

As a result of a difference between the carrying value of the refunded debt and reacquisition price of the new debt, a deferred outflows of resources in the amount of \$77,822 was recognized. In the current year, \$10,356 was amortized, with the remaining balance of \$18,124 to be amortized through June 30, 2026.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Fund Equity

A. Classification

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

Fund	Reservation Purposes	Balance June 30, 2022
Nonspendable:		
Food Service	Inventory	\$ 14,191
Restricted:		
General	Reserve for employee benefits	\$ 118,486
	Reserve for unemployment insurance	264,858
	Reserve for retirement system credits	1,003,940
	Reserve for capital	1,869,218
	Retirement contribution – TRS	367,926
	Workers compensation	170,933
		<u>\$ 3,795,361</u>
Debt Service	Reserve for debt service	<u>\$ 529,469</u>
Miscellaneous		
Special Revenue	Reserve for endowment scholarships	<u>\$ 10,013</u>
Committed:		
General	Extraclassroom fund balances	<u>\$ 62,178</u>
Assigned:		
General	Appropriated Fund Balance	\$ 358,391
	Encumbrances	47,891
		<u>\$ 406,282</u>
Food Service	Fund Equity	<u>\$ 289,647</u>
Capital Projects	Fund Equity	<u>\$ 740,544</u>

B. District-wide Net Position

Net position of the District include restricted net position of \$4,334,843 which represent restricted amounts in the general, miscellaneous special revenue and debt service funds as presented above.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VII. Commitments and Contingencies

A. Risk Financing and Related Insurance

The *Alfred-Almond Central School District* is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

B. Federal and State Grants

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

C. Compensated Absences

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

D. Contingencies

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

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

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NOTE 4 – CAPITAL PROJECTS

During the current year, the District incurred costs for the purchase of a new bus in the amount of \$127,341. The District also incurred costs associated with capital outlay projects in the amount of \$100,000.

The District was also awarded a portion of the Smart Schools Bond that was approved in 2014. The District's allocation is \$609,287. \$418,690 of the costs related to the Smart Bond project were incurred during the year June 30, 2022.

In May 2019, the voters approved a capital improvement project not to exceed \$4.5 million. The project consists of improvements to all District facilities, including the bus garage, K-12 building and campus as well as energy performance improvements. The District incurred \$1,535,668 of expenditures during the year ended June 30, 2022.

In May 2022, the voters approved a capital improvement project not to exceed \$5.2 million and to expend \$945,000 from the District's capital reserve fund. The \$945,000 was transferred towards the project during the 2021-22 school year. The District incurred \$39,196 of expenditures during the year ended June 30, 2022.

NOTE 5 – COVID 19 PANDEMIC

In March 2020, the World Health Organization declared the novel strain of COVID-19 (coronavirus) a global pandemic and has become increasingly widespread in the United States. The coronavirus outbreak has had a significant impact on financial markets and general economic conditions.

In March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was passed which provides funding and emergency assistance to Organizations including public school Districts. The New York State Department of Education has allocated approximately \$212,000 of CARES Act – ESSER and GEER assistance to the District which is for the funding period of March 13, 2020 through September 30, 2022. During the years ended June 30, 2022 and 2021, the District expended \$203,096 and \$1,600 of CARES Act funding.

In December 2020, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) was passed which provides additional assistance to school districts. The New York State Department of Education has allocated approximately \$579,000 of CRRSA Act assistance to the District. District did not expend any of the CRRSA funding.

In March 2021, the American Rescue Plan (ARP) was passed which provides additional assistance to school districts. The New York State Department of Education has allocated approximately \$2,002,000 of ARP Act assistance to the District. District expended \$293,674 and \$0 during the years ended June 30, 2022 and 2021, respectively, of ARP funding.

NOTE 5 – COVID 19 PANDEMIC (continued)

The District also provided free breakfast and lunches to all students (except those who opted out) through the Seamless Summer Option Program.

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

NOTE 6 – RIGHT-TO-USE ASSETS/LEASES

The District has 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 Governmental Accounting Standards Board Statement No. 87, Leases. The District paid cash for the equipment rather than through an installment purchase agreement. The District amortizes its right-to-use assets over a period of 5 years. Below is a summary of the activity of the District's right-to-use assets during the year ended June 30, 2022:

	Balance 7/1/21 As restated	Additions
Right-to-use asset	\$ 826,310	\$ 145,419
Accumulated amortization	(224,050)	(166,114)
	<u>\$ 602,260</u>	<u>\$ (20,695)</u>
		Balance at 6/30/22
Right-to-use asset	-	\$ 971,729
Accumulated amortization	-	(390,164)
	<u>-</u>	<u>\$ 581,565</u>

NOTE 7 – PRIOR PERIOD ADJUSTMENTS

The District implemented GASB 87, Leases, during the year ended June 30, 2022, which resulted in a prior period adjustment related to agreements made for various IT and computer equipment that were already in place as of July 1, 2021, and which GASB 87 requires retroactive application of these agreements. The District's net position increased \$602,260 as a result of the prior period adjustment which represents the remaining book value of its right-to-use assets and lease liability as shown above.

Implementation of GASB No. 84 required prior period adjustments for the governmental and fiduciary funds. This adjustment was needed to move the beginning balances of amounts previously reported as fiduciary funds to the respective governmental funds. Total scholarship funds of \$10,013 and extraclassroom activity funds of \$62,293 were reclassified from fiduciary funds to the Miscellaneous Special Revenue Fund and General Fund, respectively, as of July 1, 2020.

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events were evaluated through October 12, 2022, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Adopted Budget	Final Budget	Current Year's Revenue	Over (Under) Revised Budget
Revenues				
Local Sources:				
Real property taxes and tax items	\$ 5,230,734	\$ 5,230,734	\$ 5,231,880	\$ 1,146
Charges for services	57,500	57,500	83,840	26,340
Use of money and property	2,000	2,000	6,434	4,434
Sale of property and compensation for loss	-	-	21,642	21,642
Miscellaneous	195,000	195,000	251,190	56,190
State Sources:				
Basic formula	7,585,250	7,585,250	7,782,707	197,457
BOCES	1,264,166	1,264,166	1,183,326	(80,840)
Textbooks	43,101	43,101	5,867	(37,234)
All other aid	14,812	14,812	16,604	1,792
Federal Sources:				
Medicaid reimbursement	20,000	20,000	30,156	10,156
CARES Act and FEMA	-	210,346	239,713	29,367
Total revenue	14,412,563	14,622,909	14,853,359	230,450
Other Sources				
Operating transfer in	-	-	55,421	55,421
Total revenue and other sources	14,412,563	14,622,909	\$ 14,908,780	\$ 285,871
Supplemental appropriations	-	1,219,973		
Appropriated fund equity and carryover encumbrances	524,936	552,395		
Total revenue, other sources and appropriated fund equity	\$ 14,937,499	\$ 16,395,277		

See accompanying independent auditor's report.

	Adopted Budget	Final Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
Expenditures					
General Support:					
Board of education	\$ 55,245	\$ 58,945	\$ 64,031	\$ -	\$ (5,086)
Central administration	203,289	230,372	214,930	-	15,442
Finance	282,620	328,085	320,802	3,000	4,283
Staff	35,000	35,362	34,157	-	1,205
Central services	1,353,335	1,446,578	1,372,623	1,731	72,224
Special items	308,858	309,747	305,137	-	4,610
Instructional:					
Instruction, administration and improvement	408,652	452,369	409,657	-	42,712
Teaching - regular school	4,019,610	4,149,041	3,922,430	6,179	220,432
Programs for children with handicapping conditions	1,427,277	1,564,277	1,445,595	-	118,682
Teaching - special schools	250	41,271	41,021	-	250
Occupational education	479,495	483,819	480,846	-	2,973
Instructional media	142,558	149,011	141,979	-	7,032
Pupil services	496,246	646,319	643,350	2,356	613
Pupil Transportation	706,664	674,032	543,446	34,625	95,961
Community services	1,350	1,350	1,000	-	350
Employee Benefits	3,219,189	2,770,838	2,500,246	-	270,592
Debt Service:					
Debt service principal	1,336,000	1,401,000	1,376,000	-	25,000
Debt service interest	361,861	361,861	331,847	-	30,014
Total expenditures	14,837,499	15,104,277	14,149,097	47,891	907,289
Other Uses:					
Transfer to other funds	100,000	1,291,000	1,328,854	-	(37,854)
Total other uses	100,000	1,291,000	1,328,854	-	(37,854)
Total expenditures and other uses	\$ 14,937,499	\$ 16,395,277	15,477,951	\$ 47,891	\$ 869,435
Excess (deficiency) of revenue and other sources over expenditures and other uses			\$ (569,171)		

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

Schedule SS1A

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	School Food Service Fund		
	Budget (Amended)	Actual	Variance Fav. (Unf.)
Revenue			
State sources	\$ 7,980	\$ 16,420	\$ 8,440
Federal sources	277,020	358,235	81,215
Sales	15,000	18,930	3,930
Miscellaneous	46,255	52,859	6,604
Surplus food	26,376	22,109	(4,267)
Use of money and property	-	23	23
Total revenue	372,631	468,576	95,945
Expenditures			
General support	94,000	90,311	3,689
Employee benefits	32,325	26,534	5,791
Cost of sales	147,187	127,116	20,071
Other expenses	104,704	91,840	12,864
Total expenditures	378,216	335,801	42,415
Excess (deficiency) of revenue over expenditures	<u>\$ (5,585)</u>	132,775	<u>\$ 138,360</u>
Fund equity, beginning of year		<u>171,063</u>	
Fund equity, end of year		<u>\$ 303,838</u>	

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT
FOR THE YEAR ENDED JUNE 30, 2022

Schedule SS2

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CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	\$ 14,937,499
Additions:	
Prior year encumbrances	<u>27,459</u>
Original Budget	14,964,958
Budget Revisions:	
Supplemental appropriation - CARES Act Funding	210,346
Supplemental appropriation - Use of Employee Benefit Reserve	28,973
Supplemental appropriation - Transfer of Capital Reserve	945,000
Supplemental appropriation - Emergency Capital Project	<u>246,000</u>
Final budget	<u><u>\$ 16,395,277</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2022-23 voter-approved expenditure budget	\$ 15,237,699
Maximum allowed (4% of 2022-23 budget)	\$ 609,508

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

Unrestricted fund balance:	
Committed fund balance	\$ 62,178
Assigned fund balance	406,282
Unassigned fund balance	<u>1,209,894</u>
Total unrestricted fund balance	<u>1,678,354</u>
Less:	
Committed fund balance	\$ 62,178
Appropriated fund balance	358,391
Encumbrances included in committed and assigned fund balance	<u>47,891</u>
Total adjustments	<u>468,460</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 1,209,894</u></u>
Actual percentage	<u><u>7.9%</u></u>

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

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECTS EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2022

Schedule SS3

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Project Title	Original Appropriation	Revised Appropriation	Expenditures			Unexpended (Overexpended) Balance	Methods of financing			Fund Balance June 30, 2022
			Prior Years	Current Year	Total		Proceeds of Obligations	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	-	-	-	100,000	-	100,000	100,000	100,000
Smart Schools Project	609,287	609,287	94,229	418,690	512,919	96,368	-	-	-	(512,919)
\$4.5m Capital Project	4,500,000	4,500,000	2,964,332	1,535,668	4,500,000	-	4,000,000	500,000	4,500,000	-
\$5.2m Capital Project	5,200,000	5,200,000	-	39,196	39,196	5,160,804	-	945,000	945,000	905,804
Emergency Project - Boiler	475,000	475,000	-	-	-	475,000	-	246,000	246,000	246,000
Bus Purchases	127,341	127,341	-	127,341	127,341	-	129,000	-	129,000	1,659
	<u>\$ 11,211,628</u>	<u>\$ 11,211,628</u>	<u>\$ 3,058,561</u>	<u>\$ 2,220,895</u>	<u>\$ 5,279,456</u>	<u>\$ 5,932,172</u>	<u>\$ 4,129,000</u>	<u>\$ 1,891,000</u>	<u>\$ 6,020,000</u>	<u>\$ 740,544</u>

See accompanying independent auditor's report.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
BUDGET COMPARISON STATEMENT FOR STATE AND
OTHER GRANT PROGRAMS - SPECIAL AID AND FOOD SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

Schedule SS4A

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Grant Title	Grantors Project No.	Grant Period	Award/ Program Budget	Total Revenue	Total Expenditures
Summer school *	N/A	2022	N/A	\$ 40,575	\$ 40,575
Universal Pre-kindergarten	0409-22-7009	2022	\$ 66,336	66,336	66,336
School lunch programs	N/A	2022	N/A	14,044	14,044
School breakfast programs	N/A	2022	N/A	2,376	2,376
				<u>\$ 123,331</u>	<u>\$ 123,331</u>

* Revenue includes interfund transfer of \$12,854 from the general fund which represents the local share of expenditures.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT

Schedule SS4B

***NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022***

Note 1 - Basis of Presentation

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

Basis of Accounting

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

Note 2 - Non-monetary Federal Program

The accompanying ***Alfred-Almond Central School District*** is the recipient of a non-monetary federal award program. During the year ended June 30, 2022, the District reported in the Schedule of Federal Awards \$22,109 of donated commodities at fair market value received and disbursed.

Note 3 – Indirect Cost Rate

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

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Schedule SS4C

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Federal Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Revenue	Expenditures
US Department of Education:					
<i>Passed through NYS Department of Education:</i>					
Title I	84.010A	0021-22-0070	\$ 196,213	\$ 191,384	\$ 191,384
Title I	84.010A	0021-21-0070	7,760	7,760	7,760
Title II, Part A	84.367A	0147-22-0070	26,117	26,117	26,117
IDEA Part B, Section 611 *	84.027A	0032-22-0034	150,066	150,066	150,066
IDEA Part B, Section 619 *	84.173A	0033-22-0034	4,790	4,790	4,790
Title IV	84.424A	0204-22-0070	13,030	13,030	13,030
COVID-19 CARES Act - ESSERF	84.425D	5890-21-0070	181,210	172,384	172,384
COVID-19 CARES Act - GEER	84.425C	5895-21-0070	30,712	30,712	30,712
COVID-19 ARP - ESSER 3	84.425U	5880-21-0070	1,302,105	293,674	293,674
Total U.S. Department of Education				<u>889,917</u>	<u>889,917</u>
<i>US Department of Homeland Security</i>					
COVID-19 Federal Emergency Management Agency Project	97.036	4480DR-NY	N/A	<u>36,617</u>	<u>36,617</u>
US Department of Agriculture:					
<i>Passed through NYS Department of Education:</i>					
COVID-19 National School Lunch Program - Seamless Summer Option **	10.555	N/A	N/A	238,555	238,555
COVID-19 National School Breakfast Program - Seamless Summer Option **	10.553	N/A	N/A	77,813	77,813
COVID-19 Emergency Operational Costs Reimbursement Program **	10.555	N/A	N/A	25,219	25,219
COVID-19 Supply Chain Assistance **	10.555	N/A	N/A	16,047	16,047
COVID-19 EBT Administration	10.542	N/A	N/A	601	601
<i>Passed through NYS Office of General Services:</i>					
National School Lunch Program-Noncash assistance (Donated Commodities) **	10.555	N/A	N/A	<u>22,109</u>	<u>22,109</u>
Total U.S. Department of Agriculture				<u>380,344</u>	<u>380,344</u>
Total expenditures and revenue				<u>\$ 1,306,878</u>	<u>\$ 1,306,878</u>
* Constitutes a cluster of Federal programs named Special Education Cluster with total revenue and expenditures of				\$	154,856
** Constitutes a cluster of Federal programs named Child Nutrition Cluster with total revenue and expenditures of				\$	379,743

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL
AND RIGHT-TO-USE ASSETS
AS OF JUNE 30, 2022

Schedule SS5

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Capital assets and right-to-use assets	\$ 21,408,468
Less:	
Serial bonds	(9,168,214)
Plus:	
Assets for capital projects, net of related liabilities	<u>740,544</u>
Net investment in capital assets and right-to-use assets	<u><u>\$ 12,980,798</u></u>

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S NET
OPEB LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED JUNE 30, 2018 THROUGH JUNE 30, 2022

Schedule SS6

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As of the measurement date of June 30,	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 313,046	\$ 277,426	\$ 291,511	\$ 286,589	\$ 317,693
Interest	147,300	174,436	229,339	215,222	179,751
Change of benefit terms	(182,494)	94,300	(95,844)	92,441	-
Differences between expected and actual experience	(254,611)	(162,905)	(1,064,517)	-	-
Changes in assumptions	1,390,278	268,524	117,598	(98,074)	(387,210)
Benefit payments	(269,809)	(226,589)	(225,979)	(196,656)	(182,201)
Net change in total OPEB liability	1,143,710	425,192	(747,892)	299,522	(71,967)
Total OPEB liability - beginning	5,834,112	5,408,920	6,156,812	5,857,290	5,929,257
Prior period adjustment	-	-	-	-	-
Total OPEB liability - ending	<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>
Plan fiduciary net position					
Contributions - employer	\$ 269,809	\$ 226,589	\$ 225,979	\$ 196,656	\$ 182,201
Net investment income	-	-	-	-	-
Benefit payments	(269,809)	(226,589)	(225,979)	(196,656)	(182,201)
Net change in plan fiduciary net position	-	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-	-
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's net OPEB liability	<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>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 4,957,693	\$ 6,170,110	\$ 5,999,761	\$ 5,308,441	Not Available
District's net OPEB liability as a percentage of covered-employee payroll	140.75%	94.55%	90.15%	115.98%	Not Available

Notes to Schedule:

Changes in assumptions: Discount rate changes -1.92% as of June 30, 2022 and 2.45% as of June 30, 2021
Mortality schedule from Scale MP-2019 to Scale MP-2020

Changes in benefits: During the 2021-22, there were changes health plan for non-Medicare eligibles from the Univera PPO
Signature Copay 1 Plan to the POS Plan offered through Blue Cross Blue Shield of Western New York.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – OPEB
FOR THE YEARS ENDED JUNE 30, 2018 THROUGH JUNE 30, 2022

Schedule SS7

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For the year ended June 30,	2022	2021	2020	2019	2018
Actuarially determined contributions	\$ 269,809	\$ 226,589	\$ 225,979	\$ 196,656	\$ 182,201
Contributions in relation to the actuarially determined contribution	(269,809)	(226,589)	(225,979)	(196,656)	(182,201)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 4,957,693	\$ 6,170,110	\$ 5,999,761	\$ 5,308,441	Not Available
Contributions as a percentage of District's covered-employee payroll	5.44%	3.67%	3.77%	3.70%	Not Available

Notes to Schedule

Valuation date: June 30, 2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level % of Salary Method
Discount Rate	1.92% as of June 30, 2022
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 2022. Rates expected to decrease each year thereafter with an ultimate rate of 3.784% after 2075.
Mortality	Pub-2010 Public Retirement Plans Mortality Tables for employees and healthy retirees, adjusted for mortality improvements with Scale MP-2020 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 (1 month of coverage per unused sick day). Retirees pay 100% after 10 years. Teachers number of sick days are converted and applied to health insurance for a period years up to 10 years based on the contract in place at the year of retirement.
Participants	68 Active, 2 Survivors and 27 Retirees

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS- NYSTRS AND NYSLERS
FOR THE YEARS ENDED JUNE 30, 2013 THROUGH JUNE 30, 2022

Schedule SS8

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New York State Teachers' Retirement System

For the year ended June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 464,557	\$ 442,358	\$ 418,883	\$ 485,530	\$ 432,777	\$ 503,374	\$ 563,381	\$ 750,705	\$ 678,625	\$ 478,268
Contributions in relation to the contractually required contribution	(464,557)	(442,358)	(418,883)	(485,530)	(432,777)	(503,374)	(563,381)	(750,705)	(678,625)	(478,268)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 4,740,378	\$ 4,641,742	\$ 4,727,799	\$ 4,571,849	\$ 4,522,384	\$ 4,425,721	\$ 4,248,725	\$ 4,282,402	\$ 4,176,154	\$ 4,039,426
Contributions as a percentage of District's covered-employee payroll	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%

New York State Local Employees' Retirement System

For the year ended March 31,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 173,391	\$ 157,980	\$ 155,418	\$ 160,969	\$ 168,273	\$ 163,766	\$ 193,633	\$ 197,487	\$ 221,064	\$ 191,454
Contributions in relation to the contractually required contribution	(173,391)	(157,980)	(155,418)	(160,969)	(168,273)	(163,766)	(193,633)	(197,487)	(221,064)	(191,454)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,116,453	\$ 1,089,197	\$ 1,071,910	\$ 1,082,807	\$ 1,113,964	\$ 1,071,380	\$ 1,066,404	\$ 1,064,944	\$ 1,102,416	\$ 1,050,766
Contributions as a percentage of District's covered-employee payroll	15.53%	14.50%	14.50%	14.87%	15.11%	15.29%	18.16%	18.54%	20.05%	18.22%

See accompanying independent auditor's report.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICTS PROPORTIONATE SHARE OF THE
NET PENSION ASSET/LIABILITY - NYSTRS AND PROPORTIONATE SHARE OF
NET PENSION LIABILITY –NYSLERS
FOR THE YEARS ENDED JUNE 30, 2013 THROUGH JUNE 30, 2022

Schedule SS9

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

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 asset (liability)	n/a	0.027351%	0.027855%	0.027390%	0.027111%	0.027103%	0.027534%	0.028509%	0.028272%	0.027577%
District's proportionate share of the net pension asset (liability)	n/a	\$ 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	n/a	\$ 4,641,742	\$ 4,727,799	\$ 4,571,849	\$ 4,522,384	\$ 4,425,721	\$ 4,248,725	\$ 4,282,402	\$ 4,039,426	\$ 4,039,426
District's proportionate share of the net pension asset (liability) as a percentage of its covered employee payroll	n/a	102.11%	-16.28%	15.56%	10.84%	4.65%	-6.94%	69.15%	77.96%	4.49%
Plan fiduciary net position as a percentage of the total pension asset (liability)	n/a	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

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

As of the measurement date of March 31,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension asset (liability)	0.0031542%	0.0031491%	0.0028581%	0.0030961%	0.0033578%	0.0031662%	0.0033587%	0.0032845%	n/a	n/a
District's proportionate share of the net pension asset (liability)	\$ 257,845	\$ (3,136)	\$ (756,848)	\$ (219,369)	\$ (108,370)	\$ (297,506)	\$ (539,085)	\$ (110,959)	\$ (148,423)	n/a
District's covered-employee payroll	\$ 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	n/a
District's proportionate share of the net pension asset (liability) as a percentage of its covered employee payroll	-23.10%	0.29%	70.61%	20.26%	9.73%	27.77%	50.55%	10.42%	13.46%	n/a
Plan fiduciary net position as a percentage of the total pension asset (liability)	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%	n/a	n/a



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

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

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of *Alfred-Almond Central School District* as of and for the year ended June 30, 2022, 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, 2022.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of *Alfred-Almond Central School District's* internal control. Accordingly, we do not express an opinion on the effectiveness of *Alfred-Almond Central School District's* internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item II.A.2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether *Alfred-Almond Central School District's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item II.B.2022-002.

Alfred-Almond Central School District's Responses to Findings

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

Purpose of this Report

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

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 12, 2022**

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major 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 the District's major federal programs for the year ended June 30, 2022. *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 major federal program for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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* with the requirements of each major federal program as a whole.

Auditor's Responsibilities for the Audit of Compliance (continued)

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 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 may be material weakness 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.

Purpose of this Report

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.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 12, 2022**

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

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Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's opinion(s) issued or whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> X </u> yes	<u> </u> none reported

Noncompliance material to financial statements noted?

<u> X </u> yes	<u> </u> no
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Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR-200.516(a)

<u> </u> yes	<u> X </u> no
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Federal Program Title	Federal CFDA Number	Amount
Total expenditures of Federal Awards		<u>\$ 1,306,878</u>

Identification of Major Programs Tested:

COVID-19 CARES Act - ESSERF	84.425D	\$ 172,384
COVID-19 CARES Act - GEER	84.425C	30,712
COVID-19 ARP - ESSER 3	84.425U	293,674
COVID-19 National School Lunch Program - Seamless Summer Option **	10.555	238,555
COVID-19 National School Breakfast Program - Seamless Summer Option **	10.553	77,813
COVID-19 Emergency Operational Costs Reimbursement Program **	10.555	25,219
COVID-19 Supply Chain Assistance **	10.555	16,047
National School Lunch Program-Noncash assistance (Donated Commodities) **	10.555	22,109
Total major programs tested		<u>\$ 876,513</u>
% of Federal programs tested		<u>67%</u>

** Constitutes a cluster of Federal programs

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low risk?

<u> </u> yes	<u> X </u> no
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ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022

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II. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

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

Year ended June 30, 2022

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

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

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

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

B. COMPLIANCE AND OTHER MATTERS

2022-002 Fund Balance

Year ended June 30, 2022

Conditions and criteria: **Alfred-Almond Central School District's** unassigned fund balance in the general fund as of June 30, 2022 amounted to approximately \$1,210,000. This amount constitutes approximately 7.9% of the 2022-2023 school budget.

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

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

School District's Response: **Alfred-Almond Central School District** realizes that its unassigned fund balance as of June 30, 2022 was in excess of the NYS mandated 4% level. The District has and will continue to closely monitor fund balance in the future and will review all options with regards to reservation and designation of fund balance.

***ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022***

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III. MAJOR FEDERAL AWARD PROGRAMS AUDIT - FINDINGS AND QUESTIONED COSTS

A. COMPLIANCE

Year ended June 30, 2022

There are no findings related to compliance being reported upon during the fiscal year June 30, 2022.

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2022

There are no findings related to internal control over compliance being reported upon during the fiscal year June 30, 2022.

ALFRED ALMOND CENTRAL SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS

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I. PRIOR FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2021-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements
Year ended June 30, 2021

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

Current Status: Similar finding related to internal control over financial reporting is being reported upon during the year ended June 30, 2022 as finding 2022-001.

B. COMPLIANCE AND OTHER MATTERS

2021-002 Unassigned Fund Balance
Year Ended June 30, 2021

Summary of Prior Year Finding: *Alfred-Almond Central School District's* unassigned fund balance as of June 30, 2021 amounted to approximately \$1,423,000. This amount constitutes approximately 9.5% of the 2021-2022 school budget. The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

Current Status: Similar finding related to compliance and other matters is being reported upon during the year ended June 30, 2022 as finding 2022-002.

II. MAJOR FEDERAL AWARD PROGRAMS AUDIT - FINDINGS AND QUESTIONED COSTS

Total Federal expenditures did not exceed \$750,000 and therefore the District was not subjected to a single audit in accordance with the Uniform Guidance during the year ended June 30, 2021.



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

Ladies and Gentlemen:

We have completed our audit for the year ended June 30, 2022 of the District's financial statements and have issued our reports thereon dated October 12, 2022. Our audit report expressed an unmodified opinion which states that the District's financial statements are in accordance with generally accepted accounting principles for governments and school districts located in New York State. In addition, we have issued a separate report on internal controls over financial reporting and compliance with laws and regulations as required by Government Auditing Standards.

In planning and performing our audit of the financial statements of the *Alfred-Almond Central School District* for the year ended June 30, 2022, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure and its operation.

Attached to this letter is a schedule of revenue and expense comparisons (modified accrual basis) and analysis of fund equity for the school years ended June 30, 2018 through June 30, 2022. In addition, we have also presented a summary of additional comments which we desire to bring to the board and administration's attention involving various matters. Although such matters were not of sufficient nature to be disclosed in the previously mentioned reports, we do feel the comments should be reviewed and acted upon primarily by the business staff. *Alfred-Almond Central School District's* has provided responses to additional comments that follow, however, we did not audit such responses and, accordingly, we express no opinion on them.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Olean, New York
October 12, 2022

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

Page 2

	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Revenue and other sources					
Property taxes	\$ 5,232	\$ 5,178	\$ 5,082	\$ 4,962	\$ 4,970
State aid	8,989	8,282	8,289	8,062	7,768
All other	688	494	327	382	440
	<u>14,909</u>	<u>13,954</u>	<u>13,698</u>	<u>13,406</u>	<u>13,178</u>
Expenditures and other uses					
General support	2,312	2,575	2,575	1,969	1,757
Instruction	7,086	5,739	6,040	6,722	6,320
Transportation	543	557	467	510	496
Benefits	2,500	2,659	2,617	2,550	2,742
Debt	1,708	1,453	1,473	1,473	1,478
Transfers	1,329	129	317	728	112
	<u>15,478</u>	<u>13,112</u>	<u>13,489</u>	<u>13,952</u>	<u>12,905</u>
Excess (deficiency) of revenue over expenditures	(569)	842	209	(546)	273
Fund equity					
Beginning of year	6,043	5,139	4,930	5,476	5,203
Prior period adjustment	-	62	-	-	-
End of year	<u>\$ 5,474</u>	<u>\$ 6,043</u>	<u>\$ 5,139</u>	<u>\$ 4,930</u>	<u>\$ 5,476</u>
Analysis of fund equity					
Nonspendable	\$ -	\$ -	\$ -	\$ 64	\$ 124
Restricted					
Reserve for retirement system credits	1,004	1,004	903	902	902
Reserve for TRS	368	273	180	-	-
Reserve for employee benefits	118	147	97	98	97
Reserve for unemployment insurance	265	265	140	90	90
Reserve for workers' compensation	171	171	124	62	-
Reserve for capital	1,869	2,145	1,620	1,520	2,068
Committed	63	62	-	-	-
Assigned					
Reserve for encumbrances	48	27	60	60	77
Next year's budget	358	525	627	527	417
Unassigned	1,210	1,424	1,388	1,607	1,701
	<u>\$ 5,474</u>	<u>\$ 6,043</u>	<u>\$ 5,139</u>	<u>\$ 4,930</u>	<u>\$ 5,476</u>

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
SUMMARY OF ADDITIONAL COMMENTS
FOR THE YEAR ENDED JUNE 30, 2022

Page 3

Capital Assets and Right-to-Use Assets

The District reports approximately \$21 million of capital assets and right-to-use assets. For financial statement reporting purposes there are reconciliations that are required to agree the District's records to the fixed asset appraisal, which are primarily related to prior capital projects that were not included on the appraisal report. We recommend the District work to identify the differences and contact the appraisal company so that the appraisal report will align with the District's audit report. In the future, an important step in the capital assets and right-to-use assets process is not only reporting additions and disposals to the appraisal company on an annual basis but also reviewing the report once an update is complete to verify that such items were accounted for properly.

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

Future Governmental Accounting Standards – GASB 96

In 2020, the Governmental Accounting Standards Board issued Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA), which will be effective for the fiscal year ending June 30, 2023. The new standard (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. We recommend that the District begin to collect pertinent data on all lease agreements for evaluation along with familiarizing themselves with the new SBITA standard, which may include continuing education, webinars and further training.

District response: The District will participate in trainings or webinars on the topics when they become available.

Smart Schools Bond Act Project

The Smart Schools Bond Act (SSBA) was passed in November 2014 and provided funding to finance improved educational technology and infrastructure to facilitate improved learning opportunities. The District was allocated \$609,000 in SSBA funds. As part of the reimbursement process, the State requires several assurances related to project and detailed information of costs incurred. In addition, it is our understanding that payment of funds from the State once reimbursement forms have been filed can take considerable time in some cases. We recommend that the District consider filing their reimbursements to ensure reimbursement of the funds are received in a timely manner. This will alleviate the length of time the General Fund supports the project.

District response: The District will plan to file for reimbursement in the coming year.

Capital Project Reconciliation

During the current year, the District completed its \$4.5 million capital project and filed its final cost reports with New York State Department of Education. In order to close out the project in the capital projects fund, expenditures of approximately \$28,000 originally recorded in the capital project fund during the current year were moved to the general fund. We recommend the District consider performing a reconciliation of costs recorded within the capital projects fund with those included on the final cost report.

District response: The District will consider completing a reconciliation of the final cost report with its general ledger.

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT

*EXTRACLASSROOM ACTIVITY FUND
FINANCIAL STATEMENT*

FOR THE FISCAL YEAR ENDED JUNE 30, 2022

*WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS*

ALFRED ALMOND CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity Fund of the *Alfred-Almond Central School District* for the year ended June 30, 2022, and the related notes to the financial statement.

In our opinion, the financial statement referred to above present fairly, in all material respects, the cash transactions of the Extraclassroom Activity Fund of *Alfred-Almond Central School District* for the year ended June 30, 2022 on the basis of accounting described in Note 1.

Basis for Opinion

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 the *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 opinion.

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Extraclassroom Activity Fund of *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.

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 opinion. 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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 opinion. 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 statement, 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 statement.
- 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 Extraclassroom Activity Fund of **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 statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Extraclassroom Activity Fund of **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.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 12, 2022, on our consideration of the **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 the **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.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 12, 2022**

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
STATEMENT OF RECEIPTS AND DISBURSEMENTS – CASH BASIS
JULY 1, 2021 THROUGH JUNE 30, 2022

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	Balances July 01, 2021	Total Receipts 2021-2022	Total Receipts & Balances	Total Payments 2021-2022	Balances June 30, 2022
ALCEN	\$ 13,792	\$ 10,489	\$ 24,281	\$ 13,274	\$ 11,007
Athletic Council	739	101	840	100	740
Band Club	3,662	2,093	5,755	-	5,755
Chorus Club	4,397	1,943	6,340	3,210	3,130
Class of 2022	6,392	-	6,392	6,392	-
Class of 2023	5,558	6,292	11,850	5,147	6,703
Class of 2024	6,611	4,133	10,744	2,719	8,025
Class of 2025	977	3,857	4,834	2,992	1,842
Class of 2026	1,656	5,303	6,959	3,328	3,631
Class of 2027	-	3,234	3,234	1,503	1,731
Class of 2028	-	88	88	-	88
Computer Club	528	-	528	-	528
French Club	827	-	827	827	-
Interest Account	10	422	432	417	15
Math Club	745	503	1,248	555	693
National Honor Society	2,491	300	2,791	1,580	1,211
Outdoor Adventure Club	-	2,633	2,633	1,727	906
Performing Arts	1,844	6,402	8,246	3,504	4,742
Sales Tax	608	1,088	1,696	1,254	442
Ski Club	2	10,068	10,070	10,068	2
Spanish Club	4,198	-	4,198	4,198	-
Student Government	7,459	1,109	8,568	2,607	5,961
World Language Club	-	5,026	5,026	-	5,026
Total activity fund	\$ 62,496	\$ 65,084	\$ 127,580	\$ 65,402	\$ 62,178

ALFRED-ALMOND CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
NOTE TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2022

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Fund are included in the financial statements of **Alfred-Almond Central School District**. Cash balances of \$62,178 are included in the General Fund with a corresponding amount recorded as committed fund balance.

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



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

Ladies and Gentlemen:

In planning and performing our audit of the statement of cash receipts and disbursements – cash basis of the Extraclassroom Activity Fund of *Alfred Almond Central School District* as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered *Alfred Almond Central School District's* internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of *Alfred Almond Central School District's* internal control. Accordingly, we do not express an opinion on the effectiveness of *Alfred Almond Central School District's* internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in internal control to be material weaknesses:

Point of Sale Records

We noted several instances where the receipt of cash lacked point of sale records. Each cash receipt received by the central treasurer should be accompanied by supporting documentation which reconciles cash received to participation times rates/fees. We recommend that point of sale records be filled out in detail or an appropriate summary be attached by the student treasurer or teacher advisor, and be verified or reviewed by the central treasurer.

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

Gross Margin Analysis

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

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

The following are additional comments for consideration.

Student Involvement and Approval of Receipts

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

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

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

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 12, 2022**



October 12, 2022

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

We have audited the financial statements of Alfred-Almond Central School District as of and for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Governmental Auditing Standards and Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 3, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Alfred-Almond Central School District are described in Note 1 to the financial statements. During the current year, the District implemented Governmental Accounting Standards Board Statement Number 87, Leases. The implementation of this new standard resulted in prior period adjustments to the financial statements. We noted no transactions entered into by Alfred-Almond Central School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

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

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures on long-term debt in Note 3 and disclosures related to the Pandemic in Note 5 to the financial statements, due to their significance.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 12, 2022.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

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

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

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

Very truly yours,

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.