

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
FINANCIAL REPORT  
JUNE 30, 2021**

**BETHLEHEM CENTRAL SCHOOL DISTRICT**

**TABLE OF CONTENTS**

	<b>PAGE</b>
INDEPENDENT AUDITOR’S REPORT	1 - 3
<b><u>SECTION A - MANAGEMENT’S DISCUSSION AND ANALYSIS</u></b>	
MANAGEMENT’S DISCUSSION AND ANALYSIS	A1 - A10
<b><u>SECTION B - BASIC FINANCIAL STATEMENTS</u></b>	
<b><u>DISTRICT-WIDE FINANCIAL STATEMENTS</u></b>	
STATEMENT OF NET POSITION	B1
STATEMENT OF ACTIVITIES	B2
<b><u>FUND FINANCIAL STATEMENTS</u></b>	
BALANCE SHEET - GOVERNMENTAL FUNDS	B3
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	B4
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	B5
NOTES TO BASIC FINANCIAL STATEMENTS	B6 - B41
<b><u>SECTION C - REQUIRED SUPPLEMENTARY INFORMATION</u></b>	
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND	C1 - C2
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY	C3
SCHEDULE OF DISTRICT’S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)	C4
SCHEDULE OF DISTRICT CONTRIBUTIONS	C5

**BETHLEHEM CENTRAL SCHOOL DISTRICT**

**TABLE OF CONTENTS**

	<b>PAGE</b>
<b><u>SECTION D - OTHER SUPPLEMENTARY INFORMATION</u></b>	
SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND	D1
SCHEDULE OF PROJECT EXPENDITURES AND FINANCING RESOURCES - CAPITAL PROJECTS FUND	D2
NET INVESTMENT IN CAPITAL ASSETS	D3
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 <i>GOVERNMENT AUDITING STANDARDS</i>	E1 - E2
<b><u>SINGLE AUDIT SECTION</u></b>	
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	F1 - F2
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	F3
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	F4
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	F5 – F6
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	F7

## INDEPENDENT AUDITOR'S REPORT

To the President and Members  
of the Board of Education of the  
Bethlehem Central School District

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Bethlehem Central School District (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Bethlehem Central School District, as of June 30, 2021, 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.

## **Change in Accounting Principle**

As described in Note 1T to the financial statements, in 2020/2021, the District adopted new accounting guidance, GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A1 - A10, budgetary comparison information on pages C1 and C2, schedule of changes in total OPEB liability on page C3, schedule of proportionate share of net pension liability (asset) on page C4 and schedule of District contributions on page C5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Supplemental Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bethlehem Central School District's basic financial statements. The supplemental information on pages D1 - D3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards on page F3 is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

These supplemental schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information and 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, 2021, on our consideration of the 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 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 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 the District's internal control over financial reporting and compliance.

*Marvin and Company, P.C.*

Latham, NY  
October 12, 2021

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION  
AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021**

The Bethlehem Central School District (the District) presents the readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2021. Please review it in conjunction with the District’s financial statements and the accompanying notes to the financial statements.

**FINANCIAL HIGHLIGHTS**

The 2020-21 fiscal year maintained the strength of the District’s overall financial position, despite a full year of providing instructional services within the on-going COVID-19 pandemic. The majority of students attended school in person, with K-6 students reporting every day, and grade 7-12 students reporting every other day in person and attending virtually on the alternate day. The District also offered a Virtual Learning Academy for elementary students who opted not to attend in person. The District incurred additional staffing costs for instruction, as well as for student supervision when lunch periods were moved to alternate locations to enable social distancing. However, the District also held vacancies open as long as possible with non-instructional staff to help offset these costs. Transportation costs were also underbudget by \$1M, primarily due to an inability to fill bus driver vacancies due to the national shortage of drivers. Services were maintained thanks to large numbers of parents who transported their children, coupled with mid-year changes in routes to maximize ridership on the remaining routes. Extracurricular activities were curtailed again this year. The District continued to provide meals for families in need throughout the closure. Operating expenditures were about \$5.4 million below budget, boosted by District efforts to limit expenditures to essential items only in this period of ongoing uncertainties.

Revenues were \$975,000 more than budgeted, largely due to receipt of the normal levels of state aid, without the 20% reduction that was anticipated. The District had planned to utilize \$3M in appropriated fund balance to offset the state aid reductions, which ultimately was not necessary. Due to reductions in interest rates, interest income was substantially under budget as well, by approximately \$468,000. The school tax levy increased by \$1,573,000, from a 2.34% levy increase, which was the Maximum Allowable Tax Levy.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of five parts: Management’s Discussion and Analysis (this section), the basic financial statements, required supplementary information, other supplementary information and the Single Audit section. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District’s overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District’s operations in more detail than the District-wide statements.
- The governmental funds statements tell how basic services such as instruction and transportation were financed in the short-term as well as what remains for future spending.
- Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

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

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION  
AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021**

Figure A-1 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of Management’s Discussion and Analysis highlights the structure and contents of each of the statements.

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

	<u>District-wide Statements</u>	<u>Governmental Funds Statements</u>
Scope	Entire District	The activities of the District that are not proprietary or fiduciary, such as regular and special education, transportation and building maintenance
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included
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



**BETHLEHEM CENTRAL SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION  
AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021**

**DISTRICT-WIDE STATEMENTS**

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

The two District-wide statements report the District’s net position and how it has changed. Net position – the difference between the District’s assets, deferred outflows of resources, liabilities and deferred inflows of resources – is one way to measure the District’s financial health or *position*.

- Over time, increases or decreases in the District’s net position 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 nonfinancial factors such as changes in the District’s property tax base and the condition of school buildings and other facilities.

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

**FUND FINANCIAL STATEMENTS**

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:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).
- The District’s basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the 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.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION  
AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021**

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**Figure A-2**

**Net Position**

	<u>Governmental Activities and Total School District</u>		
	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>
Current and Other Assets	\$ 38,787,861	\$ 46,174,618	\$ (7,386,757)
Capital Assets, Net	<u>152,171,495</u>	<u>151,291,183</u>	<u>880,312</u>
Total Assets	190,959,356	197,465,801	(6,506,445)
Deferred Outflows of Resources	<u>95,764,264</u>	<u>105,193,707</u>	<u>(9,429,443)</u>
Total Assets and Deferred Outflows of Resources	<u>286,723,620</u>	<u>302,659,508</u>	<u>(15,935,888)</u>
Current Liabilities	43,666,311	49,265,298	(5,598,987)
Long-term Liabilities	31,224,006	45,464,519	(14,240,513)
Other Postemployment Benefits Obligation	<u>277,722,966</u>	<u>328,541,154</u>	<u>(50,818,188)</u>
Total Liabilities	352,613,283	423,270,971	(70,657,688)
Deferred Inflows of Resources	<u>80,360,559</u>	<u>14,116,346</u>	<u>66,244,213</u>
Total Liabilities and Deferred Inflows of Resources	<u>432,973,842</u>	<u>437,387,317</u>	<u>(4,413,475)</u>
Net Position			
Net Investment in Capital Assets	94,568,496	92,346,476	2,222,020
Restricted	24,611,913	18,603,544	6,008,369
Unrestricted	<u>(265,430,631)</u>	<u>(245,677,829)</u>	<u>(19,752,802)</u>
Total Net Position	<u>\$ (146,250,222)</u>	<u>\$ (134,727,809)</u>	<u>\$ (11,522,413)</u>

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION  
AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021**

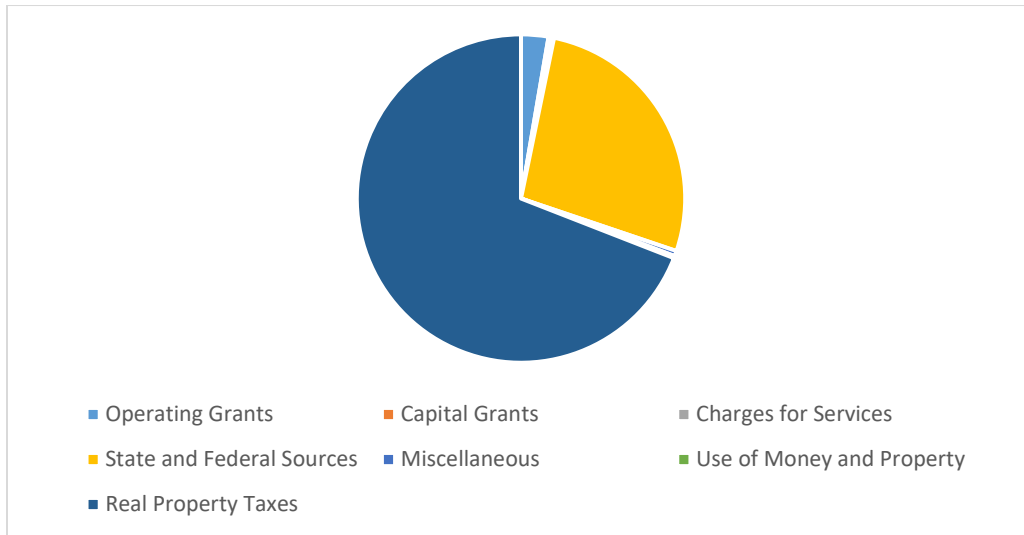
**Figure A-3**

**Changes in Net Position from Operating Results**

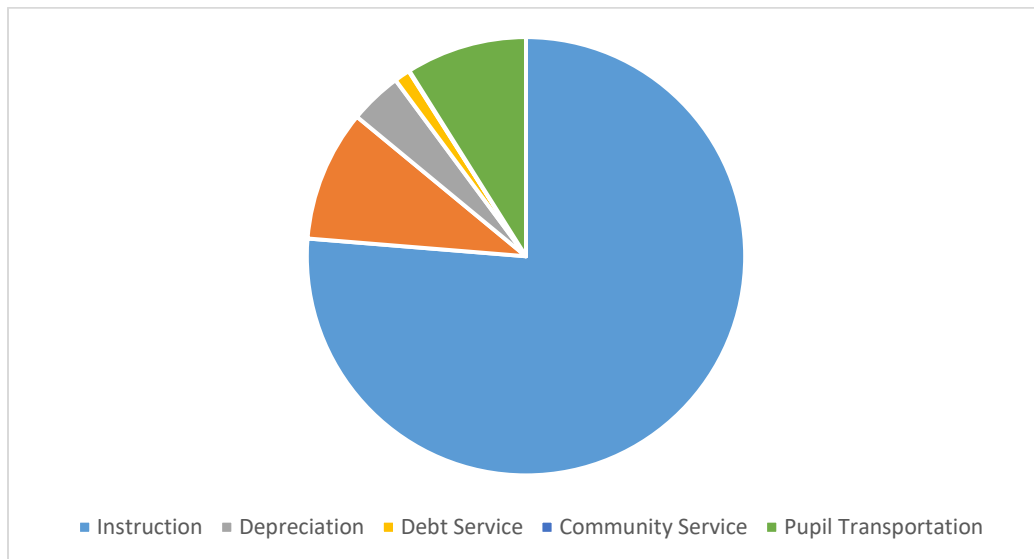
	<u>Governmental Activities and Total School District</u>		
	<u>2021</u>	<u>2020</u>	<u>Increase (Decrease)</u>
<b>Revenues</b>			
Program Revenues (netted in expenses, below)			
Charges for Services	\$ 372,590	\$ 1,051,272	\$ (678,682)
Operating Grants	2,816,152	2,153,155	662,997
Capital Grants	194,178	957,258	(763,080)
	<u>\$ 3,382,920</u>	<u>\$ 4,161,685</u>	<u>\$ (778,765)</u>
General Revenues:			
Real Property Taxes	\$ 64,765,333	\$ 62,901,083	\$ 1,864,250
Other Tax Items	7,497,127	7,673,842	(176,715)
State Aid	28,183,946	28,525,488	(341,542)
Other Revenues	772,825	1,372,382	(599,557)
Total General Revenues	<u>101,219,231</u>	<u>100,472,795</u>	<u>746,436</u>
<b>Expenses</b>			
General Support	11,394,496	12,131,314	(736,818)
Instruction	89,738,745	94,601,974	(4,863,229)
Pupil Transportation	10,507,637	11,358,103	(850,466)
Debt Service - Interest	1,360,240	1,793,718	(433,478)
Capital Outlay	(194,178)	(957,258)	763,080
Other	262,229	427,449	(165,220)
Total Expenses	<u>113,069,169</u>	<u>119,355,300</u>	<u>(6,286,131)</u>
<b>Other Financing Sources (Uses)</b>			
Premium on BAN	327,525	203,209	124,316
Total Other Financing Sources	<u>327,525</u>	<u>203,209</u>	<u>124,316</u>
Increase (Decrease) in Net Position	<u>\$ (11,522,413)</u>	<u>\$ (18,679,296)</u>	<u>\$ 7,156,883</u>

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION  
AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021**

**Figure A-4 – Sources of Revenue for Fiscal Year 2021**



**Figure A-5 – Expenses for Fiscal Year 2021**



**BETHLEHEM CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION  
AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021**

**Financial Analysis of the District's Funds**

**Total Governmental Funds**

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Total Assets and Deferred Outflows	\$ 39,655,885	\$ 42,001,056
Total Liabilities and Deferred Inflows	\$ 40,312,930	\$ 40,387,354
Fund Equity		
Nonspendable	75,309	77,577
Restricted	24,611,913	18,603,544
Assigned	1,410,819	3,139,814
Unassigned (Deficit)	<u>(26,755,086)</u>	<u>(20,207,213)</u>
Total Fund Equity (Deficit)	<u>\$ (657,045)</u>	<u>\$ 1,613,702</u>

The following is a summary of the fund balances (accumulated deficits) for the years ended June 30, 2021 and June 30, 2020 by individual fund:

	<u>Fund Equity (Deficit) 2021</u>	<u>Fund Equity (Deficit) 2020</u>	<u>Increase (Decrease)</u>
General	\$ 27,497,598	\$ 23,206,521	\$ 4,291,077
School Lunch	75,420	101,235	(25,815)
Special Aid	-	-	-
Capital Projects	(30,177,794)	(23,979,541)	(6,198,253)
Debt Service	<u>1,947,731</u>	<u>2,285,487</u>	<u>(337,756)</u>
Totals	<u>\$ (657,045)</u>	<u>\$ 1,613,702</u>	<u>\$ (2,270,747)</u>

The following is a summary of General Fund revenues for the years ended June 30, 2021 and 2020:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Increase (Decrease)</u>
Taxes and Other Tax Items	\$ 72,262,460	\$ 70,574,925	\$ 1,687,535
Use of Money and Property	79,584	547,748	(468,164)
State and Federal Sources	27,627,454	28,382,582	(755,128)
Other	<u>985,665</u>	<u>1,100,810</u>	<u>(115,145)</u>
Totals	<u>\$ 100,955,163</u>	<u>\$ 100,606,065</u>	<u>\$ 349,098</u>

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION  
AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021**

The following is a summary of General Fund expenditures for the years ended June 30, 2021 and 2020:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>Increase (Decrease)</u>
General Support	\$ 7,333,690	\$ 7,400,997	\$ (67,307)
Instruction	48,603,696	47,291,494	1,312,202
Pupil Transportation	5,030,672	5,177,206	(146,534)
Community Service	67,225	63,735	3,490
Employee Benefits	23,072,093	22,708,279	363,814
Capital Outlay	-	221,214	(221,214)
Debt Service	12,722,877	12,461,627	261,250
Totals	<u>\$ 96,830,253</u>	<u>\$ 95,324,552</u>	<u>\$ 1,505,701</u>

The overall 1.58% increase in expenditures was driven by normal instructional expenditures supplemented with additional resources to address COVID-19 impacts, offset with savings from vacancies and deferral of capital expenditures and other non-essential items.

The difference between the General Fund's original budget and final amended budget was \$261,332 comprised of \$169,195 for gifts, donations and other revenues and \$92,137 for carry over encumbrances. There were sufficient revenues and fund equity available to cover the budget amendments.

**Capital Assets and Debt Administration**

**Capital Assets**

As of June 30, 2021, the District had invested \$152 million, net of accumulated depreciation, in school buildings, buses and other vehicles and equipment.

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Land	\$ 246,072	\$ 246,072
Construction in Progress	-	26,200,273
Land Improvements	761,297	741,024
Buildings and Improvements	143,496,691	116,778,638
Vehicles	4,767,586	4,736,607
Machinery and Equipment	2,899,849	2,588,569
Total	<u>\$ 152,171,495</u>	<u>\$ 151,291,183</u>

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION  
AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021**

**Obligations**

The District had long-term debt including serial bonds and an energy performance contract outstanding as of June 30, 2021 and 2020 as follows:

	<u>June 30, 2021</u>	<u>June 30, 2020</u>
Serial Bonds	\$ 23,020,000	\$ 32,220,000
Energy Performance contract	<u>3,405,159</u>	<u>3,667,327</u>
Total	<u>\$ 26,425,159</u>	<u>\$ 35,887,327</u>

The District’s current bond rating as stated by Standard & Poor’s Rating Services is AA.

The District currently has \$32 million of authorized, but unissued, debt for building improvement projects currently underway.

Section 104.00 of the Local Finance Law limits the amount of general obligation debt that a school district may issue to 10 percent of its total assessed valuation. The outstanding general obligations of the District were well below the current debt limit of \$335 million for the District.

**Notes to the Financial Statements**

The notes provide additional information that is essential to achieving a full understanding of the data provided in the District-wide and fund financial statements.

**Supplementary Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information (supplementary schedules).

**Factors Bearing on the District’s Future**

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could affect its financial health in the future. The District has planned for and implemented capital construction and improvements to meet the future needs for the community. One challenge facing the District is the ongoing dependence on state funding, coupled with the limitations on growth in the tax levy. Changes in the State’s economy or other changes at the state level that impact the manner in which state aid is paid could have an impact on the finances of the District. There were some positive developments impacting mid-term finances: The District received a \$1.1M increase in state foundation aid during the 2021-22 school year, with an indication that additional increases will be included within the state budgets over the next two fiscal years. The District was also granted \$5.9M in Federal ARP/ESSER grant funding over the next two fiscal years, intended to help defray COVID-related instructional impacts.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION  
AND ANALYSIS (UNAUDITED)  
JUNE 30, 2021**

**Requests for Information**

This financial report is designed to provide District residents, taxpayers, parents, students, investors and creditors with a general overview of the District's finances, and to show the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following:

Bethlehem Central School District  
Business Office  
700 Delaware Avenue  
Delmar, New York 12054  
Or visit our website at <http://bethlehemschools.org>



**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

**ASSETS**

Cash - unrestricted	\$ 9,323,617
Cash - restricted	25,824,656
State and federal aid receivable	3,366,882
Due from other governments	83,282
Other receivables, net	114,115
Inventories	34,259
Prepays	41,050
Capital assets, net	152,171,495
Total Assets	<u>190,959,356</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred loss on refunding	62,476
Other postemployment benefits	66,332,380
Pensions	29,369,408
Total Deferred Outflows of Resources	<u>95,764,264</u>

**LIABILITIES**

Accounts payable	244,807
Due to other governments	723,323
Accrued liabilities	976,018
Refundable advances	94,418
Due to Teachers' Retirement System	3,478,680
Due to Employees' Retirement System	669,539
Student deposits	298,690
Other liabilities	622,379
Bond anticipation notes payable	30,680,751
Premium on bond anticipation notes payable	224,436
Long-term liabilities - due and payable within one year	
Bonds payable	5,385,000
Capital lease payable	268,270
Long-term liabilities - due and payable after one year	
Bonds payable	17,635,000
Unamortized premium on bonds	1,071,772
Capital lease payable	3,136,889
Compensated absences payable	3,096,000
Workers' compensation	895,000
Other postemployment benefits payable	277,722,966
Net pension liability - proportionate share	5,389,345
Total Liabilities	<u>352,613,283</u>

**DEFERRED INFLOWS OF RESOURCES**

Other postemployment benefits	63,721,105
Pensions	16,639,454
Total Deferred Inflows of Resources	<u>80,360,559</u>

**NET POSITION**

Net Investment in Capital Assets	94,568,496
Restricted	24,611,913
Unrestricted	(265,430,631)
Total Net Position	<u>\$ (146,250,222)</u>

See accompanying notes to financial statements.

B1

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

	Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants	Capital Grants	
<b>FUNCTIONS AND PROGRAMS</b>						
General support	\$ 7,333,690	\$ 4,060,806	\$ -	\$ -	\$ -	\$ (11,394,496)
Instruction	50,450,066	41,185,288	310,079	1,586,530	-	(89,738,745)
Pupil transportation	5,152,736	5,476,965	-	122,064	-	(10,507,637)
Community services	67,225	58,405	-	-	-	(125,630)
Employee benefits	45,378,324	(45,378,324)	-	-	-	-
Debt service - interest	1,360,240	-	-	-	-	(1,360,240)
Capital outlay	-	-	-	-	194,178	194,178
Food service	1,106,474	200,194	62,511	1,107,558	-	(136,599)
Depreciation	5,603,334	(5,603,334)	-	-	-	-
Total Functions and Programs	\$ <u>116,452,089</u>	\$ <u>-</u>	\$ <u>372,590</u>	\$ <u>2,816,152</u>	\$ <u>194,178</u>	<u>(113,069,169)</u>
<b>GENERAL REVENUES</b>						
Real property taxes						64,765,333
Other tax items						7,497,127
Use of money and property						89,571
Sale of property and compensation for loss						131,383
State sources						28,183,946
Federal sources						5,000
Miscellaneous						546,871
Total General Revenues						<u>101,219,231</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Premium on BAN						<u>327,525</u>
Total Other Financing Sources						<u>327,525</u>
Change in Net Position						(11,522,413)
Total Net Position - Beginning of Year						<u>(134,727,809)</u>
Total Net Position - End of Year						\$ <u><u>(146,250,222)</u></u>

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2021**

	General Fund	Special Aid Fund	School Lunch Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
<b>ASSETS</b>						
Cash - unrestricted	\$ 9,243,138	\$ 50,409	\$ 30,070	\$ -	\$ -	\$ 9,323,617
Cash - restricted	23,364,718	-	-	512,207	1,947,731	25,824,656
State and federal receivable	2,445,631	474,785	252,288	194,178	-	3,366,882
Due from other governments	83,282	-	-	-	-	83,282
Due from other funds	868,024	-	-	-	-	868,024
Other receivables, net	113,787	-	328	-	-	114,115
Inventories	-	-	34,259	-	-	34,259
Prepays	-	41,050	-	-	-	41,050
<b>Total Assets</b>	<b>\$ 36,118,580</b>	<b>\$ 566,244</b>	<b>\$ 316,945</b>	<b>\$ 706,385</b>	<b>\$ 1,947,731</b>	<b>\$ 39,655,885</b>
<b>LIABILITIES</b>						
Accounts payable	\$ 215,465	\$ 20,092	\$ -	\$ 9,250	\$ -	\$ 244,807
Accrued liabilities	740,231	6,034	5,195	-	-	751,460
Bond anticipation notes	-	-	-	30,680,751	-	30,680,751
Due to other funds	-	534,046	139,800	194,178	-	868,024
Due to other governments	715,139	6,072	2,112	-	-	723,323
Due to Teachers' Retirement System	3,478,680	-	-	-	-	3,478,680
Due to Employees' Retirement System	669,539	-	-	-	-	669,539
Student Deposits	298,690	-	-	-	-	298,690
Other Liabilities	622,379	-	-	-	-	622,379
Refundable advances	-	-	94,418	-	-	94,418
<b>Total Liabilities</b>	<b>6,740,123</b>	<b>566,244</b>	<b>241,525</b>	<b>30,884,179</b>	<b>-</b>	<b>38,432,071</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>1,880,859</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,880,859</b>
<b>FUND BALANCES (DEFICIT)</b>						
Non-spendable	-	41,050	34,259	-	-	75,309
Restricted	22,615,200	-	48,982	-	1,947,731	24,611,913
Assigned - appropriated	390,000	-	-	-	-	390,000
Assigned - unappropriated	1,020,819	-	-	-	-	1,020,819
Unassigned	3,471,579	(41,050)	(7,821)	(30,177,794)	-	(26,755,086)
<b>Total Fund Balances</b>	<b>27,497,598</b>	<b>-</b>	<b>75,420</b>	<b>(30,177,794)</b>	<b>1,947,731</b>	<b>(657,045)</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 36,118,580</b>	<b>\$ 566,244</b>	<b>\$ 316,945</b>	<b>\$ 706,385</b>	<b>\$ 1,947,731</b>	<b>\$ 39,655,885</b>

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

Total governmental fund balances per above	\$ (657,045)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds	152,171,495
Revenues deferred in the governmental funds are recognized in the statement of net position	1,880,859
Accrued interest is not reported in governmental funds	(224,558)
Long-term liabilities are not reported in the governmental funds because they are not due and payable in the current period:	
Bonds and capital leases	(26,425,159)
Compensated absences	(3,096,000)
Workers' compensation	(895,000)
Other postemployment benefits	(277,722,966)
Net pension liability, ERS and TRS	(5,389,345)
Net deferred (inflows)/outflows related to net pension asset/liability adjustments	12,729,954
Net deferred (inflows)/outflows related to net OPEB liability adjustments	2,611,275
Deferred premium on bond anticipation note	(224,436)
Deferred loss on refunding is recorded as an expense in the fund financial statements, but is amortized over the life of the bond under full accrual accounting	62,476
Deferred bond premium is recorded as revenue in the fund financial statements, but is amortized over the life of the bond under full accrual accounting	(1,071,772)
<b>Net Position of Governmental Activities</b>	<b>\$ (146,250,222)</b>

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>General</u>	<u>Special Aid Fund</u>	<u>School Lunch Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Real property taxes	\$ 64,765,333	\$ -	\$ -	\$ -	\$ -	\$ 64,765,333
Other tax items	7,497,127	-	-	-	-	7,497,127
Charges for services	310,079	-	-	-	-	310,079
Use of money and property	79,584	-	-	-	9,987	89,571
Sale of property and compensation for loss	131,383	-	-	-	-	131,383
Miscellaneous	544,203	-	-	-	-	544,203
State sources	27,622,454	471,217	40,189	194,178	-	28,328,038
Federal sources	5,000	1,237,377	1,067,369	-	-	2,309,746
Sales - food service	-	-	62,511	-	-	62,511
	<u>100,955,163</u>	<u>1,708,594</u>	<u>1,170,069</u>	<u>194,178</u>	<u>9,987</u>	<u>104,037,991</u>
Total Revenues						
<b>EXPENDITURES</b>						
General support	7,333,690	-	-	-	-	7,333,690
Instruction	48,603,696	1,633,952	-	522,418	-	50,760,066
Pupil transportation	5,030,672	122,064	-	-	-	5,152,736
Community services	67,225	-	-	-	-	67,225
Employee benefits	23,072,093	251,187	200,194	-	-	23,523,474
Debt Service						
Principal	11,009,968	-	-	-	-	11,009,968
Interest	1,712,909	-	-	-	-	1,712,909
Cost of sales	-	-	1,106,474	-	-	1,106,474
Capital outlay	-	-	-	7,517,521	-	7,517,521
	<u>96,830,253</u>	<u>2,007,203</u>	<u>1,306,668</u>	<u>8,039,939</u>	<u>-</u>	<u>108,184,063</u>
Total Expenditures						
Excess (Deficiency) of Revenues Over Expenditures	4,124,910	(298,609)	(136,599)	(7,845,761)	9,987	(4,146,072)
<b>OTHER FINANCING SOURCES AND (USES)</b>						
BANs redeemed from appropriations	-	-	-	1,547,800	-	1,547,800
Premium on BAN	327,525	-	-	-	-	327,525
Inter-fund transfers in	347,743	298,609	110,784	99,708	-	856,844
Inter-fund transfers (out)	(509,101)	-	-	-	(347,743)	(856,844)
	<u>166,167</u>	<u>298,609</u>	<u>110,784</u>	<u>1,647,508</u>	<u>(347,743)</u>	<u>1,875,325</u>
Total Other Financing Sources and (Uses)						
Net Change in Fund Balances	4,291,077	-	(25,815)	(6,198,253)	(337,756)	(2,270,747)
Fund Balances - Beginning of Year	23,206,521	-	101,235	(23,979,541)	2,285,487	1,613,702
Fund Balances - End of Year	<u>\$ 27,497,598</u>	<u>\$ -</u>	<u>\$ 75,420</u>	<u>\$ (30,177,794)</u>	<u>\$ 1,947,731</u>	<u>\$ (657,045)</u>

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Net changes in fund balances - total governmental funds		\$ (2,270,747)
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities assets are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.</p>		
	Capital outlays (excluding retainage)	7,517,521
	Depreciation expense	<u>(5,603,334)</u>
		1,914,187
Redemptions of bond anticipation notes are a revenue in the governmental funds, but not in the Statement of Activities.		(1,547,800)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of debt repayments made in the current period.		11,009,968
Amortization of bond premium is an adjustment to interest expense in the Statement of Activities.		246,901
Amortization of deferred loss on refunding is an adjustment to interest expense in the Statement of Activities		(19,014)
In the Statement of Activities, the actual and projected long term expenditures for postemployment benefits are reported, whereas, in the governmental funds only the actual expenditures are recorded for postemployment benefits.		(19,155,382)
(Increases) decreases in accrued compensated absences reported in the Statement of Activities do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.		310,000
(Increases) decreases in workers' compensation reported in the Statement of Activities do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.		255,000
(Increases) decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds.		(2,954,468)
Certain revenues deferred in the governmental funds are recognized in the Statement of Activities.		564,160
Accrued interest expense does not require the use of current resources and is, therefore, not reported as an expenditure in the governmental funds.		<u>124,782</u>
Change in net position of governmental activities		\$ <u><u>(11,522,413)</u></u>

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District and its component unit. The District is not a component unit of another reporting entity.

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

For the fiscal year ended June 30, 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities*. This Statement provides clearer guidance on identifying fiduciary activities for accounting and reporting purposes. As a result of applying this guidance and due to the administrative involvement defined in Note 1 to paragraph 8b of GASB 84, the District accounts for these student organization funds within the General Fund.

The Extraclassroom Activity Funds

The extraclassroom activity funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions, and the designation of student management. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the District's business office, located at 700 Delaware Ave, Delmar, NY.

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***B. Joint Venture***

The District is a component district of the Capital Region 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. There is no authority or process by which a school district can terminate its status as a BOCES component.

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. 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.

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

During the year ended June 30, 2021, Bethlehem Central School District was billed \$4,668,849 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$1,871,242. Financial statements for the BOCES are available from the BOCES administrative office.

***C. Basis of Presentation***

***District-wide statements***

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary.

Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column, if any, reflects capital-specific grants.

The Statement of Net Position presents the financial position of the District at fiscal year-end. 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. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. 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.

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*C. Basis of Presentation*

*Funds statements*

The funds statements provide information about the District's funds. The governmental fund statements present all governmental funds, each displayed in a separate column.

The District reports the following governmental funds:

*I. Governmental Funds*

General Fund

This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special Aid Fund

This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

School Lunch Fund

This fund is used to account for transactions of the District's lunch and breakfast programs.

Capital Projects Fund

This fund is used to account for and report financial resources to be used for the acquisition, construction or renovation of major capital facilities, or for the purchase of vehicles and equipment.

Debt Service Fund

This fund accounts for the accumulation of resources for the future payment of principal and interest on long-term general obligations debt of governmental activities.



**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***D. Measurement Focus and Basis of Accounting***

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

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, 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 they are collected within 60 days after the end of the fiscal year.

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

***E. Refundable Advances***

Refundable advances arise 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 refundable advances is removed and revenue is recognized.

***F. Property Taxes***

Real property taxes were levied by the Board of Education August 12, 2020. Taxes are collected during the period September 1 through October 31.

Uncollected real property taxes are subsequently enforced by the County of Albany, in which the District is located. An amount representing uncollected real property taxes, transmitted to Albany County for enforcement, is paid by the County to the District the following April.

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*G. Budgetary Procedures and Budgetary Accounting*

*I. Budgets*

The District administration prepares a proposed budget for the General Fund which is approved by the Board of Education.

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

Appropriations are adopted at the program line item level.

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

From Additional Revenues:

Expenses associated with supplies	\$ 166,482
Expenses associated with athletic program restorations	<u>2,713</u>
Total Supplemental Appropriations	<u>\$ 169,195</u>

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

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

The District is not required to formally adopt annual budgets for its special revenue funds. Accordingly, although the School Lunch Fund does have a management approved budget and each special aid fund project follows an approved project budget, no statement of budget and actual revenues and expenditures is presented for the special revenue funds.

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***G. Budgetary Procedures and Budgetary Accounting***

***II. Encumbrances***

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

***H. Cash and Investments***

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

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. Investments, if any, are stated at fair value. There were no investments at June 30, 2021.

***I. Accounts Receivable***

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

***J. Inventories and Prepaid Items***

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

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of the fund balance in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures if fund balance is available to reserve.

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***K. Inter-fund Transactions***

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

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

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

Refer to Note 2.A.II. for a detailed disclosure, by individual fund, of inter-fund receivables, payables, expenditures and revenues activity.

***L. Equity Classifications***

Net Position Flow Assumption:

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

Fund Balance Flow Assumption:

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

Order and Use of Fund Balance:

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

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*L. Equity Classifications*

District-wide statements:

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

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

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

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

Fund Statements:

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

**Non-spendable** - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$34,259 and prepaid expenses of \$41,050 recorded in the Special Aid Fund.

**Restricted** - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance. (See definition of encumbrances below). The School Lunch Fund has encumbrances of \$48,982. The District has established the following restricted fund balances:

Mandatory Reserve for Debt Service

According to General Municipal Law §6-1, this mandatory reserve is used to restrict the use of proceeds from the cash sale of a capital asset. The restricted funds are to be used only for the retirement of any outstanding obligations that were issued to finance the asset sold.

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, this reserve must be used for the payment of accrued employee benefits due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*L. Equity Classifications*

Retirement Contributions

According to General Municipal Law §6-r, this reserve must be used for financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. The Board may adopt a sub-fund for contributions to the Teachers Retirement System of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salary during the preceding fiscal year. The sub-fund is separately administered but must comply with existing General Municipal Law §6-r.

Tax Certiorari

According to Education Law §3651.1-a, this reserve must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings.

Workers' Compensation

The District is self-insured for workers' compensation on a cost-reimbursement basis. According to General Municipal Law §6-j, this reserve must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program.

Capital Reserve, 2015

This reserve was authorized by the voters May 19, 2015, and established under Education Law §3651(1). It is used to set aside funds for the purpose of paying the cost of future building projects. The authorization limits the funding of the reserve to \$10,000,000 and the reserve's authorization expires June 30, 2025.

Capital Reserve, 2019

This reserve was authorized by the voters May 21, 2019 and established under Education Law §3651(1). It is used to set aside funds for the purpose of paying the cost of future building projects. The authorization limits the funding of the reserve to \$10,000,000 and the reserve's authorization expires June 30, 2029.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*L. Equity Classifications*

Restricted fund equity includes the following:

General Fund:	
Mandatory Reserve for Debt Service	\$ 95,200
Employee Benefit Accrued Liability Reserve	1,400,000
Reserve for State and Local Retirement Contributions	2,700,000
Reserve for Teachers Retirement Contributions	1,925,000
Reserve for Tax Certiorari	500,000
Workers Compensation Reserves	895,000
Capital Reserve, 2015	5,100,000
Capital Reserve, 2019	<u>10,000,000</u>
Total General Fund	22,615,200
School Lunch Fund - Encumbrances	48,982
Debt Service Fund	<u>1,947,731</u>
Total Restricted Funds	<u><u>\$ 24,611,913</u></u>

**Committed** - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, i.e., the Board of Education. The District has no committed fund equity as of June 30, 2021.

**Assigned** - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget as well as encumbrances not classified as restricted as the end of the fiscal year. All encumbrances of the General Fund are classified as Assigned Fund Equity in the General Fund. Encumbrances reported in the General Fund amounted to \$1,020,819. Assigned – Appropriated fund balance amounted to \$390,000. The remaining fund equity in the other funds is also reported as assigned.

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*L. Equity Classifications*

Purpose of Encumbrances, General Fund:

General Support	\$ 710,734
Instruction	109,166
Pupil Transportation	<u>200,919</u>
	<u>\$ 1,020,819</u>

**Unassigned** - Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District. Deficit fund equity in governmental funds is classified as unassigned.

Fund statements:

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the district's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund equity of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation. The District did not exceed the 4% limitation at June 30, 2021.

*M. Deferred Outflows and Inflows of Resources*

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

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. The District has two items that qualify for reporting in this category. The first 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 periods



**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***M. Deferred Outflows and Inflows of Resources***

between the District’s contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reported in the District-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

***N. Capital Assets***

Capital assets are reported at historical cost or estimated historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Donated assets are reported at estimated fair market value at the time received.

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

	<b><u>Capitalization Threshold</u></b>	<b><u>Depreciation Method</u></b>	<b><u>Estimated Useful Life In Years</u></b>
Site improvements	\$25,000	SL	20
Buildings and improvements	\$50,000	SL	20-50
Vehicles	\$5,000	SL	8
Furniture & equipment	\$5,000	SL	5-20

***O. Short-Term Debt***

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

***P. Accrued Liabilities and Long-Term Obligations***

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

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

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Q. 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 District-wide statements, compared with the current financial resources focus of the governmental funds.

- a. Total fund balances of governmental funds vs. net position of governmental activities:

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions.

- b. Statement of Revenues, Expenditures and Changes in Fund Balances vs. Statement of Activities:

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Statement of Activities fall into one of five broad categories. The differences represent:

***Long-Term Revenue and Expense Differences***

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

***Capital Related Differences***

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

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Q. Explanation of Certain Differences between Governmental Fund Statements and District-wide Statements***

- b. Statement of Revenues, Expenditures and Changes in Fund Balances vs. Statement of Activities:

***Long-Term Debt Transaction Differences***

Long-term debt transaction differences occur because both interest and principal payments are reported as a reduction of liabilities in the Statement of Net Position.

***Pension Differences***

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

***OPEB Differences***

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

***R. Use of Estimates***

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

***S. Vested Employee Benefits***

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

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

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***S. Vested Employee Benefits***

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

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting method and an accrual for that liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

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

***T. Implementation of New Accounting Standards***

The District has adopted and implemented all applicable current Statements of the Governmental Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2021. There was no significant impact on the District as a result of implementing these standards:

GASB Statement No. 84, *Fiduciary Activities* (see Note 1A)

GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*

***U. Future Changes in Accounting Standards***

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

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

GASB Statement No. 92, *Omnibus 2020*, effective for the year ending June 30, 2022

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, effective for the year ending June 30, 2022

GASB Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, effective for the year ending June 30, 2022

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

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

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*U. Future Changes in Accounting Standards*

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

GASB issued Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, effective for the year ending June 30, 2022.

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

**2. DETAIL NOTES ON ALL FUNDS**

*A. Assets*

*I. Cash*

Deposits

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2021, all deposits were fully insured and collateralized by the District's agent in the District's name.

Restricted Cash

General:

Restricted cash at June 30, 2021 consists of:

Mandatory Reserve for Debt Service	\$ 95,200
Employee Benefit Accrued Liability Reserve	1,400,000
Reserves for Retirement Contributions	4,625,000
Reserve for Tax Certiorari	500,000
Workers' Compensation Reserve	895,000
Capital Reserves	15,100,000
Extraclassroom activity funds	211,306
Employee benefit plans	<u>538,212</u>
Total Restricted	<u>\$ 23,364,718</u>

Debt Service:

Restricted cash of \$1,947,731 at June 30, 2021 is restricted for the repayment of debt.

Capital Projects Fund:

Restricted cash of \$512,207 is restricted for voter-approved projects.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**2. DETAIL NOTES ON ALL FUNDS**

*A. Assets*

*II. Inter-fund Transactions*

Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that inter-fund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

During 20-21, the General Fund transferred \$99,708 to the Capital Projects Fund for a capital project, \$298,609 to the Special Aid Fund for the District's share of summer programs for special education students, and \$110,784 to the School Lunch Fund to cover operating deficits. The Debt Service Reserve Fund transferred \$347,743 to the General Fund for debt service payments.

Inter-fund balances at June 30, 2021 are as follows:

	<b><u>Interfund Receivable</u></b>	<b><u>Interfund Payable</u></b>	<b><u>Interfund Revenues</u></b>	<b><u>Interfund Expenditures</u></b>
General Fund	\$ 868,024	\$ -	\$ 347,743	\$ 509,101
Special Aid Fund	-	534,046	298,609	-
School Lunch Fund	-	139,800	110,784	-
Capital Projects Fund	-	194,178	99,708	-
Debt Service Fund	-	-	-	347,743
Total	<u>\$ 868,024</u>	<u>\$ 868,024</u>	<u>\$ 856,844</u>	<u>\$ 856,844</u>

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**2. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**III. Capital Assets**

	<u>7/1/2020</u>	<u>additions</u>	<u>deletions</u>	<u>6/30/2021</u>
Governmental Activities				
Capital assets that are not depreciated:				
Land	\$ 246,072	\$ -	\$ -	\$ 246,072
Construction in process	<u>26,200,273</u>	<u>-</u>	<u>26,200,273</u>	<u>-</u>
Total nondepreciable historical cost	<u>26,446,345</u>	<u>-</u>	<u>26,200,273</u>	<u>246,072</u>
Capital assets that are depreciated:				
Land improvements	938,809	65,231	-	1,004,040
Buildings and improvements	152,309,873	30,662,898	-	182,972,771
Vehicles	12,835,334	1,209,685	873,232	13,171,787
Machinery and equipment	<u>4,264,440</u>	<u>746,105</u>	<u>-</u>	<u>5,010,545</u>
Total depreciable historical cost	<u>170,348,456</u>	<u>32,683,919</u>	<u>873,232</u>	<u>202,159,143</u>
Less accumulated depreciation:				
Land improvements	197,785	44,958		242,743
Buildings and improvements	35,531,235	3,944,845		39,476,080
Vehicles	8,098,727	1,178,706	873,232	8,404,201
Machinery and equipment	<u>1,675,871</u>	<u>434,825</u>	<u>-</u>	<u>2,110,696</u>
Total accumulated depreciation	<u>45,503,618</u>	<u>5,603,334</u>	<u>873,232</u>	<u>50,233,720</u>
Total Capital Assets, Net	<u>\$ 151,291,183</u>	<u>\$ 27,080,585</u>	<u>\$ 26,200,273</u>	<u>\$ 152,171,495</u>

Depreciation was charged to governmental functions as follows:

General Support	\$ 206,074
Instruction	4,170,384
Transportation	<u>1,226,876</u>
Total Depreciation Expense	<u>\$ 5,603,334</u>

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

*General Information*

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

*Plan Description*

Teachers' Retirement System

The TRS is administered by the New York State Teachers' Retirement Board. 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. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in the New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The New York State TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report and additional information may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).



**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**2. DETAIL NOTES ON ALL FUNDS**

*B. Liabilities*

*I. Pension Plans*

*Plan Description*

Employees' Retirement System

The New York State and Local Employees' Retirement 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. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report and additional information may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244 or found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php).

*Contributions*

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

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**2. DETAIL NOTES ON ALL FUNDS**

*B. Liabilities*

*I. Pension Plans*

*Contributions*

The District is required to contribute at an actuarially determined rate. The required contributions for the current year and two preceding years were:

	<u>ERS</u>	<u>TRS</u>
2020-21	\$ 2,346,534	\$ 3,263,277
2019-20	2,270,565	2,897,620
2018-19	2,217,768	3,453,848

The District contributions made to the Systems were equal to 100 percent of the contributions required for each year.

*Pension Liabilities*

At June 30, 2021, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2021 for ERS and June 30, 2020 for TRS. The total net pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation as of that date. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	April 1, 2020	June 30, 2019
Net pension asset/(liability)	\$(46,896)	\$(5,342,449)
District's portion of the Plan's total net pension asset/(liability)	0.0470967%	0.193338%

*Pension Expense*

For the year ended June 30, 2021, the District recognized its proportionate share of pension expense of \$1,088,970 for ERS and \$7,207,277 for TRS.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

*Deferred Outflows and Inflows of Resources Related to Pensions*

At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experiences	\$ 572,728	\$ 4,681,055	\$ -	\$ 273,790
Changes of assumptions	8,622,673	6,756,955	162,626	2,408,501
Net difference between projected and actual earnings on pension plan investments	-	3,489,088	13,471,310	-
Changes in proportion and differences between contributions and proportionate share of contributions	674,411	424,279	289,512	33,715
Contributions subsequent to the measurement date	669,539	3,478,680	-	-
Total	<u>\$ 10,539,351</u>	<u>\$ 18,830,057</u>	<u>\$ 13,923,448</u>	<u>\$ 2,716,006</u>

The District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year ended March 31, 2022 for ERS and June 30, 2021 for TRS. Other amounts reported as deferred outflows of resources, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended:	<u>ERS</u>	<u>TRS</u>
2021	\$ -	\$ 2,173,999
2022	(620,261)	4,294,015
2023	(175,179)	3,539,423
2024	(667,594)	2,222,056
2025	(2,590,602)	145,401
Thereafter	-	260,477

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

*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 valuation used the following actuarial assumptions:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Interest Rate	5.9%	7.1%
Salary Scale	4.4%	1.9% - 4.72%
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation rate	2.7%	2.2%
Projected Cost of Living Adjustments	1.4% annually	1.3% annually

For ERS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries Scale MP-2020. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2019.

For ERS, the actuarial assumptions used in the April 1, 2020 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, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014.

For ERS, the long-term expected 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 return net of investment expenses 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 the target asset allocation percentage and by adding expected inflation.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

*Actuarial Assumptions*

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized below:

**ERS**

	<b><u>Target allocation 2021</u></b>	<b><u>Long-term expected real rate of return* 2021</u></b>
Asset Class:		
Domestic equity	32%	4.05%
International equity	15	6.30
Private equity	10	6.75
Real estate	9	4.95
Opportunistic ARS portfolio	3	4.50
Credit	4	3.63
Real assets	3	5.95
Fixed income	23	0.00
Cash	<u>1</u>	0.50
Total	<u>100%</u>	

\* Real rates of return are net of the long-term inflation assumption of 2.0% for 2021.

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

For TRS, the long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

*Actuarial Assumptions*

**TRS**

	<b><u>Target allocation 2020</u></b>	<b><u>Long-term expected real rate of return* 2020</u></b>
Asset Class:		
Domestic equity	33%	7.1 %
International equity	16	7.7
Global equity	4	7.4
Real estate equity	11	6.8
Private equity	8	10.4
Domestic fixed income	16	1.8
Global bonds	2	1.0
High-yield bonds	1	3.9
Private debt	1	5.2
Real estate debt	7	3.6
Cash equivalents	<u>1</u>	0.7
Total	<u>100%</u>	

\* Real rates of return are net of the long-term inflation assumption of 2.2% for 2020.

*Discount Rate*

The discount rate used to calculate the total pension asset/(liability) was 5.9% for ERS and 7.1% 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 determined. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/(liability).

*Sensitivity of the Proportionate Share of the Net Pension 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 7.1% 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 6.1% for TRS) or 1-percentage-point higher (6.9% for ERS and 8.1% for TRS) than the current rate:

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

*Sensitivity of the Proportionate Share of the Net Pension Asset/(Liability) to the Discount Rate Assumption*

<b><u>ERS</u></b>	<b>1% Decrease <u>(4.9%)</u></b>	<b>Current Assumption <u>(5.9%)</u></b>	<b>1% Increase <u>(6.9%)</u></b>
Employer's proportionate share of the net pension asset/(liability)	\$(13,016,532)	\$(46,896)	\$11,914,143
<b><u>TRS</u></b>	<b>1% Decrease <u>(6.1%)</u></b>	<b>Current Assumption <u>(7.1%)</u></b>	<b>1% Increase <u>(8.1%)</u></b>
Employer's proportionate share of the net pension asset/(liability)	\$(33,746,411)	\$(5,342,449)	\$18,495,673

*Changes of Assumptions*

Changes of assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits.

*Collective Pension Expense*

Collective pension expenses include certain current period changes in the collective net pension asset/(liability), projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the year ended June 30, 2021 is \$1,319,648 for ERS and \$7,285,638 for TRS.

*Payables to the Pension Plan*

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$669,539.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a State aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 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, 2021 amounted to \$3,478,680.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***II. Indebtedness***

Short-Term Debt

Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds are 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 General Long-Term Debt Account Group when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance-sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

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

Interest paid	\$ 484,043
Less interest accrued in the prior year	(73,485)
Plus interest accrued in the current year	<u>46,012</u>
Total Expense	<u>\$ 456,570</u>

The following is a summary of changes in short-term debt for the year ended June 30, 2021:

Balance, July 1, 2020	\$ 31,018,551
Increases	30,680,751
Decreases	<u>(31,018,551)</u>
Balance, June 30, 2021	<u>\$ 30,680,751</u>

Bond anticipation notes outstanding as of June 30, 2021 consist of a \$26,975,551 note maturing on June 28, 2022 with an interest rate of 1.00% and a \$3,705,200 note maturing on July 16, 2021 with an interest rate of 1.25%.

Long-Term Debt

Serial Bonds and Capital Leases

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 the capital assets. These long-term liabilities are full faith and credit debt of the District. The provision 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. During the current year, the District's expenditures for long-term debt interest included \$1,146,503 for serial bonds and \$82,363 for an installment obligation.



**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***II. Indebtedness***

Long-Term Debt

Interest on long-term debt was comprised of:

Interest paid	\$ 1,228,866
Less interest accrued in the prior year	(275,855)
Plus interest accrued in the current year	178,546
Plus amortization of deferred loss	19,014
Less amortization of bond premium	<u>(246,901)</u>
Total Expense	<u>\$ 903,670</u>

Changes

The changes in indebtedness during the year ended June 30, 2021 are summarized as follows:

	<u>Balance</u> <u>7/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2021</u>
Serial bonds	\$ 32,220,000	\$ -	\$ 9,200,000	\$ 23,020,000
Unamortized premiums	1,318,673	-	246,901	1,071,772
Less: Unamortized loss on refunding*	<u>81,490</u>	<u>-</u>	<u>19,014</u>	<u>62,476</u>
Bonds	33,457,183	-	9,427,887	24,029,296
Capital lease (EPC)	3,667,327	-	262,168	3,405,159
Compensated absences	3,406,000	-	310,000	3,096,000
Workers compensation	1,150,000	-	255,000	895,000
Other postemployment benefits	328,541,154	-	50,818,188	277,722,966
Net pension liabilities	<u>13,164,687</u>	<u>-</u>	<u>7,775,342</u>	<u>5,389,345</u>
Total	<u>\$ 383,386,351</u>	<u>\$ -</u>	<u>\$ 68,848,585</u>	<u>\$ 314,537,766</u>

The above liabilities are liquidated by the general fund.

\*This item is recorded as a deferred outflow on the statement of net position.

Defeased Debt

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. \$11,240,000 of bonds outstanding are considered defeased.

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***II. Indebtedness***

Capital Lease

On June 30, 2016, the District entered into an Energy Performance Contract which is accounted for as a capital lease. The leased assets and related obligations are accounted for in Capital Assets and Long-Term Debt, respectively. The following is a schedule of future minimum lease payments under this capital lease, together with the net present value of the minimum lease payments as of June 30, 2021:

<u>Year</u>	<u>Total</u>
2022	\$ 344,531
2023	344,531
2024	344,531
2025	344,531
2026	344,531
Thereafter	<u>2,153,325</u>
Minimum capital lease payments	3,875,980
Less: amount representing interest	<u>(470,821)</u>
Present value of minimum lease payments	<u>\$ 3,405,159</u>

Maturity

The following is a summary of maturity of indebtedness:

<u>Description of Issue</u>	<u>Original Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2021</u>
<u>Serial Bonds</u>				
Advanced refunding	2012	2022	4%	1,580,000
Advanced refunding	2015	2035	3-5%	7,810,000
Construction	2016	2030	2-5%	12,295,000
Advanced refunding	2020	2030	5%	<u>1,335,000</u>
Total serial bonds				<u>\$ 23,020,000</u>
<u>Capital Lease</u>				
Energy performance contract	2016	2033	2.303%	<u>\$ 3,405,159</u>

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**2. DETAIL NOTES ON ALL FUNDS**

*B. Liabilities*

*II. Indebtedness*

The following is a summary of maturing debt service requirements for general obligation bonds:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Premium</u>	<u>Total</u>
2022	\$ 5,385,000	\$ 782,825	\$ 219,571	\$ 5,948,254
2023	1,895,000	577,625	192,215	2,280,410
2024	1,815,000	485,500	164,217	2,136,283
2025	1,805,000	395,625	140,426	2,060,199
2026	1,860,000	321,950	118,110	2,063,840
2027-2031	8,305,000	797,075	237,233	8,864,842
2032-2035	<u>1,955,000</u>	<u>124,550</u>	<u>-</u>	<u>2,079,550</u>
Total	<u>\$ 23,020,000</u>	<u>\$ 3,485,150</u>	<u>\$ 1,071,772</u>	<u>\$ 25,433,378</u>

In addition to the outstanding debt listed above, the District had authorized, but unissued, bonds in an amount not to exceed \$32,165,551 to be used for facilities improvements, and \$1,475,000 to be used for Bus purchases.

*III. Constitutional Debt Limit*

The constitution of the State of New York limits the amount of indebtedness which may be issued by the District. Basically, the District may issue indebtedness to the extent that the aggregate outstanding debt issues which are subject to such limit does not exceed 10% of the full valuation of taxable real estate within the District. At June 30, 2021, the District has exhausted 15.99% of its constitutional debt limit.

*IV. Deferred Inflows of Resources*

Deferred inflows of resources on the Balance Sheet – Governmental Funds arise when a potential revenue does not match both the measurable and available criteria for recognition in the current period. The District has established a sixty-day availability period.

**3. COMMITMENTS AND CONTINGENCIES**

*A. Risk Financing and Related Insurance*

General Information

The Bethlehem Central School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters. 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.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**3. COMMITMENTS AND CONTINGENCIES**

*A. Risk Financing and Related Insurance*

Workers' Compensation Insurance

The District is self-insured for workers' compensation costs, electing to pay 100% of claims incurred and related medical and administrative costs. The District has contracted with Glacier Bay LLC for third party administration. The Workers' Compensation Reserve, \$895,000 at June 30, 2021, is maintained for the purpose of funding future claims. Claims and claims adjustment expenses are summarized below for the past two years:

	<u>2021</u>	<u>2020</u>
Unpaid claims and claim adjustment expenses, beginning of year	\$ 788,578	\$ 896,769
Incurred claims and claim adjustment expenses:		
Provision for incurred claims expenditures for events of the current year	204,610	96,348
Increase (decrease) in provision for incurred events of the prior years	<u>(118,292)</u>	<u>70,609</u>
Total incurred claims and claim adjustment expenses	874,896	1,063,726
Payments made for claims during the year	<u>(412,598)</u>	<u>(275,148)</u>
Total unpaid claims and claim adjustment expenses, end of year	<u>\$ 462,298</u>	<u>\$ 788,578</u>

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**3. COMMITMENTS AND CONTINGENCIES**

***A. Risk Financing and Related Insurance***

Health Insurance

The District is a member of the Capital Area Schools Health Insurance Consortium (the “Consortium”), which is a trust formed under New York State Law on May 1, 1994. The Consortium is considered a public entity risk pool which is defined as a cooperative group of governmental entities joining together to finance an exposure, liability or risk, and is tax-exempt under Section 501(c)(9) of the Internal Revenue Code. The Consortium is governed by a trust agreement and a board of trustees who execute the provisions of the Trust, as set forth in the agreement. The Consortium has contracted with Amsure Associates for third party administration.

The Consortium was formed to allow its member school districts to obtain health insurance and prescription drug benefits at lower cost through a pooled purchasing arrangement. The Consortium procures group insurance contracts with insurance carriers for medical, prescription drug and dental benefits, in which the Consortium is not liable for any medical, prescription drug or dental claims. However, the Consortium also maintains a self-insured prescription drug plan for which the individual Consortium members are liable for any claims in excess of the balances maintained by the Consortium. As of June 30, 2021, the District’s prescription drug plan account balance maintained by the Consortium is approximately \$3.315 million. The Consortium also maintains an account balance for the District of approximately \$3.167 million to fund supplemental premium payments that may be required under the retrospective funding arrangement in place for one of the insurance contracts.

The District has chosen to establish a self-funded prescription drug benefit program for all eligible employees. The pharmacy benefit manager, Blue Shield of Northeastern New York, is responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The benefit program reports on a fiscal year ending June 30. The program is accounted for in the General Fund of the District. At year-end, the District has a liability of \$0. With electronic claims submissions, all incurred claims are reported within two weeks, and have been included within the fiscal year’s claims, effectively representing reported and unreported claims which were incurred on or before year-end, but which were not paid by the District as of that date. Claims activity is summarized below for the past two fiscal years:

	<u>2020-21</u>	<u>2019-20</u>
Claims and Administration Fees	\$6,122,396	\$6,179,527
Claim Payments	(6,122,396)	(6,179,527)
Estimated Incurred but not reported as of June 30	<u>-</u>	<u>-</u>
Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>

***B. Collective Bargaining Units***

Bethlehem Central School District employees are represented by collective bargaining agents. Those agents which represent them and the dates of expiration of their agreements are as follows:

Bethlehem Central Teachers Association	June 30, 2025
Bethlehem Central United Employees Association	June 30, 2023
Bethlehem Central Principals Association	June 30, 2023

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**3. COMMITMENTS AND CONTINGENCIES**

*C. Other Items*

The District has received grants, which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the District's administration believes disallowances, if any, will be immaterial.

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19, a respiratory disease, to be a pandemic. It is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity, and future operations. The District's operations are heavily dependent on real property taxes and state aid. Additionally, access to grants, funding and contracts from federal, state and local governments may decrease or may not be available depending on appropriations. The outbreak will likely have a continued material adverse impact on the economy and cost of education. In August 2020 the Governor signed a legislation that provides financial flexibility to school districts as a result of the pandemic. The full impact of the COVID-19 outbreak continues to evolve as of the date these financial statements were available to be issued.

**4. POSTEMPLOYMENT BENEFITS OBLIGATION**

*Plan Description*

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

*Funding Policy*

The obligations of the Plan members and employers are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. Employees are required to reach age 55 and have 8 to 15 years of service to qualify for other postemployment benefits. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis. During the year ended June 30, 2021 approximately \$4,800,000 was paid on behalf of 460 retirees.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**4. POSTEMPLOYMENT BENEFITS OBLIGATION**

*Benefits Provided*

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

*Employees Covered by Benefit Terms*

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	460
Inactive plan members entitled to but not yet receiving benefit payments	0
Active plan members	<u>725</u>
Total plan members	<u>1,185</u>

*Net OPEB Liability*

The District's total OPEB liability of \$277,722,966 was measured as of June 30, 2021; the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020.

*Actuarial Assumptions and Other Inputs*

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

Inflation	2.50%
Salary increases	2.9% - 10% - Varied by years of service and retirement system
Discount Rate	2.16% (based on the Bond Buyer General Obligation 20-year Municipal Bond Index)
Healthcare cost trend rates	5.70% for 2020 decreasing to an ultimate rate of 4.04% by 2075
Part B Reimbursement	None

Mortality rates were based on PUB-2010 Headcount-Weighted Table (Teachers for TRS group and General Employees for ERS group) projected fully generationally using MP-2020.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**4. POSTEMPLOYMENT BENEFITS OBLIGATION**

*Changes in the Net OPEB Liability*

Changes in the District's net OPEB liability were as follows:

<b>Balance as of June 30, 2020</b>	\$ 328,541,154
<b>Changes for the year:</b>	
Service Cost	14,774,650
Interest	7,534,232
Change in benefit terms	(446,344)
Difference between expected and actual experience	(41,436,270)
Changes of assumptions or other inputs	(26,417,421)
Benefit payments	(4,827,035)
Net changes	<u>(50,818,188)</u>
<b>Balance as of June 30, 2021</b>	<u>\$ 277,722,966</u>

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

The following presents the District's total OPEB liability, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.16%) or 1 percentage point higher (3.16%) than the current discount rate:

	<b>1% Decrease (1.16%)</b>	<b>Discount Rate (2.16%)</b>	<b>1% Increase (3.16%)</b>
Total OPEB Liability	\$339,041,152	\$277,722,966	\$230,289,099

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

The following presents the District's total OPEB liability, 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 (4.70% decreasing to 3.04%) or 1 percentage point higher (6.70% decreasing to 5.04%) than the current healthcare cost trend rate:

	<b>1% Decrease (4.70% decreasing to 3.04%)</b>	<b>Healthcare Cost Trend Rate (5.70% decreasing to 4.04%)</b>	<b>1% Increase (6.70% decreasing to 5.04%)</b>
Total OPEB Liability	\$222,848,343	\$277,722,966	\$351,898,262



**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2021**

**4. POSTEMPLOYMENT BENEFITS OBLIGATION**

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$23,982,417. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 35,992	\$ 35,974,150
Changes of assumptions	66,296,388	27,746,955
Contributions subsequent to measurement period	<u>-</u>	<u>-</u>
	<b><u>\$ 66,332,380</u></b>	<b><u>\$ 63,721,105</u></b>

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

<b><u>Year ending June 30,</u></b>	
2022	\$ 2,119,879
2023	2,119,879
2024	2,119,879
2025	2,463,404
2026	3,481,621
Thereafter	(9,693,387)

**5. TAX ABATEMENTS**

The Town of Bethlehem enters into various property tax abatement programs for the purpose of economic development. The District's property tax revenue was reduced \$88,022. The District received Payment in Lieu of Taxes (PILOT) payments totaling \$3,517,463.

**6. DEFICIT FUND EQUITY**

The Capital Projects Fund had a deficit of \$30,177,794. This amount will be reduced as financing is paid off or permanent financing is obtained.

**7. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through October 12, 2021, which is the date these financial statements were issued. All subsequent events requiring recognition or disclosure as of June 30, 2021, have been incorporated into these financial statements.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Adopted Budget</u>	<u>Prior Year Encumbrances</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
<b>REVENUES</b>						
Local Sources						
Real property taxes	\$ 68,718,000	\$ -	\$ 68,718,000	\$ 64,767,686	\$ 64,765,333	\$ (2,353)
Other tax items	3,532,000	-	3,532,000	7,482,313	7,497,127	14,814
Charges for services	459,000	-	459,000	459,000	310,079	(148,921)
Use of money and property	548,000	-	548,000	548,000	79,584	(468,416)
Sale of property and compensation for loss	199,000	-	199,000	199,000	131,383	(67,617)
Miscellaneous	378,000	-	378,000	395,868	544,203	148,335
<b>Total Local Sources</b>	<b>73,834,000</b>	<b>-</b>	<b>73,834,000</b>	<b>73,851,867</b>	<b>73,327,709</b>	<b>(524,158)</b>
State sources	26,132,000	-	26,132,000	26,132,000	27,622,454	1,490,454
Federal Sources	170,000	-	170,000	321,328	5,000	(316,328)
<b>Total Revenues</b>	<b>100,136,000</b>	<b>-</b>	<b>100,136,000</b>	<b>100,305,195</b>	<b>100,955,163</b>	<b>649,968</b>
<b>OTHER FINANCING SOURCES</b>						
Premium on BAN	-	-	-	-	327,525	327,525
Operating Transfers In	350,000	-	350,000	350,000	347,743	(2,257)
<b>Total Other Financing Sources</b>	<b>350,000</b>	<b>-</b>	<b>350,000</b>	<b>350,000</b>	<b>675,268</b>	<b>325,268</b>
<b>Total Revenues and Other Financing Sources</b>	<b>100,486,000</b>	<b>-</b>	<b>100,486,000</b>	<b>100,655,195</b>	<b>\$ 101,630,431</b>	<b>\$ 975,236</b>
<b>APPROPRIATED FUND BALANCE</b>						
Prior year's encumbrances	-	92,137	92,137	92,137		
Appropriated fund balance	3,000,000	-	3,000,000	3,000,000		
<b>Total Revenues, Other Sources and Appropriated Fund Balance</b>	<b>\$ 103,486,000</b>	<b>\$ 92,137</b>	<b>\$ 103,578,137</b>	<b>\$ 103,747,332</b>		

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Adopted Budget	Prior Year Encumbrances	Original Budget	Final Budget	Actual	Year-End Encumbrances	Final Budget Variance With Actual and Encumbrances
<b>EXPENDITURES</b>							
General Support							
Board of education	\$ 61,990	\$ -	\$ 61,990	\$ 88,193	\$ 67,108	\$ -	\$ 21,085
Central administration	288,222	-	288,222	287,622	269,558	-	18,064
Finance	758,733	322	759,055	726,154	695,764	-	30,390
Staff	926,885	108	926,993	923,993	734,435	-	189,558
Central services	5,373,423	50,205	5,423,628	5,779,161	4,947,524	710,734	120,903
Special items	763,716	-	763,716	638,716	619,301	-	19,415
<b>Total General Support</b>	<b>8,172,969</b>	<b>50,635</b>	<b>8,223,604</b>	<b>8,443,839</b>	<b>7,333,690</b>	<b>710,734</b>	<b>399,415</b>
Instruction							
Administration and improvement	4,138,199	216	4,138,415	3,978,095	3,839,817	6,000	132,278
Teaching - regular school	26,662,471	21,153	26,683,624	25,930,220	24,659,779	54,050	1,216,391
Programs for students with disabilities	11,154,010	554	11,154,564	11,221,380	9,806,473	990	1,413,917
Programs for English language learners	-	-	-	370,085	358,008	-	12,077
Occupational education	1,015,245	-	1,015,245	1,374,473	1,329,603	19,842	25,028
Teaching - special schools	188,030	-	188,030	152,130	39,322	-	112,808
Instructional media	3,707,888	816	3,708,704	3,777,236	3,647,320	9,639	120,277
Pupil services	5,221,017	18,736	5,239,753	5,423,586	4,923,374	18,645	481,567
<b>Total Instruction</b>	<b>52,086,860</b>	<b>41,475</b>	<b>52,128,335</b>	<b>52,227,205</b>	<b>48,603,696</b>	<b>109,166</b>	<b>3,514,343</b>
Pupil Transportation	6,011,144	-	6,011,144	6,263,144	5,030,672	200,919	1,031,553
Community Services	68,549	27	68,576	68,576	67,225	-	1,351
Employee Benefits	23,857,718	-	23,857,718	23,506,625	23,072,093	-	434,532
Debt Service							
Principal	11,024,968	-	11,024,968	11,009,968	11,009,968	-	-
Interest	1,749,792	-	1,749,792	1,712,975	1,712,909	-	66
<b>Total Debt Service</b>	<b>12,774,760</b>	<b>-</b>	<b>12,774,760</b>	<b>12,722,943</b>	<b>12,722,877</b>	<b>-</b>	<b>66</b>
<b>Total Expenditures</b>	<b>102,972,000</b>	<b>92,137</b>	<b>103,064,137</b>	<b>103,232,332</b>	<b>96,830,253</b>	<b>1,020,819</b>	<b>5,381,260</b>
<b>OTHER FINANCING USES</b>							
Operating Transfers Out	514,000	-	514,000	515,000	509,101	-	5,899
<b>Total Expenditures and Other Uses</b>	<b>\$ 103,486,000</b>	<b>\$ 92,137</b>	<b>\$ 103,578,137</b>	<b>\$ 103,747,332</b>	<b>\$ 97,339,354</b>	<b>\$ 1,020,819</b>	<b>\$ 5,387,159</b>
Net Change in Fund Balance					\$ 4,291,077		
Fund Balance - Beginning of Year					23,206,521		
Fund Balance - End of Year					<u>27,497,598</u>		

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2021**

	<b>Fiscal Year Ending</b>			
	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>
<b>Total OPEB Liability</b>				
Measurement date	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Service cost	\$ 14,774,650	\$ 9,549,710	\$ 6,195,169	\$ 6,458,575
Interest	7,534,232	8,820,211	8,365,137	7,516,564
Changes in benefit terms	(446,344)	-	(2,096,330)	-
Difference between expected and actual experience in the measurement of the total OPEB liability	(41,436,270)	50,390	(731,754)	-
Changes in assumptions and other inputs	(26,417,421)	70,947,059	24,991,866	(10,550,427)
Benefit payments	(4,827,035)	(5,085,275)	(4,800,963)	(2,097,317)
Net Change in Total OPEB Liability	(50,818,188)	84,282,095	31,923,125	1,327,395
Total OPEB Liability - beginning	328,541,154	244,259,059	212,335,934	211,008,539
Total OPEB Liability - ending	<u>\$ 277,722,966</u>	<u>\$ 328,541,154</u>	<u>\$ 244,259,059</u>	<u>\$ 212,335,934</u>
Covered-employee payroll	\$ 45,548,998	\$ 48,711,047	\$ 41,021,071	\$ 44,827,947
Total OPEB Liability as a percentage of covered-employee payroll	609.7%	674.5%	595.4%	473.7%

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
FOR THE YEAR ENDED JUNE 30, 2021  
Last 10 Fiscal Years**

**Employees' Retirement System**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability	0.0470967%	0.0497145%	0.0500938%	0.0518951%	0.0492385%	0.0492035%	0.0491334%
District's proportionate share of the net pension liability	\$ 46,896	\$13,164,687	\$ 3,549,299	\$ 1,674,886	\$ 4,626,556	\$ 7,897,294	\$ 1,659,847
District's covered payroll	\$15,232,755	\$15,748,111	\$16,003,093	\$15,544,511	\$ 14,850,244	\$ 14,129,297	\$ 13,438,468
District's proportionate share of the net pension liability as a percentage of its covered payroll	0%	84%	22%	11%	31%	56%	12%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.71%	97.90%

**Teachers' Retirement System**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.193338%	0.194331%	0.198306%	0.202106%	0.201328%	0.200866%	0.201861%
District's proportionate share of the net pension liability (asset)	\$ 5,342,449	\$(5,048,738)	\$(3,585,897)	\$(1,536,208)	\$ 2,156,307	\$(20,863,576)	\$ (22,486,051)
District's covered payroll	\$32,815,569	\$32,437,037	\$32,301,838	\$32,027,182	\$ 31,066,941	\$ 30,172,800	\$ 29,818,005
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	16%	-16%	-11%	-5%	7%	-69%	-75%
Plan fiduciary net position as a percentage of the total pension liability (asset)	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled this presentation will only include information for those years for which information is available.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF DISTRICT CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2021**

Last 10 Fiscal Years

**Employees' Retirement System**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,346,534	\$ 2,270,565	\$ 2,217,768	\$ 2,244,547	\$ 2,193,332	\$ 2,360,540	\$ 2,558,354
Contributions in relation to the contractually required contribution	<u>2,346,534</u>	<u>2,270,565</u>	<u>2,217,768</u>	<u>2,244,547</u>	<u>2,193,332</u>	<u>2,360,540</u>	<u>2,558,354</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 15,232,755	\$ 15,748,111	\$ 16,003,093	\$ 15,544,511	\$ 14,850,244	\$ 14,129,297	\$13,438,468
Contributions as a percentage of covered payroll	15.40%	14.42%	13.86%	14.44%	14.77%	16.71%	19.04%

**Teachers' Retirement System**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,263,277	\$ 2,897,620	\$ 3,453,848	\$ 3,168,114	\$ 3,691,368	\$ 4,083,988	\$ 5,230,838
Contributions in relation to the contractually required contribution	<u>3,263,277</u>	<u>2,897,620</u>	<u>3,453,848</u>	<u>3,168,114</u>	<u>3,691,368</u>	<u>4,083,988</u>	<u>5,230,838</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 32,815,569	\$ 32,437,037	\$ 32,301,838	\$ 32,027,182	\$ 31,066,941	\$ 30,172,800	\$29,818,005
Contributions as a percentage of covered payroll	9.94%	8.93%	10.69%	9.89%	11.88%	13.54%	17.54%

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled this presentation will only include information for those years for which information is available.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO FINAL BUDGET  
 AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND  
 FOR THE YEAR ENDED JUNE 30, 2021**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget		\$ 103,486,000
Additions:		
Prior year's encumbrances		<u>92,137</u>
Original Budget		103,578,137
Budget revisions		<u>169,195</u>
Final Budget		<u><u>\$ 103,747,332</u></u>

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

2021-22 voter-approved expenditure budget		<u><u>\$ 102,037,000</u></u>
Maximum allowed (4% of 21-22 budget)		<u><u>\$ 4,081,480</u></u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:		
Unrestricted fund balance:		
Assigned fund balance	\$ 1,020,819	
Unassigned fund balance		<u>3,471,579</u>
Total Unrestricted Fund Balance		\$ 4,492,398
Less:		
Encumbrances (included in assigned fund balance)	<u>1,020,819</u>	
Total adjustments		<u>1,020,819</u>
General Fund Fund Balance subject to Section 1318 of Real Property Tax Law:		<u><u>\$ 3,471,579</u></u>
Actual percentage		<u><u>3.40%</u></u>

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF PROJECT EXPENDITURES AND FINANCING RESOURCES - CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

PROJECT TITLE	SED PROJECT #	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2021
				Prior Years	Current Year	Total		State Sources	Local Sources	Financed Sources	Total	
2016 Capital Project												
Eagle Elementary	0026005	\$ 692,411	\$ -	\$ 608,779	\$ -	\$ 608,779	\$ (608,779)	\$ -	\$ 39,500	\$ -	\$ 39,500	\$ (569,279)
Elsmere Elementary	0008019	2,618,642	-	2,175,300	510,686	2,685,986	(2,685,986)	-	-	-	-	(2,685,986)
Glenmont Elementary	0002015	1,368,704	-	917,408	300,726	1,218,134	(1,218,134)	-	-	-	-	(1,218,134)
Hamagrael Elementary	0003018	195,340	-	158,327	-	158,327	(158,327)	-	-	-	-	(158,327)
Slingerlands Elementary	0009014	1,275,893	-	954,223	247,041	1,201,264	(1,201,264)	-	-	-	-	(1,201,264)
Middle School	0005024	2,820,905	-	2,994,066	2,155,813	5,149,879	(5,149,879)	-	-	-	-	(5,149,879)
High School	0006034	20,737,539	-	15,402,014	2,993,208	18,395,222	(18,395,222)	-	5,190,000	-	5,190,000	(13,205,222)
Operations & Maintenance	3012008	84,955	-	67,469	-	67,469	(67,469)	-	-	-	-	(67,469)
Bus Garage	5010011	975,385	-	830,292	276,813	1,107,105	(1,107,105)	-	-	-	-	(1,107,105)
Toilet/storage building at HS field	7051001	335,498	-	278,193	33,245	311,438	(311,438)	-	-	-	-	(311,438)
HS varsity baseball dugout 1st base	7054001	34,400	-	27,966	4,648	32,614	(32,614)	-	-	-	-	(32,614)
HS varsity baseball dugout 3rd base	7055001	34,403	-	27,969	4,648	32,617	(32,617)	-	-	-	-	(32,617)
HS press box new	7056001	949,243	-	696,620	-	696,620	(696,620)	-	-	-	-	(696,620)
HS press box demo	7023002	9,821	-	1,099	6,176	7,275	(7,275)	-	-	-	-	(7,275)
HS masonry shed	2018001	16,206	-	13,336	1,682	15,018	(15,018)	-	-	-	-	(15,018)
HS concession stand	7028002	16,206	-	13,336	1,682	15,018	(15,018)	-	-	-	-	(15,018)
Total 2016 Capital Project		32,165,551	-	25,166,397	6,536,368	31,702,765	(31,702,765)	-	5,229,500	-	5,229,500	(26,473,265)
MS elevator upgrade	0005025	100,000	99,708	-	99,708	99,708	-	-	99,708	-	99,708	-
Smart Schools Bond Act		1,157,105	1,157,105	957,258	194,178	1,151,436	5,669	1,151,436	-	-	1,151,436	-
School Bus Purchases		6,496,500	6,486,000	5,276,628	1,209,685	6,486,313	(313)	-	2,781,784	-	2,781,784	(3,704,529)
Totals		\$ 39,919,156	\$ 7,742,813	\$ 31,400,283	\$ 8,039,939	\$ 39,440,222	\$ (31,697,409)	\$ 1,151,436	\$ 8,110,992	\$ -	\$ 9,262,428	\$ (30,177,794)



**BETHLEHEM CENTRAL SCHOOL DISTRICT  
SUPPLEMENTARY INFORMATION  
NET INVESTMENT IN CAPITAL ASSETS  
JUNE 30, 2021**

<b>Capital Assets, Net</b>	\$ <u>152,171,495</u>
<b>Add:</b>	
Deferred loss on refunding	62,476
Restricted cash	<u>512,207</u>
	<u>574,683</u>
<b>Deduct:</b>	
Bond anticipation notes	30,680,751
Short-term portion of bonds payable	5,385,000
Long-term portion of bonds payable	17,635,000
Premium on bonds	1,071,772
Capital lease	<u>3,405,159</u>
	<u>58,177,682</u>
<b>Net Investment in Capital Assets</b>	\$ <u><u>94,568,496</u></u>

**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 of  
Bethlehem Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Bethlehem Central School District (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 12, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

## **Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Marvin and Company, P.C.*

Latham, NY

October 12, 2021

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

To the President and Members of the Board of Education of  
Bethlehem Central School District

### **Report on Compliance for Each Major Federal Program**

We have audited the Bethlehem Central School District's (the District) compliance with the types of compliance requirements described 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, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Bethlehem Central School District's compliance.

### **Opinion on Each Major Federal Program**

In our opinion, the Bethlehem Central School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

## Report on Internal Control over Compliance

Management of the Bethlehem Central School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

*Marvin and Company, P.C.*

Latham, NY

October 12, 2021

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2021**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title Program Title</b>	<b>Federal Assistance Listings CFDA Number</b>	<b>Pass- Through Grantor's Number</b>	<b>Passed Through To Subrecipient</b>	<b>Total Federal Expenditures</b>
<b><u>U.S. Department of Education</u></b>				
Passed Through New York State Education Department:				
Special Education Cluster				
Special Education - Grants to States	84.027	0032-21-0017	-	\$ 917,845
Special Education Preschool Grants	84.173	0033-21-0017	-	<u>29,701</u>
Total Special Education Cluster				<u>947,546</u>
Title I Grants to Local Educational Agencies	84.010	0021-20-0015	-	32,013
Title I Grants to Local Educational Agencies	84.010	0021-21-0015	-	<u>107,297</u>
Total Title I				<u>139,310</u>
Improving Teacher Quality State Grants	84.367	0147-20-0015	-	56,271
Improving Teacher Quality State Grants	84.367	0147-21-0015	-	<u>74,019</u>
Total Improving Teacher Quality State Grants				<u>130,290</u>
English Language Acquisition State Grants	84.365	0293-21-0015	-	11,450
Emergency Impact Aid	84.938C	0080-21-0015	-	8,781
COVID-19 CARES Act - ESSERF	84.425D	5895-21-2715	-	<u>2,988</u>
Total U.S. Department of Education				<u>1,240,365</u>
<b><u>U.S. Department of Agriculture</u></b>				
Passed Through New York State Education Department:				
Child Nutrition Cluster				
COVID-19 Summer Food Service Program	10.559	Not Applicable	-	1,039,862
Food Distribution	10.555	Not Applicable	-	<u>27,507</u>
Total Child Nutrition Cluster				<u>1,067,369</u>
Total Expenditures of Federal Awards				<u>\$ 2,307,734</u>

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2021**

**1. BASIS OF PRESENTATION**

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

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

The federal expenditures are recognized under the Uniform Guidance.

**3. SCOPE OF AUDIT**

The Bethlehem Central School District is an independent municipal corporation. All federal grant operations of the District are included in the scope of the single audit.

**4. NON-CASH ASSISTANCE**

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2021, the District received food commodities totaling \$27,507.

**5. INDIRECT COST RATE**

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

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

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_yes        X  no
- Significant deficiency(ies) identified? \_\_\_\_\_yes        X  none reported

Noncompliance material to financial statements noted? \_\_\_\_\_yes        X  no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_yes        X  no
- Significant deficiency(ies) identified? \_\_\_\_\_yes        X  none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_yes        X  no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.555 and 10.559	Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? \_\_\_\_\_yes        X  no

**Section II: Financial Statement Findings**

*Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:*

None



**BETHLEHEM CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2021**

**Section III: Federal Award Findings and Questioned Costs**

*Findings and questioned costs related to Federal awards which are required to be reported in accordance with the Uniform Guidance 2 CFR 200.516(a):*

None

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2021**

**Finding 2020-001** Special Education Cluster- Procurement, Suspension and Debarment

*Statement of Condition:* During our discussions with management and testing of the major program, we noted that the District is not verifying the eligibility of vendors to participate in Federal assistance programs.

Current Status

The District has implemented their corrective action plan for the above finding, therefore finding not required to be repeated.