

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
FINANCIAL REPORT  
JUNE 30, 2022**

**BETHLEHEM CENTRAL SCHOOL DISTRICT**

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Bethlehem Central School District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Bethlehem Central School District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

#### **Change in Accounting Principle**

As described in Note 7 to the financial statements, in 2021/2022, the District adopted new accounting guidance, GASB Statement No. 87, *Leases*, and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. Our opinion is not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial 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.

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages A1- A10, budgetary comparison information on pages C1 and C2, schedule of changes in total OPEB liability on page C3, schedules of proportionate share of net pension liability (asset) on page C4 and schedules of district contributions on page C5 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic

financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 F4 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 was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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, 2022, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's 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, 2022

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION  
AND ANALYSIS (UNAUDITED)  
JUNE 30, 2022**

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, 2022. Please review it in conjunction with the District’s financial statements and the accompanying notes to the financial statements.

**FINANCIAL HIGHLIGHTS**

The 2021-22 fiscal year maintained the strength of the District’s overall financial position, with a gradual return to more normal instructional services, as the on-going COVID-19 pandemic waned. Students attended school in person for the entire year. The Federal government continued its funding of free meals for all students. Although the District continued to struggle with sufficient staffing coverage in all areas, the instructional program and support operations were carried out with minimal disruptions to students.

Operating expenditures were about \$6.7 million below budget, driven by under-expenditures in instructional services of \$2.2M, \$2.0M in fringe benefits, \$1.2M in pupil transportation, \$700K in general support and \$493K in debt service.

Revenues were \$852,000 more than budgeted, largely due to receipt of state aid in excess of what was anticipated, due to additional reimbursements on special education services and transportation. The school tax levy increased by \$515,000, from a 0.75% levy increase, which was below the Maximum Allowable Tax Levy. Rising interest rates yielded approximately \$121,000 more than the prior year.

The 2021-22 surplus of \$6.4M was added to fund equity, with the majority of the surplus used to fund the newly approved 2022 Capital Reserve Fund, in the amount of \$6.2M.

**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, 2022**

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, 2022**

**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, 2022**

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

**Figure A-2**

**Net Position**

	<u>Governmental Activities and Total School District</u>		
	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>
Current and Other Assets	\$ 83,744,108	\$ 38,787,861	\$ 44,956,247
Capital Assets, Net	<u>149,078,949</u>	<u>152,171,495</u>	<u>(3,092,546)</u>
Total Assets	✔ <u>232,823,057</u>	✔ <u>190,959,356</u>	✔ <u>41,863,701</u>
Deferred Outflows of Resources	<u>81,519,835</u>	<u>95,764,264</u>	<u>(14,244,429)</u>
Total Assets and Deferred Outflows of Resources	<u>314,342,892</u> ✔	<u>286,723,620</u>	<u>27,619,272</u>
Current Liabilities	17,070,945	43,666,311	(26,595,366)
Long-term Liabilities	46,288,480	31,224,006	15,064,474
Other Postemployment Benefits Obligation	<u>226,168,112</u>	<u>277,722,966</u>	<u>(51,554,854)</u>
Total Liabilities	<u>289,527,537</u>	<u>352,613,283</u> ✔	<u>(63,085,746)</u>
Deferred Inflows of Resources	<u>160,832,711</u>	<u>80,360,559</u>	<u>80,472,152</u>
Total Liabilities and Deferred Inflows of Resources	<u>450,360,248</u> ✔	<u>432,973,842</u>	<u>17,386,406</u>
Net Position			
Net Investment in Capital Assets	99,383,417	94,568,496	4,814,921
Restricted	31,008,384	24,611,913	6,396,471
Unrestricted	<u>(266,409,157)</u>	<u>(265,430,631)</u>	<u>(978,526)</u>
Total Net Position	<u>\$ (136,017,356)</u>	<u>\$ (146,250,222)</u>	<u>\$ 10,232,866</u>

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION  
AND ANALYSIS (UNAUDITED)  
JUNE 30, 2022**

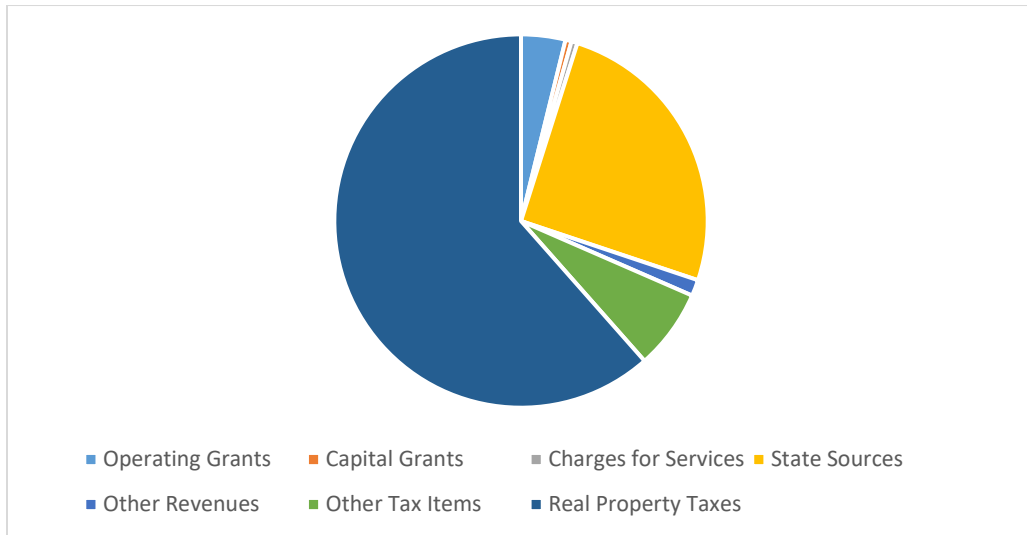
Figure A-3

**Changes in Net Position from Operating Results**

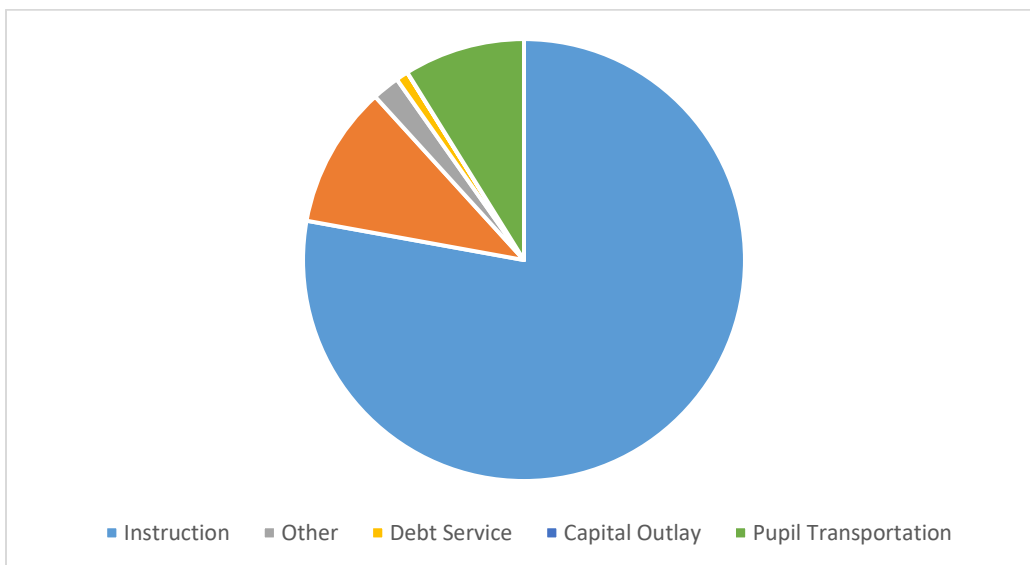
	<u>Governmental Activities and Total School District</u>		
	<u>2022</u>	<u>2021</u>	<u>Increase (Decrease)</u>
<b>Revenues</b>			
Program Revenues (netted in expenses, below)			
Charges for Services	\$ 559,780	\$ 372,590	\$ 187,190
Operating Grants	4,090,245	\$ 2,816,152	1,274,093
Capital Grants	560,047	194,178	365,869
	<u>\$ 5,210,072</u>	<u>\$ 3,382,920</u>	<u>\$ 1,827,152</u>
General Revenues:			
Real Property Taxes	\$ 65,519,498	\$ 64,765,333	\$ 754,165
Other Tax Items	7,398,542	7,497,127	(98,585)
State Aid	26,888,865	28,183,946	(1,295,081)
Other Revenues	1,495,138	772,825	722,313
Total General Revenues	<u>101,302,043</u>	<u>101,219,231</u>	<u>82,812</u>
<b>Expenses</b>			
General Support	10,083,033	11,394,496	(1,311,463)
Instruction	75,528,530	89,738,745	(14,210,215)
Pupil Transportation	8,590,695	10,507,637	(1,916,942)
Debt Service - Interest	866,555	1,360,240	(493,685)
Capital Outlay	12,200	(194,178)	206,378
Other	1,936,730	262,229	1,674,501
Total Expenses	<u>97,017,743</u>	<u>113,069,169</u>	<u>(16,051,426)</u>
<b>Other Financing Sources (Uses)</b>			
Premium on BAN	-	327,525	(327,525)
Total Other Financing Sources	<u>-</u>	<u>327,525</u>	<u>(327,525)</u>
Increase (Decrease) in Net Position	<u>\$ 9,494,372</u>	<u>\$ (8,139,493)</u>	<u>\$ 17,633,865</u>

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION  
AND ANALYSIS (UNAUDITED)  
JUNE 30, 2022**

**Figure A-4 – Sources of Revenue for Fiscal Year 2022**



**Figure A-5 – Expenses for Fiscal Year 2022**



**BETHLEHEM CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION  
AND ANALYSIS (UNAUDITED)  
JUNE 30, 2022**

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

**Total Governmental Funds**

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Total Assets and Deferred Outflows	\$ 46,466,443	\$ 39,635,885
Total Liabilities and Deferred Inflows	\$ 15,034,514	\$ 40,312,930
Fund Equity		
Nonspendable	223,028	75,309
Restricted	31,008,384	24,611,913
Assigned	492,389	1,410,819
Unassigned (Deficit)	<u>(291,872)</u>	<u>(26,755,086)</u>
Total Fund Equity (Deficit)	<u>\$ 31,431,929</u>	<u>\$ (657,045)</u>

The following is a summary of the fund balances (accumulated deficits) for the years ended June 30, 2022 and June 30, 2021 by individual fund:

	<u>Fund Equity (Deficit) 2022</u>	<u>Fund Equity (Deficit) 2021</u>	<u>Increase (Decrease)</u>
General	\$ 33,919,010	\$ 27,497,598	\$ 6,421,412
School Lunch	290,704	75,420	215,284
Special Aid	-	-	-
Capital Projects	(4,441,169)	(30,177,794)	25,736,625
Debt Service	<u>1,663,384</u>	<u>1,947,731</u>	<u>(284,347)</u>
Totals	<u>\$ 31,431,929</u>	<u>\$ (657,045)</u>	<u>\$ 32,088,974</u>

The following is a summary of General Fund revenues for the years ended June 30, 2022 and 2021:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Increase (Decrease)</u>
Taxes and Other Tax Items	\$ 72,918,040	\$ 72,262,460	\$ 655,580
Use of Money and Property	200,555	79,584	120,971
State and Federal Sources	27,852,353	27,627,454	224,899
Other	<u>1,473,815</u>	<u>985,665</u>	<u>488,150</u>
Totals	<u>\$ 102,444,763</u>	<u>\$ 100,955,163</u>	<u>\$ 1,489,600</u>

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION  
AND ANALYSIS (UNAUDITED)  
JUNE 30, 2022**

The following is a summary of General Fund expenditures for the years ended June 30, 2022 and 2021:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Increase (Decrease)</u>
General Support	\$ 8,303,160	\$ 7,333,690	\$ 969,470
Instruction	50,209,867	48,603,696	1,606,171
Pupil Transportation	5,593,690	5,030,672	563,018
Community Service	67,783	67,225	558
Employee Benefits	22,472,377	23,072,093	599,716
Capital Outlay	-	-	-
Debt Service	<u>9,583,835</u>	<u>12,722,877</u>	<u>(3,139,042)</u>
Totals	<u>\$ 96,230,712</u>	<u>\$ 96,830,253</u>	<u>\$ 599,891</u>

The overall 0.62% decrease in expenditures was driven by reductions in Debt Service and Employee Benefits, offset by normal operating increases in the remaining programmatic areas.

The difference between the General Fund's original budget and final amended budget was \$1,474,381 comprised of \$453,562 for gifts, donations and other revenues and \$1,020,819 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, 2022, the District had invested \$149 million, net of accumulated depreciation, in school buildings, buses and other vehicles and equipment.

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Land	\$ 246,072	\$ 246,072
Construction in Progress	1,535,213	-
Land Improvements	715,345	761,297
Buildings and Improvements	138,857,709	143,496,691
Vehicles	4,119,821	4,767,586
Machinery and Equipment	<u>3,604,789</u>	<u>2,899,849</u>
Total	<u>\$ 149,078,949</u>	<u>\$ 152,171,495</u>

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION  
AND ANALYSIS (UNAUDITED)  
JUNE 30, 2022**

**Obligations**

The District had long-term debt including serial bonds and an energy performance contract outstanding as of June 30, 2022 and 2021 as follows:

	<u>June 30, 2022</u>	<u>June 30, 2021</u>
Serial Bonds	\$ 40,640,000	\$ 23,020,000
Energy Performance contract	3,136,889	3,405,159
Total	<u>\$ 43,776,889</u>	<u>\$ 26,425,159</u>

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

The District currently has \$27 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 \$346 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 \$1.5M increase in state foundation aid during the 2022-23 school year, with an indication that an additional increase will be included within the state budget over the subsequent fiscal years. The District also continues to benefit from the granting of \$5.9M in Federal ARP/ESSER grant funding spanning a two year period, intended to help defray COVID-related instructional impacts.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION  
AND ANALYSIS (UNAUDITED)  
JUNE 30, 2022**

**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, 2022**

**ASSETS**

Current Assets	
Cash - Unrestricted	\$ 7,388,184
Cash - Restricted	32,637,964
Accounts Receivable	129,050
State and Federal Aid Receivable	3,577,259
Due From Other Governments	160,752
Inventories	41,884
Prepaid Expenditures	181,144
Capital Assets, net	149,078,949
Lease Assets, Net	881,993
Net Pension Asset, Proportionate Share	38,745,878
Total Assets	<u>232,823,057</u>
Deferred Outflows of Resources	
Loss on Refunding	46,709
Pensions	28,201,578
Other Post Employment Benefits	53,271,548
Total Deferred Outflows of Resources	<u>81,519,835</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 314,342,892</u>

**LIABILITIES**

Current Liabilities	
Accounts Payable	\$ 844,677
Accrued Liabilities	436,623
Due to Other Governments	610,507
Bond Interest Accrued	112,527
Due to Teachers' Retirement System	3,743,437
Due to Employees' Retirement System	486,287
Other Liabilities	935,792
Refundable Advances	1,049,856
Bond Anticipation Notes	3,724,000
Long-Term Liabilities - Due and Payable Within One Year	
Bonds	4,690,000
Installment Purchase Debt	274,514
Lease Liabilities	162,725
Long-Term Liabilities - Due and Payable After One Year	
Bonds	35,950,000
Unamortized Bond Premium	3,075,616
Installment Purchase Debt	2,862,375
Lease Liabilities	315,489
Compensated Absences	3,245,000
Workers' Compensation	840,000
Other Post Employment Benefits Payable	226,168,112
Total Liabilities	<u>289,527,537</u>
Deferred Inflows of Resources	
Pensions	52,287,153
Other Post Employment Benefits	108,545,558
Total Deferred Inflows of Resources	<u>160,832,711</u>

**NET POSITION**

Net Investment in Capital Assets	99,383,417
Restricted	31,008,384
Unrestricted	(266,409,157)
Total Net Position	<u>(136,017,356)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 314,342,892</u>

See accompanying notes to financial statements.

B1.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

	<b>Program Revenues</b>			<b>Net (Expense)</b>
<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<b>Revenue and</b>
	<u>Services</u>	<u>Grants</u>	<u>Grants</u>	<b>Changes in</b>
				<b>Net Position</b>
<b>FUNCTIONS AND PROGRAMS</b>				
General Support	\$ 10,083,033	\$ -	\$ -	\$ (10,083,033)
Instruction	75,528,530	354,805	2,172,875	(73,000,850)
Pupil transportation	8,590,695	-	-	(8,590,695)
Community Service	67,783	-	-	(67,783)
Debt service - interest	866,555	-	-	(866,555)
Capital Outlay	12,200	-	560,047	547,847
School lunch program	<u>1,868,947</u>	<u>204,975</u>	<u>1,917,370</u>	<u>253,398</u>
 Total Functions and Programs	 <u>\$ 97,017,743</u>	 <u>\$ 559,780</u>	 <u>\$ 4,090,245</u>	 <u>\$ 560,047</u>
<b>GENERAL REVENUES</b>				
Real property taxes				72,918,040
Investment earnings				63,189
Use of money and property				139,756
Sale of property and compensation for loss				105,052
State sources				26,888,865
Federal sources				160,194
Miscellaneous				<u>1,026,947</u>
 Total General Revenues				 <u>101,302,043</u>
 Change in Net Position				 <u>9,494,372</u>
 Total Net Position - Beginning of Year, as Previously Reported				 (146,250,222)
 Cumulative Effect of Change in Accounting Principle (Note 7)				 <u>738,494</u>
 Total Net Position - Beginning of Year, as Restated				 <u>(145,511,728)</u>
 Total Net Position - End of Year				 <u>\$ (136,017,356)</u>

See accompanying notes to financial statements.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
JUNE 30, 2022**

	<u>General Fund</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>Assets</b>						
Cash - Unrestricted	\$ 6,746,415	\$ 514,676	\$ 127,093	\$ -	\$ -	\$ 7,388,184
Cash - Restricted	30,143,203	-	-	834,264	1,660,497	32,637,964
State and Federal Receivable	1,806,432	813,221	397,559	560,047	-	3,577,259
Due From Other Governments	160,752	-	-	-	-	160,752
Due From Other Funds	2,347,319	-	-	-	2,887	2,350,206
Accounts Receivable	127,881	-	1,169	-	-	129,050
Inventories	-	-	41,884	-	-	41,884
Prepaid Expenditures	-	181,144	-	-	-	181,144
<b>Total Assets</b>	<b><u>\$ 41,332,002</u></b>	<b><u>\$ 1,509,041</u></b>	<b><u>\$ 567,705</u></b>	<b><u>\$ 1,394,311</u></b>	<b><u>\$ 1,663,384</u></b>	<b><u>\$ 46,466,443</u></b>
<b>Liabilities</b>						
Accounts Payable	\$ 364,299	\$ 28,128	\$ 1,024	\$ 451,226	\$ -	\$ 844,677
Accrued Liabilities	421,668	7,875	7,080	-	-	436,623
Due to Other Funds	-	581,291	108,661	1,660,254	-	2,350,206
Due to Other Governments	608,380	272	1,855	-	-	610,507
Due to Teachers' Retirement System	3,743,437	-	-	-	-	3,743,437
Due to Employees' Retirement System	486,287	-	-	-	-	486,287
Other Liabilities	935,792	-	-	-	-	935,792
Refundable Advances	-	891,475	158,381	-	-	1,049,856
Bond Anticipation Notes	-	-	-	3,724,000	-	3,724,000
<b>Total Liabilities</b>	<b><u>6,559,863</u></b>	<b><u>1,509,041</u></b>	<b><u>277,001</u></b>	<b><u>5,835,480</u></b>	<b><u>-</u></b>	<b><u>14,181,385</u></b>
Deferred Inflows of Resources	853,129	-	-	-	-	853,129
<b>Fund Equity (Deficiency)</b>						
Fund Equity (Deficiency):						
Non-spendable	-	181,144	41,884	-	-	223,028
Restricted	29,345,000	-	-	-	1,663,384	31,008,384
Assigned	243,569	-	248,820	-	-	492,389
Unassigned	4,330,441	(181,144)	-	(4,441,169)	-	(291,872)
<b>Total Fund Equity (Deficiency)</b>	<b><u>33,919,010</u></b>	<b><u>-</u></b>	<b><u>290,704</u></b>	<b><u>(4,441,169)</u></b>	<b><u>1,663,384</u></b>	<b><u>31,431,929</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Equity (Deficiency)</b>	<b><u>\$ 41,332,002</u></b>	<b><u>\$ 1,509,041</u></b>	<b><u>\$ 567,705</u></b>	<b><u>\$ 1,394,311</u></b>	<b><u>\$ 1,663,384</u></b>	<b><u>\$ 46,466,443</u></b>

Amounts reported for governmental activities in the statement of net position are different due to the following:

Fund equity of the governmental funds	\$ 31,431,929
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	149,078,949
Accrued interest expense is reported under the accrual basis	(112,527)
Receivables expected to be collected after the 90 day availability period are reported as deferred inflows in the governmental funds but as revenue in the entity-wide statements	853,129
Lease Asset	881,993
Lease Liability	(478,214)
Net pension asset	38,745,878
Net Deferred (inflows)/outflows related to net pension asset/liability adjustments	(24,085,575)
Net Deferred (inflows)/outflows related to other post employment benefits	(55,274,010)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not compensated absent reported in the funds	(277,058,908)
<b>Net Position of Governmental Activities</b>	<b><u>\$ (136,017,356)</u></b>

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY -**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>General Fund</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 and Tax Items	\$ 72,918,040	\$ -	\$ -	\$ -	\$ -	\$ 72,918,040
Charges for Services	354,805	-	-	-	-	354,805
Use of Money and Property	200,555	-	-	-	2,390	202,945
Sale of Property and Compensation for Loss	105,052	-	-	-	-	105,052
Miscellaneous	1,013,958	-	12,989	-	-	1,026,947
State Sources	27,692,159	371,852	30,789	560,047	-	28,654,847
Federal Sources	160,194	1,801,023	1,886,581	-	-	3,847,798
Sales	-	-	204,975	-	-	204,975
<b>Total Revenues</b>	<u>102,444,763</u>	<u>2,172,875</u>	<u>2,135,334</u>	<u>560,047</u>	<u>2,390</u>	<u>107,315,409</u>
<b>Expenditures</b>						
General Support	8,303,160	-	-	-	-	8,303,160
Instruction	50,209,867	2,243,723	-	2,204,676	-	54,658,266
Pupil Transportation	5,593,690	127,650	-	497,227	-	6,218,567
Community Services	67,783	-	-	-	-	67,783
Employee Benefits	22,472,377	101,107	231,929	-	-	22,805,413
Debt Service - Principal	8,401,445	-	-	-	-	8,401,445
Debt Service - Interest	1,182,390	-	-	-	-	1,182,390
Cost of Sales	-	-	1,637,018	-	-	1,637,018
Capital Outlay	-	-	52,017	-	-	52,017
<b>Total Expenditures</b>	<u>96,230,712</u>	<u>2,472,480</u>	<u>1,920,964</u>	<u>2,701,903</u>	<u>-</u>	<u>103,326,059</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>6,214,051</u>	<u>(299,605)</u>	<u>214,370</u>	<u>(2,141,856)</u>	<u>2,390</u>	<u>3,989,350</u>
<b>Other Sources And (Uses)</b>						
Interfund Transfers, net	(7,480)	299,605	914	(6,302)	(286,737)	-
Proceeds of Bond Issuance	-	-	-	23,005,000	-	23,005,000
Proceeds of Leases	214,841	-	-	-	-	214,841
Premium on Issuance	-	-	-	2,223,415	-	2,223,415
BANs Redeemed From Appropriations	-	-	-	2,656,368	-	2,656,368
<b>Total Other Sources (Uses)</b>	<u>207,361</u>	<u>299,605</u>	<u>914</u>	<u>27,878,481</u>	<u>(286,737)</u>	<u>28,099,624</u>
<b>Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)</b>	<u>6,421,412</u>	<u>-</u>	<u>215,284</u>	<u>25,736,625</u>	<u>(284,347)</u>	<u>32,088,974</u>
Fund Equity, Beginning 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>
<b>Fund Equity, End of Year</b>	<u>\$ 33,919,010</u>	<u>\$ -</u>	<u>\$ 290,704</u>	<u>\$ (4,441,169)</u>	<u>\$ 1,663,384</u>	<u>\$ 31,431,929</u>

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND EQUITY OF THE GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2022**

Net changes in fund equity - total governmental funds	\$	32,088,974
<p>Capital outlays for the purchase of capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their useful lives as depreciation expense in the statement of activities.</p>		
Depreciation and amortization expense	\$	(6,335,316)
Capital outlays (excluding retainage)		(3,092,546)
		3,242,770
<p>Outlays for the acquisition of leased assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their useful lives as amortization expense in the statement of activities.</p>		
Amortization expense		(461,323)
Lease expenditures		(211,681)
		249,642
<p>Interest is recognized as an expense in the governmental funds when paid. For governmental activities, interest expense is recognized as it accrues.</p>		
		112,031
<p>Bond proceeds and premiums are revenue in governmental funds, but proceeds increase long-term liabilities in the statement of net position.</p>		
		(25,228,415)
<p>Lease proceeds are revenue in governmental funds but increase long-term liabilities in the statement of net position.</p>		
		(214,842)
<p>Lease principal payments are expenditures in governmental funds but are recorded as payments of liabilities in the statement of net position</p>		
		91,807
<p>Bond anticipation notes redeemed from appropriations is revenue in governmental funds, but not in the statement of activities.</p>		
		(2,656,368)
<p>Repayments of short-term and long-term debt are recorded as expenditures in the governmental funds but are recorded as payments of liabilities in the statement of net position.</p>		
		8,309,638
<p>Certain revenues deferred in the governmental funds are recognized in the statement of activities.</p>		
		(803,293)
<p>Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:</p>		
Other Post Employment Benefits		(6,377,327)
Compensated Absences		(149,000)
Workers Compensation		55,000
Adjustments for net pension liability - ERS		1,877,059
Adjustments for net pension asset - TRS		5,489,531
<p>Amortization of bond premium, issuance costs and loss on refunding bonds is an adjustment to interest expense in the statement of activities.</p>		
		203,804
Change in net position - governmental activities	\$	9,494,372

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**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:

The Statement 84, Fiduciary Activities, provided 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 footnote 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, 2022**

**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, 2022, Bethlehem Central School District was billed \$4,451,382 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$1,702,375. 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, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***C. Basis of Presentation***

Employee benefits were charged to governmental functions as follows:

General Support	\$	1,852,097
Instruction		17,922,430
Pupil Transportation		1,903,694
Total Employee Benefits	\$	<u>21,678,221</u>

See Note 2.A. III for allocation of depreciation.

***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, 2022**

**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 11, 2021. 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, 2022**

**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	\$ 292,922
Expenses associated with athletic program restorations	5,426
Expenses associated with equipment	6,875
Expenses associated with CARES Act Grants ESSER & GEER	<u>148,339</u>
Total Supplemental Appropriations	<u>\$ 453,562</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, 2022**

**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, 2022.

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

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**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 Equity 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 equity). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund equity 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 Equity:

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

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**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 equity:

**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 equity includes the inventory recorded in the School Lunch Fund of \$41,884 and prepaid expenses of \$181,144 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 equity. (See definition of encumbrances below). The District has established the following restricted fund equities:

Reserve for Debt Service

The restricted funds are used to account for the advanced refunding of debt and unspent proceeds of debt, to be used only for the retirement of any outstanding obligations that were issued to finance the asset.

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, 2022**

**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.

Capital Reserve, 2022

This reserve was authorized by the voters May 17, 2022 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 \$20,000,000 and the reserve's authorization expires June 30, 2032.

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, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***L. Equity Classifications***

Restricted fund equity includes the following:

General Fund:	
Employee Benefit Accrued Liability Reserve	\$ 1,400,000
Reserve for State and Local Retirement Contributions	2,700,000
Reserve for Teachers Retirement Contributions	2,605,000
Reserve for Tax Certiorari	500,000
Workers Compensation Reserves	840,000
Capital Reserve, 2015	5,100,000
Capital Reserve, 2019	10,000,000
Capital Reserve, 2022	<u>6,200,000</u>
Total General Fund	29,345,000
Debt Service Fund	<u>1,663,384</u>
Total Restricted Funds	<u>\$ 31,008,384</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, 2022.

**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 equity represents the residual amount of fund equity. Assigned fund equity 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 \$243,569. Assigned – Appropriated fund equity amounted to \$0. The remaining fund equity in the other funds is also reported as assigned. School Lunch Fund reported \$248,820 as assigned.

Purpose of Encumbrances, General Fund:

General Support	\$ 121,735
Instruction	92,773
Pupil Transportation	<u>29,061</u>
	<u>\$ 243,569</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.

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***L. Equity Classifications***

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 exceeded the 4% limitation by \$222,521 at June 30, 2022.

***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 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 and Lease Assets***

Capital Asset

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.



**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*N. Capital Assets and Lease Assets*

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

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

Lease Assets

The District-wide financial statements, lease assets are reported within the major class of the underlying asset and valued at the future minimum lease payment. Amortization is 5 years based on the contract terms and/or estimated replacement of the assets.

*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. Payables, 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 post employment 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, 2022**

**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 equities of governmental funds vs. net position of governmental activities:

Total fund equities 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 and lease assets and long-term liabilities, including pensions.

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

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Equities 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.

***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.

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

***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 post employment 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.

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.

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***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, 2022. There was no significant impact on the District as a result of implementing these standards:

GASB Statement No. 87, *Leases*, effective for the year ending June 30, 2022, see Note 7.

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, effective for the year ending June 30, 2022. This statement had no impact on the District.

GASB Statement No. 92, *Omnibus 2020*, effective for the year ending June 30, 2022. This statement had no impact on the District.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, effective for the year ending June 30, 2022. This statement had no impact on the District.

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. This statement had no impact on the District.

GASB Statement No. 98, *The Annual Comprehensive Financial Report*, effective for the year ending June 30, 2022. This statement had no impact on the District.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending June 30, 2023. This statement was implemented early as permitted. See Note 7.

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

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.

GASB Statement No. 99, *Omnibus 2022*, effective for the year ending June 30, 2023.

GASB Statement No. 100, *Accounting Changes and Error Corrections*, effective for the year ending June 30, 2024.

GASB Statement No. 101, *Compensated Absences*, effective for the year ending June 30, 2025.

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.

***V. Restricted Resources***

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

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**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, 2022, all deposits were fully insured and collateralized by the District's agent in the District's name.

Restricted Cash

General Fund:

Restricted cash at June 30, 2022 consists of:

Employee Benefit Accrued Liability Reserve	\$ 1,400,000
Reserves for Retirement Contributions	5,305,000
Reserve for Tax Certiorari	500,000
Workers' Compensation Reserve	840,000
Capital Reserves	21,300,000
Extraclassroom activity funds	205,679
Employee benefit plans	<u>592,524</u>
Total Restricted	<u>\$ 30,143,203</u>

Debt Service Fund:

Restricted cash of \$1,660,497 at June 30, 2022 is restricted for the repayment of debt.

Capital Projects Fund:

Restricted cash of \$834,264 is restricted for voter-approved projects.

*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 21-22, the General Fund transferred \$299,605 to the Special Aid Fund for the District's share of summer programs for special education students, and \$914 to the School Lunch Fund to cover operating deficits. The Debt Service Reserve Fund transferred \$293,039 to the General Fund for debt service payments.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**2. DETAIL NOTES ON ALL FUNDS**

*A. Assets*

*II. Inter-fund Transactions*

Inter-fund balances at June 30, 2022 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 2,347,319	\$ -	\$ 293,039	\$ 300,519
Special Aid Fund	-	581,291	299,605	-
School Lunch Fund	-	108,661	914	-
Capital Projects Fund	-	1,660,254	-	-
Debt Service Fund	2,887	-	-	293,039
Total	<u>\$ 2,350,206</u>	<u>\$ 2,350,206</u>	<u>\$ 593,558</u>	<u>\$ 593,558</u>

*III. Capital Assets*

	<u>7/1/2021</u>	<u>additions</u>	<u>deletions</u>	<u>6/30/2022</u>
Governmental Activities				
Capital assets that are not depreciated:				
Land	\$ 246,072	\$ -	\$ -	\$ 246,072
Construction in process	-	1,535,213	-	1,535,213
Total nondepreciable historical cost	<u>246,072</u>	<u>1,535,213</u>	<u>-</u>	<u>1,781,285</u>
Capital assets that are depreciated:				
Land improvements	1,004,040	-	-	1,004,040
Buildings and improvements	182,972,771	-	-	182,972,771
Vehicles	13,171,787	497,227	958,965	12,710,049
Machinery and equipment	5,010,545	1,210,330	-	6,220,875
Total depreciable historical cost	<u>202,159,143</u>	<u>1,707,557</u>	<u>958,965</u>	<u>202,907,735</u>
Less accumulated depreciation:				
Land improvements	242,743	45,952	-	288,695
Buildings and improvements	39,476,080	4,638,982	-	44,115,062
Vehicles	8,404,201	1,144,992	958,965	8,590,228
Machinery and equipment	2,110,696	505,390	-	2,616,086
Total accumulated depreciation	<u>50,233,720</u>	<u>6,335,316</u>	<u>958,965</u>	<u>55,610,071</u>
Total Capital Assets, Net	<u>\$ 152,171,495</u>	<u>\$ (3,092,546)</u>	<u>\$ -</u>	<u>\$ 149,078,949</u>

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**2. DETAIL NOTES ON ALL FUNDS**

*A. Assets*

*III. Capital Assets*

Depreciation was charged to governmental functions as follows:

General Support	\$ 214,465
Instruction	4,888,438
Transportation	<u>1,232,413</u>
Total Depreciation Expense	<u>\$ 6,335,316</u>

*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, 2022**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

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.

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>
2021-22	\$ 2,429,297	\$ 3,258,467
2020-21	2,346,534	3,263,277
2019-20	2,270,565	2,897,620

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



**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

*Pension Liabilities*

At June 30, 2022, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2022 for ERS and June 30, 2021 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, 2021	June 30, 2020
Net pension asset/(liability)	\$3,837,383	\$34,908,495
District's portion of the Plan's total net pension asset/(liability)	0.0469428%	0.201445%

*Pension Expense*

For the year ended June 30, 2022, the District recognized its proportionate share of pension expense of \$173,559 for ERS and \$2,000,310 for TRS.

*Deferred Outflows and Inflows of Resources Related to Pensions*

At June 30, 2022, 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	\$ 290,610	\$ 4,811,766	\$ 376,938	\$ 181,365
Changes of assumptions	6,404,161	11,482,134	108,063	2,033,317
Net difference between projected and actual earnings on pension plan investments	-	-	12,565,821	36,535,352
Changes in proportion and differences between contributions and proportionate share of contributions	649,411	333,772	217,858	268,439
Contributions subsequent to the measurement date	486,287	3,743,437	-	-
<b>Total</b>	<b>\$ 7,830,469</b>	<b>\$ 20,371,109</b>	<b>\$ 13,268,680</b>	<b>\$ 39,018,473</b>

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

*Deferred Outflows and Inflows of Resources Related to Pensions*

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, 2023 for ERS and June 30, 2022 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:

	<u>ERS</u>	<u>TRS</u>
Year ended:		
2022	\$ -	\$ (4,469,486)
2023	(799,969)	(5,255,857)
2024	(1,290,922)	(6,628,686)
2025	(3,207,857)	(8,790,970)
2026	(625,750)	1,624,587
Thereafter	-	1,129,611

*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, 2022	June 30, 2021
Actuarial valuation date	April 1, 2021	June 30, 2020
Interest Rate	5.9%	6.95%
Salary Scale	4.4%	1.95% - 5.18%
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2015 - June 30, 2020 System's Experience
Inflation rate	2.7%	2.4%
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-2020.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

*Actuarial Assumptions*

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

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.

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 2022</u></b>	<b><u>Long-term expected real rate of return* 2022</u></b>
Asset Class:		
Domestic equity	32.0%	3.30%
International equity	15.0	5.85
Private equity	10.0	6.50
Real estate	9.0	5.00
Opportunistic Absolute Return Strategy portfolio	3.0	4.10
Credit	4.0	3.78
Real assets	3.0	5.80
Fixed income	23.0	0.00
Cash	<u>1.0</u>	(1.00)
Total	<u>100%</u>	

\* Real rates of return are net of the long-term inflation assumption of 2.50% for 2022.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

*Actuarial Assumptions*

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.

**TRS**

	<b><u>Target allocation 2021</u></b>	<b><u>Long-term expected real rate of return* 2021</u></b>
Asset Class:		
Domestic equity	33%	6.8%
International equity	16	7.6
Global equity	4	7.1
Real estate equity	11	6.5
Private equity	8	10.0
Domestic fixed income	16	1.3
Global bonds	2	0.8
High-yield bonds	1	5.9
Private debt	7	3.3
Real estate debt	1	3.8
Cash equivalents	1	(0.2)
Total	<u>100%</u>	

\* Real rates of return are net of the long-term inflation assumption of 2.40% for 2021.

*Discount Rate*

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

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**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*

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

<u><b>ERS</b></u>	<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)	\$ (9,877,381)	\$ 3,837,383	\$ 15,309,121
<u><b>TRS</b></u>	<b>1% Decrease <u>(5.95%)</u></b>	<b>Current Assumption <u>(6.95%)</u></b>	<b>1% Increase <u>(7.95%)</u></b>
Employer’s proportionate share of the net pension asset/(liability)	\$ 3,663,138	\$34,908,495	\$ 61,167,950

*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 for the period during which the changes occurred. Differences between projected and actual earnings on pension plan investments are amortized over a closed five-year period.

*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, 2022 is \$415,878 for ERS and (\$1,964,513) for TRS.

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, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$486,287.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

*Payables to the Pension Plan*

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October and November 2022 through a State aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 based on paid TRS wages multiplied by the employer’s contribution rate, by tier, and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2022 amounted to \$3,743,437.

***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	\$ 316,070
Less interest accrued in the prior year	(46,012)
Plus interest accrued in the current year	-
Total Expense	\$ 270,058

The following is a summary of changes in short-term debt for the year ended June 30, 2022:

Balance, July 1, 2021	\$ 30,680,751
Increases	3,724,000
Decreases	30,680,751
Balance, June 30, 2022	\$ 3,724,000

Bond anticipation notes outstanding as of June 30, 2022 consist of a \$3,724,000 note maturing on July 15, 2022 with an interest rate of 0.26%.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***II. Indebtedness***

Long-Term Debt

Serial Bonds and Installment Purchase Debt

The District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these installment purchase debts 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 \$782,825 for serial bonds, \$76,261 for an installment purchase debt and \$7,234 for leases.

Interest on long-term debt was comprised of:

Interest paid	\$ 866,320
Less interest accrued in the prior year	(178,546)
Plus interest accrued in the current year	112,527
Plus amortization of deferred loss	15,767
Less amortization of bond premium	<u>(612,320)</u>
Total Expense	<u>\$ 203,748</u>

Changes

The changes in indebtedness during the year ended June 30, 2022 are summarized as follows:

	<b>As Restated</b>			<b>Balance 6/30/2022</b>
	<b>Balance 7/1/2021</b>	<b>Additions</b>	<b>Deletions</b>	
Serial bonds	\$ 23,020,000	\$ 23,005,000	\$ 5,385,000	\$ 40,640,000
Unamortized premiums	1,071,772	2,223,415	219,571	3,075,616
Less: Unamortized loss on refunding*	62,476	-	15,767	46,709
<b>Bonds</b>	<b>24,029,296</b>	<b>25,228,415</b>	<b>5,588,804</b>	<b>43,668,907</b>
Installment purchase debt (EPC)	3,405,159	-	268,270	3,136,889
Compensated absences	3,096,000	149,000	-	3,245,000
Workers compensation	895,000	-	55,000	840,000
Other postemployment benefits	277,722,966	-	51,554,854	226,168,112
Lease liability	355,180	214,841	91,807	478,214
Net pension liabilities	5,389,345	-	5,389,345	-
<b>Total</b>	<b>\$ 314,892,946</b>	<b>\$ 25,592,256</b>	<b>\$ 62,948,080</b>	<b>\$ 277,537,122</b>

The above liabilities are liquidated by the general fund.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***II. Indebtedness***

Changes

Addition and deletions to compensated absences is shown net since it is impractical to determine these amounts separately.

\*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. \$7,010,000 of bonds outstanding are considered defeased.

Installment Purchase Debt

On June 30, 2016, the District entered into an Energy Performance Contract which is accounted for as installment purchase debt. 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 installment purchase debt, together with the net present value of the minimum lease payments as of June 30, 2022:

<u>Year</u>	<u>Total</u>
2023	\$ 344,532
2024	344,532
2025	344,532
2026	344,532
2027	344,532
Thereafter	<u>1,808,790</u>
Minimum installment purchase debt payments	3,531,450
Less: amount representing interest	<u>394,561</u>
Present value of minimum installment purchase debt payments	<u><u>\$ 3,136,889</u></u>



**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***II. Indebtedness***

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, 2022</u>
<u>Serial Bonds</u>				
Advanced refunding	2015	2035	3-5%	\$ 5,535,000
Construction	2016	2030	2-5%	11,035,000
Advanced refunding	2020	2030	5%	1,065,000
Construction	2022	2030	3-5%	<u>23,005,000</u>
Total serial bonds				<u>\$ 40,640,000</u>
<u>Installment Purchase Debt</u>				
Energy performance contract	2016	2033	2.303%	<u>\$ 3,136,889</u>

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>
2023	\$ 4,690,000	\$ 1,584,360	\$ 669,224	\$ 5,605,136
2024	4,460,000	1,443,100	583,272	5,319,828
2025	4,380,000	1,273,875	504,636	5,149,239
2026	4,570,000	1,071,450	428,928	5,212,522
2027	4,750,000	865,075	349,822	5,265,253
2028-2032	16,300,000	1,559,125	539,734	17,319,391
2033-2035	<u>1,490,000</u>	<u>70,425</u>	<u>-</u>	<u>1,560,425</u>
Total	<u>\$ 40,640,000</u>	<u>\$ 7,867,410</u>	<u>\$ 3,075,616</u>	<u>\$ 45,431,794</u>

In addition to the outstanding debt listed above, the District had authorized an approved 2021 Capital Project expenditure in an amount not to exceed \$40,693,106 to be used for facilities improvements, and \$821,000 to be used for Bus purchases. Note of the \$40,693,106, \$27,293,106 represents the unissued portion.

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**2. DETAIL NOTES ON ALL FUNDS**

*B. Liabilities*

*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, 2022, the District has exhausted 12.82% 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.

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, \$840,000 at June 30, 2022, is maintained for the purpose of funding future claims. Claims and claims adjustment expenses are summarized below for the past two years:

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**3. COMMITMENTS AND CONTINGENCIES**

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

Workers' Compensation Insurance

	2022	2021
Unpaid claims and claim adjustment expenses, beginning of year	\$ 462,298	\$ 788,578
Incurred claims and claim adjustment expenses:		
Provision for incurred claims expenditures for events of the current year	140,067	204,610
Increase (decrease) in provision for incurred events of the prior years	<u>468,634</u>	<u>(118,292)</u>
Total incurred claims and claim adjustment expenses	1,070,999	874,896
Payments made for claims during the year	<u>(304,292)</u>	<u>(412,598)</u>
Total unpaid claims and claim adjustment expenses, end of year	<u>\$ 766,707</u>	<u>\$ 462,298</u>

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, 2022, the District's prescription drug plan account balance maintained by the Consortium is approximately \$2.338 million. The Consortium also maintains an account balance for the District of approximately \$3.355 million to fund supplemental premium payments that may be required under the retrospective funding arrangement in place for one of the insurance contracts.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**3. COMMITMENTS AND CONTINGENCIES**

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

Health Insurance

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>2021-22</u>	<u>2020-21</u>
Claims and Administration Fees	\$ 7,146,430	\$ 6,122,396
Claim Payments	(7,146,430)	(6,122,396)
Estimated Incurred but not reported as of June 30	-	-
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, 2024
Bethlehem Central Administrators Association	June 30, 2023

***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. The outbreak will likely have a continued material adverse impact on the economy and cost of education. In response to the COVID-19 outbreak, the Federal Government passed several COVID relief acts which include funding for elementary and secondary education. The district was awarded three different stimulus packages known as Coronavirus Aid, Relief and Economic Security Act (CARES), Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), and the American Rescue Plan Act (ARPS). New York State Required the CARES fund to be reported in the General fund, as an offset to state aid reduction, referred to as the Pandemic Adjustment, while the CRRSA and ARPA funds are required to be reported in the special aid fund.

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**3. COMMITMENTS AND CONTINGENCIES**

*C. Other Items*

See the schedule of expenditures of federal award for the COVID-19 funding received by the District. All stimulus funds may be used for pre-award costs dating back to March 13, 2020, when the national emergency was declared. The District also provide free breakfast and lunches to all students (except those who opted out) through the Federal Summer Food Service Program as well as National School Lunch and Breakfast Programs.

**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, 2022 approximately \$5,200,000 was paid on behalf of 460 retirees.

*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, 2022, 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>

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**4. POSTEMPLOYMENT BENEFITS OBLIGATION**

*Net OPEB Liability*

The District's total OPEB liability of \$226,168,112 was measured as of June 30, 2022; 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, 2022 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	3.54% (based on the Bond Buyer General Obligation 20-year Municipal Bond Index)
Healthcare cost trend rates	5.70% for 2021 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.

*Changes in the Net OPEB Liability*

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

<b>Balance as of June 30, 2021</b>	<b>\$ 277,722,966</b>
<b>Changes for the year:</b>	
Service Cost	12,475,424
Interest	6,212,605
Change in benefit terms	-
Difference between expected and actual experience	239,918
Changes of assumptions or other inputs	(65,299,558)
Benefit payments	(5,183,243)
Net changes	<u>(51,554,854)</u>
<b>Balance as of June 30, 2022</b>	<b><u>\$ 226,168,112</u></b>

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**4. POSTEMPLOYMENT BENEFITS OBLIGATION**

*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 (2.54%) or 1 percentage point higher (4.54%) than the current discount rate:

	<b>1% Decrease (<u>2.54%</u>)</b>	<b>Discount Rate (<u>3.54%</u>)</b>	<b>1% Increase (<u>4.54%</u>)</b>
Total OPEB Liability	\$ 271,185,958	\$226,168,112	\$ 190,844,998

*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 <u>3.04%</u>)</b>	<b>Healthcare Cost Trend Rate (5.70% decreasing to <u>4.04%</u>)</b>	<b>1% Increase (6.70% decreasing to <u>5.04%</u>)</b>
Total OPEB Liability	\$ 183,789,548	\$ 226,168,112	\$ 282,555,089

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$11,513,674. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 234,437	\$ 29,963,214
Changes of assumptions	53,037,111	78,582,344
Contributions subsequent to measurement period	-	-
	<u>\$ 53,271,548</u>	<u>\$ 108,545,558</u>

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**4. POSTEMPLOYMENT BENEFITS OBLIGATION**

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

<u>Year ending June 30,</u>	
2023	\$ (7,174,355)
2024	(7,174,355)
2025	(6,830,830)
2026	(5,812,613)
2027	(18,987,621)
Thereafter	(9,294,236)

**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 \$177,457. The District received Payment in Lieu of Taxes (PILOT) payments totaling \$3,648,842.

**6. DEFICIT FUND EQUITY**

The Capital Projects Fund had a deficit of \$4,441,169. This amount will be reduced as financing is paid off or permanent financing is obtained.

**7. CHANGE IN ACCOUNTING PRINCIPLES**

For the year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases* and GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. The implementation of the statement changes the reporting for leases and subscription-based information technology agreements.

For the year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*. The District's net position has been restated as follows:

Restatement of Net Position

Net position beginning of year, as previously stated	\$ (146,250,222)
Right to use assets	1,093,674
Lease liability	<u>(355,180)</u>
Net position beginning of year, as restated	<u>\$ (145,511,728)</u>

There is no cumulative effect on the Net Position related to implementation of GASB Statement No. 96.



**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**8. LEASE ASSETS AND LEASE LIABILITIES**

Lease Asset

A summary of the lease asset activity during the year ended June 30, 2022 is as follows:

	As Restated Balance <u>July 1</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30</u>
Lease Assets:				
Furniture and equipment	\$ 1,093,674	\$ 249,642	\$ -	\$ 1,343,316
Less Accumulated Amortization:				
Furniture and equipment	-	461,323	-	461,323
Total Lease Assets, Net	<u>\$ 1,093,674</u>	<u>\$ (211,681)</u>	<u>\$ -</u>	<u>\$ 881,993</u>

Amortization expense is charged to instruction on the Statement of Activities.

Lease Liabilities

Lease agreements are summarized as follows:

<u>Describe</u>	<u>Date</u>	<u>Payment Terms</u>	<u>Payment Amount</u>	<u>Interest Rate</u>	<u>Total Lease Liability</u>	<u>Balance June 30</u>
Furniture and equipment	3/19/21	3 years	\$ 24,760	2.25%	\$ 355,180	\$ 263,373
Furniture and equipment	4/19/22	3 years	19,087	4.01%	214,840	214,841
Total Lease Liability						<u>\$ 478,214</u>

The computer equipment was leased for the District with the terms noted above. This lease is not renewable and the District will not acquire the equipment at the end of the five years.

Annual requirements to amortize long-term obligation and related interest are as follows:

Year Ending <u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 162,725	\$ 12,663
2024	167,571	7,817
2025	147,918	2,711
2026	-	-
2027	-	-
	<u>\$ 478,214</u>	<u>\$ 23,191</u>

**9. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through October 12, 2022, which is the date these financial statements were issued. All subsequent events requiring recognition or disclosure as of June 30, 2022, have been incorporated into these financial statements.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance with Actual</u>
<b>Revenues</b>				
Local Sources				
Real Property Taxes	\$ 69,233,000	\$ 65,528,755	\$ 65,519,498	\$ (9,257)
Real Property Tax Items	3,651,000	7,355,245	7,398,542	43,297
Charges for Services	459,000	459,000	354,805	(104,195)
Use of Money and Property	340,000	340,000	200,555	(139,445)
Sale of Property and Compensation for Loss	159,000	159,000	105,052	(53,948)
Miscellaneous	501,000	806,222	1,013,958	207,736
Total Local Sources	74,343,000	74,648,222	74,592,410	(55,812)
State Sources	26,841,000	26,841,000	27,692,159	851,159
Federal Sources	170,000	318,340	160,194	(158,146)
<b>Other Sources</b>				
Interfund Transfers	293,000	293,000	293,039	39
Proceeds of Lease	-	-	214,841	214,841
Total Revenue and Other Sources	101,647,000	102,100,562	102,952,643	\$ 852,081
<b>Appropriated Fund Equity</b>				
Prior Year Encumbrances	1,020,819	1,020,819	-	
Appropriated Fund Equity	390,000	390,000	-	
Total Appropriated Fund Equity	1,410,819	1,410,819	-	
Total Revenues, Other Sources and Appropriated Fund Equity	\$ 103,057,819	\$ 103,511,381	\$ 102,952,643	

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Final Budget Variance with Actual and Encumbrances</u>
<b>Expenditures</b>					
General Support					
Board of Education	\$ 87,475	\$ 88,620	\$ 43,718	\$ 30	\$ 44,872
Central Administration	292,814	292,714	278,905	-	13,809
Finance	780,431	737,160	699,267	-	37,893
Staff	918,146	958,678	863,186	-	95,492
Central Services	6,313,885	6,315,089	5,712,135	121,705	481,249
Special Items	<u>782,849</u>	<u>734,211</u>	<u>705,949</u>	<u>-</u>	<u>28,262</u>
Total General Support	<u>9,175,600</u>	<u>9,126,472</u>	<u>8,303,160</u>	<u>121,735</u>	<u>701,577</u>
Instruction					
Instruction, Administration and Improvement	3,976,012	3,983,081	3,794,268	7,836	180,977
Teaching - Regular School	26,166,195	26,254,124	25,553,915	50,984	649,225
Programs for Students with Disabilities	11,119,406	11,097,909	10,469,253	3,729	624,927
Occupational Education	1,333,507	1,313,269	1,295,743	6,429	11,097
Teaching - Special Schools	186,530	217,280	85,938	-	131,342
Instructional Media	3,747,280	4,053,502	3,622,224	8,299	422,979
Pupil Services	<u>5,532,666</u>	<u>5,590,633</u>	<u>5,388,526</u>	<u>15,496</u>	<u>186,611</u>
Total Instruction	<u>52,061,596</u>	<u>52,509,798</u>	<u>50,209,867</u>	<u>92,773</u>	<u>2,207,158</u>
Pupil Transportation	<u>6,604,921</u>	<u>6,778,920</u>	<u>5,593,690</u>	<u>29,061</u>	<u>1,156,169</u>
Community Services	<u>70,137</u>	<u>70,137</u>	<u>67,783</u>	<u>-</u>	<u>2,354</u>
Employee Benefits	<u>24,554,450</u>	<u>24,434,939</u>	<u>22,472,377</u>	<u>-</u>	<u>1,962,562</u>
Debt Service					
Debt Service Principal	8,699,630	8,699,630	8,401,445	-	298,185
Debt Service Interest	<u>1,377,485</u>	<u>1,377,485</u>	<u>1,182,390</u>	<u>-</u>	<u>195,095</u>
Total other	<u>41,306,623</u>	<u>41,361,111</u>	<u>37,717,685</u>	<u>29,061</u>	<u>3,614,365</u>
Total Expenditures	<u>102,543,819</u>	<u>102,997,381</u>	<u>96,230,712</u>	<u>243,569</u>	<u>6,523,100</u>
<b>Other Uses</b>					
Interfund Transfer	<u>514,000</u>	<u>514,000</u>	<u>300,519</u>	<u>-</u>	<u>213,481</u>
Total Expenditures and Other Uses	<u>\$ 103,057,819</u>	<u>\$ 103,511,381</u>	<u>96,531,231</u>	<u>\$ 243,569</u>	<u>\$ 6,736,581</u>
<b>Net Change in Fund Equity</b>			\$ 6,421,412		
Fund equity - beginning			<u>27,497,598</u>		
Fund equity - ending			<u>\$ 33,919,010</u>		

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY  
FOR THE YEAR ENDED JUNE 30, 2022**

	Fiscal Year Ending *				
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability</b>					
Measurement date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Service cost	\$ 12,475,424	\$ 14,774,650	\$ 9,549,710	\$ 6,195,169	\$ 6,458,575
Interest	6,212,605	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	239,918	(41,436,270)	50,390	(731,754)	-
Changes in assumptions and other inputs	(65,299,558)	(26,417,421)	70,947,059	24,991,866	(10,550,427)
Benefit payments	<u>(5,183,243)</u>	<u>(4,827,035)</u>	<u>(5,085,275)</u>	<u>(4,800,963)</u>	<u>(2,097,317)</u>
Net Change in Total OPEB Liability	(51,554,854)	(50,818,188)	84,282,095	31,923,125	1,327,395
Total OPEB Liability - beginning	<u>277,722,966</u>	<u>328,541,154</u>	<u>244,259,059</u>	<u>212,335,934</u>	<u>211,008,539</u>
Total OPEB Liability - ending	<u>\$ 226,168,112</u>	<u>\$ 277,722,966</u>	<u>\$ 328,541,154</u>	<u>\$ 244,259,059</u>	<u>\$ 212,335,934</u>
Covered-employee payroll	\$ 50,425,272	\$ 45,548,998	\$ 48,711,047	\$ 41,021,071	\$ 44,827,947
Total OPEB Liability as a percentage of covered-employee payroll	448.52%	609.72%	674.47%	595.45%	473.67%

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. Additionally, the amounts presented for each fiscal year were determined as of the measurement date.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF PROPORTIONATE SHARE OF  
NET PENSION LIABILITY (ASSET)  
FOR THE YEAR ENDED JUNE 30, 2022**

	ERS Pension Plan Last 10 Fiscal Years							
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.0469428%	0.0470967%	0.0497145%	0.0500938%	0.0518951%	0.0492385%	0.0492035%	0.0491334%
Proportionate share of the net pension liability (asset)	\$ (3,837,383)	\$ 46,896	\$ 13,164,687	\$ 3,549,299	\$ 1,674,886	\$ 4,626,556	\$ 7,897,294	\$ 1,659,847
Covered-employee payroll	\$ 15,526,285	\$ 15,232,755	\$ 15,748,111	\$ 16,003,093	\$ 15,544,511	\$ 14,850,244	\$ 14,129,297	\$ 13,438,468
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	-25%	0%	84%	22%	11%	31%	56%	12%
Plan fiduciary net position as a percentage of the total pension liability	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.71%	97.90%
	TRS Pension Plan Last 10 Fiscal Years							
	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (asset)	0.201445%	0.193338%	0.194331%	0.198306%	0.202106%	0.201328%	0.200866%	0.201861%
Proportionate share of the net pension liability (asset)	\$ (34,908,495)	\$ 5,342,449	\$ (5,048,738)	\$ (3,585,897)	\$ (1,536,208)	\$ 2,156,307	\$ (20,863,576)	\$ (22,486,051)
Covered-employee payroll	\$ 34,191,682	\$ 32,815,569	\$ 32,437,037	\$ 32,301,838	\$ 32,027,182	\$ 31,066,941	\$ 30,172,800	\$ 29,818,005
Proportionate share of the net pension liability (asset) as a percentage of covered-employee payroll	-102%	16%	-16%	-11%	-5%	7%	-69%	-75%
Plan fiduciary net position as a percentage of the total pension liability	113.20%	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. Additionally, the amounts presented for each fiscal year were determined as of each plans measurement date as disclosed in the footnotes.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULES OF DISTRICT CONTRIBUTIONS  
FOR THE YEAR ENDED JUNE 30, 2022**

ERS Pension Plan  
Last 10 Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 2,429,297	\$ 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>(2,429,297)</u>	<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>	<u>\$ -</u>
Covered-employee payroll	\$ 15,526,285	\$ 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-employee payroll	15.65%	15.40%	14.42%	13.86%	14.44%	14.77%	16.71%	19.04%

TRS Pension Plan  
Last 10 Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 3,258,467	\$ 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>(3,258,467)</u>	<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>	<u>\$ -</u>
Covered-employee payroll	\$ 34,191,682	\$ 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-employee payroll	9.53%	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. Additionally the amounts presented for each fiscal year were determined as of each plans measurement date as disclosed in the footnotes.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
SCHEDULE OF CHANGES FROM ADOPTED BUDGET TO FINAL BUDGET AND  
SCHEDULE OF SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION  
FOR THE YEAR ENDED JUNE 30, 2022**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget	\$	102,037,000
Add: Prior year's encumbrances		1,020,819
Original Budget		103,057,819
Additions:		
Budget Amendments		453,562
Final Budget	\$	103,511,381

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

2022-23 [subsequent year's] voter-approved expenditure budget	\$	102,698,000
Maximum allowed (4% of 2022-23 [subsequent year's] budget)		4,107,920

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

Unrestricted Fund Balance:		
Committed Fund Balance	\$	-
Assigned Fund Balance		243,569
Unassigned Fund Balance		4,330,441
Total Unrestricted Fund Balance		4,574,010

Less:		
Appropriated Fund Balance		-
Encumbrances included in Committed and Assigned Fund Balance		243,569
Total Adjustments		243,569

General Fund Balance Subject to Section 1318 of Real Property Tax Law	\$	4,330,441
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Actual percentage		4.22%
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\* Per office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions," Updated April 2011 (Originally Issued November 2010), the portion of [General Fund] fund balance subject to Section 1318 of the Real Property Tax law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND  
FOR THE YEAR ENDED JUNE 30, 2022**

PROJECT TITLE	SED PROJECT #	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Methods of Financing				Fund Equity (Deficit) June 30, 2022	
				Prior Years	Current Year	Total		State Sources	Local Sources	Financed Sources	Total		
2016 Capital Project													
Eagle Elementary	0026005	\$ 692,411	\$ -	\$ 608,779	\$ -	\$ 608,779	\$ 83,632	\$ -	\$ 39,500	\$ 569,279	\$ 608,779	\$ -	\$ -
Elsmere Elementary	0008019	2,618,642	-	2,685,986	-	2,685,986	(67,344)	-	-	2,685,986	2,685,986	-	-
Glenmont Elementary	0002015	1,368,704	-	1,218,134	-	1,218,134	150,570	-	-	1,218,134	1,218,134	-	-
Hamagrael Elementary	0003018	195,340	-	158,327	-	158,327	37,013	-	-	158,327	158,327	-	-
Slingerlands Elementary	0009014	1,275,893	-	1,201,264	-	1,201,264	74,629	-	-	1,201,264	1,201,264	-	-
Middle School	0005024	2,820,905	-	5,149,879	-	5,149,879	(2,328,974)	-	-	5,149,879	5,149,879	-	-
High School	0006034	20,737,539	-	18,395,222	109,416	18,504,638	2,232,901	-	5,190,000	13,314,638	18,504,638	-	-
Operations & Maintenance	3012008	84,955	-	67,469	-	67,469	17,486	-	-	67,469	67,469	-	-
Bus Garage	5010011	975,385	-	1,107,105	-	1,107,105	(131,720)	-	-	1,107,105	1,107,105	-	-
Toilet/storage building at HS field	7051001	335,498	-	311,438	-	311,438	24,060	-	-	311,438	311,438	-	-
HS varsity baseball dugout 1st base	7054001	34,400	-	32,614	-	32,614	1,786	-	-	32,614	32,614	-	-
HS varsity baseball dugout 3rd base	7055001	34,403	-	32,617	-	32,617	1,786	-	-	32,617	32,617	-	-
HS press box new	7056001	949,243	-	696,620	-	696,620	252,623	-	-	696,620	696,620	-	-
HS press box demo	7023002	9,821	-	7,275	-	7,275	2,546	-	-	7,275	7,275	-	-
HS masonry shed	2018001	16,206	-	15,018	-	15,018	1,188	-	-	15,018	15,018	-	-
HS concession stand	7028002	16,206	-	15,018	-	15,018	1,188	-	-	15,018	15,018	-	-
Total 2016 Capital Project		32,165,551	-	31,702,765	109,416	31,812,181	353,370	-	5,229,500	26,582,681	31,812,181	-	-
MS elevator upgrade	0005025	100,000	99,708	99,708	-	99,708	-	-	99,708	-	99,708	-	-
Smart Schools Bond Act	various	1,157,105	1,157,105	1,151,436	560,047	1,711,483	(554,378)	1,151,436	560,047	-	1,711,483	-	-
2021 Capital Project	various	40,693,106	-	-	1,535,213	1,535,213	39,157,893	-	-	-	-	(1,535,213)	-
School Bus Purchases		4,201,756	4,201,756	3,704,529	497,227	4,201,756	-	-	-	1,295,800	1,295,800	(2,905,956)	-
Totals		\$ 78,317,518	\$ 5,458,569	\$ 36,658,438	\$ 2,701,903	\$ 39,360,341	\$ 38,956,885	\$ 1,151,436	\$ 5,889,255	\$ 27,878,481	\$ 34,919,172	\$ (4,441,169)	



**BETHLEHEM CENTRAL SCHOOL DISTRICT  
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS  
JUNE 30, 2022**

<b>Capital Assets, Net</b>		\$	149,078,949
<b>Add:</b>			
Restricted Cash	\$	834,264	
Unamortized deferred loss		46,709	880,973
		<u>46,709</u>	<u>880,973</u>
<b>Deduct:</b>			
Bond anticipation notes payable	\$	(3,724,000)	
Short-term portion of bonds payable		(4,690,000)	
Long-term portion of bonds payable		(35,950,000)	
Unamortized bond premium		(3,075,616)	
Short-term portion of installment purchase debt		(274,514)	
Long-term portion of installment purchase debt		(2,862,375)	(50,576,505)
		<u>(2,862,375)</u>	<u>(50,576,505)</u>
<b>Net Investment in Capital Assets</b>		\$	<u><u>99,383,417</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 the  
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, 2022, 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, 2022.

**Report on 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 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

## **Report on 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2022-002.

## **District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## **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, 2022

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND 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**

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

We have audited the Bethlehem Central School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Bethlehem Central School District's major federal programs for the year ended June 30, 2022. The Bethlehem Central School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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, 2022.

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

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

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

#### ***Responsibilities of Management for Compliance***

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

## **Auditor's Responsibilities for the Audit of Compliance**

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

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

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

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

## **Report on Internal Control Over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a significant deficiency.

*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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2022-003 to be a significant deficiency.

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

*Government Auditing Standards* requires the auditor to perform limited procedures on Bethlehem Central School District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Bethlehem Central School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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, 2022

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2022**

<b>Federal Grantor/Pass-Through Grantor/Program or Cluster Title Program Title</b>	<b>Federal Assistance Listings Number</b>	<b>Pass- Through Grantor's Number</b>	<b>Passed Through To Subrecipient</b>	<b>Total Federal Expenditures</b>
<b><u>Federal Communications Commission</u></b>				
Direct Award				
Emergency Connectivity Funds	32.009	ECF222117500	-	\$ <u>280,559</u>
Total Federal Communications Commission				<u>280,559</u>
<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	0032-22-0017	-	983,115
Special Education Preschool Grants	84.173	0033-22-0017	-	<u>34,837</u>
Total Special Education Cluster				<u>1,017,952</u>
Title I Grants to Local Educational Agencies	84.010	0021-21-0015	-	43,571
Title I Grants to Local Educational Agencies	84.010	0021-22-0015	-	<u>115,870</u>
Total Title I				<u>159,441</u>
Improving Teacher Quality State Grants	84.367	0147-21-0015	-	9,171
Improving Teacher Quality State Grants	84.367	0147-22-0015	-	<u>69,055</u>
Total Improving Teacher Quality State Grants				<u>78,226</u>
English Language Acquisition State Grants	84.365	0293-22-0015	-	10,909
Emergency Impact Aid	84.938C	0080-21-0015	-	525
Emergency Impact Aid	84.938C	0080-22-0015	-	<u>11,335</u>
Total Emergency Impact Aid				<u>11,860</u>
Education Stabilization Funds				
COVID-19 CARES Act - Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-0015	-	63,307
COVID-19 CARES Act - Governor's Emergency Education Relief Fund	84.425C	5895-21-0015	-	20,248
COVID-19 CRRSA Act - Governor's Emergency Education Relief Fund	84.425C	5896-21-0015	-	14,939
COVID-19 CRRSA Act - Elementary and Secondary School Emergency Relief Fund	84.425D	5891-21-0015	-	2,070
COVID-19 ARP - Elementary and Secondary School Emergency Relief Fund	84.425U	5880-21-0015	-	80,767
COVID-19 ARP - Elementary and Secondary School Emergency Relief Fund - Learning Loss	84.425U	5884-21-0015	-	<u>144,300</u>
Total Education Stabilization Funds				<u>325,631</u>
Total U.S. Department of Education				<u>1,604,019</u>
<b><u>U.S. Department of Agriculture</u></b>				
Passed Through New York State Education Department:				
Child Nutrition Cluster				
COVID-19 National School Lunch Program	10.555	Not Applicable	-	1,361,112
COVID-19 School Breakfast Program	10.553	Not Applicable	-	238,391
COVID-19 Summer Food Service Program	10.559	Not Applicable	-	52,766
Food Distribution	10.555	Not Applicable	-	<u>84,924</u>
Total Child Nutrition Cluster				<u>1,737,193</u>
COVID-19 State Pandemic Electronic Benefit Transfer Administrative Costs Grant	10.649	Not Applicable	-	<u>149,388</u>
Total U.S. Department of Agriculture				<u>1,886,581</u>
Total Expenditures of Federal Awards				<u>\$ 3,771,159</u>

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2022**

**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, 2022, the District received food commodities totaling \$84,924.

**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, 2022**

**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?   X  yes     none reported

Noncompliance material to financial statements noted?   X  yes     no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified?     yes   X  no
- Significant deficiency(ies) identified?   X  yes     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>Federal Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.027 and 84.173	Special Education Cluster
32.009	Emergency Connectivity Funds
84.425D	COVID-19 CARES Act – Elementary and Secondary School Emergency Relief Fund
84.425C	COVID-19 CARES Act – Governor's Emergency Education Relief Fund
84.425C	COVID-19 CRRSA Act – Governor's Emergency Education Relief Fund
84.425D	COVID-19 CRRSA Act – Elementary and Secondary School Emergency Relief Fund
84.425U	COVID-19 ARP Act – Elementary and Secondary School Emergency Relief Fund
84.425U	COVID-19 ARP Act – Elementary and Secondary School Emergency Relief Fund – Learning Loss

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

Auditee qualified as low-risk auditee?   X  yes     no

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

**Section II: Financial Statement Findings**

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

Significant Deficiency

2022-001      AUDIT ADJUSTMENTS

*Criteria:* To accurately present the financial position of the District, general ledger accounts should be reconciled and monitored throughout the year and at year-end by management. The accuracy of financial data is crucial to the budget process and monthly report monitoring.

*Statement of Condition:* Adjusting journal entries were proposed as a result of audit procedures to properly reflect year-end balances.

*Context:* There were transactions that was not properly recorded during the year, these adjustments related to (1) not recording the revenue earned for a reimbursement-based grant, (2) not deferring revenue which remained unearned at year-end and (3) not properly recording revenues and expenditures related to multiple reimbursement-based grants during the year.

*Effect of Condition:* In the general fund, expenditures and refundable advances were overstated by \$280,559. In the school lunch fund revenue and refundable advances were overstated by \$84,947. In the special aid fund, expenditures were understated by \$277,855, due from state and federal was understated by \$274,600 and revenues were understated by \$274,600.

*Cause:* The adjusting journal entries identified during the audit appear to be caused by transactions not being recorded at year-end.

*Recommendation:* We recommend that management review and monitor account balances at year-end more closely and implement a formal closing process for end of year reconciliations and cut-off.

*View of Responsible Officials and Planned Corrective Actions:* The District understands its responsibilities to properly record necessary closing entries; however, due to temporary staffing shortages in key financial roles at year end, did not self-identify the correcting journal entries. The District's normal procedures are to have staff with the appropriate expertise performing these accounting functions, and with a supervisor to provide quality-control reviews. The errors occurred due to a temporary and unexpected staffing deficiency. The Chief Business and Financial Officer, Judith Kehoe, will ensure that new staff are appropriately trained in closing and reconciliation procedures, and that the necessary reviews occur prior to the 6/30/23 audit. Implementation Date: October 14, 2022.

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

**Section II: Financial Statement Findings**

Noncompliance Material to the Financial Statements

2022-002 Compliance with New York State Real Property Tax Law

*Statement of Condition:* The unassigned fund equity of the general fund exceeds 4% of the 2022-2023 general fund budget by approximately \$222,000.

*Criteria:* NYS Real Property Tax Law Section 1318 limits the amount of unassigned fund equity a District can have to no more than 4% of the general fund budget for the ensuing fiscal year.

*Cause:* The cumulative effect of expenditures being under budget.

*Effect of Condition:* The District was not in compliance with NYS Real Property Tax Law.

*Context:* As part of audit procedures the compliance the NYS Real Property Tax Law Section 1318 limits is reviewed.

*Recommendation:* The District should monitor fund equity and use the excess fund equity in future years.

*Views of responsible officials and planned corrective actions:* The monitoring of fund equity did occur and actions were recommended to the Board of Education to approve transfers to appropriate reserves in order to comply with the four percent threshold. However, due to reliance on the reported balances (*which were incorrect as noted in finding 2022-001*), the District inadvertently exceeded the four percent limit. As per the reviews of financial reporting that are needed for proper closing and reconciliation procedures, the Chief Business and Finance Officer, Judith Kehoe, will monitor fund equity in future years. Implementation Date: October 14, 2022.

**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):*

**Significant Deficiency**

2022-003 Emergency Connectivity Fund Program - Procurement, Suspension and Debarment

*Information on Federal Program:* Federal Communications Commission Emergency Connectivity Fund Program Assistance Listing No. 32.009.

*Criteria:* 2 CFR Section 200.213 stipulates that no awards, subawards, or contracts be awarded to parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities.

*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 this specific Federal assistance programs.

*Statement of Cause:* The District did not review compliance requirements related to procurement outlined in 2 CFR Section 200.213 for this major program.

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

**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):*

**Significant Deficiency**

2022-003      Emergency Connectivity Fund Program - Procurement, Suspension and Debarment

*Statement of Effect:* The District is not in compliance with 2 CFR Section 200.213. The District is not performing required procedures, as a result, vendors that are not eligible for participation in Federal assistance programs or activities could be selected.

*Questioned Cost:* None.

*Perspective Information:* As part of testing of compliance over procurement, a selection of vendors charged to the major program was selected for testing of compliance. Of the District's vendors charged to the major program that were selected for testing, none were suspended or debarred from participation in Federal assistance programs or activities.

*Repeat Finding:* No

*Recommendation:* We recommend that the District review the requirements of 2 CFR Section 200.213 and ensure that a review of the eligibility of potential vendors to participate in all Federal assistance programs or activities is performed prior to disbursing federal funds to the vendor.

*Views of the Responsible Officials and Planned Corrective Actions:* Effective immediately, the District is implementing the following:

- The Procurement Specialist in the Technology Department (Maura O'Brien) will check the SAMS Debarment and Suspension website quarterly.
- The data obtained from the quarterly check will be logged into a Google Sheet that is shared with Erin Sheevers, the Chief Technology Officer.
- Any ineligible vendor information will be shared with the Accountant (Steven Terry) in the Business Office.

Implementation Date: October 14, 2022.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2022**

No prior audit findings to report on.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
EXTRACLASSROOM ACTIVITY FUND  
FINANCIAL REPORT  
JUNE 30, 2022**

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
EXTRACLASSROOM ACTIVITY FUND**

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## INDEPENDENT AUDITOR'S REPORT

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

### Qualified Opinion

We have audited the accompanying statement of cash receipts, disbursements and cash balances of the extraclassroom activity fund of Bethlehem Central School District, as of and for the year ended June 30, 2022, and the related note to the financial statement.

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinion paragraph, the financial statement referred to above presents fairly, in all material respects, the cash receipts, disbursements and cash balances of the Extraclassroom Activity Funds of Bethlehem Central School District as of and for the year ended June 30, 2022, in accordance with the cash basis of accounting described in Note 1.

### Basis for Qualified Opinion

Insufficient accounting controls are exercised over cash receipts at the point of collection to the time of submission to the Central Treasurer. Accordingly, we were unable to obtain sufficient audit evidence over such receipts beyond the amounts recorded.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

### Responsibilities of Management for the Financial Statement

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

### Basis of Accounting

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



## **Auditor's Responsibility for the Audit of the Financial Statement**

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

*Marvin and Company, P.C.*

Latham, NY  
October 12, 2022

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
EXTRACLASROOM ACTIVITY FUND  
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CASH BALANCES  
AS OF AND FOR THE YEAR ENDED JUNE 30, 2022**

<u>Activities and Clubs</u>	<u>Balance June 30, 2021</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2022</u>
<b>High School</b>				
100 Student Senate	\$ 57,936	\$ 3,927	\$ 8,488	\$ 53,375
108 Buy It (School Store)	7,005	11,779	15,954	2,830
109 Oriole (BCHS Yearbook)	8,741	14,400	20,894	2,247
111 Spanish Honor Society	88	1,399	826	661
112 Amnesty International	780	993	776	997
113 Key Club	2,328	2,638	3,059	1,907
114 Speech & Debate	181	90	267	4
115 Robotics Club	1,412	-	511	901
116 Thinking Reed	3,519	1,368	2,464	2,423
117 History Bowl	228	-	95	133
118 Hooligans	137	-	-	137
119 Peer Helpers	665	-	-	665
120 S.A.D.D.	487	-	-	487
121 Medical Club	85	112	-	197
122 Active Minds	194	629	353	470
123 French Club	99	98	63	134
124 VJCAT	3,258	962	90	4,130
125 BCHS Eagles Ultimate Frisbee	2,257	-	-	2,257
126 Stage 700	24,716	20,962	20,915	24,763
127 Build It	1,262	1,545	408	2,399
128 Table Tennis	500	-	308	192
129 Students for Peace & Survival	461	1,061	914	608
130 No Place for Hate	57	-	-	57
131 Masterminds & Science Bowl	1,098	750	409	1,439
132 International Club	340	-	-	340
133 Science Olympiad	1,556	2,686	1,861	2,381
134 Environmental Club	225	150	70	305
135 Spanish Club	3,046	-	-	3,046
136 Gender Equality	145	-	-	145
137 Gender and Sexualities Alliance	275	-	91	184
139 Theatre Without a Net/Shakespeare	12,243	11,140	3,158	20,225
140 Math Honor Society	1	405	130	276
141 ALANA	-	4,039	3,000	1,039
142 Computer Science Honor	500	-	130	370
143 UNICEF	-	231	-	231
144 Art Alliance	111	-	-	111
152 Best Buddies	1,353	-	252	1,101
155 Future Business Leaders of America	144	395	263	276
221 Class of 2021	13,660	-	13,660	-
222 Class of 2022	592	42,043	38,600	4,035
223 Class of 2023	-	21,670	20,538	1,132
Act 6240063692	-	3,613	3,214	399
<b>Total High School</b>	<b>\$ 151,685</b>	<b>\$ 149,085</b>	<b>\$ 161,761</b>	<b>\$ 139,009</b>
<b>Middle School</b>				
100 Student Council 8	\$ 4,872	\$ -	\$ 127	\$ 4,745
102 World Community Service	196	1,504	-	1,700
104	-	-	-	-
105 Student Council 7	276	-	-	276
106 Mohawk 7 (1)	496	-	-	496
107 Patroon 7 (1)	-	-	-	-
109 Sports Club	5,317	-	72	5,245
110 Student Council 6	-	-	-	-
112 Mohawk 6 (1)	948	-	525	423
114 Patroon 6 (1)	1,283	-	520	763
116 Stage 332	22,303	18,891	11,944	29,250
118 BCMS Student Support Club	680	466	1,146	-
120 BCSM S.A.D.D.	1,845	-	411	1,434
122 History Club	998	-	-	998
125 Yearbook	8,516	782	-	9,298
126 Builders Club	1,999	-	32	1,967
128 Library Club	2,668	-	-	2,668
130 Junior Chef Club	200	-	98	102
132 Patroon 7 (2)	293	1,605	1,598	300
134 Patroon 6 (2)	1,235	-	493	742
138 School Store	2,024	2,651	3,626	1,049
140 Character Education	330	-	-	330
142 Random Acts of Kindness	150	-	-	150
147 Newspaper	60	-	-	60
149 Garden Club	384	3,693	3,668	409
152 Reach Out Club	212	-	-	212
156 Staged Creations	1,506	3,034	1,286	3,254
180 French Spanish Club	830	-	33	797
<b>Total Middle School</b>	<b>\$ 59,621</b>	<b>\$ 32,626</b>	<b>\$ 25,579</b>	<b>\$ 66,668</b>

The June 30, 2022 cash balance is as follows:

High School	\$ 139,009
Middle School	66,668
<b>Total</b>	<b>\$ 205,677</b>

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
EXTRACLASSROOM ACTIVITY FUND  
NOTE TO FINANCIAL STATEMENT  
JUNE 30, 2022**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Extraclassroom Activity Fund of the Bethlehem Central School District represents funds of the students of the District. The Board of Education exercises general oversight of this fund. The Extraclassroom Activity Fund is independent of the District with respect to its financial transactions, and the designation of student management. Separate financial statements are issued for this fund. The District also reports this fund in its basic financial statements, within its General Fund, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*.

The accompanying financial statement of the Bethlehem Central School District's Extraclassroom Activity Fund has been prepared on the cash receipts and disbursements basis of accounting, which is a basis of accounting other than generally accepted accounting principles. Under that basis, the only asset recognized is cash, and no liabilities are recognized. All transactions are recognized as either cash receipts or disbursements, and non-cash transactions are not recognized. The cash basis differs from generally accepted accounting principles primarily because the effects of receivables outstanding from fundraising activities and obligations for expenses unpaid at the date of the financial statement are not included in the financial statement.

*Contingency*

The United States is presently in the midst of a national health emergency related to a virus commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of the situation on the Extraclassroom Activity Fund and its future results and financial position is not presently determinable.

**Phyllis L. Albano**  
Treasurer / Business Administrator  
palbano@bethlehemschools.org

## **Bethlehem** Central School District

<http://bethlehemschools.org>



**TO:** Jody Monroe, Superintendent  
Audit Committee Members

**FROM:** Phyllis L. Albano, Treasurer / Business Administrator

**COPY:** Judith E. Kehoe, Chief Business and Financial Officer

**DATE:** September 28, 2022

**SUBJECT:** Response to Management Letter from Independent Auditors for fiscal year ended June 30, 2022

This memo is in response to the recommendations contained within the management letter, as it relates to the ExtraClassroom Activity (ECA) Fund, from the independent auditors. We appreciate the suggestions for improvement and plan to implement each of the recommendations. Each finding is specifically addressed below:

### **ECA Club Ledgers – High School**

Audit Recommendation: The Auditor recommended that the Faculty Advisors and Student Activity Treasurers understand the requirement to prepare and keep ledgers separate from the Central Treasurer to ensure accuracy and minimize errors that could occur, and to have a better record of their activities.

Plan of Action: The Treasurer / Business Administrator, Phyllis Albano, will request that the ECA Central Treasurers remind Faculty Advisors of the requirement to prepare and keep ledgers separate from the Central Treasurer. Our process also includes having the ECA Auditor, Kim Wise, request that the ledgers, kept by the Student Activity Treasurers and Faculty Advisors, of all clubs be provided periodically throughout the year. The ECA Auditor verifies that each club

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has a student ledger and compares the balance of the club ledger with the balance shown on the Central Treasurer's report. In the event that the club ledger does not agree with the balance of the Central Treasurer, the ECA Auditor should determine the cause of the discrepancy and notify both the Faculty Advisor and Central Treasurer, as well as the District Treasurer / Business Administrator and Chief Business and Financial Officer, Judi Kehoe.

Anticipated Completion Date: October 21, 2022

## **ECA Cash Receipts**

### **Receipts – High School**

Audit Recommendation: The Auditor recommended that the District review NYSED's Finance Pamphlet 2 for all aspects of control over Extraclassroom Activity Funds. The Auditor also recommended that donations be documented in the minutes of each Club and all fundraising activity be supported by a ticket reconciliation.

### **Deposit Receipts – High School and Middle School**

Audit Recommendation: The Auditor recommended that all deposit receipts be attached to their respective receipts so that no support is lost or misplaced.

### **Deposits / Timeliness – High School**

Audit Recommendation: The Auditor recommended that cash receipts be turned into the central treasurer and deposited into the bank within five days in accordance with NYSED guidance.

### **Cash Receipt Documentation – High School**

Audit Recommendation: The Auditor recommended that the description of the cash receipt be included in the deposit receipt and that all invoices be maintained by club treasurers.

## **Deposits via Heartland – High School**

Audit Recommendation: The Auditor recommended that all bank statements for the year under audit be ready to supply to the auditors during the audit timeframe. If there are payments from Heartland, a reconciliations of these payments to the bank statement should be drafted so that the auditors can determine which bank deposits correspond to the correct Heartland receipt.

Plan of Action for all ECA Receipt Findings: The Treasurer / Business Administrator, Phyllis Albano, will provide the NYSED's Finance Pamphlet to the Central Treasurers and remind them that deposit receipts must be attached to the supporting documentation, a description of the cash receipt must be included in the deposit receipt, and deposits must be deposited within five days. We will also request that all bank statements be kept in each of the monthly folders that are provided to the auditors and all deposits via Heartland are reconciled and recorded in the correct club ledger.

The CBFO, Judi Kehoe, will request that the ECA Central Treasurers be available when the auditors are on-site conducting their fieldwork in August to respond to inquiries and requests for documentation.

Anticipated Completion Date: October 21, 2022

## **ECA Cash Disbursements – High School**

Audit Recommendation: The Auditor recommended that emphasis be placed on the importance of having documented physical evidence of an expenditure on behalf of the club. Additionally, the Central Treasurer should strictly enforce this guideline by probing for receipts or invoices if they are not initially provided. In the event that receipts, invoices, or other evidence is impractical or impossible to produce, documentation should be prepared detailing the circumstances and signed by the Central Treasurer, Student Treasurer and Faculty Advisor.

Plan of Action: The Treasurer / Business Administrator, Phyllis Albano, will remind Faculty Advisors that, in addition to having appropriate documentation to support the disbursement requests, these requests must be signed by the Student Treasurer and Faculty Advisor. Also the Central Treasurers are aware that they should enforce this requirement and return any disbursement request that does not have the required signatures and documentation.

Anticipated Completion Date: October 21, 2022

### **Inactive Clubs – High School and Middle School**

Audit Recommendation: The Auditor recommended that the District enforce its policy in which funds from inactive clubs are transferred to other club accounts. In doing so, the District can help reduce the risk that these funds might be misappropriated.

Plan of Action: The Treasurer / Business Administrator, Phyllis Albano, will notify the ECA Central Treasurers of the requirement that funds from inactive clubs should be transferred to the student council.

Anticipated Completion Date: October 21, 2022