

BRASHER FALLS CENTRAL
SCHOOL DISTRICT

FINANCIAL STATEMENTS
June 30, 2021

Table of Contents

BRASHER FALLS CENTRAL SCHOOL DISTRICT

| | |
|--|----|
| INDEPENDENT AUDITOR’S REPORT | 1 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | 4 |
| AUDITED BASIC FINANCIAL STATEMENTS | 28 |
| STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES | 28 |
| STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION - GOVERNMENTAL ACTIVITIES | 29 |
| BALANCE SHEET - GOVERNMENTAL FUNDS | 30 |
| RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION | 32 |
| STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS | 34 |
| RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES | 36 |
| NOTES TO AUDITED BASIC FINANCIAL STATEMENTS | 38 |
| REQUIRED SUPPLEMENTARY INFORMATION | 93 |
| SCHEDULE OF CHANGES IN THE DISTRICT’S TOTAL OPEB LIABILITY AND RELATED RATIOS | 93 |
| SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP) BASIS AND ACTUAL - GENERAL FUND | 94 |
| SCHEDULE OF DISTRICT’S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) - NYSLRS PENSION PLAN | 96 |
| SCHEDULE OF DISTRICT’S CONTRIBUTIONS - NYSLRS PENSION PLAN | 97 |

| | |
|---|-----|
| SUPPLEMENTARY INFORMATION _____ | 98 |
| COMBINED BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS _____ | 98 |
| COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS _____ | 100 |
| SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT - GENERAL FUND _____ | 102 |
| SCHEDULE OF CAPITAL PROJECTS FUND - PROJECT EXPENDITURES AND FINANCING RESOURCES _____ | 103 |
| NET INVESTMENT IN CAPITAL ASSETS _____ | 104 |
| FEDERAL AWARD PROGRAM INFORMATION _____ | 105 |
| INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS _____ | 106 |
| INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE _____ | 108 |
| SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS _____ | 111 |
| NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS _____ | 112 |
| SCHEDULE OF FINDINGS AND QUESTIONED COSTS _____ | 114 |
| SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS _____ | 117 |
| EXTRA CLASSROOM ACTIVITY FUNDS _____ | 118 |
| INDEPENDENT AUDITOR’S REPORT ON EXTRA CLASSROOM ACTIVITY FUNDS _____ | 119 |
| EXTRA CLASSROOM ACTIVITY FUNDS - STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS _____ | 121 |
| EXTRA CLASSROOM ACTIVITY FUNDS - NOTE TO FINANCIAL STATEMENT _____ | 122 |



**BOWERS & COMPANY
CPAs PLLC**

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

**THE BOARD OF EDUCATION
BRASHER FALLS CENTRAL SCHOOL DISTRICT**

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Brasher Falls Central School District, as of June 30, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 4-26), Schedule of Changes in the District's Total OPEB Liability and Related Ratios (page 93), and Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP) Basis and Actual - General Fund (pages 94-95), Schedule of District's Proportionate Share of the Net Pension Asset (Liability) (page 96), and Schedule of District's Contributions - NYSLRS Pension Plan (page 97) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

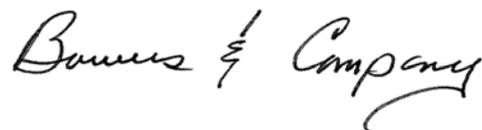
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Brasher Falls Central School District's basic financial statements. The Combined Balance Sheet - Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds, Schedule of Change From Adopted Budget to Final Budget and the Real Property Tax Limit - General Fund, Schedule of Capital Projects Fund - Project Expenditures and Financing Resources, and Net Investment in Capital Assets (pages 98-104) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards (page 111) is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) 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.

The Combined Balance Sheet - Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds, Schedule of Change From Adopted Budget to Final Budget and the Real Property Tax Limit - General Fund, Schedule of Capital Projects Fund - Project Expenditures and Financing Resources, and Net Investment in Capital Assets (pages 98-104), and the Schedule of Expenditures of Federal Awards (page 111) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combined Balance Sheet - Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds, Schedule of Change From Adopted Budget to Final Budget and the Real Property Tax Limit - General Fund, Schedule of Capital Projects Fund - Project Expenditures and Financing Resources, and Net Investment in Capital Assets (pages 98-104), and the Schedule of Expenditures of Federal Awards (page 111) are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2021, on our consideration of the Brasher Falls Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Brasher Falls Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Brasher Falls Central School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Banner & Company". The signature is written in dark ink and is positioned to the right of the main text block.

Watertown, New York
October 12, 2021

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

INTRODUCTION

Our discussion and analysis of the financial performance of Brasher Falls Central School District (the District) provides an overview of the District's financial activities for the fiscal year ended June 30, 2021. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- ❑ The District's net position was \$(47,746,207) as of June 30, 2021. The District reported a decrease in net position of \$4,506,847 from the prior year restated net position of \$(43,239,360). This decrease is mainly due to the changes in the other post employment benefits reported in the amount of \$4,908,974.
- ❑ The District continues to offer programs without reducing services and made improvements to the existing instructional programs to increase the quality of education the students receive.
- ❑ The District's General Fund balance increased by \$882,620 during the current year end. This is due in part to a decrease in proposed expenses for both Special Education and Athletics due to Covid. On the revenue side, the state was to withhold 20% aid from the district which included 2019-2020 state aid receivable. The district realized the 2019-2020 aid in the 2020-2021 school year which amounted to about a quarter of the fund balance increase. Also, the District only budgeted for half of the Cares Act funds (\$428,461).
- ❑ On December 12th, 2017, District voters approved the District's \$17,653,500 capital project. The capital project was broken into two phases. Phase I field work commenced in April 2019 and field work was completed spring 2020. Phase II of the project was submitted to NYSED and approved in August 2019 and was completed during the current fiscal year. The final cost report for Phase I was filed December 2020 which initiated a half year building aid. The final cost report for Phase II will be filed in December 2021. The capital project is for reconstruction of various District buildings, the construction of a turf athletic field and the addition of a green house.
- ❑ The Capital Outlay for 2020-2021 and Phase II of the Capital Project was completed in 2020-2021. This resulted in an increase in Buildings and Improvements of \$13,591,467.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts – management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ❑ **District-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the District’s overall financial position.
- ❑ **Fund financial statements** focus on reporting the individual parts of the District operations in more detail. The fund financial statements comprise the remaining statements.
- ❑ **Governmental funds** statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.

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

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

OVERVIEW OF FINANCIAL STATEMENTS - Continued

Table 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 MD&A highlights the structure and contents of each of the statements.

| Table A-1 | Major Features of the District-Wide and Fund Financial Statement | | |
|---|--|---|---|
| | | Fund Financial Statements | |
|  | District-Wide | Governmental Funds | Fiduciary Funds |
| Scope | Entire District (except fiduciary funds) | The activities of the School District that are not fiduciary, such as instruction, special education and building maintenance | Instances in which the School District acts as a trustee or acts as an agent for resources that belong to others but does not have administrative control, such as property taxes collected on behalf of other governments or scholarships in a trust |
| Required Financial Statements | 1. Statement of Net Position 2. Statement of Activities | 3. Balance Sheet 4. Statement of Revenues, Expenditures, and Changes in Fund Balance | 5. Statement of Fiduciary Net Position 6. Statement of Changes in Fiduciary Net Position |
| Accounting Basis and Measurement Focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial focus | Accrual accounting and economic resources focus |
| Type of Asset / Liability Information | All assets and liabilities, both financial and capital, short-term and long-term | Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included | All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can |
| Type of Inflow / Outflow Information | All revenues and expenses during 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 | Additions and deductions during the year, regardless of when cash is received or paid |

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

OVERVIEW OF FINANCIAL STATEMENTS - Continued

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, or the difference between assets and deferred outflows of resources, and 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 is an indicator of whether its financial health is improving or deteriorating, respectively.
- ❑ To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in enrollment, changes in the property tax base, changes in program funding by the Federal and State governments, and condition of facilities.

In the District-wide financial statements, the District's activities are shown as governmental activities. Most of 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 most significant funds -- not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular programs. Some funds are required to be established by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes or to show that the District is meeting legal responsibilities for using certain revenues.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

OVERVIEW OF FINANCIAL STATEMENTS - Continued

Fund Financial Statements – Continued

The District has one kind of fund:

- **Governmental Funds** - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (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, we provide additional information at the bottom of the government fund statements that explains the relationship (or differences) between them.

The term "fund balance" refers to the particular fund's equity (Assets + Deferred Outflows of Resources – Liabilities + Deferred Inflows of Resources) in a similar manner to the way the term "net position" is used in the district-wide financial statements presentation.

Change in Accounting Principle

For the fiscal year ended June 30, 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities*. The implementation of the statement establishes criteria for identifying fiduciary activities. For the District, this changed the reporting of scholarship activities and extra classroom activities. See Note 17, 18, and 19 for the financial statement impact of the implementation of the Statement.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

Net Position may serve over time as a useful indicator of a District's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$47,746,207 at the close of the most recent fiscal year (see Table 1). This represents a \$4,506,847 decrease in the statement of net position for the year. The overall deficit is largely due to the District's other postemployment benefit ("OPEB") liability. As of June 30, 2021, the OPEB liability was \$99,894,775 compared to \$74,778,116 reported at the close of the prior fiscal year.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

- Continued

Net Position - Continued

The largest portion of the school district's net position reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The District used capital assets to provide services; consequently, these assets are not available for future spending. Although the District's investment in its capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

In addition to assets, the *Statement of Net Position* reports 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. Included in deferred outflows of resources in the current year is \$5,370,989 related to the District's participation in the NYS TRS and ERS pension systems and \$21,560,876 related to the District's OPEB Plan.

In addition to liabilities, the *Statement of Net Position* or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Included in deferred inflows of resources in the current year is \$3,209,394 related to the District's participation in the NYS TRS and ERS pension systems, and \$4,056,104 related to the District's OPEB Plan.

BRASHER FALLS CENTRAL SCHOOL DISTRICT**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2021

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE- Continued

Table 1: Net Position – Condensed Statement of Net Position

The following table summarizes the school district's net position. The complete Statement of Net Position can be found in the school district's audited basic financial statements.

| | Fiscal Year 2020 (Restated) | Fiscal Year 2021 | Percent Change |
|----------------------------------|--------------------------------|------------------------|----------------|
| Assets | | | |
| Current and Other Assets | \$ 14,141,807 | \$ 13,503,029 | -4.5% |
| Capital Assets, Net | 39,659,267 | 45,510,954 | 14.8% |
| Total Assets | <u>\$ 53,801,074</u> | <u>\$ 59,013,983</u> | <u>9.7%</u> |
| Deferred Outflows of Resources | <u>\$ 7,804,661</u> | <u>\$ 26,931,865</u> | <u>245.1%</u> |
| Liabilities | | | |
| Long-Term Liabilities | \$ 84,098,542 | \$ 107,194,207 | 27.5% |
| Other Liabilities | 13,347,155 | 19,232,350 | 44.1% |
| Total Liabilities | <u>\$ 97,445,697</u> | <u>\$ 126,426,557</u> | <u>29.7%</u> |
| Deferred Inflows of Resources | <u>\$ 7,399,398</u> | <u>\$ 7,265,498</u> | <u>-1.8%</u> |
| Net Position | | | |
| Net Investment in Capital Assets | \$ 22,705,823 | \$ 21,898,952 | -3.6% |
| Restricted | 7,975,527 | 8,439,699 | 5.8% |
| Unrestricted (Deficit) | (73,920,710) | (78,084,858) | 5.6% |
| Total Net Position | <u>\$ (43,239,360)</u> | <u>\$ (47,746,207)</u> | <u>10.4%</u> |

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE- Continued

Changes in Net Position

This Statement of Activities shows the cost of program services net of charges for services and grants offsetting those services. General revenues including tax revenue, investment earnings and unrestricted state and federal aid must support the net cost of the District's programs.

Table 2 below summarizes the school district's revenue and expense activity.

Table 2: Changes in Net Position – Condensed Statement of Activities

| | Governmental Activities | | Total % Change |
|-------------------------------------|--------------------------------|---------------------|-----------------------|
| | 2021 | 2020* | 2020-2021 |
| Revenues | | | |
| General Revenues | | | |
| Property Taxes | \$ 5,336,136 | \$ 5,314,355 | 0.41% |
| State Revenues | 17,025,007 | 18,291,575 | -6.92% |
| Other Revenues | 938,383 | 368,017 | 154.98% |
| Program Revenues | | | |
| Charges for Services | 217,935 | 232,521 | -6.27% |
| Operating Grants & Contributions | 1,521,356 | 1,450,396 | 4.89% |
| Capital Grants & Contributions | 64,147 | - | #DIV/0! |
| Total Revenues | <u>25,102,964</u> | <u>25,656,864</u> | -2.16% |
| Expenses | | | |
| General Support | 3,839,194 | 3,396,181 | 13.04% |
| Instruction | 21,549,537 | 19,015,676 | 13.33% |
| Pupil Transportation | 2,984,223 | 2,542,538 | 17.37% |
| Interest Expense | 585,513 | 553,000 | 5.88% |
| Food Service Program | 651,344 | 593,181 | 9.81% |
| Total Expenses | <u>29,609,811</u> | <u>26,100,576</u> | 13.45% |
| Total Change in Net Position | <u>\$ (4,506,847)</u> | <u>\$ (443,712)</u> | 915.71% |

*2019-20 Statement of Activities information has not been restated for the implementation of GASB 84 as it was deemed immaterial.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

- Continued

Governmental Activities

The cost of all governmental activities this year was \$29,609,811.

Table 3 presents the cost of each of the District's functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by charges for services, operating grants and capital grants and contributions.

Table 3 - Net Cost of Governmental Activities

| | Governmental Activities | |
|-----------------------|--------------------------------|----------------------|
| | 2021 | 2020 * |
| EXPENSES | | |
| General Support | \$ 3,775,047 | \$ 3,396,181 |
| Instruction | 20,259,127 | 17,809,244 |
| Pupil Transportation | 2,984,223 | 2,542,538 |
| Interest Expense | 585,513 | 553,000 |
| Food Service Program | 202,463 | 116,696 |
| TOTAL EXPENSES | \$ 27,806,373 | \$ 24,417,659 |

*2019-20 information has not been restated for the implementation of GASB 84 as it was deemed immaterial.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

REVENUES

The next several paragraphs explain the revenues in fiscal year 2020-2021 and addresses changes from fiscal year-end 2019-2020. Following these explanations are graphical representations of the statement of activities. First, a column chart which compares the revenues from year-end 2020 to 2021 and second, a pie chart illustrating the percentage of revenues to the total by category.

The District's total revenues were \$25,102,964, a decrease of \$553,900 or approximately 2.16%. State generated revenue decreased \$1,266,568 as a result of the decrease in Building aid. Operating grant revenue increased by \$70,960 in 2020-2021 as a result of new federal aid issued under the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act. State aid accounted for 67.82% of all revenues. The District is heavily dependent on both state and federal aid for its funding.

Charges for Services showed a decrease of approximately 6.27% due to the COVID-19 pandemic. There was a decrease in cafeteria sales as a result of the expansion of the free and reduced meal program during the current year.

Tax levy revenue accounted for another 21.26% of total revenues, increasing \$21,781. This increase represents the amount needed to fund the increased budget approved by the voters. Of the revenue from the tax levy, property taxes accounted for 76.68% or \$4,091,626 and other tax items (STAR reimbursement and interest and penalties) accounted for 23.32% or \$1,244,510.

State revenues decreased overall by 5.65% or \$1,034,004 in the 2020-2021 fiscal year compared to 2019-2020.

Other revenues increased by \$141,905 or 38.56% over 2020-2021 fiscal year.

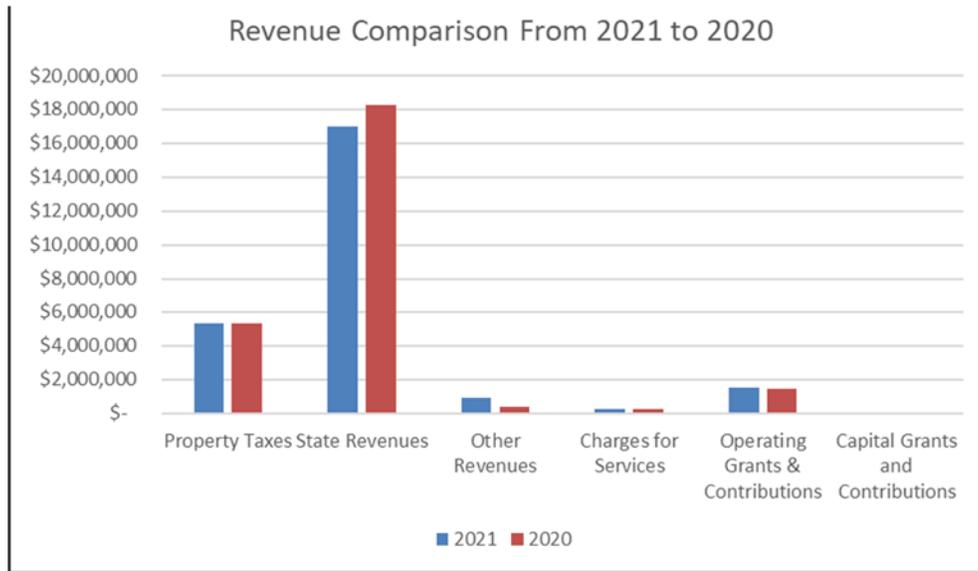
BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

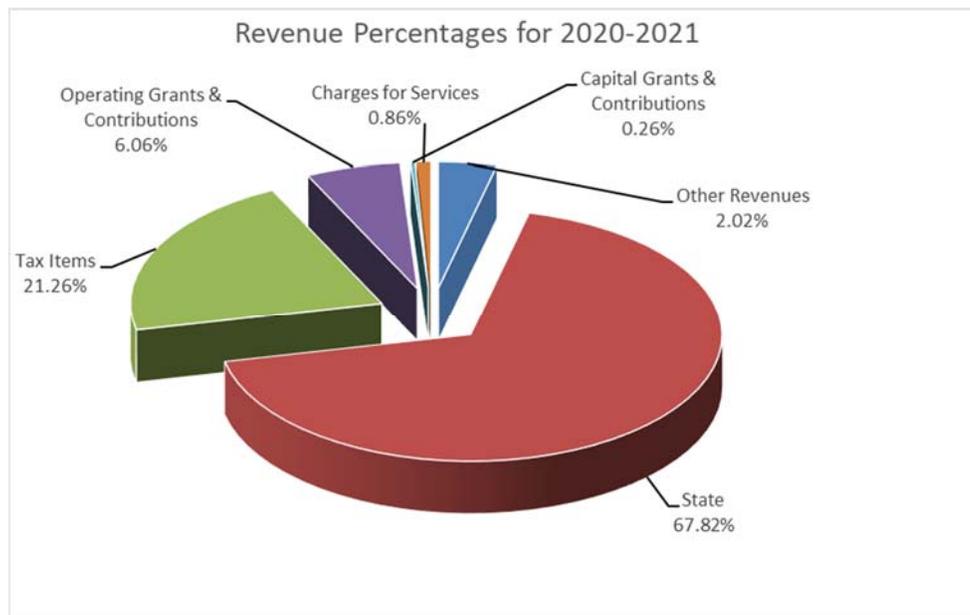
June 30, 2021

REVENUES - Continued

The following bar graph compares the revenues and expenses in 2020-2021 to 2019-2020. This chart indicates the total revenue in dollars by category for each fiscal year.



The following pie chart summarizes the revenues for the fiscal year 2020-2021. The chart illustrates the percentage of revenues to the total by category.



Note: The above charts 2020 information has not been restated for the implementation of GASB 84 as it was deemed immaterial.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

EXPENSES

The next several paragraphs explain the expenses in fiscal year 2020-2021 and addresses changes from fiscal year-end 2019-2020. These changes are illustrated in Condensed Statement of Activities (Table 2) and in the Net Cost of Governmental Activities (Table 3). Following these explanations are graphical representations of the statement of activities. First, a column chart which compares the expenses from year end June 30, 2020 to June 30, 2021, and second, a pie chart illustrating the percentage of expenses to the total by category.

The total cost of all programs and services was \$29,609,811. This is an increase of \$3,509,235 from the 2019-2020 fiscal year. This increase is mostly due to the net expense recorded for the District's OPEB liability and related deferred outflows and deferred inflows of resources of \$4,908,974. This expense has been allocated to the District's programs and services.

General support, which includes administrative activities and plant services, accounted for 12.97% of total costs. General support expenses increased 13.04% from the prior year or \$443,013.

Instruction: The District's expenses are predominately related to educating and caring for students, are 72.78% of total expenses. Instructional expenses increased by 13.33% or \$2,533,861 from the previous year.

Pupil Transportation expenses account for 10.08% of total expenses. Transportation expenses increased 17.37% or approximately \$441,685.

School Food Service Program, also known as the cafeteria fund, is included in the condensed statement of activities (Table 2). The School Food Service program is designed to be self-supporting, with revenues expected to match expenses. School Food Service expenses increased \$58,163. The General Fund budget continues to subsidize the School Food Service Fund with an interfund revenue transfer.

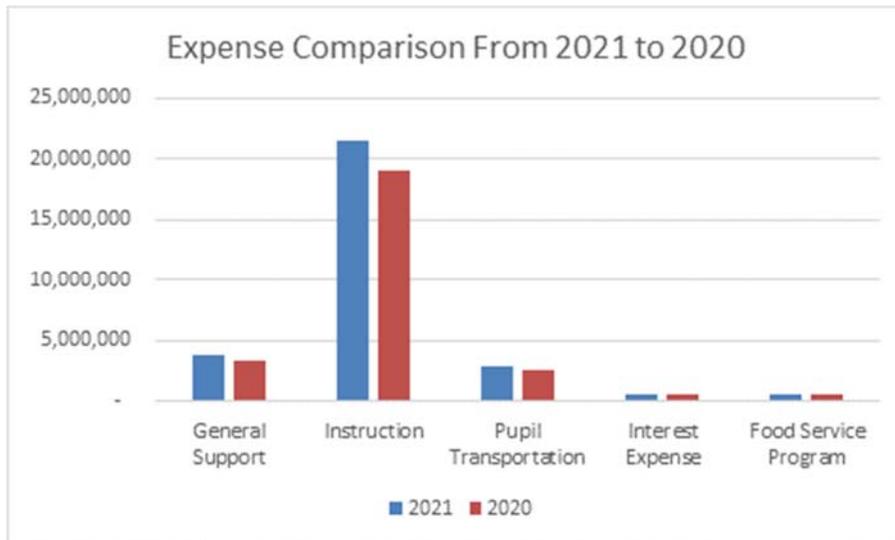
BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

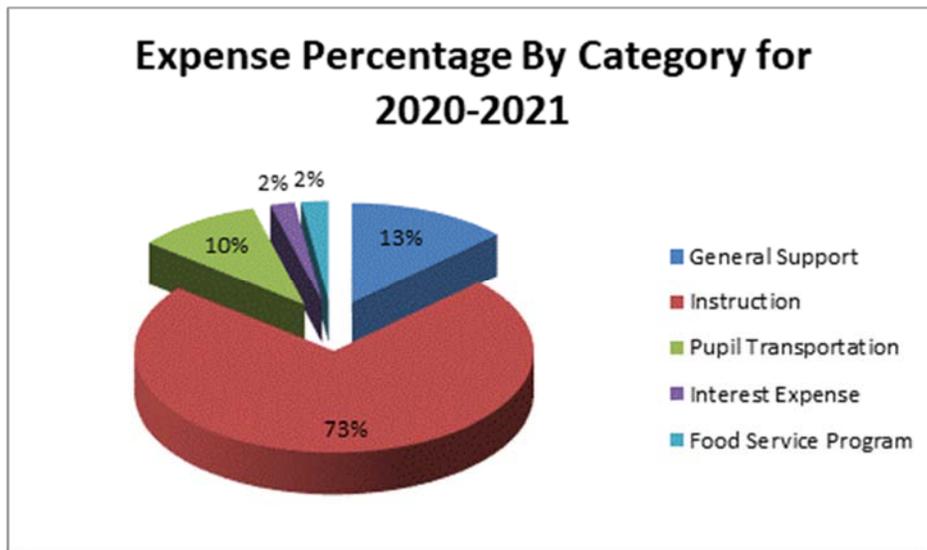
June 30, 2021

EXPENSES - Continued

The following bar graph compares the expenses in 2020-2021 to 2019-2020. This chart indicates the total expense in dollars by category for each fiscal year:



The following pie chart summarizes the expenses for the fiscal year 2020-2021. This chart illustrates the percentage of expenses to the total by category.



Note: The above charts 2020 information has not been restated for the implementation of GASB 84 as it was deemed immaterial.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

BUDGETARY HIGHLIGHTS

Revenues

Over the course of the year, the District revises its annual budget to reflect unexpected changes in revenues and expenditures. The following summarizes the main components of the General Fund revenues:

Property Taxes: Revenue of \$5,336,136 represents 21.26% of total general fund revenues. The property tax levy budget in 2020-2021 increased \$7,493 over 2019-2020. The District stayed within the 2% Property Tax Cap.

Charges for Services: Revenue includes tuition fees, transportation services to BOCES as well as revenue received from the Morning Program. The actual revenue in this category is higher than budget.

Miscellaneous: Revenue includes items such as the BOCES refund of prior year expenditures and the Medicare Part D subsidy. The large variance between actual and budgeted in this category is due to the BOCES refund of \$205,114. The District budgeted \$30,000, a \$175,114 variance. In the budget process, the District does not include the BOCES refund as a revenue source because the refund is unknown and not measurable. The District budgeted \$60,000 in RDS Medicaid Assistance and actually received \$98,400, a \$68,400 variance.

State Aid: The major source of revenue was \$17,030,863 in state aid. State aid consists of foundation aid, building aid, transportation aid, lottery aid, BOCES aid, and instructional materials aid. This represents 72.91% of the entire revenue of the General Fund.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

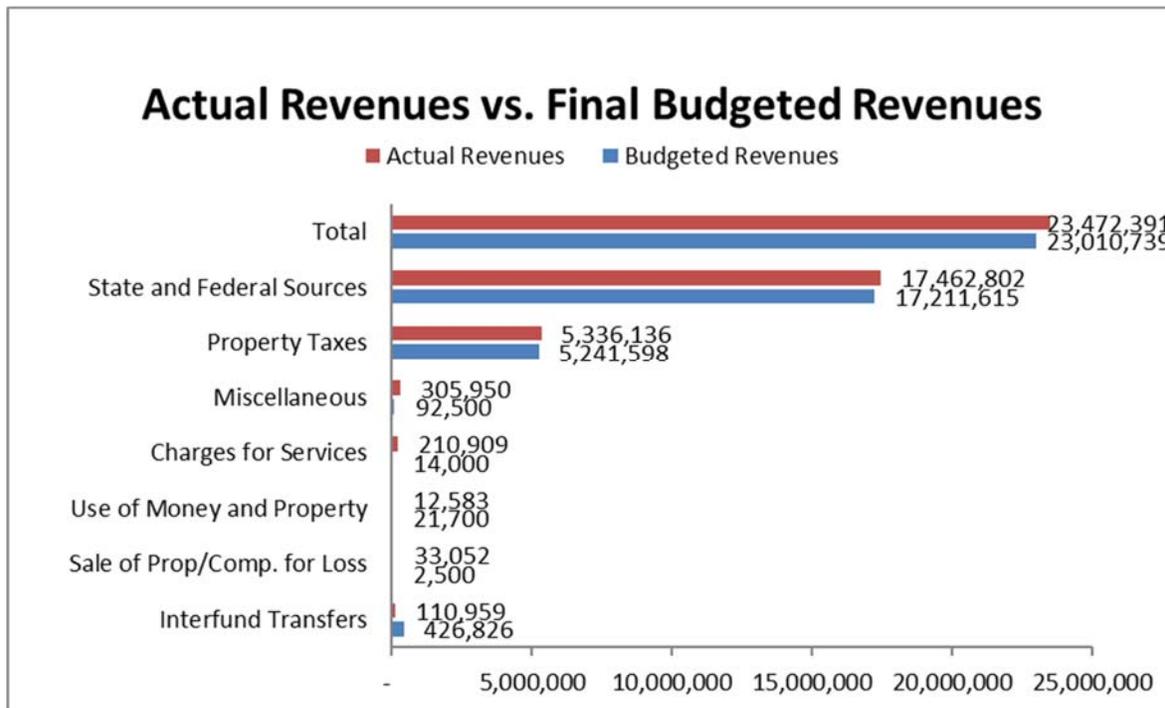
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

BUDGETARY HIGHLIGHTS - Continued

Revenues – Continued

The bar graph below illustrates the actual revenues relative to the final budgeted revenues:



Expenditures

The District’s adjusted expenditure budget for the 2020-2021 school year was \$24,070,913. The original budget was \$24,008,913. The difference of \$62,000 represents encumbrances carried forward from 2019-2020.

Actual expenditures totaled \$22,589,771, for a favorable variance of \$1,481,142 including \$81,772 encumbered and carried into the next year as an adjustment to the 2021-2022 budget. The bar graph below illustrates how the actual expenditures are distributed and how they compare to the final budgeted appropriations.

District practice, as a means of budgetary control, is to under-expend in all functional budget codes. This strategy was successful during 2020-2021 as exhibited in the bar graph on the following page. The three categories deserving mention include instruction, employee benefits and general support.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

BUDGETARY HIGHLIGHTS - Continued

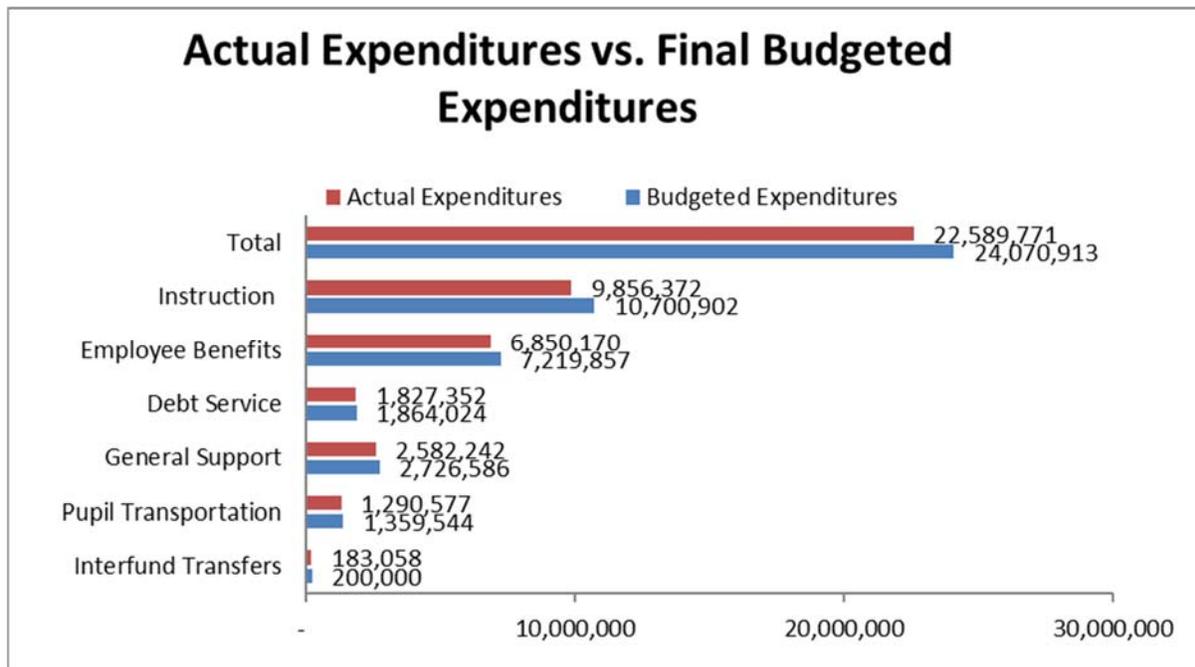
Expenditures - Continued

Instruction: The variance from budget to actual for instructional expenses totaled \$844,530 with the largest deviation in the area of services to special education students. Due to the uncertainty of special education student enrollment year to year, the District conservatively budgets expenses for students with disabilities.

Employee Benefits: The discrepancy in employee benefits from budget to actual totals \$369,687. The budget to actual variances are evident in teachers retirement expense, social security expense and health insurance benefits for active and retired employees.

General Support: The variance from budget to actual for general support is \$144,344 with the largest difference being central services in 2020-2021. Fluctuating costs for utilities is the main reason for this variance.

The bar graph below illustrates the actual expenses relative to the final budgeted expenses:



BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance (deficit) of (\$5,576,430) as compared to last year's restated ending fund balance (deficit) of (\$225,782).

General Fund:

The General Fund showed a positive change in the total fund balance from the previous year; the fund balance at June 30, 2021 was \$11,475,367 compared to \$10,592,747 at June 30, 2020. This is an increase of \$882,620. The District appropriated fund balance of \$750,000 to balance the 2020-2021 budget and alleviate some of the tax burden to the taxpayers.

Capital Projects Funds:

The Capital Projects Funds showed a total deficit fund balance of (\$17,713,317) on June 30, 2021, as a result of the issuance of a bond anticipation notes to pay for bus purchases and the commencement of the Capital Project Phase II.

School Food Service (Cafeteria) Fund:

Expenditures in the School Food Service Fund largely reflect food costs, employee wages, and fringe benefits. The benefits are negotiated through the teamster's unit contractual agreement. The School Food Service Fund total fund balance at June 30, 2021 was \$70,215, inclusive of \$9,220 in Nonspendable fund balance (inventories).

During the current year, the District was able to expand the free and reduced lunch service to students under the U.S. Department of Agriculture's summer food service program for children, which was created in response to the COVID-19 pandemic. The District also received additional surplus food items valued at \$21,217 through the fresh fruit and vegetable program during the current fiscal year.

Special Aid Fund:

Federal and state grants provide funding for specific purposes ranging from reading improvement to servicing the needs of special education students.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS - Continued

Special Aid Fund - Continued:

It is important to note that half of these grants have a fiscal year, which runs from September 1 to August 31, which differs from the school fiscal year of July 1 to June 30. Therefore, there are funds being spent during the summer months, which result in carry over amounts as of the June 30, 2021 school year.

During 2020-2021, federal grant revenues increased approximately 6.25% compared to 2019-2020. This increase was mainly the result of the increase in the allocation of Title I funding. The District received approximately \$46,000 more in 2020-2021 than 2019-2020. The following table illustrates the revenues and expenditures recorded in the Special Aid Fund.

Table 4: Special Aid Fund Revenues and Expenses:

| | <u>2021</u> | <u>2020</u> | <u>Change (+/-)</u> |
|-----------------------|---------------------|---------------------|---------------------|
| Revenues | | | |
| State Sources | \$ 324,138 | \$ 287,506 | \$ 36,632 |
| Federal Sources | 781,785 | 735,786 | 45,999 |
| Interfund Transfer In | 11,916 | 29,257 | (17,341) |
| TOTAL REVENUES | <u>\$ 1,117,839</u> | <u>\$ 1,052,549</u> | <u>\$ 65,290</u> |
| Expenses | | | |
| Instruction | \$ 837,469 | \$ 904,631 | \$ (67,162) |
| Employee Benefits | 253,948 | 174,340 | 79,608 |
| TOTAL EXPENSES | <u>\$ 1,091,417</u> | <u>\$ 1,078,971</u> | <u>\$ 12,446</u> |

During the 2010-2011 Fiscal Year, the District received a 5-year Extended School Day Grant to fund after-school programs for students. The District was able to expense the total funds of \$79,512 allocated in 2020-2021.

All federal and state grants require the filing of an original budget, a budget amendment (if necessary), and a final cost report at the end of the project.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets provide a picture of capital assets over time. These include land, buildings, and equipment and furniture. At June 30, 2021, the District had \$45,510,954 invested in a broad range of capital assets, including land, buildings and improvements, equipment and vehicles. See Table 5. More detailed information about the District's capital assets is presented in the notes to the basic financial statements.

Table 5 - Capital Assets

| | Governmental Activities | | Total \$ Change |
|--------------------------------------|--------------------------------|----------------------|------------------------|
| | 2021 | 2020 | 2020-2021 |
| Land | \$ 62,492 | \$ 62,492 | \$ - |
| Construction In Progress | 64,147 | 6,822,126 | (6,757,979) |
| Buildings and Improvements | 63,832,775 | 50,236,514 | 13,596,261 |
| Furniture and Equipment | 1,474,865 | 1,430,082 | 44,783 |
| Vehicles | 2,740,326 | 2,635,034 | 105,292 |
| Totals at Historical Cost | 68,174,605 | 61,186,248 | 6,988,357 |
| Less: Total Accumulated Depreciation | 22,663,651 | 21,526,981 | 1,136,670 |
| CAPITAL ASSETS, NET | \$ 45,510,954 | \$ 39,659,267 | \$ 5,851,687 |

Long-Term Debt

As of June 30, 2021, the District had \$107,194,207 in long-term debt, consisting of general obligation bonds, other postemployment benefits payable, net pension liability – proportionate share, and amounts owed to employees upon their separation from service for accrued sick time, in accordance with labor contracts, as shown in Table 6.

Table 6 - Long-Term Debt

| | Governmental Activities | | Total \$ Change |
|---|--------------------------------|----------------------|------------------------|
| | 2021 | 2020 | 2020-2021 |
| General Obligation Bonds | \$ 6,070,000 | \$ 6,850,000 | \$ (780,000) |
| Other Post Employment Benefits | 99,894,775 | 74,778,116 | 25,116,659 |
| Compensated Absences | 214,904 | 213,557 | 1,347 |
| Net Pension Liability - Proportionate Share | 1,014,528 | 2,256,869 | (1,242,341) |
| TOTAL LONG-TERM DEBT | \$ 107,194,207 | \$ 84,098,542 | \$ 23,095,665 |

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- ❑ The 2021-2022 budget totals \$26,279,357, a \$2,270,444 or 9.46% increase over the \$24,008,913 voter approved 2020-2021 budget. The tax levy in 2021-2022 totals \$5,285,934, a 1% increase over the 2020-2021 tax levy of \$5,233,598.
- ❑ The State Legislature passed, and the Governor signed into law, a bill in June 2011 that included a property tax cap in New York State. The cap begins with the 2012-2013 school year and is in effect through at least 2021-2022. The property tax cap will interfere with the District's ability to increase property tax revenue in an effort to balance the budget and maintain or enhance educational programs. Major provisions of the cap include:
 - This bill limits tax levy growth to the lesser of two percent or the annual increase in the CPI;
 - Limited exemptions to exceed the levy cap are provided for taxes needed to pay for voter-approved capital expenditures, pension rate increases, court orders and torts over five percent of the prior year's levy;
 - An adjustment in the tax levy calculation to account for physical and quantitative changes in the tax base;
 - If the tax levy proposed to the voters is within the district's tax levy cap, then a majority vote would be required for approval. If the proposed tax levy exceeds the district's tax levy cap, the threshold required for approval would be 60 percent of the vote;
 - A school district that does not levy an amount up to the cap in any one year would be allowed to carry over unused tax levy capacity into future years. However, this carryover levy capacity cannot be used to increase its tax levy by more than an additional 1.5 percent above the cap in any single year; and
 - In the event a district's actual tax levy exceeds its authorized levy due to clerical or technical errors, the erroneous excess levy must be placed in reserve to offset the levy for the next school year.
- ❑ Beginning with the 2011-12 school tax bills, the savings resulting from the Basic or Enhanced STAR exemptions are limited to a 2% increase over the prior year. The Basic and Enhanced STAR exemptions are the only property tax exemptions funded by New York State. School districts are directly reimbursed for the savings taxpayers receive. The STAR cap could impact future budget vote outcomes because it is the only opportunity for the public to vote and decide on a budget.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES - Continued

- 2021-2022 State Aid: There is talk of changing the calculation for the Foundation Aid and also putting a cap on expense-based aids which could affect future budgets. This would have a huge impact on the school's financial situation and will affect future years. The current global economic situation and financial crisis in New York State is more volatile than ever before.

- Federal Funds: Extended School Day Grant: The extended school day grant was approved late in the 2010-2011 Fiscal Year. The grant was written and designed to provide a comprehensive student-centered program involving academic achievement, enrichment opportunities, positive youth development, prevention and intervention services, building relationships and strengthening a connection to school and community. The grant targets at-risk students to improve their academic, behavioral and social needs through extended hours and summer programs. The District received \$79,512 in funding for the 2020-2021 fiscal year. The District is aware at the time of the financial statements that the funding will be available in the 2021-2022 Fiscal Year.

- Retirement Contributions: Employer contributions for the New York State Teachers Retirement System is increasing while the New York State & Local Employees Retirement Systems is expected to remain the same for the 2020-2021 budget season.
 - The 2020-2021 employees' retirement contribution (ERS) rate was 14.6%. There is no change from the 2019-2020 rate of 14.6%. The expected contribution rate for 2021-2022 is 16.2%, a 1.60% change from 2020-2021 rate.
 - The 2020-2021 teachers' retirement contribution (TRS) rate was 9.53%. This is a .67% increase over the 2019-2020 rate of 8.86%. The TRS will increase for the 2021-2022 budget to 9.80%, a .27% increase from 2020-2021.
 - The employees' and teachers' contributions, combined, account for 3.96% of the 2021-2022 total budget. Fluctuating retirement costs will impact future budget development and will also gravely impact the ability of the District to enhance programs, moreover, sustain current programs.

- ERS Reserve: It is the District's intention to utilize the Employee Retirement Contribution reserve in future budget years to avoid fluctuating tax levy increases, promote a more stable budget, and provide the maximum resources to student educational program. The 2021-2022 Fiscal Year budget includes a \$300,000 transfer from the ERS reserve as a revenue source to balance the budget.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES - Continued

- **TRS Reserve:** It is the District's intention to utilize the Teachers' Retirement Contribution reserve in future budget years to avoid fluctuating tax levy increases, promote a more stable budget, and provide the maximum resources to student educational program. The 2021-2022 Fiscal Year budget includes a \$175,000 transfer from the TRS reserve as a revenue source to balance the budget.

- **Health Insurance:** The potential increase in health insurance premiums will continue to have a significant effect on the future financial health of the District. In an effort to slow rapidly rising health insurance premiums, the District modified and contractually negotiated the structure of the Health Insurance Plan for the teachers' contractual group. Their contribution to the plan was increased, and they have moved to Rider 10. The District will look to negotiate the same with all other contractual groups.
 - For the 2020-2021 fiscal year, health insurance premiums increased 5%. Health insurance benefits account for 22.42% of the total 2020-2021 budget. It is anticipated health insurance premiums will rise another 3% in the 2021-2022 fiscal year. Rising benefits costs impact the ability of the district to maintain valuable student programs and services.

- **OPEB (Other Post-Employment Benefits):** As of June 30, 2021, the District is required to account for and report the costs and obligations related to postemployment healthcare benefits under GASB 75. The projected benefits and annual expense are determined using actuarial methods.
 - The District's actuarial valuation report as of June 30, 2021 indicates a total 2020-2021 expense of \$7,178,039. The expected net OPEB obligation is \$99,894,775. This will continue to grow each year if the plan is not fully funded. Currently, New York State School Districts do not have the legal authority to fund OPEB through bonding, reserves or an irrevocable trust.
 - The growing postemployment health insurance benefit obligation may impact school district's negatively going forward. For instance, the district's credit worthiness may be negatively impacted, resulting in higher than expected long-term debt interest rates for bonds, BANS, etc. In addition, since there is no legal authority to fund the OPEB obligation, there is no investment earning to offset the cost. However, the results of the actuarial study will provide the district an opportunity to evaluate the post-employment benefit obligation and determine possible long-term consequences of the current negotiated retiree benefits.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES - Continued

- ❑ Accounting for Pensions (GASB Statements 68 and 71): As of June 30, 2016, the District is required to account for and report the districts' proportionate share of the TRS & ERS net pension asset, liability, pension expense, deferred inflows/outflows, and other matters, as determined by the Plans' actuaries. These items are reported on the District's Statement of Net Position; also see the notes to financial statements for further analysis and information regarding this requirement.
- ❑ Natural gas, diesel, and electricity are volatile utilities when preparing the District budget. These expenses account for 2.18% of the 2020-2021 budget, compared to 2.3% in 2019-2020. The District bids these items cooperatively with St. Lawrence-Lewis BOCES to obtain the best pricing possible. For the 2020-2021 fiscal year, the District accepted a fixed rate of \$2.1792 gallon for diesel. In 2020-2021, the District accepted a rate of \$2.81/mmbtu @ Empress for Natural Gas.
- ❑ Due to the regulations and funding surrounding the education of special education students there is uncertainty in special education costs each year. Students tend to move in and out of the district throughout the year. Since the State does not fully reimburse costs incurred for educating these students, District expenses fluctuate unpredictably. General fund actual expenditures for special education increased by \$182,120 from 2019-2020 to 2020-2021. It is anticipated the 2021-2022 actual expenditures for students with disabilities will increase compared to the 2020-2021 budget due to increased enrollment and required services.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact Brasher Falls Central School District, P.O. Box 307, 1039 State Highway 11C, Brasher Falls, NY 13613.

THIS PAGE INTENTIONALLY LEFT BLANK

BRASHER FALLS CENTRAL SCHOOL DISTRICT

AUDITED BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES

June 30, 2021

| ASSETS | |
|---|------------------------|
| Cash and Cash Equivalents | |
| Unrestricted | \$ 3,058,780 |
| Restricted | 8,597,745 |
| Receivables | |
| State and Federal Aid | 820,005 |
| Due From Other Governments | 1,003,203 |
| Other | 2,086 |
| Inventories | 9,220 |
| Prepaid Expenditures | 11,990 |
| Capital Assets, Net | 45,510,954 |
| TOTAL ASSETS | \$ 59,013,983 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Other Postemployment Benefits | \$ 21,560,876 |
| Pensions | 5,370,989 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | \$ 26,931,865 |
| LIABILITIES | |
| Payables | |
| Accounts Payable | \$ 390,163 |
| Accrued Liabilities | 7,462 |
| Due to Other Governments | 8,161 |
| Accrued Interest on Bonds Payable and Bond Anticipation Notes | 217,038 |
| Due to Teachers' Retirement System | 673,047 |
| Due to Employees' Retirement System | 145,002 |
| Notes Payable | |
| Bond Anticipation | 17,775,792 |
| Unearned Credits | |
| Over Payments and Collections in Advance | 15,685 |
| Long-Term Liabilities | |
| Due and Payable Within One Year | |
| Bonds Payable | 805,000 |
| Due and Payable After One Year | |
| Bonds Payable | 5,265,000 |
| Compensated Absences Payable | 214,904 |
| Other Postemployment Benefits Payable | 99,894,775 |
| Net Pension Liability - Proportionate Share | 1,014,528 |
| TOTAL LIABILITIES | \$ 126,426,557 |
| DEFERRED INFLOWS OF RESOURCES | |
| Pensions | \$ 3,209,394 |
| Other Postemployment Benefits | 4,056,104 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | \$ 7,265,498 |
| NET POSITION | |
| Net Investment in Capital Assets | \$ 21,898,952 |
| Restricted for: | |
| Debt Service | 354,415 |
| Other Legal Restrictions | 8,085,284 |
| Unrestricted (Deficit) | (78,084,858) |
| TOTAL NET POSITION | \$ (47,746,207) |

See notes to audited basic financial statements.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION - GOVERNMENTAL ACTIVITIES

Year Ended June 30, 2021

| | <u>Expenses</u> | <u>Program Revenues</u> | | <u>Net (Expenses) Revenues and Changes in Net Position</u> | |
|---|---------------------|-----------------------------|---|--|---|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | | <u>Capital Grants and Contributions</u> |
| FUNCTIONS/PROGRAMS | | | | | |
| General Support | \$ 3,839,194 | \$ - | \$ - | \$ 64,147 | \$ (3,775,047) |
| Instruction | 21,549,537 | 210,909 | 1,079,501 | - | (20,259,127) |
| Pupil Transportation | 2,984,223 | - | - | - | (2,984,223) |
| Debt Service - Interest | 585,513 | - | - | - | (585,513) |
| School Food Service | 651,344 | 7,026 | 441,855 | - | (202,463) |
| Total Functions and Programs | <u>\$29,609,811</u> | <u>\$ 217,935</u> | <u>\$ 1,521,356</u> | <u>\$ 64,147</u> | <u>(27,806,373)</u> |
| GENERAL REVENUES | | | | | |
| Real Property Taxes | | | | | 4,091,626 |
| Other Tax Items | | | | | 1,244,510 |
| Use of Money and Property | | | | | 124,005 |
| Sale of Property and Compensation for Loss | | | | | 33,052 |
| State Sources | | | | | 17,025,007 |
| Medicaid Reimbursement | | | | | 98,400 |
| Federal Sources | | | | | 431,939 |
| Miscellaneous | | | | | 250,987 |
| Total General Revenues | | | | | <u>23,299,526</u> |
| Change in Net Position | | | | | (4,506,847) |
| Net Position - Beginning of Year, As Restated | | | | | <u>(43,239,360)</u> |
| Net Position - End of Year | | | | | <u>\$ (47,746,207)</u> |

See notes to audited basic financial statements.

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2021

| | <u>General</u> | <u>Capital Project - Campus Wide</u> |
|--|-----------------------------|--|
| ASSETS | | |
| Cash and Cash Equivalents | | |
| Unrestricted | \$ 3,058,715 | \$ - |
| Restricted | 7,848,394 | 233,790 |
| Receivables | | |
| Due From Other Funds | 366,122 | 335,475 |
| State and Federal Aid | 314,647 | - |
| Due From Other Governments | 1,003,203 | - |
| Other | 1,919 | - |
| Inventories | - | - |
| Prepaid Expenditures | 11,990 | - |
| TOTAL ASSETS | <u><u>\$ 12,604,990</u></u> | <u><u>\$ 569,265</u></u> |
| LIABILITIES | | |
| Payables | | |
| Accounts Payable | \$ 102,504 | \$ 273,736 |
| Accrued Liabilities | 2,462 | - |
| Due to Other Funds | 190,923 | 37,585 |
| Due to Other Governments | - | - |
| Due to Teachers' Retirement System | 673,047 | - |
| Due to Employees' Retirement System | 145,002 | - |
| Notes Payable | | |
| Bond Anticipation | - | 17,123,792 |
| Unearned Credits | | |
| Overpayments and Collections in Advance | 15,685 | - |
| Total Liabilities | <u>1,129,623</u> | <u>17,435,113</u> |
| DEFERRED INFLOW OF RESOURCES | | |
| Deferred State Aid | - | - |
| Total Deferred Inflow of Resources | <u>-</u> | <u>-</u> |
| FUND BALANCES (DEFICITS) | | |
| Nonspendable | 11,990 | - |
| Restricted | 7,848,394 | - |
| Assigned | 831,772 | - |
| Unassigned (Deficit) | 2,783,211 | (16,865,848) |
| Total Fund Balances (Deficits) | <u>11,475,367</u> | <u>(16,865,848)</u> |
| TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES (DEFICITS) | <u><u>\$ 12,604,990</u></u> | <u><u>\$ 569,265</u></u> |

BRASHER FALLS CENTRAL SCHOOL DISTRICT

| Total Non-Major Funds | Total Governmental Funds |
|--------------------------------------|---|
| \$ 65 | \$ 3,058,780 |
| 515,561 | 8,597,745 |
| 309,133 | 1,010,730 |
| 505,358 | 820,005 |
| - | 1,003,203 |
| 167 | 2,086 |
| 9,220 | 9,220 |
| - | 11,990 |
| <u>\$ 1,339,504</u> | <u>\$ 14,513,759</u> |
| | |
| \$ 13,923 | \$ 390,163 |
| 5,000 | 7,462 |
| 782,222 | 1,010,730 |
| 8,161 | 8,161 |
| - | 673,047 |
| - | 145,002 |
| 652,000 | 17,775,792 |
| - | 15,685 |
| <u>1,461,306</u> | <u>20,026,042</u> |
| | |
| <u>64,147</u> | <u>64,147</u> |
| <u>64,147</u> | <u>64,147</u> |
| | |
| 9,220 | 21,210 |
| 591,305 | 8,439,699 |
| 170,667 | 1,002,439 |
| <u>(957,141)</u> | <u>(15,039,778)</u> |
| <u>(185,949)</u> | <u>(5,576,430)</u> |
| | |
| <u>\$ 1,339,504</u> | <u>\$ 14,513,759</u> |

See notes to audited basic financial statements.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

June 30, 2021

Total Fund Balance (Deficit) - Governmental Funds \$ (5,576,430)

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

Proportionate share of long-term asset and liability associated with participation in state retirement systems are not current financial resources or obligations and are not reported in the fund statements.

| | | | |
|---|----|-----------|-------------|
| Net Pension Liability - Proportionate Share - TRS | \$ | 1,005,948 | |
| Net Pension Liability - Proportionate Share - ERS | | 8,580 | (1,014,528) |

Deferred inflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the fund statements consist of:

| | | | |
|-------------------------------|----|-----------|-------------|
| Pensions | \$ | 3,209,394 | |
| Other Postemployment Benefits | | 4,056,104 | (7,265,498) |

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the fund statements consists of:

| | | | |
|-------------------------------|----|------------|------------|
| Pensions | \$ | 5,370,989 | |
| Other Postemployment Benefits | | 21,560,876 | 26,931,865 |

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:

| | | | |
|--------------------------|----|--------------|------------|
| Cost of Capital Assets | \$ | 68,174,605 | |
| Accumulated Depreciation | | (22,663,651) | 45,510,954 |

Governmental funds report revenues only when they are considered "available", whereas the Statement of Activities report revenues when earned. Long-term revenue difference related to Smart Schools Bond Funding is reported as revenue in the Statement of Activities and deferred inflow in the governmental funds, and therefore not reported as revenue in the governmental fund. 64,147

BRASHER FALLS CENTRAL SCHOOL DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION – CONTINUED**

June 30, 2021

Long-term liabilities, including bonds payable and compensated absences, are not due in the current period and, therefore, are not reported as liabilities in the fund statements.

Long-term liabilities, at year end, consist of:

| | | |
|---|--------------|-------------------------------|
| Bonds Payable | \$ 6,070,000 | |
| Accrued Interest on Bonds and BANs Payable | 217,038 | |
| Compensated Absences Payable | 214,904 | |
| Other Postemployment Benefits Payable | 99,894,775 | <u>(106,396,717)</u> |
| Total Net Position - Governmental Activities | | <u><u>\$ (47,746,207)</u></u> |

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

Year Ended June 30, 2021

| | <u>General</u> | <u>Capital Project - Campus Wide</u> |
|---|----------------------|--|
| REVENUES | | |
| Real Property Taxes | \$ 4,091,626 | \$ - |
| Other Tax Items | 1,244,510 | - |
| Charges for Services | 210,909 | - |
| Use of Money and Property | 12,583 | - |
| Sale of Property and Compensation for Loss | 33,052 | - |
| State Sources | 17,030,863 | 226,708 |
| Medicaid Reimbursement | 98,400 | - |
| Federal Sources | 431,939 | - |
| Surplus Food | - | - |
| Sales - School Food Service | - | - |
| Miscellaneous | 207,550 | - |
| Total Revenues | <u>23,361,432</u> | <u>226,708</u> |
| EXPENDITURES | | |
| General Support | 2,582,242 | - |
| Instruction | 9,856,372 | - |
| Pupil Transportation | 1,290,577 | - |
| Employee Benefits | 6,850,170 | - |
| Debt Service: | | |
| Principal | 1,396,319 | - |
| Interest | 431,033 | - |
| Food Service Program: | | |
| General Support | - | - |
| Cost of Sales | - | - |
| Other Expenditures | - | - |
| Capital Outlay | - | 6,677,069 |
| Total Expenditures | <u>22,406,713</u> | <u>6,677,069</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>954,719</u> | <u>(6,450,361)</u> |
| OTHER FINANCING SOURCES AND (USES) | | |
| BAN's Redeemed from Appropriations | - | 303,000 |
| Premium on Obligation | - | - |
| Operating Transfers In | 110,959 | - |
| Operating Transfers (Out) | (183,058) | - |
| Total Other Financing Sources and (Uses) | <u>(72,099)</u> | <u>303,000</u> |
| Net Change in Fund Balances | 882,620 | (6,147,361) |
| Fund Balances (Deficits) - | | |
| Beginning of Year, As Restated | <u>10,592,747</u> | <u>(10,718,487)</u> |
| Fund Balances (Deficits) - End of Year | <u>\$ 11,475,367</u> | <u>\$ (16,865,848)</u> |

BRASHER FALLS CENTRAL SCHOOL DISTRICT

| Total Non-Major Funds | Total Governmental Funds |
|--------------------------------------|---|
| \$ - | \$ 4,091,626 |
| - | 1,244,510 |
| - | 210,909 |
| 2,647 | 15,230 |
| - | 33,052 |
| 337,528 | 17,595,099 |
| - | 98,400 |
| 1,170,220 | 1,602,159 |
| 40,030 | 40,030 |
| 6,249 | 6,249 |
| 44,214 | 251,764 |
| 1,600,888 | 25,189,028 |
| - | 2,582,242 |
| 837,469 | 10,693,841 |
| - | 1,290,577 |
| 394,807 | 7,244,977 |
| - | 1,396,319 |
| - | 431,033 |
| 197,627 | 197,627 |
| 176,928 | 176,928 |
| 51,807 | 51,807 |
| 522,350 | 7,199,419 |
| 2,180,988 | 31,264,770 |
| (580,100) | (6,075,742) |
| 313,319 | 616,319 |
| 108,775 | 108,775 |
| 183,058 | 294,017 |
| (110,959) | (294,017) |
| 494,193 | 725,094 |
| (85,907) | (5,350,648) |
| (100,042) | (225,782) |
| \$ (185,949) | \$ (5,576,430) |

See notes to audited basic financial statements.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF
ACTIVITIES**

Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds \$ (5,350,648)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Net Position, assets with an initial individual cost of more than \$2,000 are capitalized and in the Statement of Activities the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

| | | |
|----------------------|--------------------|-----------|
| Capital Outlays | \$ 7,220,157 | |
| Depreciation Expense | <u>(1,368,470)</u> | 5,851,687 |

Repayment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position. This is the amount of debt repayments made in the current period. 780,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is paid. The interest reported in the Statement of Activities is increased by the change in accrued interest on bonds and amortization of deferred charge on bond refunding. (154,480)

In the Statement of Activities, certain operating expenses - compensated absences (vacations and certain sick pay), special termination benefits (early retirement) - are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). (1,347)

BRASHER FALLS CENTRAL SCHOOL DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF
ACTIVITIES - CONTINUED**

Year Ended June 30, 2021

Governmental funds report revenues only when they are considered "available", whereas the Statement of Activities report revenues when earned. Revenue relating to the 20% reduction in Excess Cost Aid, BOCES Aid, and State grants in 2020 was reported as revenue in the Statement of Activities in the prior year and as a deferred inflow in the governmental funds. When funds were collected in the current year, they were then reported as revenue in the governmental funds and excluded from the Statement of Activities. The amounts represents prior year deferred inflows from the governmental funds.

(258,986)

Governmental funds report revenues only when they are considered "available", whereas the Statement of Activities report revenues when earned. Long-term revenue difference related to Smart Schools Bond Funding is reported as revenue in the Statement of Activities and deferred inflow in the governmental funds, and therefore not reported as revenue in the governmental funds.

64,147

On the Statement of Activities, the actual and projected long-term expenditures for postemployment benefits and related outflows/inflows are reported, whereas, on the governmental funds only the actual expenditures are recorded for postemployment benefits.

(4,908,974)

Increases in proportionate share of net pension asset (liability) and related deferred outflows/inflows 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 | \$ | (716,978) | |
| Employees' Retirement System | | 188,732 | (528,246) |
| | | | |

| | | |
|--|-----------|--------------------|
| Change in Net Position of Governmental Activities | \$ | (4,506,847) |
|--|-----------|--------------------|

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The Brasher Falls Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of nine 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. 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 description of certain entities included in the District's reporting entity.

Extra Classroom Activity Funds

The Extra Classroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extra Classroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management with the District having administrative involvement. Separate audited financial statements (cash basis) of the Extra Classroom Activity Funds can be found at the District's business office. Due to administrative involvement, the District accounts for assets in a special revenue fund.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Joint Venture

The District is a component unit in the St. Lawrence – Lewis Board of Cooperative Education Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs that 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 §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n (a) of the New York State General Municipal Law.

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

During the year, the District was billed \$4,090,998 for BOCES administrative, capital, and program costs.

The District's share of BOCES aid amounted to \$2,203,389. This represents State aid distributions of \$1,998,275 and 2020 fund balance returned to schools of \$205,114. However, an additional \$186,639 of BOCES state aid distributions have been recognized on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds. This amount was recorded as a deferred inflow of resources on the Balances Sheet – Governmental Funds in the prior year since it was not considered "available" as state aid distributions were reduced by 20% subsequent to year-end.

Financial statements for the BOCES are available from the BOCES administrative office.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

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 and Federal aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The *Statement of Net Position* presents the financial position of the District at fiscal year-end. The *Statement of Activities* presents a comparison between direct program expenses and 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.

Fund Statements

The fund statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following 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.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation - Continued

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditures for specified purposes, child nutrition, extra classroom activity funds which the District has administrative involvement, or 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.

Special Aid Fund: Used to account for proceeds received from state and federal grants that are restricted for specific educational programs.

School Food Service Fund: Used to account for child nutrition activities whose funds are restricted as to use.

Extra Classroom Activity Funds: Used to account for funds of the students of the District which are restricted as to use by the various student organizations where the District has administrative involvement over the funds.

Scholarships and Awards Fund: Used to account for proceeds received from various individuals and organizations that are restricted for specific scholarship and award programs not under specific trust arrangements.

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus and Basis of Accounting

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

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

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year as it matches the liquidation of related obligations.

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

Impact of COVID-19 Pandemic on Financial Statements

The COVID – 19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID – 19 on the District and financial results will depend on the future developments, which are highly uncertain and cannot be predicted, including but not limited to the duration, spread, severity, and impact of the outbreak, all of which at present, cannot be determined. Accordingly, the extent to which COVID – 19 may impact the District's net position is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, 2020 and become a lien on August 25, 2020. Taxes are collected during the period from September 1, 2020 to October 31, 2020.

Uncollected real property taxes are subsequently enforced by the counties of St. Lawrence and Franklin, in which the District is located. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the District no later than the following April 1.

Restricted Resources

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

Interfund Transactions

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

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

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

Refer to Note 10 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

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 outflow 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 during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

Cash and Cash Equivalents

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

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

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

Receivables

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Inventories and Prepaid Items

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

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

A prepaid item was recorded in the General Fund in the amount of \$11,990, which represents the District's contribution to the School and Municipal Energy Cooperative of WNY ("SMEC"). Contributions made by member districts are recorded by SMEC as a current liability, and members are allocated a share of the organization's net assets based on each participant's share of premiums paid for that year.

A portion of the fund balance in the amount of these non-liquid assets (inventories, and prepaids) has been identified as not available for other subsequent expenditures.

Other Assets

In the District-wide financial statements, bond discounts and premiums, and any prepaid bond insurance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

Capital Assets

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

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Capital Assets – Continued

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

| | Capitalization Threshold | Depreciation Method | Estimated Useful Life |
|-------------------------|-------------------------------------|--------------------------------|----------------------------------|
| Buildings | \$ 5,000 | Straight-line | 40 - 50 Years |
| Building Improvements | 2,000 | Straight-line | 40 - 50 Years |
| Site Improvements | 2,000 | Straight-line | 20 Years |
| Furniture and Equipment | 2,000 | Straight-line | 5 - 15 Years |
| Vehicles | 2,000 | Straight-line | 8 Years |

The District does not possess any infrastructure.

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 three items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is the District contributions to the New York State Teachers' and Employees' pension systems and to Other Postemployment Benefit (OPEB) plan subsequent to the measurement date. The third item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience and the changes of assumptions or other inputs.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Outflows and Inflows of Resources - Continued

In addition to liabilities, the Statement of Net Position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reported in the District-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience and the changes of assumptions and other inputs.

Unearned Revenue

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

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Vested Employee Benefits

Compensated Absences

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

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

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

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

In the 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.

Other Benefits

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

District employees may choose to participate in the district's elective deferred compensation plans established under internal revenue code sections 403(b) and 457.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Short-Term Debt

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

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.

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

Accrued Liabilities and Long-Term Obligations

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

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

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 of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

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

Fund Statements

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

Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance typically includes the inventory recorded in the School Food Service Fund and prepaid expenditures recorded in the General Fund. The School Food Service Fund had \$9,220 of actual inventories on hand and the General Fund had \$11,990 of prepaid expenditures as of June 30, 2021.

Restricted - includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance. The District has established the following restricted fund balances:

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Equity Classifications - Continued

Fund Statements – Continued

Retirement Contributions

According to General Municipal Law §6-r, 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. This reserve is accounted for in the General Fund.

Under new amendments to General Municipal Law §6-r, a sub-fund within the Retirement Contributions Reserve can be established to finance contributions to the New York State Teachers' Retirement System ("TRS sub-fund"). The TRS sub-fund reserve may be established by a majority vote of the Board of Education if the District has an established Retirement Contributions Reserve Fund. The amounts contributed annually to the TRS sub-fund cannot exceed 2% of the compensation or salaries of all teachers employed by the District who are members of TRS paid during the immediately preceding fiscal year. Also, the TRS sub-fund balance cannot exceed 10% of the total compensation or salaries of all teachers employed by the District who are members of TRS paid during the immediately preceding fiscal year. This TRS sub-fund exists "within" the Retirement Contributions Reserve Fund, which is accounted for in the General Fund.

Employee Benefit Accrued Liability

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

Liability Claims and Property Loss

According to Education Law section 1709(8)(c), must be used to pay for liability claims and property loss incurred. Separate funds for liability claims and property loss are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts, except city school districts with a population greater than 125,000. This reserve is accounted for in the General Fund.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Equity Classifications – Continued

Fund Statements – Continued

Workers' Compensation

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

Unemployment Insurance

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

Capital

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Equity Classifications – Continued

Fund Statements – Continued

Insurance

According to General Municipal Law §6-n, must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the General Fund.

Tax Certiorari

According to Education Law §3651.1-a, funds 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. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. This reserve is accounted for in the General Fund.

Debt Service

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

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Equity Classifications – Continued

Fund Statements – Continued

Extra Classroom Activity Funds

According to the regulations of the Commissioner of Education (8 NYCRR Part 172), the Board of Education of the District is required to make the rules and regulations for the establishment, conduct, operation, and maintenance of extra classroom activities and for the safeguarding, accounting and audit of all moneys received. According to the regulations of the Board of Education, the monies represent the funds of the students of the District and must be used by the student organizations of the District. This reserve is accounted for in Extra Classroom Activity Funds.

Scholarships and Awards Fund

According to constraints placed on the use of resources established by various scholarship and award programs, must be used for the specific purpose outlined in the program. This reserve is accounted for in the Scholarships and Awards Fund.

Restricted fund balances include the following:

General Fund

| | |
|---|----------------------------|
| Reserve for State and Local Retirement System Contributions | \$ 3,577,122 |
| Reserve for Teachers' Retirement System Contributions | 345,338 |
| Employee Benefit Accrued Liability | 183,532 |
| Workers' Compensation | 582,367 |
| Unemployment Insurance | 250,874 |
| Liability Claims and Property Loss | 788,453 |
| Capital | 755,034 |
| Insurance | 1,314,091 |
| Tax Certiorari | 51,583 |
| Extra Classroom Activity Funds | 85,690 |
| Scholarships and Awards Fund | 151,200 |
| Debt Service Fund | 354,415 |
| Total Restricted Funds | <u><u>\$ 8,439,699</u></u> |

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Equity Classifications – Continued

Fund Statements – Continued

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 balances as of June 30, 2021.

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

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 and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserve for tax reduction, a school district can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year, encumbrances and amounts reserved for insurance recoveries are also excluded from the 4% limitation.

Order of Use of Fund Balance

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

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

New Accounting Standards

The District has adopted all current Statements of Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2021, the District implemented the following new statements issued by GASB:

GASB Statement No. 84, *Fiduciary Activities*, effective for the year ending June 30, 2021.

GASB Statement No. 90, *Majority Equity Interests - an, amendment of GASB Statements No. 14 and No. 61*, effective for the year ending June 30, 2021.

GASB Statement No. 93, *Replacement of Interbank Offered Rates*, effective for the year ending June 30, 2022, except for GASB No. 93 paragraphs 13-14 effective for the year ending June 30, 2022.

Future Changes in Accounting Standards

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

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

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

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

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

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

GASB has issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, effective for the year ending June 30, 2022.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

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

Due to the differences in the measurement focus and basis of accounting used in the 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.

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

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

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

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

1. 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.

2. 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 depreciation expense on those items as recorded in the Statement of Activities.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

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

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

3. Long-Term Debt Transaction Differences:

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

4. Pension Differences:

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

5. OPEB Differences:

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

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities*. The implementation of the statement establishes criteria for identifying fiduciary activities of all school districts. See Note 17, Note 18, and Note 19 for the financial statement impact of the implementation of the statement.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

**NOTE 4 - STEWARDSHIP, COMPLIANCE, AND
ACCOUNTABILITY**

Budgets

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

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. No supplemental appropriations occurred during the year.

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

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

**NOTE 4 - STEWARDSHIP, COMPLIANCE, AND
ACCOUNTABILITY - Continued**

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 balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time as the liability is incurred or the commitment is paid.

Other

The portion of the District's fund balance subject to the New York State Real Property Tax Law §1318 limit exceeded the amount allowable, which is 4% of the District's budget for the upcoming year. Actions the District plans to pursue to address this issue include the establishment of appropriate reserves and to continue to appropriate fund balance to provide tax relief to district taxpayers.

The Capital Projects Fund - Buses shows an unassigned fund balance deficit of \$892,994 at June 30, 2021. This will be funded when the District redeems BAN's from appropriations in the 2021-2022 fiscal year and years going forward.

The Capital Projects Fund – Smart Schools shows an unassigned fund balance deficit of \$64,147 at June 30, 2021. This will be funded when State Grants are paid out for the reimbursable items subsequent to June 30, 2021.

The Capital Projects Fund – Campus Wide shows an unassigned fund balance deficit of \$16,865,848 at June 30, 2021. This will be funded when the District obtains permanent financing for its construction project.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 5 - CASH AND CASH EQUIVALENTS - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, AND FOREIGN CURRENCY RISKS

Cash

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these notes.

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

| | |
|---|---------------|
| Uncollateralized | \$ - |
| Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name | \$ 10,879,797 |

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$7,848,394 restricted for various fund balance reserves in the General Fund, \$233,790 restricted for a voter approved capital project in the Capital Project – Campus Wide Fund, \$68,100 in the Capital Projects-Other Fund, \$205,871 restricted for debt service payments in the Debt Service Fund, \$85,690 restricted for extra classroom in the Extra Classroom Activity Funds, and \$155,900 restricted for scholarships and awards in the Scholarships and Awards Fund within the governmental funds.

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2021 all deposits were fully insured and collateralized by the District's agent, but not in the District's name.

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with Federal, State and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Administrator of the District.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 5 - CASH AND CASH EQUIVALENTS - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, AND FOREIGN CURRENCY RISKS - Continued

Other

The District does not typically purchase investments for a long enough duration to cause it to believe that it is exposed to any material interest rate risk.

The District does not typically purchase investments denominated in a foreign currency and is not exposed to foreign currency risk.

NOTE 6 - CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30 are as follows:

| Governmental Activities | Beginning Balance | Additions | Retirements / Reclassifications | Ending Balance |
|--|------------------------------|---------------------|--|---------------------------|
| Capital Assets That Are Not Depreciated: | | | | |
| Land | \$ 62,492 | \$ - | \$ - | \$ 62,492 |
| Construction In Progress | 6,822,126 | 6,833,488 | (13,591,467) | 64,147 |
| Total Nondepreciable Assets | <u>6,884,618</u> | <u>6,833,488</u> | <u>(13,591,467)</u> | <u>126,639</u> |
| Capital Assets That Are Depreciated: | | | | |
| Buildings and Improvements | 50,236,514 | 4,794 | 13,591,467 | 63,832,775 |
| Furniture and Equipment | 1,430,082 | 44,783 | - | 1,474,865 |
| Vehicles | 2,635,034 | 337,092 | (231,800) | 2,740,326 |
| Total Depreciable Assets | <u>54,301,630</u> | <u>386,669</u> | <u>13,359,667</u> | <u>68,047,966</u> |
| Less: Accumulated Depreciation | | | | |
| Buildings and Improvements | 19,107,376 | 1,032,277 | - | 20,139,653 |
| Furniture and Equipment | 1,245,305 | 29,060 | - | 1,274,365 |
| Vehicles | 1,174,300 | 307,133 | (231,800) | 1,249,633 |
| Total Accumulated Depreciation | <u>21,526,981</u> | <u>1,368,470</u> | <u>(231,800)</u> | <u>22,663,651</u> |
| Total Depreciated Assets, Net | <u>32,774,649</u> | <u>(981,801)</u> | <u>13,591,467</u> | <u>45,384,315</u> |
| Capital Assets, Net | <u>\$ 39,659,267</u> | <u>\$ 5,851,687</u> | <u>\$ -</u> | <u>\$ 45,510,954</u> |

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 6 - CAPITAL ASSETS - Continued

Depreciation expense was charged to governmental functions as follows:

| | |
|-----------------------------|----------------------------|
| General Support | \$ 156,683 |
| Instruction | 877,288 |
| Pupil Transportation | 307,133 |
| School Food Service Program | <u>27,366</u> |
| | |
| Total Depreciation Expense | <u><u>\$ 1,368,470</u></u> |

NOTE 7 - SHORT-TERM DEBT

Short-term debt may be authorized and issued to fund the following:

Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuances of bond anticipation notes (BANs).

Transactions in short-term debt for the year are summarized below:

| | <u>Maturity Date</u> | <u>Interest Rate</u> | <u>Beginning Balance</u> | <u>Issued</u> | <u>Redeemed</u> | <u>Ending Balance</u> |
|-----|----------------------|----------------------|--------------------------|----------------------|----------------------|-----------------------|
| BAN | 7/15/20 | 2.000% | \$ 4,900,000 | \$ - | \$ 4,900,000 | \$ - |
| BAN | 7/15/20 | 2.000% | 4,300,000 | - | 4,300,000 | - |
| BAN | 6/24/21 | 1.025% | 965,319 | - | 965,319 | - |
| BAN | 6/23/22 | 0.360% | - | 652,000 | - | 652,000 |
| BAN | 7/14/21 | 1.250% | - | 17,123,792 | - | 17,123,792 |
| | | | <u>\$ 10,165,319</u> | <u>\$ 17,775,792</u> | <u>\$ 10,165,319</u> | <u>\$ 17,775,792</u> |

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 7 - SHORT-TERM DEBT- Continued

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

| | |
|--|--------------------------|
| Interest Paid | \$ 129,395 |
| Less: Interest Accrued in the Prior Year | (112,042) |
| Plus: Interest Accrued in the Current Year | <u>205,882</u> |
| Total Interest on Short-Term Debt | <u><u>\$ 223,235</u></u> |

NOTE 8 - LONG-TERM DEBT OBLIGATIONS

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

Serial Bonds

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

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 8 - LONG-TERM DEBT OBLIGATIONS - Continued

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

| Governmental Activities | Beginning Balance | Additions | Deductions | Ending Balance | Amount Due Within One Year |
|---|--------------------------|----------------------|---------------------|-----------------------|-----------------------------------|
| Long-Term Liabilities | | | | | |
| General Obligation Debt | | | | | |
| Serial Bonds | \$ 6,850,000 | \$ - | \$ 780,000 | \$ 6,070,000 | \$ 805,000 |
| Total Long-Term Liabilities | <u>6,850,000</u> | <u>-</u> | <u>780,000</u> | <u>6,070,000</u> | <u>805,000</u> |
| Other Long-Term Liabilities | | | | | |
| Compensated Absences Payable | 213,557 | 1,347 | - | 214,904 | - |
| Other Postemployment Benefits Liability | 74,778,116 | 25,116,659 | - | 99,894,775 | - |
| Net Pension Liability - Proportionate Share | <u>2,256,869</u> | <u>-</u> | <u>1,242,341</u> | <u>1,014,528</u> | <u>-</u> |
| Total Other Long-Term Liabilities | <u>77,248,542</u> | <u>25,118,006</u> | <u>1,242,341</u> | <u>101,124,207</u> | <u>-</u> |
| Total Governmental Activities | <u>\$ 84,098,542</u> | <u>\$ 25,118,006</u> | <u>\$ 2,022,341</u> | <u>\$ 107,194,207</u> | <u>\$ 805,000</u> |

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences and other postemployment benefits payable.

Existing serial and statutory obligations:

| Description | Issue Date | Final Maturity | Interest Rate (%) | Balance |
|--------------------|-------------------|-----------------------|--------------------------|---------------------|
| Serial Bond | 6/15/2012 | 6/15/2025 | 2.125-3.0% | \$ 1,165,000 |
| Serial Bond | 6/10/2015 | 6/15/2030 | 3.00-5.0% | <u>4,905,000</u> |
| | | | | <u>\$ 6,070,000</u> |

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 8 - LONG-TERM DEBT OBLIGATIONS - Continued

The following is a summary of debt service requirements at year-end June 30:

| | Principal | Interest | Total |
|-----------|---------------------|---------------------|---------------------|
| 2022 | \$ 805,000 | \$ 271,575 | \$ 1,076,575 |
| 2023 | 830,000 | 239,988 | 1,069,988 |
| 2024 | 870,000 | 206,738 | 1,076,738 |
| 2025 | 710,000 | 171,000 | 881,000 |
| 2026 | 580,000 | 138,700 | 718,700 |
| 2027-2031 | <u>2,275,000</u> | <u>249,800</u> | <u>2,524,800</u> |
| Total | <u>\$ 6,070,000</u> | <u>\$ 1,277,801</u> | <u>\$ 7,347,801</u> |

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

| | |
|--|-------------------|
| Interest Paid | \$ 301,638 |
| Less: Interest Accrued in the Prior Year | (12,391) |
| Plus: Interest Accrued in the Current Year | 11,156 |
| Plus: Amortization of Deferred Charge on Refunding | <u>61,875</u> |
| Total Interest on Long-Term Debt | <u>\$ 362,278</u> |

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 - PENSION PLANS

General Information

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

Teachers' Retirement System (TRS) Plan Description

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 - PENSION PLANS- Continued

Employees' Retirement System (ERS) Plan Description

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

TRS Benefits Provided

Benefits

The benefits provided to members of the System are established by New York State law and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and are subdivided into the following six classes:

Tier 1

Members who last joined prior to July 1, 1973 are covered by the provisions of Article 11 of the Education Law.

Tier 2

Members who last joined on or after July 1, 1973 and prior to July 27, 1976 are covered by the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law (RSSL).

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 - PENSION PLANS - Continued

TRS Benefits Provided - Continued

Tier 3

Members who last joined on or after July 27, 1976 and prior to September 1, 1983 are covered by the provisions of Article 14 and Article 15 of the RSSL.

Tier 4

Members who last joined on or after September 1, 1983 and prior to January 1, 2010 are covered by the provisions of Article 15 of the RSSL.

Tier 5

Members who joined on or after January 1, 2010 and prior to April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

Tier 6

Members who joined on or after April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

Service Retirements

Tier 1 members are eligible, beginning at age 55, for a service retirement allowance of approximately 2% per year of credited service times final average salary.

Under Article 19 of the RSSL, eligible Tier 1 and 2 members can receive additional service credit of one-twelfth of a year for each year of retirement credit as of the date of retirement or death up to a maximum of 2 additional years.

Tiers 2 through 5 are eligible for the same but with the following limitations: (1) Tiers 2 through 4 members receive an unreduced benefit for retirement at age 62 or retirement at ages 55 through 61 with 30 years of service or reduced benefit for retirement at ages 55 through 61 with less than 30 years of service. (2) Tier 5 members receive an unreduced benefit for retirement at age 62 or retirement at ages 57 through 61 with 30 years of service. They receive a reduced benefit for retirement at age 55 and 56 regardless of service credit, or ages 57 through 61 with less than 30 years of service.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 - PENSION PLANS - Continued

TRS Benefits Provided - Continued

Tier 6 members are eligible for a service retirement allowance of 1.75% per year of credited service for the first 20 years of service plus 2% per year for years of service in excess of 20 years times final average salary. Tier 6 members receive an unreduced benefit for retirement at age 63. They receive a reduced benefit at ages 55-62 regardless of service credit.

Vested Benefits

Retirement benefits vest after 5 years of credited service except for Tier 5 and 6 where 10 years of credited service are required. Benefits are payable at age 55 or greater with the limitations previously noted for service retirements.

Disability Retirement

Members are eligible for disability retirement benefits after 10 years of credited New York State service except for Tier 3 where disability retirement is permissible after 5 years of credited New York State service pursuant to the provisions of Article 14 of the RSSL. The Tier 3 benefit is integrated with Social Security.

Death Benefits

Death benefits are paid to the beneficiary of active members who die in service. The benefit is based on final salary and the number of years of credited service.

Prior Service

After 2 years of membership, members of all tiers may claim and receive credit for prior New York State public or teaching service. Only Tier 1 and 2 members may, under certain conditions, claim out-of-state service.

Tier Reinstatement

In accordance with Chapter 640 of the Laws of 1998, any active member who had a prior membership may elect to be reinstated to their original date and Tier of membership.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 - PENSION PLANS - Continued

TRS Benefits Provided - Continued

Permanent Cost-of-Living Adjustment (COLA)

Section 532-a of the Education Law provides a permanent cost-of-living benefit to both current and future retired members. This benefit will be paid commencing September of each year to retired members who have attained age 62 and have been retired for 5 years or attained age 55 and have been retired for 10 years. Disability retirees must have been retired for 5 years, regardless of age, to be eligible. The annual COLA percentage is equal to 50% of the increase in the consumer price index, not to exceed 3% nor be lower than 1%. It is applied to the first eighteen thousand dollars of annual benefit. The applicable percentage payable beginning September 2019 is 1.0%. Members who retired prior to July 1, 1970 are eligible for a minimum benefit of seventeen thousand five hundred dollars for 35 years of credited full-time New York State service. Certain members who retire pursuant to the provisions of Article 14 of the RSSL are eligible for automatic cost-of-living supplementation based on the increase in the consumer price index with a maximum per annum increase of 3%.

ERS Benefits Provided

Benefits

The System provides retirement benefits as well as death and disability benefits.

Tier 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 - PENSION PLANS - Continued

ERS Benefits Provided - Continued

Final average salary is the average of the wages earned in the 3 highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year's compensation used in the final average salary calculation is limited to no more than 20 percent greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous 2 years.

Tier 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 3, 4 and 5 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 10 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the 3 highest consecutive years of employment. For Tier 3, 4 and 5 members, each year's compensation in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous 2 years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 - PENSION PLANS - Continued

ERS Benefits Provided - Continued

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with 10 or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the 5 highest consecutive years of employment. For Tier 6 members, each year's compensation used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous 4 years.

Vested Benefits

Members who joined the System prior to January 1, 2010 need five years of service to be 100 percent vested. Members who joined on or after January 1, 2010 require ten years of service credit to be 100 percent vested.

Disability Retirement Benefits

Disability retirement benefits are available to ERS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offset of other benefits depend on a member's tier, years of service, and plan.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 - PENSION PLANS - Continued

ERS Benefits Provided - Continued

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all retirees who have attained age 62 and have been retired for five years; (ii) all retirees who have attained age 55 and have been retired for 10 years; (iii) all disability retirees, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible retiree as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor but cannot be less than 1 percent or exceed 3 percent.

Funding Policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years. (The District chose to prepay the required contributions by December 15, 2020 and received an overall discount of \$2,997).

The District's share of the required contributions, based on covered payroll paid for the current and two preceding years were:

| | NYSTRS | NYSERS |
|-----------|---------------|---------------|
| 2020-2021 | \$ 547,456 | \$ 362,989 |
| 2019-2020 | 604,447 | 347,622 |
| 2018-2019 | 540,641 | 331,035 |

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 - PENSION PLANS - Continued

Funding Policies - Continued

Since 1989, the NYSERS billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 1988 and 1989 over a 17-year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability.

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

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

| | ERS | TRS |
|---|------------|----------------|
| Measurement Date | 3/31/2021 | 6/30/2020 |
| District's Proportionate Share of the Net Pension Asset (Liability) | \$ (8,580) | \$ (1,005,948) |
| District's Portion (%) of the Plan's Total Net Pension Asset (Liability) | 0.0086171% | 0.036404% |
| Change in Proportion (%) Since the Prior Measurement Date | 0.0000944% | 0.002306% |

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 - PENSION PLANS - Continued

Pension Assets, Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

For the year ended June 30, 2021, the District's recognized pension expense (credit) of (\$188,732) for ERS and \$716,978 for TRS. At June 30, 2021, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | | Deferred Inflows of Resources | |
|---|--------------------------------|---------------------|-------------------------------|-------------------|
| | ERS | TRS | ERS | TRS |
| Differences Between Expected and Actual Experience | \$ 104,790 | \$ 881,413 | \$ - | \$ 51,553 |
| Changes of Assumptions | 1,577,657 | 1,272,290 | 29,755 | 453,505 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | - | 656,972 | 2,464,793 | - |
| Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions | 42,558 | 83,622 | 1,509 | 208,279 |
| District's Contributions Subsequent to the Measurement Date | 145,002 | 606,685 | - | - |
| Total | \$ 1,870,007 | \$ 3,500,982 | \$ 2,496,057 | \$ 713,337 |

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset (liability) in the year ended June 30, 2022, if applicable. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the year ended as follows:

| | ERS | TRS |
|------------|--------------|------------|
| 2022 | \$ (131,774) | \$ 361,668 |
| 2023 | (42,853) | 760,853 |
| 2024 | (125,455) | 647,712 |
| 2025 | (470,970) | 388,605 |
| 2026 | - | (3,552) |
| Thereafter | - | 25,674 |

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 - PENSION PLANS - Continued

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 liability to the measurement date.

Significant actuarial assumptions used in the valuations were as follows:

| | ERS | TRS |
|--------------------------|--|--|
| Measurement Date | March 31, 2021 | June 30, 2020 |
| Actuarial Valuation Date | April 1, 2020 | June 30, 2019 |
| Interest Rate | 5.9% | 7.1% |
| Salary Scale | 4.4% | 1.3% |
| Decrement Tables | April 1, 2015 - March 31, 2020 System's Experience | July 1, 2009 - June 30, 2014 System's Experience |
| Inflation Rate | 2.7% | 2.2% |

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020. For TRS, annuitant mortality rates are based on July 1, 2009 – June 30, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2019.

For ERS, the actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 - PENSION PLANS - Continued

Actuarial Assumptions - Continued

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

| | ERS | TRS |
|--|----------------|---------------|
| Measurement Date | March 31, 2021 | June 30, 2020 |
| Asset Type | | |
| Domestic Equity | 4.05% | 7.10% |
| International Equity | 6.30% | 7.70% |
| Private Equity | 6.75% | 10.40% |
| Global Equity | | 7.40% |
| Real Estate | 4.95% | 6.80% |
| Opportunistic / Absolute Return Strategies Portfolio | 4.50% | |
| Credit | 3.63% | |
| Real Assets | 5.95% | |
| Cash | 0.50% | 0.70% |
| Private Debt | | 5.20% |
| Real Estate Debt | | 3.60% |
| Domestic Fixed Income Securities | | 1.80% |
| Global Bonds | | 1.00% |
| High-Yield Bonds | | 3.90% |

Discount Rate

The discount rate used to calculate the total pension asset (liability) was 5.9% for ERS and 7.1% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset (liability).

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 - PENSION PLANS - Continued

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

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 5.9% for ERS and 7.1% for TRS, as well as what the District's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1-percentage point lower (4.9% for ERS and 6.1% for TRS) or 1-percentage point higher (6.9% for ERS and 8.1% for TRS) than the current rate:

| ERS | 1% Decrease (4.90%) | Current Assumption (5.90%) | 1% Increase (6.90%) |
|---|--------------------------------|---|--------------------------------|
| District's Proportionate Share of the Net Pension Asset (Liability) | \$ (2,381,584) | \$ (8,580) | \$ 2,179,884 |

| TRS | 1% Decrease (6.10%) | Current Assumption (7.10%) | 1% Increase (8.10%) |
|---|--------------------------------|---|--------------------------------|
| District's Proportionate Share of the Net Pension Asset (Liability) | \$ (6,354,229) | \$ (1,005,948) | \$ 3,482,614 |

Pension Plan Fiduciary Net Position

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

| | (In Thousands) | | Total |
|--|--------------------|-----------------------|-----------------------|
| | ERS | TRS | |
| Measurement Date | March 31, 2021 | June 30, 2020 | |
| Employer's Total Pension Asset (Liability) | \$ (220,680,157) | \$ (123,242,776) | \$ (343,922,933) |
| Plan Net Position | 220,580,583 | 120,479,505 | 341,060,088 |
| Employer's Net Pension Asset (Liability) | <u>\$ (99,574)</u> | <u>\$ (2,763,271)</u> | <u>\$ (2,862,845)</u> |
| Ratio of Plan Net Position to the Employer's Total Pension Asset (Liability) | 99.95% | 97.76% | |

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 - PENSION PLANS - Continued

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$145,002. Employee contributions are remitted monthly.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2021 amounted to \$673,047.

NOTE 10 - INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS

Interfund balances at June 30, 2021 are as follows:

| | Interfund | | Interfund | |
|----------------------------------|--------------------|-----------------|------------------|---------------------|
| | Receivables | Payables | Revenues | Expenditures |
| General | \$ 366,122 | \$ 190,923 | \$ 110,959 | \$ 183,058 |
| Special Aid | - | 339,318 | 11,916 | - |
| School Food Service | - | 26,804 | 75,000 | - |
| Scholarships and Awards | 300 | - | - | - |
| Debt Service | 148,544 | - | - | - |
| Capital Projects - Campus Wide | 335,475 | 37,585 | - | - |
| Capital Projects - Buses | - | 240,994 | - | - |
| Capital Projects - Smart Schools | - | 64,147 | - | - |
| Capital Projects - Other | 160,289 | 110,959 | 96,142 | 110,959 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total | \$ 1,010,730 | \$ 1,010,730 | \$ 294,017 | \$ 294,017 |

The District typically transfers resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year. The General Fund advanced funds to the Special Aid to provide temporary cash until New York State has reimbursed the grant programs. Unexpended funds from a capital project are transferred to the debt service fund upon completion.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 11 - FUND BALANCE EQUITY

The following is a summary of the Governmental Funds fund balances (deficits) of the District as of June 30, 2021:

| Fund Balances (Deficits) | General | Capital Project - Campus Wide | Total Non-Major | Total Governmental Funds |
|--|----------------------|--|------------------------|---|
| Nonspendable | | | | |
| Prepaid Expenditures | \$ 11,990 | \$ - | \$ - | \$ 11,990 |
| Inventory | - | - | 9,220 | 9,220 |
| Restricted | | | | |
| Reserve for State and Local | | | | |
| Retirement System Contributions | 3,577,122 | - | - | 3,577,122 |
| Reserve for Teachers' | | | | |
| Retirement System Contributions | 345,338 | - | - | 345,338 |
| Employee Benefit Accrued | | | | |
| Liability | 183,532 | - | - | 183,532 |
| Unemployment Insurance | 250,874 | - | - | 250,874 |
| Workers' Compensation | 582,367 | - | - | 582,367 |
| Liability Claims and Property Loss | 788,453 | - | - | 788,453 |
| Capital | 755,034 | - | - | 755,034 |
| Insurance | 1,314,091 | - | - | 1,314,091 |
| Tax Certiorari | 51,583 | - | - | 51,583 |
| Extra Classroom Activity Funds | - | - | 85,690 | 85,690 |
| Scholarship and Awards Fund | - | - | 151,200 | 151,200 |
| Debt Service Fund | - | - | 354,415 | 354,415 |
| Assigned | | | | |
| Designated for Next Fiscal Year | 750,000 | - | - | 750,000 |
| School Food Service Fund | - | - | 60,995 | 60,995 |
| General Support | 14,865 | - | - | 14,865 |
| Instruction | 61,907 | - | - | 61,907 |
| Pupil Transportation | 5,000 | - | - | 5,000 |
| Capital Projects Fund | - | - | 109,672 | 109,672 |
| Unassigned (Deficit) | | | | |
| General Fund | 2,783,211 | - | - | 2,783,211 |
| Capital Projects Fund | - | (16,865,848) | (957,141) | (17,822,989) |
| <hr/> | | | | |
| Total Governmental Fund Balances (Deficits) | <u>\$ 11,475,367</u> | <u>\$ (16,865,848)</u> | <u>\$ (185,949)</u> | <u>\$ (5,576,430)</u> |

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS

General Information about the OPEB Plan

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 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 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 75.

Benefits Provided – The District provides healthcare benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms – At June 30, 2021, the following employees were covered by the benefit terms:

| | |
|--|-------------------|
| Inactive employees or beneficiaries currently receiving benefit payments | 137 |
| Inactive employees entitled to but not yet receiving benefit payments | - |
| Active employees | <u>174</u> |
| Total Covered Employees | <u><u>311</u></u> |

The District provides a Self-Insured Traditional Indemnity Plan to eligible retirees and dependents through the St. Lawrence-Lewis Health Care Consortium (the Plan). Currently 137 retired employees have elected to participate and contribute health insurance payments under the District’s group plan. The Plan does issue a publicly available financial report.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE)

BENEFITS - Continued

General Information about the OPEB Plan - Continued

All active employees and retirees are subject to the following eligibility and contribution requirements:

Teachers

- Eligibility for postretirement benefits for NYSTRS Tiers 1 – 4 employees requires a minimum age of 55 with at least five (5) years of service. NYSTRS Tiers 5 & 6 requires a minimum age of 57 with at least ten (10) years of service.
- Retirees are not required to contribute towards postemployment health benefits for the Individual Plan coverage. Retirees are required to contribute 5% of the difference between the individual and family or two-person premium amounts for the Two-Person/Family Plan coverage.
- Surviving spouses do not receive coverage or benefits from the District.

Teamsters and Clerical

- Eligibility for postretirement benefits for NYSERS Tiers 1 – 4 employees requires a minimum age of 55 with at least five (5) years of service. NYSERS Tiers 5 & 6 requires a minimum age of 62 with at least ten (10) years of service.
- Retirees are required to contribute 5% of the individual premium amount for the Individual Plan coverage. Retirees are required to contribute 5% of the difference between the individual and family or two-person premium amounts for the Two-Person/Family Plan coverage.
- Surviving spouses do not receive coverage or benefits from the District.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE)

BENEFITS - Continued

General Information about the OPEB Plan - Continued

Exempt/Administrators

- Eligibility for postretirement benefits for NYSERS Tiers 1 – 4 employees requires a minimum age of 55 with at least five (5) years of service. NYSERS Tiers 5 & 6 requires a minimum age of 62 with at least ten (10) years of service.
- Retirees are not required to contribute 10% of the individual premium amount for the Individual Plan coverage. Retirees are required to contribute 10% of the two-person or family premium amounts for the Two-Person/Family Plan coverage.
- Surviving spouses do not receive coverage or benefits from the District.

The District provides Medicare Part B premium reimbursements at the same rates as health insurance benefits for all Medicare eligible and retirees and spouses only. Surviving spouses do not receive reimbursements.

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the fund financial statements as payments are made. For the year ended June 30, 2021, the District recognized \$1,967,142 for its share of insurance premiums for currently enrolled retirees.

Total OPEB Liability

The District has obtained an actuarial valuation report as of June 30, 2021 which indicates that the total liability for other postemployment benefits is \$99,894,775 which is reflected in the Statement of Net Position. The OPEB liability was measured as of July 1, 2020 and was determined by an actuarial valuation as of July 1, 2020.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE)

BENEFITS - Continued

Total OPEB Liability - Continued

Actuarial Assumptions and Other Inputs – The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Methods and Assumptions

| | |
|-------------------------------|----------|
| Measurement Date | 7/1/2020 |
| Rate of Compensation Increase | 3.00% |
| Inflation Rate | 2.40% |
| Discount Rate | 2.21% |

Assumed Medical/Prescription Drug Trend Rates at June 30

| | |
|--|-------|
| Health Care Cost Trend Rate Assumed for Next Fiscal Year | 6.50% |
| Rate to Which the Cost Trend Rate is Assumed to Decline (the Ultimate Trend Rate) | 4.04% |
| Fiscal Year that the Rate Reaches Ultimate Trend Rate | 2091 |

Additional Information

| | |
|--|------------------|
| Actuarial Cost Method | Entry Age Normal |
| Amortized Cost Method | Level Percentage |
| Amortized Period Remaining (in Years) | 6.13 |
| Method Used to Determine Actuarial Value of Assets | N/A |

The discount rate was based on a 20 year tax-exempt general obligation municipal bond rated AA/Aa or higher as of July 1, 2020.

Mortality rates were based on the sex-distinct RPH-2014 Mortality Tables for employees and healthy annuitants, adjusted backward to 2006 with scale MP-2014, and then projected forward with scale MP-2020.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2019 – June 30, 2020.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE)

BENEFITS - Continued

Changes in the Total OPEB Liability

| | |
|--|-----------------------------|
| Balance at June 30, 2020 | \$ 74,778,116 |
| Changes for the Year | |
| Service Cost | 2,582,609 |
| Interest | 2,672,444 |
| Differences Between Expected and Actual Experience | 2,152,010 |
| Changes of Assumptions or Other Inputs | 19,719,937 |
| Benefit Payments | <u>(2,010,341)</u> |
| Net Changes | <u>25,116,659</u> |
| Balance at June 30, 2021 | <u><u>\$ 99,894,775</u></u> |

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58 percent on July 1, 2019 to 2.21 percent on July 1, 2020.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21 percent) or 1 percentage point higher (3.21 percent) than the current discount rate:

| | 1% Decrease | Discount Rate | 1% Increase |
|----------------------|-----------------------|----------------------|----------------------|
| | 1.21% | 2.21% | 3.21% |
| Total OPEB Liability | <u>\$ 120,018,488</u> | <u>\$ 99,894,775</u> | <u>\$ 84,102,095</u> |

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE)

BENEFITS - Continued

Changes in the Total OPEB Liability – Continued

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (trend decreasing to 3.04 percent) or 1 percentage point higher (trend decreasing to 5.04 percent) than the current healthcare cost trend rate:

| | 1% Decrease Healthcare Cost Trend Rates (Trend Less 1% Decreasing to 3.04%) | Healthcare Cost Trend Rates (Trend at 4.04%) | 1% Increase Healthcare Cost Trend Rates (Trend Plus 1% Increasing to 5.04%) |
|----------------------|--|---|--|
| Total OPEB Liability | <u>\$ 82,264,133</u> | <u>\$ 99,894,775</u> | <u>\$ 123,280,186</u> |

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$4,908,974. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences Between Expected and Actual Experience | \$ 1,800,948 | \$ 716,756 |
| Changes of Assumptions or Other Inputs | 17,490,863 | 3,339,348 |
| Benefit Payments Subsequent to the Measurement Date | <u>2,269,065</u> | <u>-</u> |
| | <u>\$ 21,560,876</u> | <u>\$ 4,056,104</u> |

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE)

BENEFITS - Continued

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB - Continued**

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

Fiscal Year Ending June 30,

| | |
|------------|-----------------------------|
| 2022 | \$ 1,922,986 |
| 2023 | 2,174,662 |
| 2024 | 3,593,407 |
| 2025 | 3,512,790 |
| 2026 | 3,568,017 |
| Thereafter | <u>463,845</u> |
| | <u><u>\$ 15,235,707</u></u> |

NOTE 13 - RISK MANAGEMENT

General

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. 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.

Pooled Non-Risk-Retained

The District participates in the St. Lawrence – Lewis County School District’s Healthcare Plan (Plan), a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of 18 individual governmental units located within the pool’s geographic area and is considered a self-sustaining risk pool that will provide coverage for its members up to \$1,000,000 per insured event. The pool obtains independent coverage for insured events in excess of the \$1,000,000 limit, and the District has essentially transferred all related risk to the pool.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 13 - RISK MANAGEMENT - Continued

Pooled Non-Risk-Retained - Continued

Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the plan's liabilities. The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured. The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained in writing: St. Lawrence-Lewis Counties School District Employee Medical Plan, Post Office Box 697, Canton, New York 13617.

The District participates in the St. Lawrence-Lewis Counties School District Employees Workers' Compensation Plan, a risk-sharing pool, to ensure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law to finance liability and risks related to Workers' Compensation claims. The District share of the liability for unbilled and open claims is \$0.

NOTE 14 - COMMITMENTS AND CONTINGENCIES

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 years' experience, the District's administration believes disallowances, if any, will be immaterial.

The District is involved in a lawsuit for breach of contract and professional negligence against its mechanical contractor, architectural firm and engineering firm concerning a capital project in which the District's hot water heating system failed, resulting in the loss of six new boilers. The contractor and design professionals have filed counter-claims. The lawsuit remains open at June 30, 2021.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 14 - COMMITMENTS AND CONTINGENCIES - Continued

Although it is impossible to predict the ultimate outcome of these claims, in the opinion of management, the District maintains an adequate level of insurance in the event of an adverse judgement. Management believes that the resolution of these matters will not result in material losses to the District.

NOTE 15 – DONOR-RESTRICTED

The District administers endowment funds which are restricted by the donor for the purpose of providing scholarships.

Donor-restricted endowments are invested in savings accounts or investment pool funds.

The District authorizes expenditures from the endowments in compliance with the wishes expressed by the donor or trustee.

NOTE 16 – TAX ABATEMENT

The District uses a property tax abatement agreement with local businesses. The local businesses entered into agreements directly with local tax jurisdictions within St. Lawrence County for tax abatement. The purpose of the payment in Lieu of Taxes (PILOT) agreements are to provide real property tax abatement for value added by construction or renovations.

The District has a PILOT agreement executed through the St. Lawrence County Industrial Development Agency (SLCIDA) dated February 1, 2011 for St. Lawrence Gas for a Natural Gas Pipeline. The agreement spans for a period of 15 years. The total taxable valuation for each total PILOT payment shall be calculated such that a graduated abatement factor shall be applied to the increased assessed valuation attributable to the improvements made to the facility by the company. This schedule will allow for 100% exemption relating to the improvements and equipment in the 1st 5 PILOT years. This will be reduced in 10% increments in PILOT years 6-14. Thereafter, the improvements and equipment by the facility shall be subject to full taxation.

The District has a PILOT agreement executed through the St. Lawrence County Industrial Development Agency (SLCIDA) dated February 26, 2014 for High Peaks Winery, LLC. The agreement spans for a period of 10 years through January 31, 2024. The taxable valuation shall be calculated at 50% for years 6-10 of the agreement.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 16 – TAX ABATEMENT - Continued

For the fiscal year ended June 30, 2021, the District’s portion of the PILOTs were approximately \$88,274 and the District abated the following taxes:

| Company | Type | Start Date | End Date | 2020 % Abated | Total Taxable Value of Project | Abated | Abated Total | (A) | (B) | (A) * (B) |
|--------------|-------|------------|------------|------------------|--------------------------------------|--------------|--------------|-------------------|-------------------------|------------------|
| | | | | | | | | Appr. Tax Rate | Appr. Taxes Foregone | |
| St. Lawrence | IDA | | | | | | | | | |
| Gas | PILOT | 9/1/2011 | 12/31/2026 | 50% | \$ 2,654,638 | \$ 2,654,638 | \$ 1,327,319 | 19.50 | \$ 25,882 | |
| St. Lawrence | IDA | | | | | | | | | |
| Gas | PILOT | 9/1/2011 | 12/31/2026 | 50% | 2,039,267 | 2,039,267 | 1,019,634 | 19.50 | 19,882 | |
| St. Lawrence | IDA | | | | | | | | | |
| Gas | PILOT | 9/1/2011 | 12/31/2026 | 50% | 3,666,262 | 3,666,262 | 1,833,131 | 23.49 | 43,067 | |
| High Peaks | IDA | | | | | | | | | |
| Winery | PILOT | 9/1/2019 | 1/31/2024 | 50% | 111,000 | 111,000 | 55,500 | 23.51 | 1,304 | |
| | | | | | | | | | | <u>\$ 90,135</u> |

NOTE 17 – RESTATEMENT OF FUND BALANCE

Due to the District’s implementation of GASB Statement No. 84, *Fiduciary Activities*, a one-time prior-period adjustment of \$245,246 must be made to the beginning fund balance to reflect the transition to GASB 84. The Extra Classroom Activity fund balance has been restated to account for the transfer of the assets of the extra classroom activities in the prior year from the Agency Fund and to establish the prior year fund balance. The Scholarships and Awards fund balance have been restated to account for the transfer of fund balance in the prior year from the Private Purpose Trust Fund to establish the prior year fund balance.

The following details the change in the District’s beginning of year fund balance (deficit) – governmental funds:

| | |
|--|---------------------|
| Fund Balance (Deficit) Beginning of Year, as Previously Stated | \$ (471,028) |
| Increase in Extra Classroom Activity Fund Balance | 101,912 |
| Increase Scholarships and Awards Fund Balance | <u>143,334</u> |
| Fund Balance (Deficit) Beginning of Year, as Restated | <u>\$ (225,782)</u> |

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 18 – RESTATEMENT OF NET POSITION

Due to the District's implementation of GASB Statement No. 84, *Fiduciary Activities*, a one-time prior-period adjustment of \$245,246 must be made to the beginning net position to reflect the transition to GASB 84 (See Note 17).

The following details the change in the District's beginning of year Net Position:

| | |
|--|-------------------------------|
| Net Position Beginning of Year, as Previously Stated | \$ (43,484,606) |
| Increase in Extra Classroom Activity Fund Balance | 101,912 |
| Increase Scholarships and Awards Fund Balance | <u>143,334</u> |
| Net Position Beginning of Year, as Restated | <u><u>\$ (43,239,360)</u></u> |

NOTE 19 – RESTATEMENT OF FIDUCIARY NET POSITION

Due to the District's implementation of GASB Statement No. 84, *Fiduciary Activities*, a one-time prior-period adjustment must be made to the beginning fiduciary net position to reflect the transition to GASB 84. The Private Purpose Trusts Fund net position has been restated with an adjustment of \$143,334 to account for the transfer of fiduciary net position in the prior year to the Scholarships and Awards Fund in the governmental funds (See Note 17).

The following details the change in the District's beginning of year Fiduciary Net Position:

| | |
|--|--------------------|
| Fiduciary Net Position Beginning of Year, as Previously Stated | \$ 143,334 |
| Decrease in Private Purpose Trusts Fund Balance | <u>(143,334)</u> |
| Fiduciary Net Position Beginning of Year, as Restated | <u><u>\$ -</u></u> |

BRASHER FALLS CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST FOUR FISCAL YEARS

Ended June 30, 2021

| Total OPEB Liability | 2021 | 2020 | 2019 | 2018 |
|--|----------------------|----------------------|----------------------|----------------------|
| Service Cost | \$ 2,582,609 | \$ 2,702,911 | \$ 2,141,458 | \$ 2,766,603 |
| Interest | 2,672,444 | 2,834,812 | 2,494,804 | 2,178,558 |
| Difference between Expected and Actual Experience | 2,152,010 | - | (1,453,148) | - |
| Changes in Assumptions or Other Inputs | 19,719,937 | (355,382) | 2,002,829 | (9,815,436) |
| Benefit Payments | (2,010,341) | (1,904,524) | (1,688,619) | (1,601,506) |
| Net Change in Total OPEB Liability | <u>25,116,659</u> | <u>3,277,817</u> | <u>3,497,324</u> | <u>(6,471,781)</u> |
| Total OPEB Liability - Beginning | <u>74,778,116</u> | <u>71,500,299</u> | <u>68,002,975</u> | <u>74,474,756</u> |
| Total OPEB Liability - Ending | <u>\$ 99,894,775</u> | <u>\$ 74,778,116</u> | <u>\$ 71,500,299</u> | <u>\$ 68,002,975</u> |
| Covered Payroll | \$ 8,713,577 | \$ 8,030,559 | \$ 7,537,482 | \$ 6,766,805 |
| Total OPEB Liability as a Percentage of Covered Payroll | 1146.43% | 931.17% | 948.60% | 1004.95% |

10 years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

See paragraph on supplementary schedules included in independent auditor's report.

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP) BASIS AND ACTUAL - GENERAL FUND**

Year Ended June 30, 2021

| | Original Budget | Final Budget |
|--|--------------------|-----------------|
| REVENUES | | |
| Local Sources | | |
| Real Property Taxes | \$ 3,862,454 | \$ 3,862,454 |
| Other Tax Items | 1,379,144 | 1,379,144 |
| Charges for Services | 14,000 | 14,000 |
| Use of Money and Property | 21,700 | 21,700 |
| Sale of Property and Compensation for Loss | 2,500 | 2,500 |
| Miscellaneous | 32,500 | 32,500 |
| Total Local Sources | 5,312,298 | 5,312,298 |
| State Sources | 17,186,615 | 17,186,615 |
| Medicaid Reimbursement | 60,000 | 60,000 |
| Federal Sources | 25,000 | 25,000 |
| Total Revenues | 22,583,913 | 22,583,913 |
| OTHER FINANCING SOURCES | | |
| Transfers From Other Funds | 45,165 | 45,165 |
| Appropriated Reserves | 381,661 | 381,661 |
| Total Revenues and Other Financing Sources | 23,010,739 | 23,010,739 |
| EXPENDITURES | | |
| General Support | | |
| Board of Education | 17,205 | 22,100 |
| Central Administration | 202,078 | 212,865 |
| Finance | 322,029 | 285,485 |
| Staff | 80,708 | 80,708 |
| Central Services | 1,206,536 | 1,266,503 |
| Special Items | 856,989 | 858,925 |
| Total General Support | 2,685,545 | 2,726,586 |
| Instruction | | |
| Instruction, Administration and Improvement | 690,846 | 668,646 |
| Teaching - Regular School | 4,718,277 | 4,661,453 |
| Programs for Children with Handicapping Conditions | 2,792,468 | 2,792,470 |
| Occupational Education | 758,650 | 758,650 |
| Teaching - Special School | 118,260 | 118,260 |
| Instructional Media | 873,597 | 873,598 |
| Pupil Services | 820,325 | 820,325 |
| School Store | 7,500 | 7,500 |
| Total Instruction | 10,779,923 | 10,700,902 |
| Pupil Transportation | 1,359,546 | 1,359,544 |
| Employee Benefits | 7,194,475 | 7,219,857 |
| Debt Service | 1,851,424 | 1,864,024 |
| Total Expenditures | 23,870,913 | 23,870,913 |
| OTHER FINANCING USES | | |
| Operating Transfers to Other Funds | 200,000 | 200,000 |
| Total Expenditures and Other Financing Uses | 24,070,913 | 24,070,913 |
| Net Change in Fund Balance | (1,060,174) | (1,060,174) |
| Fund Balances - Beginning | 10,592,747 | 10,592,747 |
| Fund Balances - End | \$ 9,532,573 | \$ 9,532,573 |

Note to Required Supplementary Information Budget Basis of Accounting: Budgets are adopted on the modified accrual basis of accounting consistent

BRASHER FALLS CENTRAL SCHOOL DISTRICT

| Actual | | Final Budget Variance With Actual |
|----------------------|----------------------------------|---|
| \$ 4,091,626 | | \$ 229,172 |
| 1,244,510 | | (134,634) |
| 210,909 | | 196,909 |
| 12,583 | | (9,117) |
| 33,052 | | 30,552 |
| <u>207,550</u> | | <u>175,050</u> |
| 5,800,230 | | 487,932 |
| 17,030,863 | | (155,752) |
| 98,400 | | 38,400 |
| 431,939 | | 406,939 |
| <u>23,361,432</u> | | <u>777,519</u> |
| 110,959 | | 65,794 |
| - | | (381,661) |
| <u>23,472,391</u> | | <u>\$ 461,652</u> |
| | Year-End Encumbrances | Final Budget Variance With Actual And Encumbrances |
| 15,729 | \$ - | \$ 6,371 |
| 211,206 | - | 1,659 |
| 271,759 | - | 13,726 |
| 53,657 | - | 27,051 |
| 1,172,038 | 14,865 | 79,600 |
| 857,853 | - | 1,072 |
| <u>2,582,242</u> | <u>14,865</u> | <u>129,479</u> |
| 609,225 | - | 59,421 |
| 4,462,209 | 51,757 | 147,487 |
| 2,488,841 | - | 303,629 |
| 758,250 | - | 400 |
| 53,443 | - | 64,817 |
| 869,321 | - | 4,277 |
| 615,083 | 10,150 | 195,092 |
| - | - | 7,500 |
| <u>9,856,372</u> | <u>61,907</u> | <u>782,623</u> |
| 1,290,577 | 5,000 | 63,967 |
| 6,850,170 | - | 369,687 |
| 1,827,352 | - | 36,672 |
| <u>22,406,713</u> | <u>81,772</u> | <u>1,382,428</u> |
| 183,058 | - | 16,942 |
| <u>22,589,771</u> | <u>\$ 81,772</u> | <u>\$ 1,399,370</u> |
| 882,620 | | |
| 10,592,747 | | |
| <u>\$ 11,475,367</u> | | |

with accounting principles generally accepted in the United States of America.

See paragraph on supplementary schedules included in independent auditor's report.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) - NYSLRS PENSION PLAN
LAST SEVEN FISCAL YEARS**

Ended June 30, 2021

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Teachers' Retirement System (TRS) | | | | | | | |
| District's Proportion of the Net Pension Asset (Liability) | 0.036404% | 0.034098% | 0.033868% | 0.033952% | 0.034884% | 0.030967% | 0.034981% |
| District's Proportionate Share of the Net Pension Asset (Liability) | \$(1,005,948) | \$ 885,881 | \$ 612,426 | \$ 258,070 | \$ (373,617) | \$ 3,216,529 | \$ 3,896,638 |
| District's Covered Payroll | \$ 6,178,957 | \$ 5,691,224 | \$ 5,516,881 | \$ 5,382,216 | \$ 5,406,436 | \$ 5,167,202 | \$ 4,684,698 |
| District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll | <u>16.28%</u> | <u>15.57%</u> | <u>11.10%</u> | <u>4.79%</u> | <u>6.91%</u> | <u>62.25%</u> | <u>83.18%</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability) | 97.76% | 102.17% | 101.53% | 100.66% | 99.01% | 110.46% | 111.48% |
| Employees' Retirement System (ERS) | | | | | | | |
| District's Proportion of the Net Pension Asset (Liability) | 0.0086171% | 0.0085227% | 0.0083130% | 0.0083822% | 0.0080286% | 0.0081319% | 0.0082187% |
| District's Proportionate Share of the Net Pension Asset (Liability) | \$ (8,580) | \$(2,256,869) | \$ (589,001) | \$ (270,531) | \$ (754,384) | \$(1,305,186) | \$ (277,673) |
| District's Covered Payroll | \$ 2,505,674 | \$ 2,381,813 | \$ 2,258,000 | \$ 2,236,842 | \$ 2,086,514 | \$ 2,023,243 | \$ 2,033,056 |
| District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll | <u>0.34%</u> | <u>94.75%</u> | <u>26.09%</u> | <u>12.09%</u> | <u>36.16%</u> | <u>64.51%</u> | <u>13.66%</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability) | 99.95% | 86.39% | 96.27% | 98.24% | 94.70% | 90.68% | 97.95% |

10 years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

See paragraph on supplementary schedules included in independent auditor's report.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS - NYSLRS PENSION PLAN
LAST SEVEN FISCAL YEARS**

Ended June 30, 2021

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Teachers' Retirement System (TRS) | | | | | | | |
| Contractually Required Contribution | \$ 547,456 | \$ 604,447 | \$ 540,641 | \$ 630,572 | \$ 713,770 | \$ 815,448 | \$ 815,448 |
| Contributions in Relation to the Contractually Required Contribution | <u>547,456</u> | <u>604,447</u> | <u>540,641</u> | <u>630,572</u> | <u>713,770</u> | <u>815,448</u> | <u>815,448</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> |
| District's Covered Payroll | \$ 6,178,957 | \$ 5,691,224 | \$ 5,516,881 | \$ 5,382,216 | \$ 5,406,436 | \$ 5,167,202 | \$ 4,684,698 |
| Contributions as a Percentage of Covered Payroll | 8.86% | 10.62% | 9.80% | 11.72% | 13.20% | 15.78% | 17.41% |
| Employees' Retirement System (TRS) | | | | | | | |
| Contractually Required Contribution | \$ 362,989 | \$ 347,622 | \$ 331,035 | \$ 334,923 | \$ 315,562 | \$ 371,646 | \$ 403,244 |
| Contributions in Relation to the Contractually Required Contribution | <u>362,989</u> | <u>347,622</u> | <u>331,035</u> | <u>334,923</u> | <u>315,562</u> | <u>371,646</u> | <u>403,244</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> |
| District's Covered Payroll | \$ 2,505,674 | \$ 2,381,813 | \$ 2,258,000 | \$ 2,236,842 | \$ 2,086,514 | \$ 2,023,243 | \$ 2,033,056 |
| Contributions as a Percentage of Covered Payroll | 14.49% | 14.59% | 14.66% | 14.97% | 15.12% | 18.37% | 19.83% |

10 years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

See paragraph on supplementary schedules included in independent auditor's report.

SUPPLEMENTARY INFORMATION

COMBINED BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2021

| | <u>Special Aid</u> | <u>School Food Service</u> | <u>Debt Service</u> | <u>Scholarships and Awards</u> |
|--|------------------------|------------------------------------|-------------------------|--|
| ASSETS | | | | |
| Cash and Cash Equivalents | | | | |
| Unrestricted | \$ - | \$ 65 | \$ - | \$ - |
| Restricted | - | - | 205,871 | 155,900 |
| Receivables | | | | |
| Due From Other Funds | - | - | 148,544 | 300 |
| State and Federal Aid | 347,427 | 93,784 | - | - |
| Other | - | 167 | - | - |
| Inventories | - | 9,220 | - | - |
| TOTAL ASSETS | <u>\$ 347,427</u> | <u>\$ 103,236</u> | <u>\$ 354,415</u> | <u>\$ 156,200</u> |
| LIABILITIES | | | | |
| Payables | | | | |
| Accounts Payable | \$ - | \$ 6,165 | \$ - | \$ - |
| Accrued Liabilities | - | - | - | 5,000 |
| Due to Other Funds | 339,318 | 26,804 | - | - |
| Due to Other Governments | 8,109 | 52 | - | - |
| Notes Payable | | | | |
| Bond Anticipation | - | - | - | - |
| Total Liabilities | <u>347,427</u> | <u>33,021</u> | <u>-</u> | <u>5,000</u> |
| DEFERRED INFLOW OF RESOURCES | | | | |
| Deferred State Aid | - | - | - | - |
| Total Deferred Inflow of Resources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| FUND BALANCES (DEFICITS) | | | | |
| Nonspendable | - | 9,220 | - | - |
| Restricted | - | - | 354,415 | 151,200 |
| Assigned | - | 60,995 | - | - |
| Unassigned (Deficit) | - | - | - | - |
| Total Fund Balances (Deficits) | <u>-</u> | <u>70,215</u> | <u>354,415</u> | <u>151,200</u> |
| TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES (DEFICITS) | | | | |
| | <u>\$ 347,427</u> | <u>\$ 103,236</u> | <u>\$ 354,415</u> | <u>\$ 156,200</u> |

BRASHER FALLS CENTRAL SCHOOL DISTRICT

| <u>Extra Classroom Activity</u> | <u>Capital Project - Smart Schools</u> | <u>Capital Project - Buses</u> | <u>Capital Projects - Other</u> | <u>Total Non-Major</u> |
|---------------------------------|--|--------------------------------|---------------------------------|------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ 65 |
| 85,690 | - | - | 68,100 | 515,561 |
| - | - | - | 160,289 | 309,133 |
| - | 64,147 | - | - | 505,358 |
| - | - | - | - | 167 |
| - | - | - | - | 9,220 |
| <u>\$ 85,690</u> | <u>\$ 64,147</u> | <u>\$ -</u> | <u>\$ 228,389</u> | <u>\$ 1,339,504</u> |
| \$ - | \$ - | \$ - | \$ 7,758 | \$ 13,923 |
| - | - | - | - | 5,000 |
| - | 64,147 | 240,994 | 110,959 | 782,222 |
| - | - | - | - | 8,161 |
| - | - | 652,000 | - | 652,000 |
| - | 64,147 | 892,994 | 118,717 | 1,461,306 |
| - | 64,147 | - | - | 64,147 |
| - | 64,147 | - | - | 64,147 |
| - | - | - | - | 9,220 |
| 85,690 | - | - | - | 591,305 |
| - | - | - | 109,672 | 170,667 |
| - | (64,147) | (892,994) | - | (957,141) |
| <u>85,690</u> | <u>(64,147)</u> | <u>(892,994)</u> | <u>109,672</u> | <u>(185,949)</u> |
| <u>\$ 85,690</u> | <u>\$ 64,147</u> | <u>\$ -</u> | <u>\$ 228,389</u> | <u>\$ 1,339,504</u> |

See paragraph on supplementary schedules included in independent auditor's report.

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS

Year Ended June 30, 2021

| | <u>Special Aid</u> | <u>School Food Service</u> | <u>Debt Service</u> | <u>Scholarships and Awards</u> |
|--|------------------------|------------------------------------|-------------------------|--|
| REVENUES | | | | |
| Use of Money and Property | \$ - | \$ - | \$ 2,633 | 14 |
| State Sources | 324,138 | 13,390 | - | - |
| Federal Sources | 781,785 | 388,435 | - | - |
| Surplus Food | - | 40,030 | - | - |
| Sales - School Food Service | - | 6,249 | - | - |
| Miscellaneous | - | 777 | - | 15,400 |
| Total Revenues | <u>1,105,923</u> | <u>448,881</u> | <u>2,633</u> | <u>15,414</u> |
| EXPENDITURES | | | | |
| Instruction | 837,469 | - | - | - |
| Employee Benefits | 253,948 | 140,859 | - | - |
| Food Service Program: | | | | |
| General Support | - | 197,627 | - | - |
| Cost of Sales | - | 176,928 | - | - |
| Other Expenditures | - | - | - | 7,548 |
| Capital Outlay | - | - | - | - |
| Total Expenditures | <u>1,091,417</u> | <u>515,414</u> | <u>-</u> | <u>7,548</u> |
| Excess (Deficiency) of Revenues over Expenditures | <u>14,506</u> | <u>(66,533)</u> | <u>2,633</u> | <u>7,866</u> |
| OTHER FINANCING SOURCES AND (USES) | | | | |
| BAN's Redeemed from Appropriations | - | - | - | - |
| Premium on Obligation | - | - | 108,775 | - |
| Operating Transfers In | 11,916 | 75,000 | - | - |
| Operating Transfers (Out) | - | - | - | - |
| Total Other Financing Sources and (Uses) | <u>11,916</u> | <u>75,000</u> | <u>108,775</u> | <u>-</u> |
| Net Change in Fund Balances | 26,422 | 8,467 | 111,408 | 7,866 |
| Fund Balances (Deficits) - Beginning of Year, As Restated | <u>(26,422)</u> | <u>61,748</u> | <u>243,007</u> | <u>143,334</u> |
| Fund Balances (Deficits) - End of Year | <u>\$ -</u> | <u>\$ 70,215</u> | <u>\$ 354,415</u> | <u>\$ 151,200</u> |

BRASHER FALLS CENTRAL SCHOOL DISTRICT

| Extra Classroom Activity | Capital Project - Smart Schools | Capital Project - Buses | Capital Projects - Other | Total Non-Major |
|---|--|--|---|----------------------------|
| \$ - | \$ - | \$ - | \$ - | \$ 2,647 |
| - | - | - | - | 337,528 |
| - | - | - | - | 1,170,220 |
| - | - | - | - | 40,030 |
| - | - | - | - | 6,249 |
| 28,037 | - | - | - | 44,214 |
| <u>28,037</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,600,888</u> |
| - | - | - | - | 837,469 |
| - | - | - | - | 394,807 |
| - | - | - | - | 197,627 |
| - | - | - | - | 176,928 |
| 44,259 | - | - | - | 51,807 |
| - | 64,147 | 337,092 | 121,111 | 522,350 |
| <u>44,259</u> | <u>64,147</u> | <u>337,092</u> | <u>121,111</u> | <u>2,180,988</u> |
| <u>(16,222)</u> | <u>(64,147)</u> | <u>(337,092)</u> | <u>(121,111)</u> | <u>(580,100)</u> |
| - | - | 313,319 | - | 313,319 |
| - | - | - | - | 108,775 |
| - | - | - | 96,142 | 183,058 |
| - | - | - | (110,959) | (110,959) |
| - | - | 313,319 | (14,817) | 494,193 |
| <u>(16,222)</u> | <u>(64,147)</u> | <u>(23,773)</u> | <u>(135,928)</u> | <u>(85,907)</u> |
| 101,912 | - | (869,221) | 245,600 | (100,042) |
| <u>\$ 85,690</u> | <u>\$ (64,147)</u> | <u>\$ (892,994)</u> | <u>\$ 109,672</u> | <u>\$ (185,949)</u> |

See paragraph on supplementary schedules included in independent auditor's report.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

**SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE
REAL PROPERTY TAX LIMIT - GENERAL FUND**

June 30, 2021

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

| | |
|--------------------------------|-----------------------------|
| Adopted Budget | \$ 24,008,913 |
| Add: Prior Year's Encumbrances | 62,000 |
| Original Budget | <u>24,070,913</u> |
| Budget Revision | - |
| Final Budget | <u><u>\$ 24,070,913</u></u> |

SECTION 1318 OF REAL PROPERTY TAX LAW CALCULATION

| | |
|---|---------------------|
| 2021-2022 Voter Approved Expenditure Budget | \$ 26,279,357 |
| Maximum Allowed 4% of 2021-2022 Budget | <u>\$ 1,051,174</u> |
| General Fund Balance Subject to Section 1318 of Real Property Tax Law | |
| Unrestricted Fund Balance: | |
| Assigned Fund Balance | \$ 831,772 |
| Unassigned Fund Balance | <u>2,783,211</u> |
| Total Unrestricted Fund Balance | <u>3,614,983</u> |
| Less: | |
| Appropriated Fund Balance | 750,000 |
| Encumbrances Included in Assigned Fund Balance | <u>81,772</u> |
| Total Adjustments | <u>831,772</u> |
| General Fund Balance Subject to Section 1318 of Real Property Tax Law | <u>\$ 2,783,211</u> |
| Actual Percentage | <u>10.59%</u> |

See paragraph on supplementary schedules included in independent auditor's report.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

SCHEDULE OF CAPITAL PROJECTS FUND - PROJECT EXPENDITURES AND FINANCING RESOURCES

June 30, 2021

| PROJECT TITLE | Expenditures | | | | | Methods of Financing | | | | | Fund Balance (Deficit) 6/30/2021 |
|-----------------------------|------------------------|-----------------------|----------------------|---------------------|----------------------|----------------------|-------------------------|---------------------|---------------------|----------------------|----------------------------------|
| | Original Appropriation | Revised Appropriation | Prior Year | Current Year | Total | Unexpended Balance | Proceeds Of Obligations | State Aid | Local Sources | Total | |
| Buses | \$ 2,383,981 | \$ 2,383,981 | \$ 2,045,826 | \$ 337,092 | \$ 2,382,918 | \$ 1,063 | \$ - | \$ - | \$ 1,489,924 | \$ 1,489,924 | \$ (892,994) |
| Renovation Projects: | | | | | | | | | | | |
| Junior-Senior HS (0001-009) | 5,553,977 | 5,553,977 | 5,116,958 | - | 5,116,958 | 437,019 | 4,286,375 | 111,105 | 1,157,762 | 5,555,242 | 438,284 |
| Elementary (0005-006) | 1,781,558 | 1,781,558 | 1,824,176 | - | 1,824,176 | (42,618) | 1,745,981 | 35,633 | - | 1,781,614 | (42,562) |
| Bus Garage (5002-006) | 821,465 | 821,465 | 988,296 | - | 988,296 | (166,831) | 820,144 | - | - | 820,144 | (168,152) |
| Emergency Boiler Project: | | | | | | | | | | | |
| Junior-Senior HS (0001-011) | 1,278,750 | 1,278,750 | 1,056,053 | 20,225 | 1,076,278 | 202,472 | - | 978,484 | - | 978,484 | (97,794) |
| Elementary (0005-008) | 291,250 | 291,250 | 104,403 | 4,744 | 109,147 | 182,103 | - | 89,043 | - | 89,043 | (20,104) |
| Capital Project - Phase 1: | | | | | | | | | | | |
| Junior-Senior HS (0001-012) | 3,239,000 | 3,239,000 | 3,302,412 | - | 3,302,412 | (63,412) | - | - | - | - | (3,302,412) |
| Elementary (0005-010) | 423,000 | 423,000 | 242,686 | 3,870 | 246,556 | 176,444 | - | - | - | - | (246,556) |
| Bus Garage (5002-008) | 183,000 | 183,000 | 343,955 | - | 343,955 | (160,955) | - | - | - | - | (343,955) |
| Capital Project - Phase 2: | | | | | | | | | | | |
| Junior-Senior HS (0001-013) | 6,700,000 | 6,700,000 | 2,283,635 | 3,480,146 | 5,763,781 | 936,219 | - | 226,708 | 101,000 | 327,708 | (5,436,073) |
| Elementary (0005-011) | 5,300,000 | 5,300,000 | 3,514,328 | 2,517,273 | 6,031,601 | (731,601) | - | - | 101,000 | 101,000 | (5,930,601) |
| Bus Garage (5002-009) | 1,808,500 | 1,808,500 | 1,031,471 | 675,780 | 1,707,251 | 101,249 | - | - | 101,000 | 101,000 | (1,606,251) |
| Capital Outlay 2020-2021: | | | | | | | | | | | |
| 50020-010 | 100,000 | 100,000 | - | 96,142 | 96,142 | - | - | - | 96,142 | 96,142 | - |
| Smart School Project | 97,990 | 97,990 | - | 64,147 | 64,147 | 33,843 | - | - | - | - | (64,147) |
| Totals | \$ 29,962,471 | \$ 29,962,471 | \$ 21,854,199 | \$ 7,199,419 | \$ 29,053,618 | \$ 904,995 | \$ 6,852,500 | \$ 1,440,973 | \$ 3,046,828 | \$ 11,340,301 | \$ (17,713,317) |

See paragraph on supplementary schedules included in independent auditor's report.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NET INVESTMENT IN CAPITAL ASSETS

Year Ended June 30, 2021

| | | |
|---|------------------|-----------------------------|
| Capital Assets, Net | | \$ 45,510,954 |
| Deduct: | | |
| Bond Anticipation Note | \$ 17,775,792 | |
| Less: Unspent Bond Anticipation Note Proceeds | <u>(233,790)</u> | 17,542,002 |
| Short-Term Portion of Bonds Payable | 805,000 | |
| Long-Term Portion of Bonds Payable | <u>5,265,000</u> | <u>6,070,000</u> |
| Net Investment in Capital Assets | | <u><u>\$ 21,898,952</u></u> |

See paragraph on supplementary schedules included in independent auditor's report.

FEDERAL AWARD PROGRAM INFORMATION



**BOWERS & COMPANY
CPAs PLLC**

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

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

**THE BOARD OF EDUCATION
BRASHER FALLS 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, each major fund, and the aggregate remaining fund information of Brasher Falls Central School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Brasher Falls Central School District's basic financial statements, and have issued our report thereon dated October 12, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

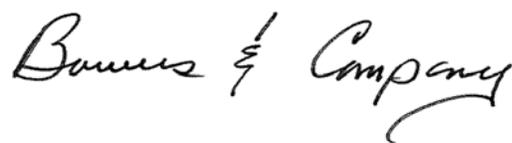
As part of obtaining reasonable assurance about whether Brasher Falls Central School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2021-001.

Brasher Falls Central School District's Response to Findings

Brasher Falls Central School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Brasher Falls Central School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

A handwritten signature in cursive script that reads "Banner & Company". The signature is written in dark ink and is positioned to the right of the main text block.

Watertown, New York
October 12, 2021



**BOWERS & COMPANY
CPAs PLLC**

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

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

**THE BOARD OF EDUCATION
BRASHER FALLS CENTRAL SCHOOL DISTRICT**

Report on Compliance for Each Major Federal Program

We have audited Brasher Falls Central School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Brasher Falls Central School District's major federal programs for the year ended June 30, 2021. Brasher Falls Central School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Brasher Falls Central School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Brasher Falls Central School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

Management of Brasher Falls Central School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Brasher Falls Central School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Brasher Falls Central School District's internal control over compliance.

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

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

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

Banner & Company

Watertown, New York
October 12, 2021

BRASHER FALLS CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2021

| <u>Federal Grantor/Pass-Through Grantor Program Title</u> | <u>Assistance Listing</u> | <u>Agency or Pass-Through Number</u> | <u>Total Federal Expenditures</u> |
|--|-------------------------------|--|---|
| <u>U. S. Department of Education</u> | | | |
| Passed-Through NYS Education Department: | | | |
| Title I Grants to Local Educational Agencies | 84.010 | 0021-21-2580 | \$ 424,907 |
| Special Education Cluster: | | | |
| Special Education - Grants to States (IDEA, Part B) | 84.027 | 0032-21-0785 | 257,742 |
| Special Education - Preschool Grants (IDEA Preschool) | 84.173 | 0033-21-0785 | 4,968 |
| Total Special Education Cluster | | | <u>262,710</u> |
| Education Stabilization Fund: | | | |
| COVID-19 Governor's Emergency Education Relief Fund | 84.425C | 5895-21-2580 | 62,093 |
| COVID-19 Elementary and Secondary School Emergency Relief Fund | 84.425D | 5890-21-2580 | 366,368 |
| Total Education Stabilization Fund | | | <u>428,461</u> |
| Rural Education | 84.358 | 0006-21-2580 | 19,282 |
| Supporting Effective Instruction State Grants | 84.367 | 0147-21-2580 | 44,515 |
| Student Support and Academic Enrichment Program | 84.424 | 0204-21-2580 | 30,371 |
| Total Passed Through NYS Education Department | | | <u>1,210,246</u> |
| Total U.S. Department of Education | | | <u>1,210,246</u> |
| <u>U. S. Department of Agriculture</u> | | | |
| Passed-Through NYS Education Department: | | | |
| Fresh Fruit and Vegetable Program | 10.582 | | 21,217 |
| Child Nutrition Cluster | | | |
| Non-Cash Assistance (Food Distribution) | | | |
| Summer Food Service Program for Children | 10.559 | | 18,813 |
| Non-Cash Assistance Subtotal | | | <u>18,813</u> |
| Cash Assistance | | | |
| National School Lunch Program | 10.555 | | 869 |
| Summer Food Service Program for Children | 10.559 | | 387,566 |
| Cash Assistance Subtotal | | | <u>388,435</u> |
| Total Child Nutrition Cluster | | | <u>407,248</u> |
| Total Passed Through NYS Education Department | | | <u>428,465</u> |
| Total U.S. Department of Agriculture | | | <u>428,465</u> |
| Total Federal Awards Expended | | | <u>\$ 1,638,711</u> |

See paragraph on supplementary information included in independent auditor's report and accompanying notes to schedule of expenditures.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards presents the activity of federal award programs administered by 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 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 in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* (CFR) part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance).

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 programs 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.

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 of the data presented. The District has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

NOTE 2 - SUBRECIPIENTS

No amounts were provided to subrecipients.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2021

NOTE 3 – OTHER DISCLOSURES

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value and is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

NOTE 4 – NON-MONETARY FEDERAL PROGRAM

The District is the recipient of a federal award program that does not result in cash receipts or disbursements. The District was granted \$18,813 of commodities under the Summer Food Service Program for Children (Assistance Listing 10.559) and \$21,217 under the Fresh Fruit and Vegetable Program (Assistance Listing 10.582).

At June 30, 2021, the District had food commodities totaling \$3,385 in inventory.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2021

NOTE A - SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Brasher Falls Central School District.
2. No significant deficiencies were disclosed during the audit of the basic financial statements of Brasher Falls Central School District.
3. One instance of noncompliance material to the financial statements of Brasher Falls Central School District, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major programs were disclosed during the audit of the major federal award programs of Brasher Falls Central School District.
5. The auditor's report on compliance for the major federal award programs for Brasher Falls Central School District expresses an unmodified opinion on all major federal programs.
6. There were no audit findings required to be reported in accordance with 2 CFR section 200.516(a) related to the major federal award programs for Brasher Falls Central School District.
7. The Program tested as a major program include:

U.S. Department of Education

Passed-Through NYS Education Department:

Education Stabilization Fund:

| | |
|--|---------|
| COVID-19 Governor's Emergency Education Relief Fund | 84.425C |
| COVID-19 Elementary and Secondary School Emergency Relief Fund | 84.425D |

8. The threshold for distinguishing between Types A and B programs was \$750,000.
9. Brasher Falls Central School District was determined to be a low-risk auditee.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2021

NOTE B - FINDINGS - FINANCIAL STATEMENT AUDIT

Finding Control Number: 2021-001

Instances of Noncompliance with Laws or Regulations

Surplus Unexpended Funds in Excess of 4% Limitation

Criteria

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserves for tax reduction and insurance recoveries, the District can retain to no more than 4% of the subsequent year's budgeted appropriations. Amounts appropriated for the subsequent year, encumbrances, nonspendable and restricted balances are also excluded for the 4% limitation.

Condition

The District exceeded the 4% limitation of unexpended surplus funds within the General Fund by \$1,732,037 during the fiscal year.

Context

During our audit test of compliance - §1318 Real Property Tax, it was noted that the unassigned fund balances of \$2,783,211 had exceeded maximum allowed unexpended balance of \$1,051,174 for the fiscal year ended.

Effect

As a result, the District was not in compliance with the unexpended surplus funds limitation requirements of the Real Property Tax Law §1318 for the fiscal year ended June 30, 2021.

Cause

The District understands the requirements relating to §1318 Real Property Tax law and due to the uncertainty of primary revenue sources maintains fund balance levels deemed appropriate in accordance with their long range fund balance plan.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2021

NOTE B - FINDINGS - FINANCIAL STATEMENT AUDIT -

Continued

Finding Control Number: 2021-001 - Continued

Recommendation

We recognize the District has developed and implemented a long range written reserve plan. The District also monitors the fund balance on a regular basis. We recommend school officials continue to review fund balance throughout the year to address compliance with the Real Property Tax Law §1318.

Views of Responsible Officials and Planned Corrective Actions

The Brasher Falls Central School District's Board of Education understands that the District is maintaining a larger fund balance reserve than typically allowed under Section 1318. The Board of Education continues implementing a long-range plan of utilizing fund balance to help prevent significant financial hardship due to unexpected financial events.

**NOTE C – FINDINGS AND QUESTIONED COSTS – MAJOR
FEDERAL AWARD PROGRAMS AUDIT**

There were no findings to report.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2021

NOTE A - FINDINGS - FINANCIAL STATEMENT AUDIT

There were no prior year audit findings.

**NOTE B - FINDINGS AND QUESTINED COSTS – MAJOR
FEDERAL AWARD PROGRAMS AUDIT**

There were no prior year audit findings.

EXTRA CLASSROOM ACTIVITY FUNDS



**BOWERS & COMPANY
CPAs PLLC**

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON EXTRA CLASSROOM ACTIVITY FUNDS

**THE BOARD OF EDUCATION
BRASHER FALLS CENTRAL SCHOOL DISTRICT**

Report of the Financial Statement

We have audited the accompanying statement of cash receipts and disbursements of the Extra Classroom Activity Funds of Brasher Falls Central School District for the year ended June 30, 2021, and the related note to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Appendix E of the Minimum Program for Audit of Financial Records of New York State School Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

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

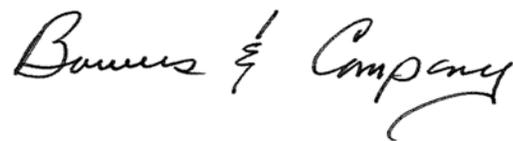
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statement referred to in the first paragraph presents fairly, in all material respects, the statement of cash receipts and disbursements of the Extra Classroom Activity Funds of Brasher Falls Central School District for the year ended June 30, 2021, in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

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

A handwritten signature in cursive script that reads "Bowers & Company". The signature is written in black ink and is positioned to the right of the main text block.

Watertown, New York
October 12, 2021

BRASHER FALLS CENTRAL SCHOOL DISTRICT

EXTRA CLASSROOM ACTIVITY FUNDS - STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Year Ended June 30, 2021

| | Cash Balances 7/1/2020 | Cash Receipts | Cash Disbursements | Cash Balances 6/30/2021 |
|-----------------------|---------------------------------------|--------------------------|-------------------------------|--|
| Class of: | | | | |
| 2020 | \$ 2,519 | \$ - | \$ 2,519 | \$ - |
| 2021 | 4,910 | 1,146 | 6,056 | - |
| 2022 | 4,792 | 1,357 | 1,238 | 4,911 |
| 2023 | 2,811 | 5,273 | 3,728 | 4,356 |
| 2024 | - | 2,553 | - | 2,553 |
| Athletic Association | 24,898 | 12,713 | 16,727 | 20,884 |
| Band | 5,080 | 25 | 880 | 4,225 |
| Dramatics | 13,565 | 280 | 761 | 13,084 |
| Honor Society | 163 | 300 | 329 | 134 |
| Junior Honor Society | 1,176 | - | - | 1,176 |
| Outing Club | 1,058 | 105 | - | 1,163 |
| Spanish Club | 4,461 | - | - | 4,461 |
| Student Council | 2,760 | 25 | 62 | 2,723 |
| Student Council - Mid | 12,592 | 269 | 3,950 | 8,911 |
| TRI-M Musical Honor | 889 | 478 | 200 | 1,167 |
| Vocal Music Club | 3,670 | - | 928 | 2,742 |
| Yearbook | 16,467 | 3,285 | 6,731 | 13,021 |
| NYS Sales Tax | 101 | 228 | 150 | 179 |
| Total | <u>\$ 101,912</u> | <u>\$ 28,037</u> | <u>\$ 44,259</u> | <u>\$ 85,690</u> |

See extra classroom activity funds - note to financial statement.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

EXTRA CLASSROOM ACTIVITY FUNDS - NOTE TO FINANCIAL STATEMENT

June 30, 2021

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The Extra Classroom Activity Funds of Brasher Falls Central School District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extra Classroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management.

The accounts of the Extra Classroom Activity Funds of Brasher Falls Central School District are maintained on a cash basis and the Statement of Cash Receipts and Disbursements reflects only cash received and disbursed. Therefore, receivables and payables, inventories, long-lived assets and accrued income and expenses, which would be recognized under generally accepted accounting principles and, which may be material in amount, are not recognized in the accompanying financial statement.



**BOWERS & COMPANY
CPAs PLLC**

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

October 12, 2021

To the President and Members
of the Board of Education of the
Brasher Falls Central School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brasher Falls Central School District for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 8, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Brasher Falls Central School District are described in Note 1 to the financial statements. As described in Note 3 to the financial statements, the Brasher Falls Central School District changed accounting policies related to fiduciary activities by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 84, *Fiduciary Activities*, in 2021. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in Note 17, 18, and 19 of the financial statements. We noted no transactions entered into by Brasher Falls Central School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

Management's estimate of the depreciation is based on economic useful lives of capital asset classes.

Management estimates actuarial assumptions that are used to determine pension asset (liabilities) and annual pension cost for the year in accordance with GASB Statement No. 68.

Management estimates actuarial assumptions that are used to determine annual postretirement cost for the year in accordance with GASB Statement No. 75.

We have evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatement

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule represents material misstatements detected as a result of audit procedures were corrected by management.

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 12, 2021.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

During our audit test of compliance - §1318 Real Property Tax, it was noted that the District exceeded the 4% limitation of unexpended surplus funds within the General Fund and the District was not in compliance with the limitation requirements of the Real Property Tax Law §1318 for the fiscal year ended June 30, 2021. The finding was disclosed as a material instance of noncompliance on the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards.

Other Matters

We applied certain limited procedures to *Management's Discussion and Analysis, Schedule of Changes in the District's Total OPEB Liability and Related Ratios, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund, Schedule of District's Proportionate Share of the Net Pension Asset (Liability) – NYSLRS Pension Plan*, and the *Schedule of District's Contributions – NYSLRS Pension Plan*, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the *Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds, Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources*, and *Net Investment in Capital Assets*, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

President and Board of Education
Brasher Falls Central School District
October 12, 2021
Page 4

Restriction on Use

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

Very truly yours,

Bowens & Company

Schedule 1: Material Misstatements Corrected by Management

Government-Wide

Non-Current Governmental Assets:

| Adjusting Journal Entries JE # 1 | | |
|---|--|-----------------------------|
| To adjust capital asset balances to actual at yearend | | |
| K00102.00 | Buildings | 13,596,261.00 |
| K00104.00 | Equipment | 44,783.00 |
| K00107.00 | Other Capital Assets | 105,292.00 |
| K00105.01 | Construction in Progress | 6,757,979.00 |
| K00112.00 | Accumulated Depreciation - Buildings | 1,032,277.00 |
| K00114.00 | Accumulated Depreciation - Equipment | 29,060.00 |
| K00117.00 | Accumulated Depreciation- other capital assets | 75,333.00 |
| K00152.00 | Current Appropriations | 5,851,687.00 |
| Total | | <u>13,746,336.00</u> |
| | | <u>13,746,336.00</u> |
| Adjusting Journal Entries JE # 2 | | |
| To adjust deferred outflow for OPEB to actual at yearend | | |
| K00496.03 | Deferred Outflow of Resources-OPEB | 18,224,338.00 |
| K00152.00 | Current Appropriations | 18,224,338.00 |
| Total | | <u>18,224,338.00</u> |
| | | <u>18,224,338.00</u> |
| Adjusting Journal Entries JE # 3 | | |
| To adjust ERS & TRS accounts to actual per GASB 68 at yearend | | |
| K00496.01 | Deferred Outflow Resources- TRS | 570,894.00 |
| K00496.02 | Deferred Outflow Resources- ERS | 393,847.00 |
| K00152.00 | Current Appropriations | 964,741.00 |
| Total | | <u>964,741.00</u> |
| | | <u>964,741.00</u> |

Schedule 1: Material Misstatements Corrected by Management - Continued

Non-Current Governmental Liabilities:

| | | | |
|--|-----------------------------------|-----------------------------|-----------------------------|
| Adjusting Journal Entries JE # 1 | | | |
| To adjust OPEB related accounts to actual at yearend | | | |
| W00125 | Budgets for Capital Indebtedness | 23,133,312.00 | |
| W00697.01 | Deferred Inflows Resources - OPEB | 1,983,347.00 | |
| W00683 | OPEB | | <u>25,116,659.00</u> |
| Total | | <u>25,116,659.00</u> | <u>25,116,659.00</u> |

| | | | |
|--|-------------------------------------|----------------------------|----------------------------|
| Adjusting Journal Entries JE # 2 | | | |
| To adjust ERS & TRS accounts for GASB 68 balances at yearend | | | |
| W00125 | Budgets for Capital Indebtedness | 607,106.00 | |
| W00638.0 | Net Pension Liability – ERS | 2,248,289.00 | |
| W00697 | Deferred Inflows of Resources, TRS | 603,957.00 | |
| W00638 | Net Pension Liability TRS | | 1,005,948.00 |
| W00697.0 | Deferred Inflows of Resources - ERS | | <u>2,453,404.00</u> |
| Total | | <u>3,459,352.00</u> | <u>3,459,352.00</u> |

Fund Financial Statements

Special Aid Fund:

| | | | |
|---|-------------------|-------------------------|-------------------------|
| Adjusting Journal Entries JE # 1 | | | |
| To adjust for prior year deferred amounts and roll forward fund balance | | | |
| F00919 | Fund Balance | 26,422.00 | |
| F3289.000-204408 | SUMMER 4408 19-20 | | 10,639.00 |
| F3289.000-20UPRK | UPK 19-20 | | <u>15,783.00</u> |
| Total | | <u>26,422.00</u> | <u>26,422.00</u> |

Schedule 1: Material Misstatements Corrected by Management - Continued

Fund Financial Statements – Continued

Capital Fund:

Adjusting Journal Entries JE # 1

To record receivable & deferred revenue for smart school project activity

| | | | |
|--------------|----------------------------------|------------------|------------------|
| H00410.00 | Federal And State Aid Receivable | 64,147.00 | |
| H00691.00 | Deferred Revenues | | 64,147.00 |
| Total | | 64,147.00 | 64,147.00 |