

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
FINANCIAL REPORT  
JUNE 30, 2023**

# BETHLEHEM CENTRAL SCHOOL DISTRICT

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BUSINESS  
ADVISORS  
AND CPAS

## 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 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, 2023, 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 accompanying financial statements 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, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 opinions.

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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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 GAAS 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 GAAS 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 4-13, budgetary comparison information on pages 55-56, schedule of changes in total OPEB liability on page 57, schedules of proportionate share of net pension liability (asset) on page 58 and schedules of district contributions on page 59 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bethlehem Central School District's basic financial statements. The supplementary information on pages 60-62 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 68 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 supplementary 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 supplementary 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 December 21, 2023, 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 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.

*Mengel, Metzger, Bar & Co. LLP*

Latham, NY  
December 21, 2023

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION  
AND ANALYSIS (UNAUDITED)  
JUNE 30, 2023**

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, 2023. Please review it in conjunction with the District's financial statements and the accompanying notes to the financial statements.

**FINANCIAL HIGHLIGHTS**

The Bethlehem Central School District maintained the momentum experienced during the 2021-2022 fiscal year ending the 2022-2023 fiscal year in a strong and healthy overall financial position. Although the District continued to struggle with post-pandemic factors and influences, including challenges in recruiting and retaining sufficient staffing in certain operational and support areas, i.e. Transportation drivers and attendants, supply chain inconsistencies, and inflationary pressure for goods and services higher than traditional year to year increases, instructional programs and support operations were carried out with minimal disruptions to students, teachers, staff and the community.

Operating expenditures were about \$4.1 million below budget (excluding transfers), driven by under-expenditures in instructional services of \$1.7M, \$514K in fringe benefits, \$1.1M in pupil transportation, and \$707K in general support.

Revenues were \$1.99M more than the revised budget, largely due to rising interest rates and the sales of buses. The adopted property school tax levy remained flat at \$69.2M compared to the 2021-2022 fiscal year and remained below the Maximum Allowable Tax Levy demonstrating the District's commitment to maintain low property taxes.

The 2022-23 surplus of \$7.35M was added to fund equity, with the majority of the surplus used to increase available funding to the 2022 Capital Reserve Fund by \$6.2M resulting in a total of \$13.9M in available capital reserves. The District's allocation of funding to reserves highlights its conservative approach of planning ahead for future expenditures to minimize impact to real property taxpayers. The contribution to capital reserves is in addition to the District maintaining an unassigned fund balance of approximately \$3.9M or 3.7% of its operating budget which is within the parameters required by Real Property Tax Law.

**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.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION  
AND ANALYSIS (UNAUDITED)  
JUNE 30, 2023**

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.

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><b>District-wide Statements</b></u>	<u><b>Governmental Funds Statements</b></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, 2023**

**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</u>		<u>Total Variance</u>
	<u>2023</u>	<u>2022</u>	
<b><u>ASSETS:</u></b>			
Current and Other Assets	\$ 47,876,046	\$ 83,744,108	\$ (35,868,062)
Capital Assets	149,704,458	149,078,949	625,509
<b>Total Assets</b>	<b><u>\$ 197,580,504</u></b>	<b><u>\$ 232,823,057</u></b>	<b><u>\$ (35,242,553)</u></b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES:</u></b>			
Deferred Outflows of Resources	<b><u>\$ 67,720,839</u></b>	<b><u>\$ 81,519,835</u></b>	<b><u>\$ (13,798,996)</u></b>
<b><u>LIABILITIES:</u></b>			
Long-Term Debt Obligations	\$ 276,671,355	\$ 272,456,592	\$ 4,214,763
Other Liabilities	14,112,815	17,070,945	(2,958,130)
<b>Total Liabilities</b>	<b><u>\$ 290,784,170</u></b>	<b><u>\$ 289,527,537</u></b>	<b><u>\$ 1,256,633</u></b>
<b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>			
Deferred Inflows of Resources	<b><u>\$ 107,620,342</u></b>	<b><u>\$ 160,832,711</u></b>	<b><u>\$ (53,212,369)</u></b>
<b><u>NET POSITION:</u></b>			
Net Investment in Capital Assets	\$ 106,064,972	\$ 99,383,417	\$ 6,681,555
Restricted	31,522,469	31,008,384	514,085
Unrestricted	(270,690,610)	(266,409,157)	(4,281,453)
<b>Total Net Position</b>	<b><u>\$ (133,103,169)</u></b>	<b><u>\$ (136,017,356)</u></b>	<b><u>\$ 2,914,187</u></b>

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION  
AND ANALYSIS (UNAUDITED)  
JUNE 30, 2023**

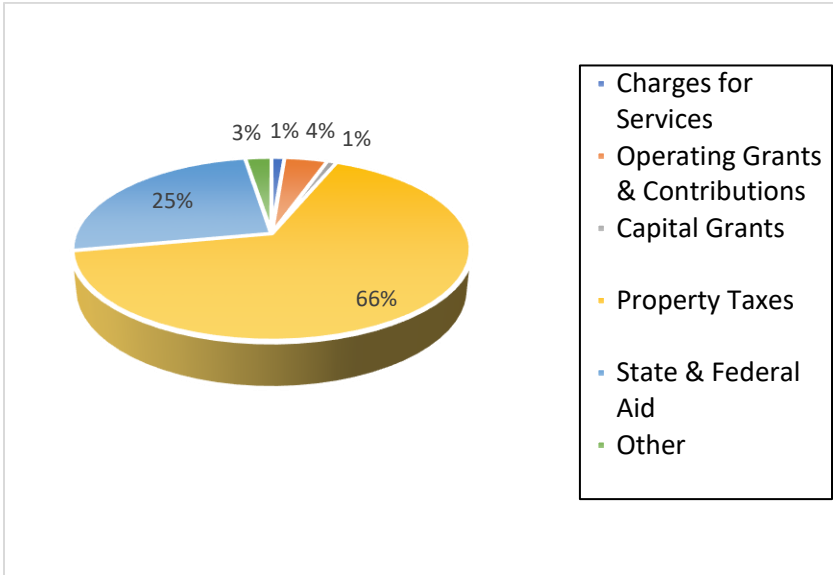
**Figure A-3**

**Changes in Net Position from Operating Results**

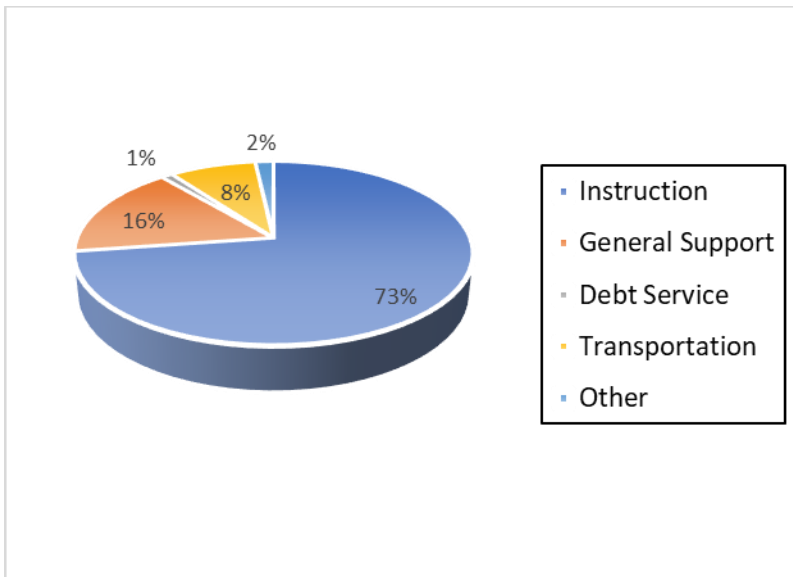
	<u>Governmental Activities</u>		<u>Total Variance</u>
	<u>2023</u>	<u>2022</u>	
<b>REVENUES:</b>			
<b><u>Program -</u></b>			
Charges for Service	\$ 1,371,820	\$ 559,780	\$ 812,040
Operating Grants & Contributions	4,543,218	4,090,245	452,973
Capital Grants & Contributions	1,000,000	560,047	439,953
<b>Total Program</b>	<b>\$ 6,915,038</b>	<b>\$ 5,210,072</b>	<b>\$ 1,704,966</b>
<b><u>General -</u></b>			
Property Taxes	\$ 73,022,793	\$ 72,918,040	\$ 104,753
State and Federal Aid	28,271,782	27,049,059	1,222,723
Investment Earnings	938,780	63,189	875,591
Compensation for Loss	488,255	105,052	383,203
Miscellaneous	1,359,723	1,166,703	193,020
<b>Total General</b>	<b>\$ 104,081,333</b>	<b>\$ 101,302,043</b>	<b>\$ 2,779,290</b>
<b>TOTAL REVENUES</b>	<b>\$ 110,996,371</b>	<b>\$ 106,512,115</b>	<b>\$ 4,484,256</b>
<b>EXPENSES:</b>			
General Support	\$ 17,577,753	\$ 10,083,033	\$ 7,494,720
Instruction	78,542,541	75,528,530	3,014,011
Pupil Transportation	8,914,795	8,590,695	324,100
Community Services	71,862	67,783	4,079
Capital Outlay	2,671	12,200	(9,529)
School Lunch	1,795,872	1,868,947	(73,075)
Interest	1,176,690	866,555	310,135
<b>TOTAL EXPENSES</b>	<b>\$ 108,082,184</b>	<b>\$ 97,017,743</b>	<b>\$ 11,064,441</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 2,914,187</b>	<b>\$ 9,494,372</b>	
<b>NET POSITION, BEGINNING</b>	<b>(136,017,356)</b>	<b>(145,511,728)</b>	
<b>NET POSITION, END OF YEAR</b>	<b>\$ (133,103,169)</b>	<b>\$ (136,017,356)</b>	

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION  
AND ANALYSIS (UNAUDITED)  
JUNE 30, 2023**

**Figure A-4 – Sources of Revenue for Fiscal Year 2023**



**Figure A-5 – Expenses for Fiscal Year 2023**



**BETHLEHEM CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION  
AND ANALYSIS (UNAUDITED)  
JUNE 30, 2023**

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

**Total Governmental Funds**

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Total Assets and Deferred Outflows	\$ 68,016,193	\$ 46,466,443
Total Liabilities and Deferred Inflows	\$ 34,768,955	\$ 15,034,514
Fund Equity		
Nonspendable	\$ 265,063	\$ 223,028
Restricted	31,522,469	31,008,384
Assigned	521,037	492,389
Unassigned (Deficit)	938,669	(291,872)
Total Fund Equity (Deficit)	<u>\$ 33,247,238</u>	<u>\$ 31,431,929</u>

The following is a summary of the fund balances (accumulated deficits) for the years ended June 30, 2023 and June 30, 2022 by individual fund:

	<u>Fund Equity (Deficit) 2023</u>	<u>Fund Equity (Deficit) 2022</u>	<u>Increase (Decrease)</u>
General	\$ 26,562,332	\$ 33,919,010	\$ 7,356,678
School Lunch	207,833	290,704	82,871
Special Aid	-	-	-
Capital Projects	4,990,701	(4,441,169)	(9,431,870)
Debt Service	1,486,372	1,663,384	177,012
Totals	<u>\$ 33,247,238</u>	<u>\$ 31,431,929</u>	<u>\$ (1,815,309)</u>

The following is a summary of General Fund revenues for the years ended June 30, 2023 and 2022:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
Taxes and Other Tax Items	\$ 73,022,793	\$ 72,918,040	\$ (104,753)
Use of Money and Property	1,019,515	200,555	(818,960)
State and Federal Sources	28,339,777	27,852,353	(487,424)
Other	2,120,787	1,473,815	(646,972)
Totals	<u>\$ 104,502,872</u>	<u>\$ 102,444,763</u>	<u>\$ (2,058,109)</u>

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION  
AND ANALYSIS (UNAUDITED)  
JUNE 30, 2023**

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

The following is a summary of General Fund expenditures for the years ended June 30, 2023 and 2022:

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>Increase (Decrease)</u>
General Support	\$ 7,899,220	\$ 8,303,160	\$ 403,940
Instruction	52,784,302	50,209,867	(2,574,435)
Pupil Transportation	5,332,570	5,593,690	261,120
Community Service	71,862	67,783	(4,079)
Employee Benefits	24,193,702	22,472,377	(1,721,325)
Debt Service	8,080,681	9,583,835	1,503,154
	<u>\$ 98,362,337</u>	<u>\$ 96,230,712</u>	<u>\$ (2,131,625)</u>
Totals	<u>\$ 98,362,337</u>	<u>\$ 96,230,712</u>	<u>\$ (2,131,625)</u>

The overall 2.2% increase in general fund expenditures was driven by normal operating increases in instruction, employee benefit, and debt service cost centers.

The difference between the General Fund's original budget and final amended budget was \$13,467,214 with \$13.4 million appropriated for the capital reserve and \$243,569 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, 2023, the District had invested \$150 million, net of accumulated depreciation, in school buildings, buses and other vehicles and equipment.

	<u>2023</u>	<u>2022</u>
<b><u>Capital Assets:</u></b>		
Land	\$ 246,072	\$ 246,072
Work in Progress	5,515,482	1,535,213
Land Improvements	669,393	715,345
Buildings and Improvements	134,218,727	138,857,709
Vehicles	5,364,698	4,119,821
Machinery and Equipment	3,164,905	3,604,789
<b>Total Capital Assets</b>	<u>\$ 149,179,277</u>	<u>\$ 149,078,949</u>
<b><u>Lease Assets:</u></b>		
Equipment	525,181	881,993
<b>Grand Total</b>	<u>\$ 149,704,458</u>	<u>\$ 149,960,942</u>

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION  
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**Obligations**

The District had long-term debt including serial bonds and an energy performance contract outstanding as of June 30, 2023 and 2022 as follows:

<u>Type</u>	<u>2023</u>	<u>2022</u>
Serial Bonds	\$ 35,950,000	\$ 40,640,000
Unamortized premiums	2,406,392	3,075,616
Less: Unamortized loss on refunding	(34,131)	(46,709)
Installment Purchase Debt - EPC	2,862,375	3,136,889
Lease Liability	315,489	478,214
Retainage Payable	108,430	-
OPEB	217,115,893	226,168,112
Net Pension Liability	13,735,776	-
Worker's Compensation	840,000	840,000
Compensated Absences	3,337,000	3,245,000
<b>Total Long-Term Obligations</b>	<b><u>\$ 276,637,224</u></b>	<b><u>\$ 277,537,122</u></b>

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. The balance of project costs being funded from various capital reserves.

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 \$378 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

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION  
AND ANALYSIS (UNAUDITED)  
JUNE 30, 2023**

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

District. There were some positive developments impacting mid-term finances: The District received \$2.8M in additional state foundation aid for the 2023-2024 school year. Preliminary state aid runs for the 2024-2025 school year indicate that an additional increase will be available to the District to offset increases in operational costs. In November 2023, the District was advised that the Bethlehem Industrial Development Agency was favorably considering an application from PSEG Power of New York Inc. (recently re-named GB II New York, LLC) for an extension of the current PILOT arrangement with the company for an additional two years while a new PILOT agreement is considered. The existing PILOT agreement was set to expire at the end of 2023. Under the proposed extension, the District would continue to receive the 2023 PILOT amount of \$3,676,895 for the 2024-2025 and 2025-2026 school years. The Bethlehem Industrial Development Agency is expected to vote on the PILOT extension on December 19, 2023.

**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, 2023**

**ASSETS**

Cash and cash equivalents	\$ 18,569,305
Restricted cash and cash equivalents	25,333,932
Accounts receivable	3,707,746
Inventories	9,916
Prepaid items	255,147
Capital assets, net	149,179,277
Lease assets, net	525,181
<b>TOTAL ASSETS</b>	<b><u>\$ 197,580,504</u></b>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows of resources	<b><u>\$ 67,720,839</u></b>
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**LIABILITIES**

Accounts payable	\$ 4,424,160
Accrued liabilities	563,910
Advances	312,831
Due to other governments	2,151
Due to teachers' retirement system	4,060,454
Due to employees' retirement system	494,091
Bond anticipation notes payable	3,255,000
Other liabilities	1,000,218
<b>Long-Term Obligations:</b>	
Due in one year	5,073,066
Due in more than one year	271,598,289
<b>TOTAL LIABILITIES</b>	<b><u>\$ 290,784,170</u></b>

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources	<b><u>\$ 107,620,342</u></b>
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**NET POSITION**

Net investment in capital assets	\$ 106,064,972
Restricted	31,522,469
Unrestricted	(270,690,610)
<b>TOTAL NET POSITION</b>	<b><u><u>\$ (133,103,169)</u></u></b>



**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**Statement of Activities**  
**For The Year Ended June 30, 2023**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
General support	\$ 17,577,753	\$ -	\$ -	\$ -	\$ (17,577,753)
Instruction	78,542,541	382,059	3,831,893	-	(74,328,589)
Pupil transportation	8,914,795	-	-	1,000,000	(7,914,795)
Community services	71,862	-	-	-	(71,862)
School lunch	1,795,872	989,761	711,325	-	(94,786)
Capital outlay	2,671	-	-	-	(2,671)
Interest	1,176,690	-	-	-	(1,176,690)
<b>Total Functions/Programs</b>	<b>\$ 108,082,184</b>	<b>\$ 1,371,820</b>	<b>\$ 4,543,218</b>	<b>\$ 1,000,000</b>	<b>\$ (101,167,146)</b>

**General Revenues:**

Property taxes	\$ 73,022,793
State and federal aid	28,271,782
Investment earnings	938,780
Sale of property and compensation for loss	488,255
Miscellaneous	1,359,723
<b>Total General Revenues</b>	<b>\$ 104,081,333</b>
Changes in Net Position	\$ 2,914,187
<b>Net Position, Beginning of Year</b>	<b>(136,017,356)</b>
<b>Net Position, End of Year</b>	<b>\$ (133,103,169)</b>

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2023**

	<b>General</b>	<b>Special</b>	<b>School</b>	<b>Debt</b>	<b>Capital</b>	<b>Total</b>
	<b>Fund</b>	<b>Aid</b>	<b>Lunch</b>	<b>Service</b>	<b>Projects</b>	<b>Governmental</b>
<b>ASSETS</b>		<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Fund</b>	<b>Funds</b>
Cash and cash equivalents	\$ 16,677,161	\$ 748,852	\$ 1,143,292	\$ -	\$ -	\$ 18,569,305
Restricted cash and cash equivalents	22,945,218	-	-	1,480,134	908,580	25,333,932
Receivables	2,644,630	412,670	90,399	-	560,047	3,707,746
Inventories	-	-	9,916	-	-	9,916
Due from other funds	6,494,967	238,942	-	6,238	13,400,000	20,140,147
Prepaid items	27,500	227,647	-	-	-	255,147
<b>TOTAL ASSETS</b>	<b>\$ 48,789,476</b>	<b>\$ 1,628,111</b>	<b>\$ 1,243,607</b>	<b>\$ 1,486,372</b>	<b>\$ 14,868,627</b>	<b>\$ 68,016,193</b>
<b>LIABILITIES AND FUND EQUITY (DEFICIENCY)</b>						
<b>Liabilities -</b>						
Accounts payable	\$ 1,942,221	\$ 36,041	\$ 15,733	\$ -	\$ 2,430,165	\$ 4,424,160
Accrued liabilities	285,070	4,145	5,554	-	-	294,769
Notes payable - bond anticipation notes	-	-	-	-	3,255,000	3,255,000
Due to other funds	13,659,956	1,402,636	884,794	-	4,192,761	20,140,147
Due to other governments	-	-	2,151	-	-	2,151
Due to TRS	4,060,454	-	-	-	-	4,060,454
Due to ERS	494,091	-	-	-	-	494,091
Other liabilities	1,000,218	-	-	-	-	1,000,218
Refundable advances	-	185,289	127,542	-	-	312,831
<b>TOTAL LIABILITIES</b>	<b>\$ 21,442,010</b>	<b>\$ 1,628,111</b>	<b>\$ 1,035,774</b>	<b>\$ -</b>	<b>\$ 9,877,926</b>	<b>\$ 33,983,821</b>
<b>Deferred Inflows -</b>						
Deferred inflows of resources	<b>\$ 785,134</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 785,134</b>
<b>Fund Equity (Deficiency) -</b>						
Nonspendable	\$ 27,500	\$ 227,647	\$ 9,916	\$ -	\$ -	\$ 265,063
Restricted	21,945,000	-	11,303	1,486,372	8,079,794	31,522,469
Assigned	334,423	-	186,614	-	-	521,037
Unassigned	4,255,409	(227,647)	-	-	(3,089,093)	938,669
<b>TOTAL FUND EQUITY (DEFICIENCY)</b>	<b>\$ 26,562,332</b>	<b>\$ -</b>	<b>\$ 207,833</b>	<b>\$ 1,486,372</b>	<b>\$ 4,990,701</b>	<b>\$ 33,247,238</b>
<b>TOTAL LIABILITIES</b>						
<b>DEFERRED INFLOWS AND</b>						
<b>FUND EQUITY (DEFICIENCY)</b>	<b>\$ 48,789,476</b>	<b>\$ 1,628,111</b>	<b>\$ 1,243,607</b>	<b>\$ 1,486,372</b>	<b>\$ 14,868,627</b>	

**Amounts reported for governmental activities in the Statement of Net Position are different because:**

Capital assets/right to use assets used in governmental activities are not financial resources and therefore are not reported in the funds.	\$ 149,704,458
Receivables expected to be collected after the availability period are reported as deferred inflows on fund basis, while those amounts are recorded as revenue on the full accrual basis	785,134
Interest is accrued on outstanding bonds in the statement of net position but not in the funds.	(269,141)
The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:	
Serial bonds payable	(35,950,000)
Leases payable	(315,489)
Retainage	(108,430)
OPEB	(217,115,893)
Compensated absences	(3,337,000)
Unamortized premium	(2,406,392)
Installment purchase debt	(2,862,375)
Workers' compensation claims	(840,000)
Deferred outflow	34,131
Deferred outflow - pension	27,715,910
Deferred outflow - OPEB	39,970,798
Net pension liability	(13,735,776)
Deferred inflow - pension	(2,381,498)
Deferred inflow - OPEB	(105,238,844)
<b>Net Position of Governmental Activities</b>	<b>\$ (133,103,169)</b>

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Equity**  
**Governmental Funds**  
**For The Year Ended June 30, 2023**

	<u>General</u> <u>Fund</u>	<u>Special</u> <u>Aid</u> <u>Fund</u>	<u>School</u> <u>Lunch</u> <u>Fund</u>	<u>Debt</u> <u>Service</u> <u>Fund</u>	<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
<b>REVENUES</b>						
Real property taxes and tax items	\$ 73,022,793	\$ -	\$ -	\$ -	\$ -	\$ 73,022,793
Charges for services	382,059	-	-	-	-	382,059
Use of money and property	1,019,515	-	-	27,036	-	1,046,551
Sale of property and compensation for loss	530,458	-	-	-	-	530,458
Miscellaneous	1,208,270	-	14,445	-	-	1,222,715
State sources	28,163,026	528,255	16,847	-	1,000,000	29,708,128
Federal sources	176,751	3,303,638	694,478	-	-	4,174,867
Sales	-	-	975,316	-	-	975,316
<b>TOTAL REVENUES</b>	<b>\$ 104,502,872</b>	<b>\$ 3,831,893</b>	<b>\$ 1,701,086</b>	<b>\$ 27,036</b>	<b>\$ 1,000,000</b>	<b>\$ 111,062,887</b>
<b>EXPENDITURES</b>						
General support	\$ 7,899,220	\$ -	\$ -	\$ -	\$ -	\$ 7,899,220
Instruction	52,784,302	3,896,904	-	-	-	56,681,206
Pupil transportation	5,332,570	164,117	-	-	-	5,496,687
Community services	71,862	-	-	-	-	71,862
Employee benefits	24,193,702	-	213,983	-	-	24,407,685
Debt service - principal	6,403,959	-	-	-	-	6,403,959
Debt service - interest	1,676,722	-	-	-	-	1,676,722
Cost of sales	-	-	1,581,889	-	-	1,581,889
Other expenses	-	-	3,900	-	-	3,900
Capital outlay	-	-	-	-	6,344,850	6,344,850
<b>TOTAL EXPENDITURES</b>	<b>\$ 98,362,337</b>	<b>\$ 4,061,021</b>	<b>\$ 1,799,772</b>	<b>\$ -</b>	<b>\$ 6,344,850</b>	<b>\$ 110,567,980</b>
<b>EXCESS (DEFICIENCY) OF REVENUES</b>						
<b>OVER EXPENDITURES</b>	<b>\$ 6,140,535</b>	<b>\$ (229,128)</b>	<b>\$ (98,686)</b>	<b>\$ 27,036</b>	<b>\$ (5,344,850)</b>	<b>\$ 494,907</b>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers - in	\$ 204,048	\$ 229,128	\$ 15,815	\$ -	\$ 13,500,000	\$ 13,948,991
Transfers - out	(13,744,943)	-	-	(204,048)	-	(13,948,991)
BAN's redeemed from appropriations	-	-	-	-	1,276,720	1,276,720
Premium on obligations issued	43,682	-	-	-	-	43,682
<b>TOTAL OTHER FINANCING</b>	<b>\$ (13,497,213)</b>	<b>\$ 229,128</b>	<b>\$ 15,815</b>	<b>\$ (204,048)</b>	<b>\$ 14,776,720</b>	<b>\$ 1,320,402</b>
<b>SOURCES (USES)</b>	<b>\$ (13,497,213)</b>	<b>\$ 229,128</b>	<b>\$ 15,815</b>	<b>\$ (204,048)</b>	<b>\$ 14,776,720</b>	<b>\$ 1,320,402</b>
<b>NET CHANGE IN FUND EQUITY</b>	<b>\$ (7,356,678)</b>	<b>\$ -</b>	<b>\$ (82,871)</b>	<b>\$ (177,012)</b>	<b>\$ 9,431,870</b>	<b>\$ 1,815,309</b>
<b>FUND EQUITY, BEGINNING</b>						
<b>OF YEAR</b>	<b>33,919,010</b>	<b>-</b>	<b>290,704</b>	<b>1,663,384</b>	<b>(4,441,169)</b>	<b>31,431,929</b>
<b>FUND EQUITY, END OF YEAR</b>	<b>\$ 26,562,332</b>	<b>\$ -</b>	<b>\$ 207,833</b>	<b>\$ 1,486,372</b>	<b>\$ 4,990,701</b>	<b>\$ 33,247,238</b>

See accompanying notes to financial statements.

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**Reconciliation of Statement of Revenues, Expenditures, and Changes in**  
**Fund Equity of the Governmental Funds to the Statement of Activities**  
**For The Year Ended June 30, 2023**

<b>NET CHANGE IN FUND EQUITY -</b>	
<b>TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 1,815,309</b>
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are the amounts by which capital outlays and additions of assets in excess depreciation in the current period:</p>	
Capital Outlay	\$ 6,761,797
Loss on Disposal	(42,203)
Lease Additions, Net	86,188
Depreciation and Amortization	<u>(7,062,266)</u>
	(256,484)
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. The following details these items as they effect the governmental activities:</p>	
Debt Repayments	\$ 6,403,959
Proceeds from BAN Redemption	(1,276,720)
Amortization of Bond Premium	669,224
Amortization of Deferred Loss	<u>(12,578)</u>
	5,783,885
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.	(156,614)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.	(67,995)
The Retainage liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds	(108,430)
The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.	(941,817)
(Increase) decrease in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds	
Teachers' Retirement System	(1,133,098)
Employees' Retirement System	(1,928,569)
In the Statement of Activities, vacation pay, teachers' retirement incentive and judgments and claims are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. The following provides the differences of these items as presented in the governmental activities:	
Compensated Absences	<u>(92,000)</u>
<b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b><u><u>\$ 2,914,187</u></u></b>

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**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:

GASB 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, 2023**

**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, 2023, Bethlehem Central School District was billed \$4,373,657 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$1,582,105. 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, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*C. Basis of Presentation*

Employee benefits were charged to governmental functions as follows:

General Support	\$ 4,777,207
Instruction	21,225,562
Pupil Transportation	<u>2,422,825</u>
 Total Employee Benefits	 <u><u>\$ 28,425,594</u></u>

See Note 2.A. IV 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, 2023**

**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 10, 2022. 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, 2023**

**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	\$	11,508
Expenses associated with contractual		145
Expenses associated with CARES Act Grants ESSER & GEER		55,561

From Appropriated Reserves:

Capital reserve		13,400,000
Total Supplemental Appropriations	\$	13,467,214

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, 2023**

**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, 2023.

***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, 2023**

**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.III. 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, 2023**

**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 following:

	<b>Total</b>
Inventory in School Lunch	\$ 9,916
Prepaid Items in General Fund	27,500
Prepaid Items in Special Aid Fund	227,647
<b>Total Nonspendable Fund Balance</b>	<b>\$ 265,063</b>

**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, 2023**

**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. During a fiscal year, a 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, 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, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*L. Equity Classifications*

Restricted fund equity includes the following:

	<u><b>Total</b></u>
<b><u>General Fund -</u></b>	
Workers' Compensation	\$ 840,000
Retirement Contribution - ERS	2,700,000
Retirement Contribution - TRS	2,605,000
Tax Certiorari	500,000
Capital Reserves	13,900,000
Employee Benefit Accrued Liability	1,400,000
<b><u>Capital Fund -</u></b>	
Building Renovations	8,079,794
<b><u>School Lunch Fund -</u></b>	
Encumbrances	11,303
<b><u>Debt Service Fund -</u></b>	
Debt Service	1,486,372
<b>Total Restricted Fund Balance</b>	<b><u><u>\$ 31,522,469</u></u></b>

**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, 2023.

**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. The remaining fund equity in the other funds is also reported as assigned. Assigned fund equity includes the following:

	<u><b>Total</b></u>
General Fund - Encumbrances	\$ 334,423
School Lunch Fund - Year End Equity	186,614
<b>Total Assigned Fund Balance</b>	<b><u><u>\$ 521,037</u></u></b>

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***L. Equity Classifications***

Purpose of Encumbrances, General Fund:

<b><u>General Fund -</u></b>	
General Support	\$ 309,957
Instruction	34,519
Pupil Transportation	(10,053)
Community Services	-
<b>Total General Fund Encumbrances</b>	<b><u><u>\$ 334,423</u></u></b>
<b><u>School Lunch Fund -</u></b>	
Other Expenses	<b><u><u>\$ 11,303</u></u></b>

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

Fund statements:

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the district’s budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund equity of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation, and the District did not exceed this limit at June 30, 2023.

***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.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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 Assets

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

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

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

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.



**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***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.

***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.

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

***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.

***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.

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***S. Vested Employee Benefits***

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

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

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

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

The District has adopted and implemented all applicable current Statements of the Governmental Accounting Standards Board (GASB) that are effective for the fiscal year ended June 30, 2023. There was no significant impact on the District as a result of implementing these 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.

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

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, 2023**

**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, 2023, all deposits were fully insured and collateralized by the District's agent in the District's name.

Restricted Cash

Restricted cash consists of the following:

	<b><u>Total</u></b>
<b><u>General Fund -</u></b>	
Workers' Compensation	\$ 840,000
Retirement Contribution - ERS	2,700,000
Retirement Contribution - TRS	2,605,000
Tax Certiorari	500,000
Other liabilities - Extraclass and HRA	1,000,218
Capital Reserves	13,900,000
Employee Benefit Accrued Liability	1,400,000
<b><u>Capital Fund -</u></b>	
Building Renovations	908,580
<b><u>Debt Service Fund -</u></b>	
Debt Service	1,480,134
	<b>\$ 25,333,932</b>

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**2. DETAIL NOTES ON ALL FUNDS**

*A. Assets*

*II. Receivables*

Receivable balances for the year ended June 30, 2023 are:

<u>Description</u>	<u>Governmental Activities</u>				<u>Total</u>
	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>Capital Projects Fund</u>	<u>School Lunch Fund</u>	
Accounts Receivable	\$ 140,373	\$ -	\$ -	\$ -	\$ 140,373
Due From State and Federal	2,383,413	412,670	560,047	90,399	3,446,529
Due From Other Governments	120,844	-	-	-	120,844
<b>Total Receivables</b>	<b>\$ 2,644,630</b>	<b>\$ 412,670</b>	<b>\$ 560,047</b>	<b>\$ 90,399</b>	<b>\$ 3,707,746</b>

*III. 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 22-23, the General Fund transferred \$229,128 to the Special Aid Fund for the District's share of summer programs for special education students, and \$15,815 to the School Lunch Fund to cover operating deficits. The General Fund transferred \$13,400,000 to the Capital Fund for the appropriated capital reserves and the \$100,000 SED annual project. The Debt Service Reserve Fund transferred \$204,048 to the General Fund for debt service payments.

Inter-fund balances at June 30, 2023 are as follows:

	<u>Inter-fund</u>			
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 6,494,967	\$ 13,659,956	\$ 204,048	\$ 13,744,943
Special Aid Fund	238,942	1,402,636	229,128	-
School Lunch Fund	-	884,794	15,815	-
Debt Service Fund	6,238	-	-	204,048
Capital Projects Fund	13,400,000	4,192,761	13,500,000	-
<b>Total</b>	<b>\$ 20,140,147</b>	<b>\$ 20,140,147</b>	<b>\$ 13,948,991</b>	<b>\$ 13,948,991</b>

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**2. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**IV. Capital Assets**

<u>Type</u>	<u>Balance 7/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2023</u>
<b><u>Governmental Activities:</u></b>				
<b><u>Capital Assets that are not Depreciated -</u></b>				
Land	\$ 246,072	\$ -	\$ -	\$ 246,072
Work in progress	1,535,213	3,980,269	-	5,515,482
<b>Total Nondepreciable</b>	<b>\$ 1,781,285</b>	<b>\$ 3,980,269</b>	<b>\$ -</b>	<b>\$ 5,761,554</b>
<b><u>Capital Assets that are Depreciated -</u></b>				
Land Improvements	\$ 1,004,040	\$ -	\$ -	\$ 1,004,040
Buildings and Improvements	182,972,771	-	-	182,972,771
Vehicles	12,710,049	2,634,030	2,849,755	12,494,324
Machinery and equipment	6,220,875	147,498	-	6,368,373
<b>Total Depreciated Assets</b>	<b>\$ 202,907,735</b>	<b>\$ 2,781,528</b>	<b>\$ 2,849,755</b>	<b>\$ 202,839,508</b>
<b><u>Less Accumulated Depreciation -</u></b>				
Land Improvements	\$ 288,695	\$ 45,952.00	\$ -	\$ 334,647
Buildings and Improvements	44,115,062	4,638,982	-	48,754,044
Vehicles	8,590,228	1,346,950	2,807,552	7,129,626
Machinery and equipment	2,616,086	587,382	-	3,203,468
<b>Total Accumulated Depreciation</b>	<b>\$ 55,610,071</b>	<b>\$ 6,619,266</b>	<b>\$ 2,807,552</b>	<b>\$ 59,421,785</b>
<b>Total Capital Assets Depreciated, Net of Accumulated Depreciation</b>	<b>\$ 147,297,664</b>	<b>\$ (3,837,738)</b>	<b>\$ 42,203</b>	<b>\$ 143,417,723</b>
<b>Total Capital Assets</b>	<b>\$ 149,078,949</b>	<b>\$ 142,531</b>	<b>\$ 42,203</b>	<b>\$ 149,179,277</b>

Depreciation was charged to governmental functions as follows:

General Government Support	\$ 5,090,450
Instruction	381,071
Pupil Transportation	1,147,745
School Lunch	-
<b>Total Depreciation Expense</b>	<b>\$ 6,619,266</b>

**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.

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

*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).

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).

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

*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>Contributions</u>	<u>ERS</u>	<u>TRS</u>
2023	\$ 1,743,773	\$ 3,457,282
2022	2,429,297	3,258,467
2021	2,346,534	3,263,277

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

*Pension Liabilities*

At June 30, 2023, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2023 for ERS and June 30, 2022 for TRS. The total 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>
Measurement date	March 31, 2023	June 30, 2022
Net pension assets/(liability)	\$ (9,914,475)	\$ (3,821,301)
District's portion of the Plan's total net pension asset/(liability)	0.046%	0.199%

*Pension Expense*

For the year ended June 30, 2023, the District recognized its proportionate share of pension expense of \$3,465,646 for ERS and \$4,848,346 for TRS.



**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

*Deferred Outflows and Inflows of Resources Related to Pensions*

At June 30, 2023, 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 experience	\$ 1,055,969	\$ 4,004,240	\$ 278,436	\$ 76,572
Changes of assumptions	4,815,108	7,412,678	53,216	1,539,328
Net difference between projected and actual earnings on pension plan investments	-	4,937,484	58,247	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	<u>571,778</u>	<u>364,108</u>	<u>161,969</u>	<u>213,730</u>
Subtotal	<u>\$ 6,442,855</u>	<u>\$ 16,718,510</u>	<u>\$ 551,868</u>	<u>\$ 1,829,630</u>
District's contributions subsequent to the measurement date	<u>494,091</u>	<u>4,060,454</u>	<u>-</u>	<u>-</u>
<b>Grand Total</b>	<b><u><u>\$ 6,936,946</u></u></b>	<b><u><u>\$ 20,778,964</u></u></b>	<b><u><u>\$ 551,868</u></u></b>	<b><u><u>\$ 1,829,630</u></u></b>

*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, 2024 for ERS and June 30, 2023 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>Year</u>	<u>ERS</u>	<u>TRS</u>
2023	\$ -	\$ 2,908,471
2024	1,464,114	1,551,403
2025	(424,845)	(586,546)
2026	2,118,145	9,709,426
2027	2,733,573	1,234,946
Thereafter	-	71,180
<b>Total</b>	<b><u><u>\$ 5,890,987</u></u></b>	<b><u><u>\$ 14,888,880</u></u></b>

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**2. DETAIL NOTES ON ALL FUNDS**

*B. Liabilities*

*I. Pension Plans*

*Actuarial Assumptions*

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Interest rate	5.90%	6.95%
Salary scale	4.40%	5.18%-1.95%
Decrement tables	April 1, 2015- March 31, 2020 System's Experience	July 1, 2015- June 30, 2020 System's Experience
Inflation rate	2.90%	2.40%
COLA's	1.50%	1.30%

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-2021. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2020.

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

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**2. DETAIL NOTES ON ALL FUNDS**

*B. Liabilities*

*I. Pension Plans*

*Actuarial Assumptions*

<b>Long Term Expected Rate of Return</b>		
	<b><u>ERS</u></b>	<b><u>TRS</u></b>
Measurement date	March 31, 2023	June 30, 2022
<b><u>Asset Type -</u></b>		
Domestic equity	4.30%	6.50%
International equity	6.85%	7.20%
Global equity	0.00%	6.90%
Private equity	7.50%	9.90%
Real estate	4.60%	6.20%
Opportunistic portfolios	5.38%	0.00%
Real assets	5.84%	0.00%
Cash	0.00%	-0.30%
Private debt	0.00%	5.30%
Real estate debt	0.00%	2.40%
High-yield fixed income securities	0.00%	3.30%
Domestic fixed income securities	0.00%	1.10%
Global fixed income securities	1.50%	0.60%
Credit	5.43%	0.00%

*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, 2023**

**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:

<b><u>ERS</u></b>	<b>1% Decrease <u>(4.90%)</u></b>	<b>Current Assumption <u>(5.90%)</u></b>	<b>1% Increase <u>(6.90%)</u></b>
Employer's proportionate share of the net pension asset (liability)	\$ (23,959,033)	\$ (9,914,475)	\$ 1,821,388
<b><u>TRS</u></b>	<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)	\$ (35,234,191)	\$ (3,821,301)	\$ 22,596,732

*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, 2023 is \$3,680,144 for ERS and \$4,905,722 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, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$494,091.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**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, 2023 are paid to the System in September, October and November 2023 through a State aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on 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, 2023 amounted to \$4,060,454.

***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	\$ 9,682
Less: Interest Accrued in the Prior Year	-
Plus: Interest Accrued in the Current Year	125,206
<b>Total Short-Term Interest Expense</b>	<b><u><u>\$ 134,888</u></u></b>

The following is a summary of changes in short-term debt for the year ended June 30, 2023:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance 7/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2023</u>
BAN	7/15/2022	0.26%	\$ 3,724,000	\$ -	\$ 3,724,000	\$ -
BAN	7/14/2023	4.00%	-	3,255,000	-	3,255,000
<b>Total Short-Term Debt</b>			<b><u><u>\$ 3,724,000</u></u></b>	<b><u><u>\$ 3,255,000</u></u></b>	<b><u><u>\$ 3,724,000</u></u></b>	<b><u><u>\$ 3,255,000</u></u></b>

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**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 \$1,584,360 for serial bonds, \$70,017 for an installment purchase debt and \$12,663 for leases.

Interest on long-term debt was comprised of:

Interest Paid	\$ 1,667,040
Less: Interest Accrued in the Prior Year	(112,527)
Plus: Interest Accrued in the Current Year	143,935
Plus: Amortization of Deferred Loss	12,578
Less: Amortization of Bond Premium	(669,224)
<b>Total Long-Term Interest Expense</b>	<b><u><u>\$ 1,041,802</u></u></b>

Changes

The changes in indebtedness during the year ended June 30, 2023 are summarized as follows:

	<u>Balance</u> <u>7/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2023</u>	<u>Due Within</u> <u>One Year</u>
<b><u>Governmental Activities:</u></b>					
<b><u>Bonds and Notes Payable -</u></b>					
Serial Bonds	\$ 40,640,000	\$ -	\$ 4,690,000	\$ 35,950,000	\$ 4,460,000
Deferred Loss on Refunding	(46,709)	-	(12,578)	(34,131)	-
Unamortized Premium	3,075,616	-	669,224	2,406,392	504,636
Workers' Compensation Claims	840,000	-	-	840,000	-
Lease Liability	478,214	-	162,725	315,489	-
Energy Performance Contracts	3,136,889	-	274,514	2,862,375	-
<b>Total Bonds and Notes Payable</b>	<b><u>\$ 48,124,010</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 5,783,885</u></b>	<b><u>\$ 42,340,125</u></b>	<b><u>\$ 4,964,636</u></b>
<b><u>Other Liabilities -</u></b>					
Net Pension Liability	\$ -	\$ 13,735,776	\$ -	\$ 13,735,776	\$ -
OPEB	226,168,112	16,687,018	25,739,237	217,115,893	-
Retainage Payable	-	108,430	-	108,430	108,430
Compensated Absences	3,245,000	92,000	-	3,337,000	-
<b>Total Other Liabilities</b>	<b><u>\$ 229,413,112</u></b>	<b><u>\$ 30,623,224</u></b>	<b><u>\$ 25,739,237</u></b>	<b><u>\$ 234,297,099</u></b>	<b><u>\$ 108,430</u></b>
<b>Total Long-Term Obligations</b>	<b><u>\$ 277,537,122</u></b>	<b><u>\$ 30,623,224</u></b>	<b><u>\$ 31,523,122</u></b>	<b><u>\$ 276,637,224</u></b>	<b><u>\$ 5,073,066</u></b>

The above liabilities are liquidated by the general fund.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**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.

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. \$6,430,000 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, 2023:

<u>Year</u>	<u>Total</u>
2024	\$ 344,532
2025	344,532
2026	344,532
2027	344,532
2028	344,532
Thereafter	1,464,259
Minimum installment purchase debt payments	<u>3,186,919</u>
Less: amount representing interest	324,544
<b>Present Value of minimum installment purchase debt payments</b>	<b><u><u>\$ 2,862,375</u></u></b>

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**2. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***II. Indebtedness***

Maturity

The following is a summary of maturity of indebtedness:

<u>Description</u>	<u>Original Amount</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding 6/30/2023</u>
Advanced refunding	\$ 16,070,000	2015	2035	3-5%	\$ 5,200,000
Construction	18,374,224	2016	2030	2-5%	9,755,000
Advanced refunding	1,610,000	2020	2030	5.00%	785,000
Construction	23,005,000	2022	2030	3-5%	20,210,000
<b>Total Serial Bonds</b>					<b><u>\$ 35,950,000</u></b>
Energy Performance Contract	4,241,984	2016	2033	2.30%	\$ 2,862,375
<b>Total Installment Purchase Debt</b>					<b><u>\$ 2,862,375</u></b>

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

<u>Year</u>	<b>Serial Bonds</b>		
	<u>Principal</u>	<u>Interest</u>	<u>Premium</u>
2024	\$ 4,460,000	\$ 1,443,100	\$ 583,272
2025	4,380,000	1,273,875	504,636
2026	4,570,000	1,071,450	428,928
2027	4,750,000	865,075	349,822
2028	4,940,000	678,000	267,317
2029-33	11,840,000	920,475	272,417
2034-38	1,010,000	31,075	-
2039-43	-	-	-
<b>Total</b>	<b><u>\$ 35,950,000</u></b>	<b><u>\$ 6,283,050</u></b>	<b><u>\$ 2,406,392</u></b>

In addition to the outstanding debt listed above, voters have authorized and approved a 2021 Capital Project expenditure in an amount not to exceed \$40,693,106 to be used for facilities improvements, and \$568,720 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, 2023**

**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, 2023, the District has exhausted 11.38% 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.

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

The deferred outflows and inflows reported on the statement of net position consist of the following:

	<b><u>Deferred Outflows</u></b>	<b><u>Deferred Inflows</u></b>
Pension	\$ 27,715,910	\$ 2,381,498
Bonds	34,131	-
OPEB	39,970,798	105,238,844
<b>Total</b>	<b><u>\$ 67,720,839</u></b>	<b><u>\$ 107,620,342</u></b>

**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, 2023, 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, 2023**

**3. COMMITMENTS AND CONTINGENCIES**

**A. Risk Financing and Related Insurance**

Workers' Compensation Insurance

	<u>2023</u>	<u>2022</u>
Unpaid claims and claim adjustment expenses beginning of year	\$ 766,707	\$ 462,298
Incurred claims and claim adjustment expenses:		
Provision for incurred claims expenditures for events of the current year	31,538	140,067
Increase (decrease) in provision for incurred events of the prior years	<u>506,039</u>	<u>468,634</u>
Total incurred claims and claim adjustment expenses	<u>1,304,284</u>	<u>1,070,999</u>
Payments made for claims during the year	<u>(434,996)</u>	<u>(304,292)</u>
Total unpaid claims and claim adjustment expenses, end of year	<u>\$ 869,288</u>	<u>\$ 766,707</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, 2023, the District's prescription drug plan account balance maintained by the Consortium is approximately \$1.636 million. The Consortium also maintains an account balance for the District of approximately \$3.756 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, 2023**

**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 \$387,100. 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>2023</u>	<u>2022</u>
Claims and Administration Fees	\$ 8,231,200	\$ 7,146,430
Claim Payments	(8,231,200)	(7,146,430)
Estimated Incurred but not reported as of June 30	-	-
Balance at End of Year	\$ -	\$ -

***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.

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**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, 2023 approximately \$5,700,000 was paid on behalf of 502 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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	502
Inactive employees entitled to but not yet receiving benefit payments	-
Active Employees	<u>687</u>
<b>Total</b>	<b><u><u>1,189</u></u></b>

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**4. POSTEMPLOYMENT BENEFITS OBLIGATION**

*Net OPEB Liability*

The District's total OPEB liability of \$217,115,893 was measured as of June 30, 2023; the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2022.

*Actuarial Assumptions and Other Inputs*

The total OPEB liability at June 30, 2023 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.70 percent
Salary Increases	Varied by years of service and retirement system
Discount Rate	4.13% (based on the Bond Buyer General Obligation 20-year Municipal Bond Index)
Healthcare Cost Trend Rates	6.75% for 2022 decreasing to an ultimate rate of 4.14% by 2076
Retirees' Share of Benefit-Related Costs	Varies depending on contract

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:

Balance at June 30, 2022	<u>\$ 226,168,112</u>
<u>Changes for the Year -</u>	
Service cost	\$ 8,480,631
Interest	8,206,387
Changes of benefit terms	-
Differences between expected and actual experience	(3,850,380)
Changes in assumptions or other inputs	(16,179,409)
Benefit payments	<u>(5,709,448)</u>
Net Changes	<u>\$ (9,052,219)</u>
<b>Balance at June 30, 2023</b>	<b><u><u>\$ 217,115,893</u></u></b>

The differences between expected and actual experience and the changes in assumptions are a result of the change in the discount rate from 3.54% to 4.13%, change in the mortality scale from MP-2020 to MP-2021, update in the medical and prescription drug trend rates from the 2020 Getzen to 2022 Getzen model, changes in assumptions for active employees health plan elections and update to the salary scale used.

**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**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 (3.13%) or 1 percentage point higher (5.13%) than the current discount rate:

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b><u>(3.13%)</u></b>	<b><u>(4.13%)</u></b>	<b><u>(5.13%)</u></b>
Total OPEB Liability	\$ 256,352,117	\$ 217,115,893	\$ 185,969,152

*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 (5.75% decreasing to 3.14%) or 1 percentage point higher (7.75% decreasing to 5.14%) than the current healthcare cost trend rate:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
	<b>(5.75%</b>	<b>(6.75%</b>	<b>(7.75%</b>
	<b>Decreasing</b>	<b>Decreasing</b>	<b>Decreasing</b>
	<b><u>to 3.14%</u></b>	<b><u>to 4.14%</u></b>	<b><u>to 5.14%</u></b>
Total OPEB Liability	\$ 181,474,460	\$ 217,115,893	\$ 263,446,451

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$6,651,265. At June 30, 2023, 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	\$ 192,964	\$ 27,252,604
Changes of assumptions	39,777,834	77,986,240
<b>Total</b>	<b><u>\$ 39,970,798</u></b>	<b><u>\$ 105,238,844</u></b>

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**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</u>	
2024	\$ (10,035,753)
2025	(9,692,228)
2026	(8,674,011)
2027	(21,849,019)
2028	(12,155,634)
Thereafter	<u>(2,861,401)</u>
<b>Total</b>	<b><u><u>\$ (65,268,046)</u></u></b>

**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 \$354,847. The District received Payment in Lieu of Taxes (PILOT) payments totaling \$3,767,838.

**6. DEFICIT FUND EQUITY**

No funds had a deficit fund equity at June 30, 2023.

**7. LEASE ASSETS AND LEASE LIABILITIES**

Lease Asset

A summary of the lease asset activity during the year ended June 30, 2023 is as follows:

<u>Type</u>	<u>Balance 7/1/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2023</u>
<b><u>Lease Assets:</u></b>				
Furniture and Equipment	\$ 1,343,316	\$ 86,188	\$ -	\$ 1,429,504
<i>Total Lease Assets</i>	<u>\$ 1,343,316</u>	<u>\$ 86,188</u>	<u>\$ -</u>	<u>\$ 1,429,504</u>
<b><u>Less Accumulated Amortization -</u></b>				
Furniture and Equipment	\$ 461,323	\$ 443,000	\$ -	\$ 904,323
<i>Total Accumulated Amortization</i>	<u>\$ 461,323</u>	<u>\$ 443,000</u>	<u>\$ -</u>	<u>\$ 904,323</u>
<i>Total Lease Assets, Net</i>	<u><u>\$ 881,993</u></u>	<u><u>\$ (356,812)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 525,181</u></u>

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

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2023**

**7. LEASE ASSETS AND LEASE LIABILITIES**

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, 2023</u>
Furniture and equipment	3/19/2021	3 years	\$ 24,760	2.25%	\$ 355,180	\$ 169,479
Furniture and equipment	4/19/2022	3 years	19,087	4.01%	214,840	146,010
						<u>\$ 315,489</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:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 167,571	\$ 7,817
2025	147,918	2,711
	<u>\$ 315,489</u>	<u>\$ 10,528</u>

**8. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through December 21, 2023, which is the date these financial statements were issued. All subsequent events requiring recognition or disclosure as of June 30, 2023, have been incorporated into these financial statements.



**Required Supplementary Information**  
**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Equity -**  
**Budget and Actual - General Fund**  
**For The Year Ended June 30, 2023**

	<u>Original</u> <u>Budget</u>	<u>Amended</u> <u>Budget</u>	<u>Current</u> <u>Year's</u> <u>Revenues</u>	<u>Over (Under)</u> <u>Revised</u> <u>Budget</u>
<b>REVENUES</b>				
<b>Local Sources -</b>				
Real property taxes	\$ 69,233,000	\$ 65,795,482	\$ 65,789,498	\$ (5,984)
Real property tax items	3,810,000	7,247,518	7,233,295	(14,223)
Non-property taxes	-	-	-	-
Charges for services	463,000	463,000	382,059	(80,941)
Use of money and property	130,000	130,000	1,019,515	889,515
Sale of property and compensation for loss	159,000	159,000	530,458	371,458
Miscellaneous	580,000	591,653	1,251,952	660,299
<b>State Sources -</b>				
Basic formula	21,271,500	21,271,500	19,621,789	(1,649,711)
Lottery aid	4,879,000	4,879,000	6,430,235	1,551,235
BOCES	1,445,000	1,445,000	1,582,105	137,105
Textbooks	264,500	264,500	263,290	(1,210)
<b>All Other Aid -</b>				
Computer software	132,000	132,000	130,985	(1,015)
Library loan	27,000	27,000	27,325	325
Handicapped students	-	-	94,472	94,472
Other aid	-	-	12,825	12,825
<b>Federal Sources</b>	100,000	155,561	176,751	21,190
<b>TOTAL REVENUES</b>	<u>\$ 102,494,000</u>	<u>\$ 102,561,214</u>	<u>\$ 104,546,554</u>	<u>\$ 1,985,340</u>
<b>Other Sources -</b>				
Transfer - in	<u>\$ 204,000</u>	<u>\$ 204,000</u>	<u>\$ 204,048</u>	<u>\$ 48</u>
<b>TOTAL REVENUES AND OTHER SOURCES</b>	<u>\$ 102,698,000</u>	<u>\$ 102,765,214</u>	<u>\$ 104,750,602</u>	<u>\$ 1,985,388</u>
Appropriated reserves	<u>\$ -</u>	<u>\$ 13,400,000</u>		
Appropriated fund equity	<u>\$ -</u>	<u>\$ -</u>		
Prior year encumbrances	<u>\$ 243,569</u>	<u>\$ 243,569</u>		
<b>TOTAL REVENUES AND APPROPRIATED RESERVES/ FUND EQUITY</b>	<u><b>\$ 102,941,569</b></u>	<u><b>\$ 116,408,783</b></u>		

**Required Supplementary Information**  
**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Equity -**  
**Budget and Actual - General Fund**  
**For The Year Ended June 30, 2023**

	<b>Original</b>	<b>Amended</b>	<b>Current</b>		<b>Unencumbered</b>
	<b><u>Budget</u></b>	<b><u>Budget</u></b>	<b>Year's</b>	<b><u>Encumbrances</u></b>	<b><u>Balances</u></b>
			<b><u>Expenditures</u></b>		
<b>EXPENDITURES</b>					
<b>General Support -</b>					
Board of education	\$ 67,203	\$ 67,203	\$ 44,800	\$ -	\$ 22,403
Central administration	301,599	308,828	294,990	1,532	12,306
Finance	811,660	759,030	727,755	7,726	23,549
Staff	954,406	971,181	793,092	739	177,350
Central services	6,022,033	6,036,434	5,350,176	299,960	386,298
Special items	787,564	773,476	688,407	-	85,069
<b>Instructional -</b>					
Instruction, administration and improvement	4,160,563	4,213,921	4,140,292	(1,958)	75,587
Teaching - regular school	27,075,985	27,109,571	26,625,026	33,011	451,534
Programs for children with handicapping conditions	11,312,882	11,307,507	11,010,620	(2,369)	299,256
Occupational education	1,359,946	1,349,844	1,317,532	-	32,312
Teaching - special schools	30,500	71,505	66,015	2,100	3,390
Instructional media	4,506,576	4,505,055	3,924,243	6,852	573,960
Pupil services	5,898,928	5,933,624	5,700,574	(3,117)	236,167
<b>Pupil Transportation</b>	6,402,766	6,397,888	5,332,570	(10,053)	1,075,371
<b>Community Services</b>	73,793	73,951	71,862	-	2,089
<b>Employee Benefits</b>	24,752,700	24,707,300	24,193,702	-	513,598
<b>Debt service - principal</b>	6,856,235	6,244,235	6,403,959	-	(159,724)
<b>Debt service - interest</b>	1,052,230	1,664,230	1,676,722	-	(12,492)
<b>TOTAL EXPENDITURES</b>	<u>\$ 102,427,569</u>	<u>\$ 102,494,783</u>	<u>\$ 98,362,337</u>	<u>\$ 334,423</u>	<u>\$ 3,798,023</u>
<b>Other Uses -</b>					
Transfers - out	\$ 514,000	\$ 13,914,000	\$ 13,744,943	\$ -	\$ 169,057
<b>TOTAL EXPENDITURES AND OTHER USES</b>	<u>\$ 102,941,569</u>	<u>\$ 116,408,783</u>	<u>\$ 112,107,280</u>	<u>\$ 334,423</u>	<u>\$ 3,967,080</u>
<b>NET CHANGE IN FUND EQUITY</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,356,678)</u>		
<b>FUND EQUITY, BEGINNING OF YEAR</b>	<u>33,919,010</u>	<u>33,919,010</u>	<u>33,919,010</u>		
<b>FUND EQUITY, END OF YEAR</b>	<u><u>\$ 33,919,010</u></u>	<u><u>\$ 33,919,010</u></u>	<u><u>\$ 26,562,332</u></u>		

**Required Supplementary Information**  
**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**Schedule of Changes in Total OPEB Liability**  
**For The Year Ended June 30, 2023**

<b>TOTAL OPEB LIABILITY</b>						
	<u><b>2023</b></u>	<u><b>2022</b></u>	<u><b>2021</b></u>	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>
Measurement date	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Service cost	\$ 8,480,631	\$ 12,475,424	\$ 14,774,650	\$ 9,549,710	\$ 6,195,169	\$ 6,458,575
Interest	8,206,387	6,212,605	7,534,232	8,820,211	8,365,137	7,516,564
Changes in benefit terms	-	-	(446,344)	-	(2,096,330)	-
Differences between expected and actual experiences	(3,850,380)	239,918	(41,436,270)	50,390	(731,754)	-
Changes of assumptions or other inputs	(16,179,409)	(65,299,558)	(26,417,421)	70,947,059	24,991,866	(10,550,427)
Benefit payments	<u>(5,709,448)</u>	<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>
<b>Net Change in Total OPEB Liability</b>	<b>\$ (9,052,219)</b>	<b>\$ (51,554,854)</b>	<b>\$ (50,818,188)</b>	<b>\$ 84,282,095</b>	<b>\$ 31,923,125</b>	<b>\$ 1,327,395</b>
<b>Total OPEB Liability - Beginning</b>	<b><u>\$ 226,168,112</u></b>	<b><u>\$ 277,722,966</u></b>	<b><u>\$ 328,541,154</u></b>	<b><u>\$ 244,259,059</u></b>	<b><u>\$ 212,335,934</u></b>	<b><u>\$ 211,008,539</u></b>
<b>Total OPEB Liability - Ending</b>	<b><u><u>\$ 217,115,893</u></u></b>	<b><u><u>\$ 226,168,112</u></u></b>	<b><u><u>\$ 277,722,966</u></u></b>	<b><u><u>\$ 328,541,154</u></u></b>	<b><u><u>\$ 244,259,059</u></u></b>	<b><u><u>\$ 212,335,934</u></u></b>
Covered Employee Payroll	\$ 50,375,802	\$ 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	430.99%	448.52%	609.72%	674.47%	595.45%	473.67%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

**Required Supplementary Information**  
**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**Schedules of Proportionate Share of the Net Pension Liability (Asset)**  
**For The Year Ended June 30, 2023**

**NYSERS Pension Plan**

	<u>2023</u>	<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 (assets)	0.0462342%	0.0469428%	0.0470967%	0.0497145%	0.0500938%	0.0518951%	0.0492385%	0.0492035%	0.0491334%
Proportionate share of the net pension liability (assets)	\$ 9,914,475	\$ (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	\$ 15,575,943	\$ 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 (assets) as a percentage of its covered-employee payroll	64%	-25%	0%	84%	22%	11%	31%	56%	12%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.71%	97.90%

**NYSTRS Pension Plan**

	<u>2023</u>	<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 (assets)	0.199141%	0.201445%	0.193338%	0.194331%	0.198306%	0.202106%	0.201328%	0.200866%	0.201861%
Proportionate share of the net pension liability (assets)	\$ 3,821,301	\$ (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	\$ 36,496,312	\$ 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 (assets) as a percentage of its covered-employee payroll	10%	-102%	16%	-16%	-11%	-5%	7%	-69%	-75%
Plan fiduciary net position as a percentage of the total pension liability	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

**Required Supplementary Information  
BETHLEHEM CENTRAL SCHOOL DISTRICT  
Schedules of District Contributions  
For The Year Ended June 30, 2023**

**NYSERS Pension Plan**

	<u>2023</u>	<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 contributions	\$ 1,743,773	\$ 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>(1,743,773)</u>	<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>	<u>\$ -</u>
Covered-employee payroll	\$ 15,575,943	\$ 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	11.20%	15.65%	15.40%	14.42%	13.86%	14.44%	14.77%	16.71%	19.04%

**NYSTRS Pension Plan**

	<u>2023</u>	<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 contributions	\$ 3,457,282	\$ 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>(3,457,282)</u>	<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>	<u>\$ -</u>
Covered-employee payroll	\$ 36,496,312	\$ 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	9.47%	9.53%	9.94%	8.93%	10.69%	9.89%	11.88%	13.54%	17.54%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

**Supplementary Information**  
**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**Schedule of Change From Adopted Budget To Final Budget**  
**And The Schedule of Real Property Tax Limit**  
**For The Year Ended June 30, 2023**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET:**

Adopted budget		\$ 102,698,000
Prior year's encumbrances		243,569
<b>Original Budget</b>		<b>\$ 102,941,569</b>
Budget revisions -		
Remaining CARES Act ESSER Funds		55,561
Capital Reserve		13,400,000
Donations		11,653
<b>FINAL BUDGET</b>		<b>\$ 116,408,783</b>

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

2023-24 voter approved expenditure budget		\$ 106,691,303
<u>Unrestricted fund balance:</u>		
Assigned fund balance	\$	-
Unassigned fund balance		4,255,409
Total Unrestricted fund balance	\$	4,255,409
<u>Less adjustments:</u>		
Appropriated fund balance	\$	-
Encumbrances included in assigned fund balance		334,423
Total adjustments	\$	334,423
General fund fund balance subject to Section 1318 of		
Real Property Tax Law		3,920,986
<b>ACTUAL PERCENTAGE</b>		<b>3.68%</b>

**Supplementary Information**  
**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**Schedule of Project Expenditures - Capital Projects Fund**  
**For The Year Ended June 30, 2023**

<u>Project Title</u>	<u>SED Project #</u>	<u>Expenditures</u>					<u>Methods of Financing</u>				<u>Fund Balance</u>	
		<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>	<u>Unexpended Balance</u>	<u>State Sources</u>	<u>Local Sources</u>	<u>Financed Sources</u>		<u>Total</u>
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	-	18,504,638	-	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 pressbox 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	-	31,812,181	-	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	-
Senior High School	0006038	100,000	100,000	-	85,614	85,614	14,386	-	100,000	-	100,000	14,386
Smart Schools Bond Act	Various	1,157,105	1,157,105	1,711,483	-	1,711,483	(554,378)	1,151,436	560,047	-	1,711,483	-
2021 Capital Project	Various	40,693,106	-	1,535,213	3,784,993	5,320,206	35,372,900	-	13,400,000	-	13,400,000	8,079,794
School Bus Purchases	Various	5,022,756	5,839,939	4,201,756	2,474,243	6,675,999	(836,060)	1,000,000	-	2,572,520	3,572,520	(3,103,479)
<b>TOTAL</b>		<b>\$ 79,238,518</b>	<b>\$ 7,196,752</b>	<b>\$ 39,360,341</b>	<b>\$ 6,344,850</b>	<b>\$ 45,705,191</b>	<b>\$ 34,350,218</b>	<b>\$ 2,151,436</b>	<b>\$ 19,389,255</b>	<b>\$ 29,155,201</b>	<b>\$ 50,695,892</b>	<b>\$ 4,990,701</b>

**Supplementary Information**  
**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**Net Investment in Capital Assets**  
**For The Year Ended June 30, 2023**

**Capital assets, net** \$ 149,704,458

**Add:**

Cash	\$	908,580
Uamortized deferred loss		<u>34,131</u>

942,711

**Deduct:**

Bond payable	\$	35,950,000
Bond anticipation notes		3,255,000
Retainage payable		108,430
Unamortized bond premium		2,406,392
Energy Performance Contracts		<u>2,862,375</u>

44,582,197

**Net Investment in Capital Assets**

**\$ 106,064,972**





BUSINESS  
ADVISORS  
AND CPAS

**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, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 21, 2023.

**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 District'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 over financial reporting 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 2023-001 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 did not disclose any instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **District's Response to Finding**

*Government Auditing Standards* requires the auditor to perform limited procedures on the District's response to the finding 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mengel, Metzger, Barw & Co. LLP*

Latham, NY  
December 21, 2023



BUSINESS  
ADVISORS  
AND CPAS

## 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 District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 for 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 contracts or 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 it is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *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 GAAS, *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**

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

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

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

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

*Mengel, Metzger, Barw & Co. LLP*

Latham, NY  
December 21, 2023

**Supplementary Information**  
**BETHLEHEM CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For The Year Ended June 30, 2023**

<u>Grantor / Pass - Through Agency</u> <u>Federal Award Cluster / Program</u>	<u>Federal Assistance Listing Number</u>	<u>Grantor Number</u>	<u>Pass-Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<b><u>U.S. Department of Education:</u></b>				
<b><u>Indirect Programs:</u></b>				
<b><u>Passed Through NYS Education Department -</u></b>				
<b><u>Special Education Cluster IDEA -</u></b>				
Special Education - Grants to States (IDEA, Part B)	84.027	0032-23-0017	\$ -	\$ 991,287
COVID-19 ARP- Special Education - Grants to States (IDEA, Part B)	84.027X	5532-22-0017	-	202,879
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-23-0017	-	15,810
COVID-19 ARP -Special Education - Preschool Grants (IDEA Preschool)	84.173X	5533-22-0017	-	8,256
<b>Total Special Education Cluster IDEA</b>			<u>\$ -</u>	<u>\$ 1,218,232</u>
<b><u>Education Stabilization Fund -</u></b>				
COVID-19 CARES Act - Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-0015	\$ -	\$ 63,092
COVID-19 CARES Act - Governor's Emergency Education Relief Fund	84.425C	5895-21-0015	-	1,676
COVID-19 CRRSA Act - Elementary and Secondary School Emergency Relief Fund	84.425D	5891-21-0015	-	880,263
COVID-19 CRRSA Act- Governor's Emergency Education Relief Fund	84.425C	5896-21-0015	-	8,307
COVID-19 ARP - Elementary and Secondary School Emergency Relief Fund	84.425U	5880-21-0015	-	834,974
COVID-19 ARP - Elementary and Secondary School Emergency Relief Fund - Learning Loss	84.425U	5884-21-0015	-	76,278
COVID-19 ARP - Elementary and Secondary School Emergency Relief Fund - Summer Enrichment	84.425U	5882-21-0015	-	9,010
<b>Total Education Stabilization fund</b>			<u>\$ -</u>	<u>\$ 1,873,600</u>
Title IIA - Supporting Effective Instruction State Grant	84.367	0147-22-0015	\$ -	\$ 6,879
Title IIA - Supporting Effective Instruction State Grant	84.367	0147-23-0015	-	34,359
Title IIIA - English Language Acquisition	84.365	0293-22-0015	-	7,754
Title IIIA - English Language Acquisition	84.365	0293-23-0015	-	2,723
Title IV - Student Support and Enrichment Program	84.424	0204-22-0015	-	1,304
Title IV - Student Support and Enrichment Program	84.424	0204-23-0015	-	10,702
Title I - Grants to Local Educational Agencies	84.010	0021-22-0015	-	71,904
Title I - Grants to Local Educational Agencies	84.010	0021-23-0015	-	140,949
<b>Total U.S. Department of Education</b>			<u>\$ -</u>	<u>\$ 3,368,406</u>
<b><u>U.S. Department of Agriculture:</u></b>				
<b><u>Indirect Programs:</u></b>				
<b><u>Passed Through NYS Education Department (Child Nutrition Services) -</u></b>				
<b><u>Child Nutrition Cluster -</u></b>				
National School Lunch Program	10.555	N/A	\$ -	\$ 366,863
National School Lunch Program-Non-Cash Assistance (Commodities)	10.555	N/A	-	133,706
COVID-19 - National School Lunch Program Supply Chain	10.555	N/A	-	157,283
National School Breakfast Program	10.553	N/A	-	29,723
<b>Total Child Nutrition Cluster</b>			<u>\$ -</u>	<u>\$ 687,575</u>
COVID-19 State Pandemic Electronic Benefit Transfer Administrative Costs Grant	10.649	N/A	-	6,903
<b>Total U.S. Department of Agriculture</b>			<u>\$ -</u>	<u>\$ 694,478</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ -</u>	<u>\$ 4,062,884</u>

See accompanying notes to Schedule of Expenditures of Federal Awards and accompanying independent auditor's report on the financial statements.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2023**

**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, 2023, the District received food commodities totaling \$133,706.

**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, 2023**

**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? \_\_\_\_\_yes      X  no

**Federal Awards**

Internal control over major programs:

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

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

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

Identification of major programs:

<u>Federal Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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
84.425U	COVID-19 ARP Act – Elementary and Secondary School Emergency Relief Fund – Summer Enrichment

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, 2023**

**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

2023-001      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 fully recording the revenue and expense related to the commodities received in the school lunch fund, (2) incorrectly recording prepaid expenditures in the special aid fund, (3) recording items as accounts payable in the special aid fund that were not received until after year-end, (4) incorrectly recording the grant revenue associated with a rebate on purchased school buses and (5) incorrectly recording the amount due to a contractor for the capital project.

*Effect of Condition:* In the school lunch fund, revenues and expenditures were each understated by \$50,735. In the special aid fund, expenditures were overstated by \$429,465, due from state and federal was overstated by \$368,734, prepaid expenditures were understated by \$227,647, accounts payable was overstated by \$201,818, other liabilities were understated by \$60,731 and revenues were understated by \$429,465. In the capital projects fund, revenues were understated by \$1,000,000, expenditures were understated by \$966,900, and accounts payable were overstated by \$33,100.

*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 and the transition of employees into new, key roles and responsibilities within the District at year end, the Business Office did not self-identify the correcting journal entries. The District's normal procedures are to have staff with the appropriate subject matter expertise and experience performing these accounting functions, and with a supervisor to provide quality-control reviews. The errors occurred due to a temporary and unexpected staffing deficiency which, at the time of the audit

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2023**

**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

2023-001      AUDIT ADJUSTMENTS (continued)

*View of Responsible Officials and Planned Corrective Actions:* closure, was addressed. The Chief Business and Financial Officer, John P. McPhillips, Jr., will ensure that new staff are appropriately trained in closing and reconciliation procedures, and that the necessary reviews occur as part of the 2023-2024 annual close out process prior to the 6/30/24 audit. Implementation Date: March 31, 2024. The District provides the following additional information regarding the adjusting entry for the capital fund. This specific entry is associated with the Bethlehem Central School District's EV bus initiative. The District was one of the first school districts in the State to embrace EV transportation technology for the public school setting, acquiring five EV buses following voter approval in May 2021. The District was able to minimize the cost to taxpayers through the application and receipt of \$1,000,000 (\$200,000/bus) in grant funding from NYSERDA which was provided directly from NYSERDA to the bus manufacturer pursuant to grant requirements. Given that the District did not directly receive the grant funding, its original recording of expenditures for 2022-2023 reflected only the net cost of the bus acquisition. This approach mirrors the direction and instruction from the New York State Department of Education on how to record and reflect this transaction on required State reports for student transportation costs and other data. The District respects the auditors' opinion that this adjusting entry is necessary in accordance with GASB 33. While the District does not dispute the adjusting entry, given its relative size as well as the unclear guidance involving this unique situation, the District thought it important to provide additional context.

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

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

None noted.

**BETHLEHEM CENTRAL SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2023**

**Finding 2022-001**      Audit Adjustments

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

Current Status

Comment was repeated as 2023-001.

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

*Condition:* The unassigned fund equity of the general fund exceeds 4% of the 2022-2023 general fund budget by approximately \$220,000.

Current Status

Comment was corrected and therefore not repeated.

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

*Condition:* The District is not verifying the eligibility of vendors to participate in this specific Federal assistance program.

Current Status

Comment was corrected and therefore not repeated.

John P. McPhillips, Jr.  
Chief Business and Financial Officer  
jmcpPhillips@bethlehemschools.org

Business Office  
700 Delaware Avenue  
Delmar, NY 12054  
(518) 439-7481, ext. 1920



BETHLEHEM  
CENTRAL

December 22, 2023

MMB & CO  
11 British American Boulevard  
Latham, NY 12110

Audit Period: July 1, 2022 - June 30, 2023

The audit findings from the schedule of findings and questioned costs are discussed below. The Bethlehem Central School District provides a Corrective Action Plan associated with those audit findings.

### **Significant Deficiency**

#### **2023-001 Audit Adjustment**

*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 fully recording the revenue and expense related to the commodities received in the school lunch fund, (2) incorrectly recording prepaid expenditures in the special aid fund, (3) recording items as accounts payable in the special aid fund that were not received until after year-end, (4) incorrectly recording the grant revenue associated with a rebate on purchased school buses and (5) incorrectly recording the amount due to a contractor for the capital project.

*Effect of Condition:* In the school lunch fund, revenues and expenditures were each understated by \$50,735. In the special aid fund, expenditures were overstated by \$429,465, due from state and federal was overstated by \$368,734, prepaid expenditures were understated by \$227,647, accounts payable was overstated by \$201,818, other liabilities were understated by \$60,731 and revenues were understated by \$429,465. In the capital projects fund, revenues were understated by \$1,000,000, expenditures were understated by \$966,900, and accounts payable were overstated by \$33,100.

*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 does not dispute the auditors findings that certain journal entries were improperly recorded and agrees with the adjusting journal entries provided by the auditors. In particular, the District notes that adjustments 2, 3, and 5 are associated with an appropriate and legitimate financial transaction but were recorded and reflected in the incorrect fiscal year.

With regard to adjusting entry 4, the District provides the following additional information regarding the adjusting entry for the capital fund. This specific entry is associated with the Bethlehem Central School District's EV bus initiative. The District was one of the first school districts in the State to embrace EV transportation technology for the public school setting, acquiring five EV buses following voter approval in May 2021. The District was able to minimize the cost to taxpayers through the application and receipt of \$1,000,000 (\$200,000/bus) in grant funding from NYSERDA which was provided directly from NYSERDA to the bus manufacturer pursuant to grant requirements.

Given that the District did not directly receive the grant funding, its original recording of expenditures for 2022-2023 reflected only the net cost of the bus acquisition. This approach mirrors the direction and instruction from the New York State Department of Education on how to record and reflect this transaction on required State reports for student transportation costs and other data. The District respects the auditors' opinion that this adjusting entry is necessary in accordance with GASB 33. While the District does not dispute the adjusting entry, given its relative size as well as the unclear guidance involving this unique situation, the District thought it important to provide additional context.

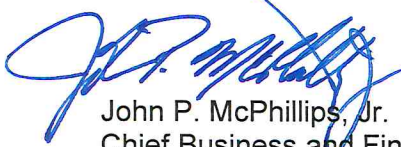
For all of the adjusting entries identified by the auditors, the District understands its responsibilities to properly record necessary closing entries; however, due to temporary staffing shortages and the transition of employees into new, key roles and responsibilities within the District at year end, the Business Office did not self-identify the correcting journal entries. The District's normal procedures are to have staff with the appropriate subject matter expertise and experience performing these accounting functions along with appropriate quality-control reviews by a supervisor. The errors occurred due to a temporary and unexpected staffing deficiency which, at the time of the audit closure, was addressed.

The Chief Business and Financial Officer, John P. McPhillips, Jr., will ensure that new staff are appropriately trained in closing and reconciliation procedures, and that the necessary reviews occur as part of the 2023-2024 annual close out process prior to the 6/30/24 audit.

*Implementation Date:* March 31, 2024.

If there are any questions regarding the District's Corrective Action Plan, please contact me at (518) 439-7481.

Sincerely,

A handwritten signature in blue ink, appearing to read "John P. McPhillips, Jr.", is written over a blue line.

John P. McPhillips, Jr.  
Chief Business and Financial Officer