

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2022

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Byron-Bergen Central School District

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the 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 September 20, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Lynden & McCormick, LLP". The signature is written in a cursive, flowing style.

September 20, 2022

Management's Discussion and Analysis (unaudited)

June 30, 2022

Introduction

Management's Discussion and Analysis (MD&A) of Byron-Bergen Central School District (the District) provides an overview of the District's financial activities and performance for the year ended June 30, 2022. The information contained in the MD&A should be considered in conjunction with the information presented as part of the District's financial statements that follow. This MD&A, the financial statements, and notes thereto are essential to obtaining a full understanding of the District's financial position and results of operations. The District's financial statements have the following components: (1) government-wide financial statements; (2) governmental fund financial statements; (3) reconciliations between the government-wide and governmental fund financial statements; (4) fiduciary fund statements; (5) notes to the financial statements; and (6) supplementary information.

In 2022, the District adopted GASB Statement No. 87, *Leases*. This statement requires recognition of certain lease assets and liabilities for leases that were previously classified as operating leases and that recognized income or expenditures, based on the payment provisions of the contract. Under this statement, a lessee is required to recognize a lease as a liability and an intangible right-to-use lease asset and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the net difference reported as net position. The statement of activities presents information showing how the District's net position changed during each year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future periods. The government-wide financial statements present information about the District as a whole. All of the activities of the District are considered to be governmental activities.

Governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of resources available at the end of the year. Such information may be useful in evaluating the District's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the District's near-term financing decisions. The reconciliation portion of the financial statements facilitates the comparison between governmental funds and governmental activities.

Fiduciary funds are used to report fiduciary activities, which may include pension and other postemployment benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The District's custodial fund includes extraclassroom activity funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's programs. The notes to the financial statements provide additional information that is essential for a full understanding of the government-wide, governmental fund, and fiduciary fund financial statements.

Supplementary information further explains and supports the financial statements and includes information required by generally accepted accounting principles and the New York State Education Department.

Condensed Statement of Net Position	2022	2021	Change	
			\$	%
Current and other assets	\$ 25,258,000	\$ 14,005,000	\$ 11,253,000	80.3%
Capital assets	42,747,000	43,864,000	(1,117,000)	(2.5%)
Total assets	68,005,000	57,869,000	10,136,000	17.5%
Deferred outflows of resources	6,311,000	6,715,000	(404,000)	(6.0%)
Long-term liabilities	26,177,000	29,304,000	(3,127,000)	(10.7%)
Other liabilities	2,131,000	2,137,000	(6,000)	(0.3%)
Total liabilities	28,308,000	31,441,000	(3,133,000)	(10.0%)
Deferred inflows of resources	10,834,000	3,462,000	7,372,000	212.9%
Net position				
Net investment in capital assets	26,697,000	22,582,000	4,115,000	18.2%
Restricted	6,303,000	7,541,000	(1,238,000)	(16.4%)
Unrestricted	2,174,000	(442,000)	2,616,000	(591.9%)
Total net position	\$ 35,174,000	\$ 29,681,000	\$ 5,493,000	18.5%

Net position amounted to \$35,174,000 and \$29,681,000 as of June 30, 2022 and 2021, respectively. The largest portion of the District's net position reflects its investment in capital assets consisting of land, buildings and improvements, and furniture and equipment, less outstanding debt used to acquire or lease those assets. The District uses capital assets to provide services to students; consequently, these assets are not available for future spending.

The District's net position includes resources that are subject to external restrictions on how they may be used. These reserves are set aside for specific purposes governed by statutory law and regulations and include the retirement contribution reserve, restricted to fund contributions paid by the District to the New York State Teachers' Retirement System (TRS) and New York State and Local Employees' Retirement System (ERS); the capital reserve, which is dedicated for future renovations or equipment as approved by the District's voters; and an employee benefit accrued liability reserve, which must be used to pay future accumulated vacation and sick time. Other restricted resources include amounts held for student scholarships and the debt service, workers' compensation, unemployment insurance, liability, and insurance reserves.

Current and other assets increased by \$11,253,000 (\$1,014,000 increase in 2021) primarily as a result of the District's proportionate share of the TRS and ERS net pension positions resulting in an asset of \$7,862,000 compared to a liability of \$1,238,000 in 2021. Fluctuations are largely a result of changes in actuarial assumptions. In addition, positive operating results caused an increase in cash and investments. Capital assets decreased \$1,117,000 (\$1,285,000 increase in 2021) due to depreciation and amortization expense exceeding capital spending of \$1,074,000.

Long-term liabilities decreased by \$3,127,000 (\$3,387,000 decrease in 2021) also as a result of the decrease of \$1,238,000 in the TRS and ERS net pension liability as well as principal repayments of \$2,399,000 on bonds and leases outstanding with the implementation of GASB 87.

Changes in deferred outflows and deferred inflows of resources include changes in pension activity at the State level which are required to be reflected in the District's financial statements. Deferred outflows of resources include contributions required to be paid by the District to the State pension systems after the measurement date, and as such are not included in the current net position. Deferred outflows and deferred inflows of resources also reflect variances from actuarial assumptions, actual results of investment earnings compared to projected earnings, and changes of assumptions. The District has no control or authority over these transactions related to pensions. Also included in deferred outflows and deferred inflows of resources are differences between expected and actual experience and changes of assumptions related to the District's total OPEB liability.

Condensed Statement of Activities	2022	2021	Change \$	%
Revenues				
Program revenues				
Charges for services	\$ 228,000	\$ 135,000	\$ 93,000	68.9%
Operating and capital grants and contributions	3,383,000	2,182,000	1,201,000	55.0%
General revenues				
Property taxes and sales tax	9,322,000	9,297,000	25,000	0.3%
State aid	14,739,000	14,238,000	501,000	3.5%
Other	343,000	435,000	(92,000)	(21.1%)
Total revenues	28,015,000	26,287,000	1,728,000	6.6%
Expenses				
Instruction	16,235,000	16,309,000	(74,000)	(0.5%)
Support services				
General support	3,788,000	3,370,000	418,000	12.4%
Pupil transportation	1,544,000	2,043,000	(499,000)	(24.4%)
Food service	541,000	446,000	95,000	21.3%
Interest	403,000	299,000	104,000	34.8%
Total expenses	22,511,000	22,467,000	44,000	0.2%
Change in net position	5,504,000	3,820,000	1,684,000	44.1%
Net position – beginning	29,681,000	25,861,000	3,820,000	14.8%
Cumulative effect of a change in accounting principle	(11,000)		(11,000)	
Net position – ending	\$ 35,174,000	\$ 29,681,000	\$ 5,493,000	18.5%

District revenues increased \$1,728,000 in 2022 (8.1% or \$1,959,000 increase in 2021). State aid increased \$501,000 (\$1,127,000 or 8.6% increase in 2021) primarily from increases in general aid. The increase of \$1,201,000 in operating and capital grants and contributions (\$716,000 or 48.8% increase in 2021) was primarily due to an increase in grants received from the Education Stabilization Fund of \$1,335,000 as well as an increase in Federal reimbursement from the Child Nutrition Cluster of \$221,000.

Total expenses increased \$44,000 (\$1,174,000 or 5.0% decrease in 2021). Payroll increased \$758,000 or 7.6% (\$190,000 or 1.9% decrease in 2021) due to contractual increases and new hires offsetting retirements at the end of 2021. Depreciation and amortization of capital assets, which are allocated amongst all instruction and support services, increased \$579,000 from 2021. Interest increased \$104,000 (\$305,000 or 50.5% decrease in 2021) due to a reduction in debt along with amortization of bond premiums and a defeasance loss on a refunding, which offset interest by \$177,000 in the prior year. These increases were offset by a decrease of \$2,300,000 in employee benefits (\$504,000 or 9.4% decrease in 2021), which are also allocated amongst all instruction and support services expenses and include pension expense, OPEB expense, and health insurance premiums. This decrease is due to changes in actuarial estimates for both pensions and OPEB.

Financial Analysis of the District's Funds

Total fund balances for the governmental funds increased \$3,391,000 from \$11,895,000 to \$15,286,000 as follows:

- Total fund revenue increased \$1,803,000 or 6.9% (increase of \$1,958,000 or 8.1% in 2021) and total fund expenditures decreased by \$250,000 or 1.0% (decrease of \$8,769,000 or 25.6% in 2021). The overall revenue increase is due to increases in State and Federal aid as previously mentioned. The overall decrease in expenditures is due to a reduction in capital outlay expenditures by \$1,948,000 or 71.7% (\$8,763,000 or 76.3% decrease in 2021) as the 2018 improvements project was essentially completed in the prior year. This decrease was offset by increases in salaries as discussed above.
- The general fund experienced a decrease in fund balance of \$109,000, compared to an increase in fund balance of \$3,647,000 in 2021. This change was attributable to an increase in transfers to other funds of \$4,672,000, offset by the changes in revenue and expenses described above.

General Fund Budgetary Highlights

The revenue budget for 2022 was \$24,566,000, with actual revenues amounting to \$24,672,000, a favorable variance of \$106,000 or 0.4%. This was primarily caused by BOCES refunds included in miscellaneous sources in excess of budgeted amounts.

Actual expenditures and carryover encumbrances were less than the final budget by \$2,231,000 or 10.2%. The difference is attributable to many factors and many unknown items at the time the budget is prepared. The District was able to generate savings in central services, teaching, programs for children with disabilities, and pupil transportation.

Capital Assets

	2022	2021
Land	\$ 139,000	\$ 139,000
Construction in progress	650,000	249,000
Buildings and improvements	61,292,000	61,234,000
Machinery and equipment	4,782,000	4,617,000
	<u>66,863,000</u>	66,239,000
Accumulated depreciation	(24,445,000)	(22,375,000)
	<u>42,418,000</u>	43,864,000
Right-to-use leased equipment, net	329,000	-
	<u>\$ 42,747,000</u>	<u>\$ 43,864,000</u>

The decrease in capital assets in the current year is a result of current year additions of \$1,074,000 offset by depreciation expense, amortization expense, and disposals of \$2,496,000. The difference of \$305,000 represents the beginning of year impact from the implementation of GASB 87.

Debt

At June 30, 2022, the District had \$19,089,000 in bonds and leases outstanding, with \$2,445,000 due within one year (\$20,370,000 of bonds outstanding at June 30, 2021). Outstanding compensated absences payable were \$5,442,000, with \$852,000 expected to be paid within one year (\$5,277,000 outstanding at June 30, 2021).

Additional information on the District's long-term liabilities can be found in the notes to the financial statements.

Current Financial Issues and Concerns

The extent of the impact of COVID-19 on the District's operational and financial performance will depend on further developments, including the duration and spread of the outbreak and its impact on school districts, including its residents, employees, and vendors, none of which can be predicted. Federal revenue sources have increased due to additional pandemic-related funding, but the full extent of Federal assistance is not yet known. The District will need to plan accordingly to ensure continuity of programs upon the eventual reduction in these funds.

School districts in New York State are also impacted by the political pressures imposed on elected officials in funding of education. Year to year changes in funding levels and State aid formulas complicate this planning process.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, 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 Lori Prinz, School Business Administrator, Byron-Bergen Central School District, 6917 W. Bergen Road, Bergen, New York 14416-9747.

Statement of Net Position

June 30, 2022

Assets

Cash	\$ 5,901,925
Due from other governments	863,475
Investments	9,205,484
State and federal aid receivable	1,403,190
Inventory	22,371
Net pension asset	7,861,745
Capital assets (Note 6)	67,537,505
Accumulated depreciation and amortization	<u>(24,790,142)</u>
Total assets	<u>68,005,553</u>

Deferred Outflows of Resources

Defeasance loss	74,004
Deferred outflows of resources related to pensions	5,475,825
Deferred outflows of resources related to OPEB	<u>760,678</u>
Total deferred outflows of resources	<u>6,310,507</u>

Liabilities

Accounts payable	417,708
Accrued liabilities	196,910
Due to retirement systems	934,322
Unearned revenue	119,701
Bond anticipation notes	462,258
Long-term liabilities	
Due within one year:	
Leases	149,661
Bonds	2,295,000
Compensated absences	852,000
Due beyond one year:	
Leases	179,777
Bonds and related premiums	16,465,058
Compensated absences	4,590,000
Total OPEB liability	<u>1,645,789</u>
Total liabilities	<u>28,308,184</u>

Deferred Inflows of Resources

Deferred inflows of resources related to pensions	10,055,936
Deferred inflows of resources related to OPEB	<u>778,306</u>
Total deferred inflows of resources	<u>10,834,242</u>

Net Position

Net investment in capital assets	26,697,100
Restricted	6,302,813
Unrestricted	<u>2,173,721</u>
Total net position	<u>\$ 35,173,634</u>

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

Statement of Activities

For the year ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
General support	\$ 3,788,202	\$ 54,000	\$ -	\$ (3,734,202)
Instruction	16,234,500	115,643	2,647,789	(13,471,068)
Pupil transportation	1,544,288	-	-	(1,544,288)
Interest expense	403,060	-	-	(403,060)
School food service	541,111	58,813	734,935	252,637
	<u>\$ 22,511,161</u>	<u>\$ 228,456</u>	<u>\$ 3,382,724</u>	<u>(18,899,981)</u>
General revenues				
Real property and sales taxes				9,322,215
Miscellaneous				343,096
State aid				14,738,593
Total general revenues				<u>24,403,904</u>
Change in net position				5,503,923
Net position - beginning				29,680,688
Cumulative effect of a change in accounting principle (Note 2)				(10,977)
Net position - beginning as restated				<u>29,669,711</u>
Net position - ending				<u>\$ 35,173,634</u>

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2022

	General	Capital Projects	Special Aid	Debt Service	Food Service	Miscellaneous Special Revenue	Total Governmental Funds
Assets							
Cash	\$ 3,871,321	\$ 480,023	\$ 180,228	\$ 910,376	\$ 453,461	\$ 6,516	\$ 5,901,925
Due from other governments	863,475	-	-	-	-	-	863,475
Investments	6,509,115	2,002,515	-	-	-	693,854	9,205,484
State and federal aid receivable	277,351	-	1,007,101	-	118,738	-	1,403,190
Due from other funds, net	126,613	995,598	-	1,321	-	-	1,123,532
Inventory	-	-	-	-	22,371	-	22,371
Total assets	\$ 11,647,875	\$ 3,478,136	\$ 1,187,329	\$ 911,697	\$ 594,570	\$ 700,370	\$ 18,519,977
Liabilities and Fund Balances							
Accounts payable	\$ 365,448	\$ 50,649	\$ -	\$ -	\$ 1,611	\$ -	\$ 417,708
Accrued liabilities	170,253	-	-	-	6,457	-	176,710
Due to retirement systems	930,617	-	-	-	3,705	-	934,322
Due to other funds, net	-	-	1,123,532	-	-	-	1,123,532
Unearned revenue	45,404	10,500	63,797	-	-	-	119,701
Bond anticipation notes	-	462,258	-	-	-	-	462,258
Total liabilities	1,511,722	523,407	1,187,329	-	11,773	-	3,234,231
Fund Balances							
Nonspendable	-	-	-	-	22,371	400,000	422,371
Restricted	5,090,746	2,954,729	-	911,697	-	300,370	9,257,542
Committed	444,023	-	-	-	-	-	444,023
Assigned	626,413	-	-	-	560,426	-	1,186,839
Unassigned	3,974,971	-	-	-	-	-	3,974,971
Total fund balances	10,136,153	2,954,729	-	911,697	582,797	700,370	15,285,746
Total liabilities and fund balances	\$ 11,647,875	\$ 3,478,136	\$ 1,187,329	\$ 911,697	\$ 594,570	\$ 700,370	\$ 18,519,977

See accompanying notes.

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position**

June 30, 2022

Total fund balances - governmental funds \$ 15,285,746

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. 42,747,363

Defeasance losses associated with bond refundings are recognized as deferred outflows of resources in the government-wide statements. 74,004

The District's proportionate share of the net pension position as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:

Net pension asset	7,861,745	
Deferred outflows of resources related to pensions	5,475,825	
Deferred inflows of resources related to pensions	<u>(10,055,936)</u>	3,281,634

The District's total OPEB liability as well as OPEB-related deferred outflows and deferred inflows of resources are recognized on the government-wide statements and include:

Deferred outflows of resources related to OPEB	760,678	
Total OPEB liability	(1,645,789)	
Deferred inflows of resources related to OPEB	<u>(778,306)</u>	(1,663,417)

Certain liabilities are not due and payable currently and therefore are not reported as liabilities in the governmental funds. These liabilities are:

Leases	(329,438)	
Bonds and related premiums	(18,760,058)	
Accrued interest	(20,200)	
Compensated absences	<u>(5,442,000)</u>	(24,551,696)

Net position - governmental activities \$ 35,173,634

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

**Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds**

For the year ended June 30, 2022

	General	Capital Projects	Special Aid	Debt Service	Food Service	Miscellaneous Special Revenue	Total Governmental Funds
Revenues							
Real property taxes	\$ 7,545,076	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,545,076
Real property tax items	1,711,444	-	-	-	-	-	1,711,444
Nonproperty taxes	65,695	-	-	-	-	-	65,695
Charges for services	105,205	-	-	-	-	-	105,205
Use of money and property	69,859	971	-	1,942	-	1,131	73,903
Sale of property and compensation for loss	19,612	-	-	-	-	-	19,612
Miscellaneous	386,663	-	-	-	2,417	1,925	391,005
State sources	14,738,593	-	114,284	-	75,131	-	14,928,008
Federal sources	29,478	-	2,504,027	-	659,804	-	3,193,309
Sales	-	-	-	-	56,396	-	56,396
Total revenues	24,671,625	971	2,618,311	1,942	793,748	3,056	28,089,653
Expenditures							
General support	2,504,643	-	-	-	115,116	-	2,619,759
Instruction	10,456,951	-	2,307,099	-	-	5,411	12,769,461
Pupil transportation	1,137,427	224,278	9,711	-	-	-	1,371,416
Employee benefits	3,742,321	-	276,703	-	38,520	-	4,057,544
Debt service							
Principal	158,522	-	-	2,664,508	-	-	2,823,030
Interest	3,626	-	-	515,611	-	-	519,237
Cost of sales	-	-	-	-	364,858	-	364,858
Capital outlay	-	769,353	-	-	60	-	769,413
Total expenditures	18,003,490	993,631	2,593,513	3,180,119	518,554	5,411	25,294,718
Excess revenues (expenditures)	6,668,135	(992,660)	24,798	(3,178,177)	275,194	(2,355)	2,794,935
Other financing sources (uses)							
Lease proceeds	-	171,755	-	-	-	-	171,755
BANs redeemed from appropriations	-	424,508	-	-	-	-	424,508
Operating transfers, net	(6,777,038)	3,596,919	-	3,180,119	-	-	-
Total other financing sources (uses)	(6,777,038)	4,193,182	-	3,180,119	-	-	596,263
Net change in fund balances	(108,903)	3,200,522	24,798	1,942	275,194	(2,355)	3,391,198
Fund balances (deficit) - beginning	10,245,056	(245,793)	(24,798)	909,755	307,603	702,725	11,894,548
Fund balances - ending	\$ 10,136,153	\$ 2,954,729	\$ -	\$ 911,697	\$ 582,797	\$ 700,370	\$ 15,285,746

See accompanying notes.

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the year ended June 30, 2022

Total net change in fund balances - governmental funds \$ 3,391,198

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

Capital outlays are reported in governmental funds as expenditures. In the statement of activities, the cost of the assets is allocated over their estimated useful lives as depreciation and amortization expense. This is the amount by which depreciation and amortization expense and disposals exceed capital outlays. (1,421,159)

Pension expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities. These differences are:

2022 TRS and ERS contributions	1,110,624	
2022 ERS accrued contribution	85,802	
2021 ERS accrued contribution	(98,521)	
2022 TRS pension income	409,819	
2022 ERS pension expense	<u>(74,146)</u>	1,433,578

OPEB expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities. (77,638)

Leases are recorded as other financing sources in the governmental funds but increase long-term liabilities in the statement of net position. (171,755)

Payments of long-term liabilities are reported as expenditures in the governmental funds and as a reduction of debt in the statement of net position. 2,398,522

In the statement of activities, certain expenses are measured by the amounts earned during the year. In the governmental funds these expenditures are reported when paid. These differences are:

Amortization of bond premiums and defeasance loss	109,677	
Interest	6,500	
Compensated absences	<u>(165,000)</u>	(48,823)

Change in net position - governmental activities \$ 5,503,923

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP) and Actual - General Fund

For the year ended June 30, 2022

	Budgeted Amounts		Actual (Budgetary Basis)	Encumbrances	Variance with Final Budget Over/(Under)
	Original	Final			
Revenues					
Local sources					
Real property taxes	\$ 7,524,961	\$ 7,524,961	\$ 7,545,076		\$ 20,115
Real property tax items	1,725,075	1,725,075	1,711,444		(13,631)
Nonproperty taxes	35,000	35,000	65,695		30,695
Charges for services	42,000	42,000	105,205		63,205
Use of money and property	69,000	69,000	69,859		859
Sale of property and compensation for loss	5,000	5,000	19,612		14,612
Miscellaneous	145,800	145,800	386,663		240,863
State sources	14,789,229	14,789,229	14,738,593		(50,636)
Federal sources	230,000	230,000	29,478		(200,522)
Total revenues	24,566,065	24,566,065	24,671,625		105,560
Expenditures					
General support					
Board of education	26,450	26,450	24,073	-	(2,377)
Central administration	258,199	263,172	241,846	422	(20,904)
Finance	372,545	378,538	301,564	-	(76,974)
Staff	120,057	179,616	169,566	-	(10,050)
Central services	2,072,707	1,965,349	1,400,619	164,232	(400,498)
Special items	418,120	436,620	366,975	-	(69,645)
Instruction					
Instruction, administration, and improvement	689,067	704,403	592,843	-	(111,560)
Teaching - regular school	6,407,554	5,828,355	5,446,225	24,204	(357,926)
Programs for children with handicapping conditions	3,047,112	2,543,258	2,209,724	-	(333,534)
Occupational education	772,875	780,190	640,418	-	(139,772)
Teaching - special schools	49,200	50,440	25,110	-	(25,330)
Instructional media	766,550	713,019	657,797	5,153	(50,069)
Pupil services	1,120,727	1,158,490	884,834	-	(273,656)
Pupil transportation	1,299,186	1,476,186	1,137,427	7,402	(331,357)
Community service	4,000	4,000	-	-	(4,000)
Employee benefits	4,511,218	3,765,288	3,742,321	-	(22,967)
Debt service					
Principal	-	158,563	158,522	-	(41)
Interest	-	3,630	3,626	-	(4)
Total expenditures	21,935,567	20,435,567	18,003,490	201,413	(2,230,664)
Excess revenues (expenditures)	2,630,498	4,130,498	6,668,135	(201,413)	2,336,224
Other financing sources (uses)					
Operating transfers in	-	-	3,081		3,081
Operating transfers out	(3,280,120)	(6,780,120)	(6,780,119)		(1)
Appropriated fund balance, reserves, and carryover encumbrances	649,622	2,649,622	-		(2,649,622)
Total other financing sources (uses)	(2,630,498)	(4,130,498)	(6,777,038)		(2,646,540)
Excess revenues (expenditures) and other financing sources (uses)	\$ -	\$ -	\$ (108,903)	\$ (201,413)	\$ (310,316)

See accompanying notes.

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

Statement of Fiduciary Net Position - Custodial Fund

June 30, 2022

Assets

Cash \$ 93,735

Net Position

Extraclassroom activity balances \$ 93,735

* * *

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position - Custodial Fund

For the year ended June 30, 2022

Additions

Student activity receipts \$ 68,246

Deductions

Student activity disbursements 69,621

Change in net position (1,375)

Net position - beginning 95,110

Net position - ending \$ 93,735

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

Byron-Bergen Central School District (the District) is governed by Education and other laws of the State of New York (the State). The District’s Board of Education has responsibility and control over all activities related to public school education within the District. The District’s Superintendent is the chief executive officer and the President of the Board serves as the chief fiscal officer. The Board members are elected by the public and have decision-making authority, the power to designate management, the ability to influence operations, and the primary accountability for fiscal matters.

The District provides education and support services such as administration, transportation, and plant maintenance. The District receives funding from local, state, and federal sources and must comply with requirements of these funding sources. However, the District is not included in any other governmental reporting entity as defined by accounting principles generally accepted in the United States of America, nor does it contain any component units.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Joint Venture

The District is one of 22 participating school districts in the Genesee Valley BOCES (BOCES). Formed under §1950 of Education Law, a BOCES is a voluntary cooperative association of school districts in a geographic area that shares planning, services, and programs, and also provides educational and support activities. There is no authority or process by which the District can terminate its status as a component of BOCES.

The component school district boards elect the members of the BOCES governing body. There are no equity interests and no single participant controls the financial or operating policies. BOCES may also contract with other municipalities on a cooperative basis under State General Municipal Law.

A BOCES’ budget is comprised of separate spending plans for administrative, program, and capital costs. Each component school district shares in administrative and capital costs determined by its enrollment. Participating districts are charged a service fee for programs in which students participate, and for other shared contracted administrative services. Participating districts may issue debt on behalf of BOCES; there is currently no such debt issued by the District.

During the year ended June 30, 2022, the District was billed \$3,486,000 for BOCES administrative and program costs and recognized revenue of \$338,000 as a refund from prior year expenditures paid to BOCES and \$54,000 in rental and other income. Audited financial statements are available from BOCES’ administrative offices.

Public Entity Risk Pools

The District participates in the Genesee Area Healthcare Plan and the Genesee County Self-Insurance Workers’ Compensation Plan, which are public entity risk pools. These plans are designed to provide health insurance and workers’ compensation coverage for participating entities. These activities are further discussed in Note 11.

Basis of Presentation

Government-Wide Statements: The statement of net position and the statement of activities display financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize double counting of internal activities. These statements are required to distinguish between *governmental* and *business-type* activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The District does not maintain any business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or are clearly identifiable to a particular function. Indirect expenses relate to the administration and support of the District's programs, including personnel, overall administration, and finance. Employee benefits are allocated to functional expenses as a percentage of related payroll expense.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational requirements of a particular program, and (c) grants and contributions limited to the purchase of specific capital assets, if any. Revenues that are not classified as program revenues, including all taxes and state aid, are presented as general revenues.

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

The District reports the following major funds:

- *General fund.* This is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- *Capital projects fund.* This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- *Special aid fund.* This fund is used to account for the proceeds of specific revenue sources – other than expendable trusts or major capital projects – such as federal, state, and local grants and awards that are restricted or committed to expenditure for specific purposes. Either governments or other third parties providing the grant funds impose these restrictions.
- *Debt service fund.* This fund is used to account for resources that are restricted, committed, or assigned to expenditure for principal and interest. Financial resources that are being accumulated for principal and interest payments maturing in future years are also included in this fund.

The District also elected to display the following as major funds:

- *Food service fund.* This fund is a special revenue fund whose specific revenue sources, including free and reduced meal subsidies received from state and federal programs, are assigned to the operation of the District's breakfast and lunch programs.
- *Miscellaneous special revenue fund.* This fund is used to account for resources that are restricted to student scholarships. Donations are made by third parties and District personnel manage the funds and assist with determination of scholarship recipients.

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report fiduciary activities, which may include pension and other postemployment benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The District maintains a custodial fund for the collection and distribution of student activity accounts.

Basis of Accounting and Measurement Focus

The government-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 flows take place. Nonexchange transactions, in which the District receives value directly without giving equal value in exchange, include property and sales taxes, grants, and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within ninety days after year end. 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. Capital asset purchases are reported as expenditures in governmental funds. Proceeds of long-term liabilities are reported as other financing sources.

Under the terms of grant agreements, revenues are recognized to the extent of program expenditures. Amounts received in advance of the expenditures are considered unearned and reported as revenue when the expense is incurred.

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 amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Property Taxes

The District levies real property taxes no later than September 1. For the year ended June 30, 2022, the tax lien was issued on August 5, 2021 for collection from September 1, 2021 through October 31, 2021. Thereafter, uncollected amounts became the responsibility of Monroe, Orleans, and Genesee Counties. Such amounts were submitted to the District by April 1st of the following year as required by law.

The District is subject to tax abatements granted by the Genesee County Industrial Development Agency (GCIDA), a public benefit corporation created by an act of the New York State Legislature to promote and assist private sector industrial and business development. Through GCIDA, companies promise to expand or maintain facilities or employment within the communities served by the District, to establish a new business, or to relocate an existing business to the communities. Economic development agreements entered into by GCIDA can include the abatement of county, town, and school district taxes, in addition to other assistance. In the case of the District, these abatements have resulted in reductions of property taxes, which the District administers as temporary reductions in the assessed value of the properties involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100%.

For the year ended June 30, 2022, the District's taxes were abated \$79,000 under these agreements. However, because the abated amounts are spread across the District's entire tax base, there is no impact on the overall property taxes collected.

Budget Process, Amendments, and Encumbrances

District administration prepares a proposed budget for the general fund requiring approval by the Board. A public hearing is held upon completion and filing of the tentative budget. Subsequently, the budget is adopted by the Board. The proposed budget is then presented to voters of the District. The budget for the fiscal year beginning July 1, 2021 was approved by a majority of the voters in a general election held on May 18, 2021.

Annual appropriations are adopted and employed for control of the general fund. These budgets are adopted on a GAAP basis under the modified accrual basis of accounting. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations authorized for the current year may be increased by the planned use of specific restricted, committed, and assigned fund balances and subsequent budget amendments approved by the Board as a result of new revenue sources not included in the original budget.

Major capital expenditures are subject to individual project budgets based on the cost of the project and external financing rather than annual appropriations. For the capital projects fund, these budgets do not lapse at year end and are carried over to the completion of the project.

Encumbrance accounting is used to assure budgetary control over commitments related to unperformed (executory) contracts for goods or services outstanding at the end of each year. Encumbrances are budgetary expenditures in the year committed and again in the subsequent period when the expenditure is paid. All budget appropriations that are unencumbered lapse at the end of the fiscal year. Encumbrances outstanding at year end are presented for GAAP-related purposes as committed or assigned fund balances and do not constitute expenditures or liabilities. At July 1, encumbrances carried forward from the prior year are reestablished as budgeted appropriations.

Investments

Investments include certificates of deposit, repurchase agreements, and U.S. Treasury Securities held in external investment pools and recorded at fair value.

Inventory

Inventory consists of food and similar goods related to food service operations and is recorded at the lower of first-in, first-out cost or net realizable value. Donated commodities are stated at values which approximate market.

Capital Assets

Capital assets are generally reported at actual or estimated historical cost based on appraisals. Financed right-to-use lease assets are recorded at the present value of the lease liability. Contributed assets are recorded at fair value at the time received. Depreciation and amortization are provided in the government-wide statements over estimated useful lives using the straight-line method. Maintenance and repairs are expensed as incurred; significant improvements are capitalized.

Capitalization thresholds for determining which asset purchases are added to capital accounts and the estimated useful lives of capital assets are:

	Capitalization Policy	Estimated Useful Life in Years
Buildings and improvements	\$ 50,000	15-50
Machinery and equipment	\$ 5,000	5-25

Bond Defeasances

In the government-wide financial statements, gains or losses on bond refundings represent the difference between the price required to repay previously issued debt and the net carrying amount of the retired debt, and are recorded as either a deferred outflow or deferred inflow of resources. In subsequent years, these amounts are amortized on a straight-line basis as a component of interest expense over the shorter of the life of the old or new debt.

Bond Premiums

Premiums received upon the issuance of debt are included as other financing sources in the governmental funds statements when issued. In the government-wide statements, premiums are recognized with the related debt issue and amortized on a straight-line basis as a component of interest expense over the life of the related obligation.

Pensions

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS) (the Systems) as mandated by State law. The Systems recognize benefit payments when due and payable in accordance with benefit terms; investment assets are reported at fair value. On the government-wide statements, the District recognizes its proportionate share of net pension position, deferred outflows and deferred inflows of resources, pension expense (revenue), and information about and changes in the fiduciary net position on the same basis as reported by the respective defined benefit pension plans.

Other Postemployment Benefits (OPEB)

On the government-wide statements, the total OPEB liability, deferred outflows and deferred inflows of resources, and OPEB expense for the District's defined benefit healthcare plan (Note 10) have been measured on the same basis as reported by the plan. Benefit payments are due and payable in accordance with benefit terms.

Compensated Absences

The liability for compensated absences reported in the government-wide financial statements consists of unpaid accumulated sick and vacation time. The liability has been calculated using the vesting method, in which leave amounts for both employees currently eligible to receive payments and those expected to become eligible to receive such payments are included. Sick pay is accrued on the basis of negotiated contracts with administrative and employee groups which provide for the payment of accumulated sick time at retirement or the option of converting this vested amount to provide for payment of health insurance until exhausted.

The government-wide financial statements reflect the entire liability, while in the governmental funds financial statements, only the amount of matured liabilities is accrued based on expendable available financial resources.

Equity Classifications

Government-Wide Statements

- *Net investment in capital assets* – consists of capital assets, net of accumulated depreciation and amortization, reduced by outstanding balances of any related debt obligations that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or the terms of the District's bonds.
- *Unrestricted* – the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position and therefore are available for general use by the District.

Governmental Fund Statements

The District considers unrestricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, unless the use of the restricted amount was appropriated in the current year's budget. Within unrestricted fund balance, the District considers committed, assigned, then unassigned resources to have been spent when an expenditure is incurred for which amounts in any of those fund balance classifications could be used.

Fund balance is categorized as follows:

Nonspendable:	
Inventory	\$ 22,371
Scholarships	400,000
Restricted:	
Debt service	911,697
Liability	205,868
Unemployment insurance	127,388
Capital	3,963,467
Employee benefit accrued liability	1,540,559
Insurance	102,836
Retirement contribution	1,671,357
Workers' compensation	434,000
Scholarships	300,370
Committed	444,023
Assigned:	
Designated for subsequent years	425,000
Encumbrances	201,413
Food service	560,426
Unassigned	3,974,971
	<u>\$ 15,285,746</u>

Nonspendable fund balances represents resources that cannot be spent as they are not expected to be converted to cash and include inventory and the principal portion of scholarships required to remain intact.

Restricted fund balances generally result from reserves created by the State of New York Legislature and included in General Municipal Law, State Education Law, or Real Property Tax Law as authorized for use by the Board of Education. Certain reserves may require voter approval for their establishment and/or use. Earnings on invested resources are required to be added to the various reserves.

Fund balance restrictions include the following reserves:

- *Debt service* – is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations (including bond and BAN premiums), and remaining bond proceeds not needed for their original purpose as required under §165 of Finance Law. This reserve must be used to pay the debt service obligations for which the original money was generated.
- *Liability* – is used to pay for liability claims incurred. Annual funding of this reserve may not exceed 3% of the budget.
- *Unemployment insurance* – is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants as the District has elected to use the benefit reimbursement method.
- *Capital* – is used to accumulate funds to finance all or a portion of future capital projects for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve. In 2019 and 2022, voters approved the establishment of two reserves, with funding not to exceed \$2,000,000 and \$1,000,000, plus interest, respectively, over a 10-year period. These reserves have been fully funded. Amounts remaining and available for use at June 30, 2022 total \$1,008,738.
- *Employee benefit accrued liability* – is used to account for the payment of accumulated vacation and sick time due upon termination of an employee's services. It is 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.
- *Insurance* – is used to pay liability, casualty, and other types of losses except losses incurred for which insurance may be purchased. The amount is funded through budgetary appropriations which may not exceed 5% of the budget.
- *Retirement contribution* – is used to finance retirement contributions payable to TRS and ERS. For TRS, funding is limited to 2% annually of eligible salaries with a maximum reserve of 10% of eligible salaries. At June 30, 2022, the retirement contribution reserve includes \$609,149 for TRS and \$1,062,208 for ERS.
- *Workers' compensation* – is 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 program.

Restricted fund balance also includes the spendable portion of scholarships donated to the District by third parties for the benefit of students.

Committed fund balances are authorized by the Board of Education as recommended by the District’s management prior to the end of the fiscal year, although funding of the commitment may be established subsequent to year end. Committed fund balance represents amounts authorized by the Board for payment of certain employee benefits.

Assigned fund balances include the planned use of existing fund balance to offset the subsequent year’s tax levy. Additionally, the Board of Education has given the District’s management the authority to assign fund balances for specific purposes that are neither restricted nor committed.

Interfund Balances

The operations of the District include transactions between funds including resources for cash flow purposes. These interfund receivables and payables are repaid within one year. Permanent transfers of funds provide financing or other services.

In the government-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 fiduciary funds.

Interfund receivables and payables are netted on the accompanying governmental funds balance sheet as the right of legal offset exists. It is the District’s practice to settle these amounts at the net balances due between funds.

2. Change in Accounting Principle

Effective July 1, 2021, the District adopted GASB Statement No. 87, *Leases*. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset. The impact of these required accounting changes on the District’s government-wide activity is as follows:

Net position, July 1, 2021	\$ 29,680,688
Right-to-use lease assets	501,778
Accumulated amortization	(196,550)
Lease liability	<u>(316,205)</u>
Net position, as restated, July 1, 2021	<u>\$ 29,669,711</u>

3. Stewardship and Compliance

The District’s unassigned fund balance in the general fund exceeds 4% of the 2023 budget, which is a limitation imposed by New York State Real Property Tax Law §1318.

4. Cash and Investments

Cash management is governed by State laws and as established in the District’s written policies. Cash resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. The District’s banking policies permit the Treasurer to use demand accounts and certificates of deposit. Invested resources are limited to obligations of the United States Treasury and its Agencies, repurchase agreements, and obligations of the State or its localities.

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

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. At June 30, 2022, the District's bank deposits were fully insured by FDIC coverage or collateralized with securities held in trust by the pledging institution's agent or an undivided security interest in pooled assets in the District's name.

Credit risk is the risk of loss attributed to the magnitude of the District's investments in a single issuer. The District's external investment pool is rated AAAM from Standard and Poor's Global Ratings.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In order to limit its exposure, the District's external investment pool limits the maturity dates of its investments. The dollar weighted average days to maturity (WAM) at June 30, 2022 is 34 days. Next interest rate reset dates for floating rate securities are used in calculation of the WAM. The weighted average life of the pool is 36 days.

5. Interfund Transactions – Fund Financial Statements

Fund	Receivable	Payable	Transfers	
			In	Out
General	\$ 1,123,532	\$ 996,919	\$ 3,081	\$ 6,780,119
Capital projects	996,919	1,321	3,600,000	3,081
Special aid	-	1,123,532	-	-
Debt service	1,321	-	3,180,119	-
	<u>\$ 2,121,772</u>	<u>\$ 2,121,772</u>	<u>\$ 6,783,200</u>	<u>\$ 6,783,200</u>

The District's general fund provides cash flow to the various other funds; these amounts are repaid in the subsequent year when funds are received from the State after final expenditure reports have been submitted and approved or when permanent financing is obtained. The general fund made permanent transfers to the capital projects fund to contribute the local share of several capital projects and to the debt service fund for principal and interest payments.

6. Capital Assets

	July 1, 2021 (As Restated)	Increases	Retirements/ Reclassifications	June 30, 2022
Non-depreciable and non-amortizable capital assets:				
Land	\$ 139,383	\$ -	\$ -	\$ 139,383
Construction in progress	248,302	597,598	(195,338)	650,562
Total non-depreciable and non-amortizable assets	<u>387,685</u>	<u>597,598</u>	<u>(195,338)</u>	<u>789,945</u>
Depreciable capital assets:				
Buildings and improvements	61,234,178	37,280	20,583	61,292,041
Machinery and equipment	4,616,712	267,292	(102,018)	4,781,986
Total depreciable assets	<u>65,850,890</u>	<u>304,572</u>	<u>(81,435)</u>	<u>66,074,027</u>
Less accumulated depreciation:				
Buildings and improvements	19,674,936	1,872,986	-	21,547,922
Machinery and equipment	2,700,345	399,378	(202,204)	2,897,519
Total accumulated depreciation	<u>22,375,281</u>	<u>2,272,364</u>	<u>(202,204)</u>	<u>24,445,441</u>
Total depreciable assets, net	<u>43,475,609</u>	<u>(1,967,792)</u>	<u>120,769</u>	<u>41,628,586</u>
Right-to-use lease assets:				
Equipment	501,778	171,755	-	673,533
Less accumulated amortization	196,550	148,151	-	344,701
Total right-to-use assets, net	<u>305,228</u>	<u>23,604</u>	<u>-</u>	<u>328,832</u>
	<u>\$ 44,168,522</u>	<u>\$ (1,346,590)</u>	<u>\$ (74,569)</u>	<u>\$ 42,747,363</u>

Depreciation and amortization expense have been allocated to the following functions: general support \$231,513, instruction \$1,980,286, pupil transportation \$186,099, and food service \$22,617.

At June 30, 2022, net investment in capital assets consists of the following:

Capital assets, net of accumulated depreciation and amortization	\$ 42,747,363
Defeasance loss	74,004
Bonds anticipation notes	(462,258)
Lease liability	(329,438)
Bonds and related premiums, net of unspent proceeds	(15,332,571)
	<u>\$ 26,697,100</u>

7. Short-Term Debt

Aggregate bond anticipation notes (BANs) outstanding at June 30, 2022 amounted to \$462,258 and carried interest at 0.34%. In 2022, BANs of \$249,850 were issued and \$424,508 were redeemed from appropriations. In July 2022, the District redeemed its remaining BANs.

8. Long-Term Liabilities

	July 1, 2021 (As Restated)	Increases	Decreases	June 30, 2022	Amount Due in One Year
Leases	\$ 316,205	\$ 171,755	\$ 158,522	\$ 329,438	\$ 149,661
Bonds	20,370,000	-	2,240,000	18,130,000	2,295,000
Bond premiums	758,236	-	128,178	630,058	-
Compensated absences	5,277,000	165,000	-	5,442,000	852,000
	<u>\$ 26,721,441</u>	<u>\$ 336,755</u>	<u>\$ 2,526,700</u>	<u>\$ 24,531,496</u>	<u>\$ 3,296,661</u>

Existing Obligations

Description	Maturity	Rate	Balance
Serial bonds – 2020	June 2035	2%	\$ 13,505,000
Refunding bonds – 2020	June 2026	1%-4%	4,625,000
Equipment lease – 2019	January 2024	2.58%	4,571
Equipment lease – 2019	March 2024	1.58%	28,336
Equipment lease – 2020	October 2022	1.78%	1,908
Equipment lease – 2020	November 2022	1.78%	8,408
Equipment lease – 2020	October 2024	1.78%	30,697
Equipment lease – 2021	October 2025	0.93%	31,767
Equipment lease – 2021	February 2024	0.93%	80,851
Equipment lease – 2022	November 2024	0.34%	92,861
Equipment lease – 2022	November 2026	0.34%	50,039
			<u>\$ 18,459,438</u>

Debt Service Requirements

Years ending June 30,	Bonds		Leases	
	Principal	Interest	Principal	Interest
2023	\$ 2,295,000	\$ 455,100	\$ 149,661	\$ 2,111
2024	2,285,000	383,100	118,950	823
2025	2,360,000	310,300	41,473	184
2026	1,520,000	234,900	14,601	43
2027	985,000	193,400	4,753	4
2028 – 2032	5,315,000	661,500	-	-
2033 – 2035	3,370,000	133,300	-	-
	<u>\$ 18,130,000</u>	<u>\$ 2,371,600</u>	<u>\$ 329,438</u>	<u>\$ 3,165</u>

9. Pension Plans

Plan Descriptions

The District participates in the following cost-sharing, multiple employer, public employee retirement systems:

- TRS is administered by the New York State Teachers' Retirement Board and provides 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. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained from the New York State Teachers' Retirement System at www.nystrs.org.
- ERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute and provide benefits to employees. ERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained from the New York State and Local Retirement System at www.osc.state.ny.us/retire.

Benefits: The Systems provide retirement, disability, and death benefits for eligible members, including automatic cost of living adjustments. In general, retirement benefits are determined based on an employee's individual circumstances using a pension factor, an age factor, and final average salary. The benefits vary depending on the individual's employment tier. Pension factors are determined based on tier and an employee's years of service, among other factors.

Contribution Requirements: No employee contribution is required for those hired prior to July 1976. The Systems require employee contributions of 3% of salary for the first 10 years of service for those employees who joined the Systems from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3.5% (TRS) or 3% (ERS) of compensation throughout their active membership in the Systems. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. Pursuant to Article 11 of Education Law, an actuarially determined contribution rate is established annually for TRS by the New York State Teachers' Retirement Board. This rate was 9.80% for 2022. For ERS, the Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the District to the pension accumulation fund. For 2022, these rates ranged from 10.7% - 25.2%.

The amount outstanding and payable to TRS for the year ended June 30, 2022 was \$770,718. A liability to ERS of \$85,802 is also accrued based on the District's legally required contribution for employee services rendered from April 1 through June 30, 2022.

Net Pension Position, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources

At June 30, 2022, the District reported an asset of \$7,306,843 for its proportionate share of the TRS net pension position and an asset of \$554,902 for its proportionate share of the ERS net pension position.

The TRS total pension liability at the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020, with update procedures applied to roll forward the total pension liability to June 30, 2021. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to TRS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At June 30, 2021, the District's proportion was 0.042165%, a decrease of 0.002414 from its proportion measured as of June 30, 2020.

The ERS total pension liability at the March 31, 2022 measurement date was determined by an actuarial valuation as of April 1, 2021, with update procedures applied to roll forward the total pension liability to March 31, 2022. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At March 31, 2022, the District's proportion was 0.0067881%, an increase of 0.0001444 from its proportion measured as of March 31, 2021.

For the year ended June 30, 2022, the District recognized pension income of \$335,673 on the government-wide statements (TRS income of \$409,819 and ERS expense of \$74,146). At June 30, 2022, the District reported deferred outflows and deferred inflows of resources as follows:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,007,171	\$ (37,962)	\$ 42,024	\$ (54,507)
Changes of assumptions	2,403,374	(425,602)	926,070	(15,626)
Net difference between projected and actual earnings on pension plan investments	-	(7,647,368)	-	(1,817,072)
Changes in proportion and differences between contributions and proportionate share of contributions	143,813	(48,667)	96,853	(9,132)
District contributions subsequent to the measurement date	770,718	-	85,802	-
	<u>\$ 4,325,076</u>	<u>\$ (8,159,599)</u>	<u>\$ 1,150,749</u>	<u>\$ (1,896,337)</u>

District contributions subsequent to the measurement date will be recognized as an addition to (a reduction of) the net pension asset (liability) in the subsequent year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30,	TRS	ERS
2023	\$ (933,770)	\$ (105,508)
2024	(1,101,208)	(178,866)
2025	(1,370,713)	(457,431)
2026	(1,818,660)	(89,585)
2027	365,023	-
Thereafter	254,087	-
	<u>\$ (4,605,241)</u>	<u>\$ (831,390)</u>

Actuarial Assumptions

For TRS, the actuarial assumptions used in the June 30, 2020 valuation, with update procedures used to roll forward the total pension liability to June 30, 2021, were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020. These assumptions are:

Inflation – 2.4%

Salary increases – Based on TRS member experience, dependent on service, ranging from 1.95%-5.18%

Projected Cost of Living Adjustments (COLA) – 1.3% compounded annually

Investment rate of return – 6.95% compounded annually, net of investment expense, including inflation

Mortality – Based on TRS member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020, applied on a generational basis

Discount rate – 6.95%

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

For ERS, the actuarial assumptions used in the April 1, 2021 valuation, with update procedures used to roll forward the total pension liability to March 31, 2022, were based on the results of an actuarial experience study for the period April 1, 2015 to March 31, 2020. These assumptions are:

- Inflation* – 2.7%
- Salary increases* – 4.4%
- COLA* – 1.4% annually
- Investment rate of return* – 5.9% compounded annually, net of investment expense, including inflation
- Mortality* – Society of Actuaries’ Scale MP-2020
- Discount rate* – 5.9%

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

Investment Asset Allocation

Best estimates of arithmetic real rates of return (net of the long term inflation assumption) for each major asset class included in the Systems’ target asset allocations as of the applicable valuation dates are summarized as follows:

Asset Class	TRS		ERS	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	33%	6.8%	32%	3.3%
Global and international equities	20%	7.1%-7.6%	15%	5.9%
Private equities	8%	10.0%	10%	6.5%
Real estate	11%	6.5%	9%	5.0%
Domestic fixed income securities	16%	1.3%	23%	-
Global fixed income securities	2%	0.8%	-	-
Bonds and mortgages	7%	3.3%	-	-
Short-term	1%	(0.2)%	1%	(1.0)%
Other	2%	3.8%-5.9%	10%	3.8-5.8%
	<u>100%</u>		<u>100%</u>	

Discount Rate

The discount rate projection of cash flows assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those 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 liability.

The following presents the District’s proportionate share of its net pension position calculated using the discount rate of 6.95% (TRS) and 5.9% (ERS) and the impact of using a discount rate that is 1% higher or lower than the current rate.

	1.0% Decrease	At Current Discount Rate	1.0% Increase
	District’s proportionate share of the TRS net pension asset (liability)	\$ 766,747	\$ 7,306,843
District’s proportionate share of the ERS net pension asset (liability)	\$ (1,428,312)	\$ 554,902	\$ 2,213,765

10. OPEB

Plan Description

The District maintains a single-employer defined benefit healthcare plan (the Plan) providing for continuation of medical insurance benefits for District employees and their spouses based on various bargaining unit agreements and individual contracts. Eligibility for benefits is based on covered employees who retire from the District at age 55 or older and have met vesting requirements. The Plan provides an implicit rate subsidy for retirees that choose to remain on the District's healthcare plans at their own expense subsequent to retirement. The Plan has no assets, does not issue financial statements, and is not a trust.

At July 1, 2020, employees covered by the Plan include:

Active employees	121
Inactive employees or beneficiaries currently receiving benefits	72
Inactive employees entitled to but not yet receiving benefits	-
	<u>193</u>

Total OPEB Liability

The District's total OPEB liability of \$1,645,789 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2020, with update procedures to roll forward the total OPEB liability to June 30, 2022.

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

Healthcare cost trend rates – initially 5.3%, decreasing 0.5% per year to an ultimate rate of 4.1% after 2077

Salary increases – 2.6%

Mortality – Pub-2010 Mortality Table with generational projection of future improvements with Scale MP-2019

Discount rate – 3.54% based on the Bond Buyer General Obligation 20-Bond Municipal Index as of the measurement date

Inflation rate – 2.6%

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	\$ 1,660,184
Changes for the year:	
Service cost	83,970
Interest	36,891
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions or other inputs	(62,372)
Benefit payments	(72,884)
Net changes	(14,395)
Balance at June 30, 2022	<u>\$ 1,645,789</u>

The following presents the sensitivity of the District's total OPEB liability to changes in the discount rate, including what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% higher or lower than the current discount rate:

	1.0% Decrease	Discount Rate	1.0% Increase
	(2.54%)	(3.54%)	(4.54%)
Total OPEB liability	<u>\$ (1,697,216)</u>	<u>\$ (1,645,789)</u>	<u>\$ (1,573,093)</u>

The following presents the sensitivity of the District’s total OPEB liability to changes in the healthcare cost trend rates, including what the District’s total OPEB liability would be if it were calculated using trend rates that are 1% higher or lower than the current healthcare cost trend rates:

	Healthcare Cost		
	1.0% Decrease (4.3% to 3.1%)	Trend Rate (5.3% to 4.1%)	1.0% Increase (6.3% to 5.1%)
Total OPEB liability	\$ (1,491,363)	\$ (1,645,789)	\$ (1,802,627)

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2022, the District recognized OPEB expense of \$150,522. At June 30, 2022, the District reported deferred outflows 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	\$ 182,163	\$ (723,449)
Changes of assumptions or other inputs	578,515	(54,857)
	<u>\$ 760,678</u>	<u>\$ (778,306)</u>

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

Years ending June 30,	
2023	\$ 29,661
2024	29,661
2025	29,661
2026	29,661
2027	11,502
Thereafter	(147,774)
	<u>\$ (17,628)</u>

11. Risk Management

General Liability

The District purchases commercial insurance for various risks of loss due to torts, theft, damage, errors and omissions, and natural disasters. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Health Insurance

The District participates in the Genesee Area Healthcare Plan (the Plan). The Plan has been established to administer a health insurance program to lower the costs of such coverage to the 24 participating members as of June 30, 2021 (the most recent information available).

The District has transferred all risk to the Plan. Plan members pay monthly premium equivalents based upon a pro-rata share of expenditures. All funds received are pooled and administered as a common fund. Refunds are not made nor additional assessments charged other than the annual premium equivalents. If the Plan’s assets were to be exhausted, members would be equally responsible for the remaining liabilities.

The Plan has published its own financial report for the year ended June 30, 2021, which can be obtained from Genesee Valley BOCES, 80 Munson Street, LeRoy, NY 14482.

Workers' Compensation

The District participates in the Genesee County Self-Insurance Workers' Compensation Plan (the Plan) sponsored by Genesee County. The Plan administers a workers' compensation insurance fund pursuant to Article 5 of the Workers' Compensation Law to finance the liability and risk related to workers' compensation claims and to lower the costs of coverage to the participating members. The Plan includes 47 members as of December 31, 2021 (the most recent information available).

The District has transferred partial risk to the Plan. Plan members pay monthly premium equivalents based upon a pro-rata share of expenditures. All funds received are pooled and administered as a common fund. Plan members could be subjected, however, to pro-rata supplemental assessments in the event that the Plan's assets are not adequate to meet claims. To date, these supplemental assessments have not been required.

The Plan has published its own financial report for the year ended December 31, 2021 which can be obtained from Genesee County Self-Insurance Workers' Compensation Plan, 15 Main Street, Batavia, NY 14020.

12. Commitments and Contingencies

Grants

The District receives financial assistance from federal and state agencies in the form of grants and calculated aid as determined by the State. The expenditure of grant funds generally requires compliance with the terms and conditions specified in the agreements and is subject to audit by the grantor agencies. State aid payments are based upon estimated expenditures and pupil statistics, are complex, and subject to adjustment. Any disallowed claims resulting from such audits could become a liability of the District. Based on prior experience, management expects such amounts to be immaterial.

Litigation

The District is subject to claims and lawsuits that arise in the ordinary course of business. In the opinion of management, these claims will not have a material adverse effect upon the financial position of the District.

13. Risks and Uncertainties

On January 31, 2020, the United States Secretary of Health and Human Services (HHS) declared a public health emergency related to the global spread of coronavirus COVID-19, and a pandemic was declared by the World Health Organization in February 2020. Efforts to fight the widespread disease have required the District to implement numerous safety measures and remote learning initiatives. The full extent of the impact of COVID-19 on the District's operational and financial performance will continue to depend on further developments, including the duration and spread of the outbreak and its impact on school districts and their residents, employees, and vendors, none of which can be predicted.

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

**Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Position
New York State Teachers' Retirement System**

As of the measurement date of June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension position	0.042165%	0.044579%	0.045249%	0.045713%	0.046315%	0.044178%	0.044391%	0.043960%	0.045931%
District's proportionate share of the net pension asset (liability)	\$ 7,306,843	\$ (1,231,847)	\$ 1,175,563	\$ 826,614	\$ 352,039	\$ (473,160)	\$ 4,610,808	\$ 4,896,911	\$ 302,339
District's covered payroll	\$ 7,156,800	\$ 7,566,524	\$ 7,552,740	\$ 7,446,153	\$ 7,339,377	\$ 6,817,044	\$ 6,805,183	\$ 6,580,736	\$ 6,788,265
District's proportionate share of the net pension position as a percentage of its covered payroll	102.10%	16.28%	15.56%	11.10%	4.80%	6.94%	67.75%	74.41%	4.45%
Plan fiduciary net position as a percentage of the total pension liability	113.20%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%
The following is a summary of changes of assumptions:									
Inflation	2.4%	2.2%	2.2%	2.25%	2.5%	2.5%	3.0%	3.0%	3.0%
Salary increases	1.95%-5.18%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	4.0%-10.9%	4.0%-10.9%	4.0%-10.9%
Cost of living adjustments	1.3%	1.3%	1.3%	1.5%	1.5%	1.5%	1.625%	1.625%	1.625%
Investment rate of return	6.95%	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Discount rate	6.95%	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Society of Actuaries' mortality scale	MP-2020	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	AA	AA	AA

Data prior to 2013 is unavailable.

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

**Required Supplementary Information
Schedule of District Contributions
New York State Teachers' Retirement System**

For the years ended June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 770,718	\$ 682,043	\$ 670,394	\$ 802,101	\$ 729,723	\$ 860,175	\$ 903,940	\$ 1,168,923	\$ 1,055,215	\$ 796,575
Contribution in relation to the contractually required contribution	(770,718)	(682,043)	(670,394)	(802,101)	(729,723)	(860,175)	(903,940)	(1,168,923)	(1,055,215)	(796,575)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 7,864,469	\$ 7,156,800	\$ 7,566,524	\$ 7,552,740	\$ 7,446,153	\$ 7,339,377	\$ 6,817,044	\$ 6,805,183	\$ 6,580,736	\$ 6,788,265
Contributions as a percentage of covered payroll	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.18%	16.03%	11.73%

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Position
New York State and Local Employees' Retirement System

As of the measurement date of March 31,	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension position	0.0067881%	0.0066437%	0.0067468%	0.0068015%	0.0068749%	0.0068653%	0.0070527%	0.0066416%
District's proportionate share of the net pension asset (liability)	\$ 554,902	\$ (6,615)	\$ (1,786,596)	\$ (481,904)	\$ (221,884)	\$ (645,081)	\$ (1,131,975)	\$ (224,368)
District's covered payroll	\$ 2,224,998	\$ 2,293,915	\$ 2,336,602	\$ 2,240,209	\$ 2,331,766	\$ 2,308,649	\$ 2,075,859	\$ 1,916,607
District's proportionate share of the net pension position as a percentage of its covered payroll	24.94%	0.29%	76.46%	21.51%	9.52%	27.94%	54.53%	11.71%
Plan fiduciary net position as a percentage of the total pension liability	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
The following is a summary of changes of assumptions:								
Inflation	2.7%	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.7%
Salary increases	4.4%	4.4%	4.2%	4.2%	3.8%	3.8%	3.8%	4.9%
Cost of living adjustments	1.4%	1.4%	1.3%	1.3%	1.3%	1.3%	1.3%	1.4%
Investment rate of return	5.9%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Discount rate	5.9%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Society of Actuaries' mortality scale	MP-2020	MP-2020	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014	MP-2014

Data prior to 2015 is unavailable.

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

**Required Supplementary Information
Schedule of District Contributions
New York State and Local Employees' Retirement System**

For the years ended June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 339,906	\$ 315,908	\$ 320,694	\$ 313,085	\$ 338,197	\$ 346,515	\$ 409,084	\$ 365,998	\$ 417,270	\$ 347,923
Contribution in relation to the contractually required contribution	(339,906)	(315,908)	(320,694)	(313,085)	(338,197)	(346,515)	(409,084)	(365,998)	(417,270)	(347,923)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,224,998	\$ 2,293,915	\$ 2,336,602	\$ 2,240,209	\$ 2,331,766	\$ 2,308,649	\$ 2,075,859	\$ 1,916,607	\$ 1,974,974	\$ 2,001,052
Contributions as a percentage of covered payroll	15.28%	13.77%	13.72%	13.98%	14.50%	15.01%	19.71%	19.10%	21.13%	17.39%

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

**Required Supplementary Information
Schedule of Changes in the District's
Total OPEB Liability and Related Ratios**

For the years ended June 30,	2022	2021	2020	2019	2018
Total OPEB liability - beginning	\$ 1,660,184	\$ 2,339,355	\$ 2,094,217	\$ 1,598,229	\$ 1,588,609
Changes for the year:					
Service cost	83,970	78,951	92,759	53,894	72,974
Interest	36,891	52,491	74,194	47,597	43,287
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	-	(772,294)	-	(227,267)	333,963
Changes of assumptions or other inputs	(62,372)	48,464	213,678	753,889	-
Benefit payments	(72,884)	(86,783)	(135,493)	(132,125)	(440,604)
Net change in total OPEB liability	(14,395)	(679,171)	245,138	495,988	9,620
Total OPEB liability - ending	\$ 1,645,789	\$ 1,660,184	\$ 2,339,355	\$ 2,094,217	\$ 1,598,229
Covered-employee payroll	\$ 6,808,215	\$ 6,808,215	\$ 8,980,099	\$ 8,980,099	\$ 9,483,905
Total OPEB liability as a percentage of covered-employee payroll	24.2%	24.4%	26.1%	23.3%	16.9%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Differences between expected and actual experience for 2021 and 2019 represent a decrease in active members included in the valuation. Such differences for 2018 are due to differences between projected benefit payments and the District's actual contributions.

Covered-employee payroll was adjusted in 2021 to properly exclude employees who waived health insurance coverage.

The following is a summary of changes of assumptions:

Healthcare cost trend rates	5.3%-4.1%	5.3%-4.1%	6.1%-4.1%	6.1%-4.1%	7.5%-4.5%
Inflation	2.6%	2.6%	2.6%	2.6%	2.6%
Salary increases	2.6%	2.6%	2.6%	2.6%	3.0%
Discount rate	3.54%	2.16%	2.21%	3.5%	3.0%
Society of Actuaries' mortality scale	MP-2019	MP-2019	MP-2016	MP-2016	MP-2016

Data prior to 2018 is unavailable.

Supplementary Information
Schedule of Change from Original to Final Budget and
Calculation of Unrestricted Fund Balance Limit - General Fund

For the year ended June 30, 2022

Original expenditure budget	\$ 21,710,945
Encumbrances carried over from prior year	<u>224,622</u>
Revised expenditure budget	<u>\$ 21,935,567</u>

* * *

Unrestricted Fund Balance

Assigned	\$ 626,413
Unassigned	<u>3,974,971</u>
	4,601,384
Encumbrances included in assigned fund balance	(201,413)
Appropriated fund balance used for tax levy	<u>(425,000)</u>
Amount subject to 4% limit pursuant to Real Property Tax Law §1318	<u>\$ 3,974,971</u>
§1318 of Real Property Tax Law - unrestricted fund balance limit calculation	
2023 expenditure budget (unaudited)	\$ 25,524,093
4% of budget	<u>1,020,964</u>
Actual percentage of 2023 expenditure budget	<u>15.6%</u>

Supplementary Information
Schedule of Capital Project Expenditures

June 30, 2022

Project Title	Original Budget	Expenditures			Unexpended Balance
		Prior Years	Current Year	Total	
2021 Capital Improvements Project	\$ 17,107,802	\$ -	\$ 476,711	\$ 476,711	\$ 16,631,091
2021-2022 Capital Outlay Project	100,000	-	96,082	96,082	3,918
Smart Schools Bond Act	1,060,464	683,235	24,805	708,040	352,424
	<u>\$ 18,268,266</u>	<u>\$ 683,235</u>	<u>\$ 597,598</u>	<u>\$ 1,280,833</u>	<u>\$ 16,987,433</u>

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

Supplementary Information
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grantor Number	Expenditures
<u>U.S. Department of Education:</u>			
Passed Through New York State Education Department:			
Special Education Cluster:			
Special Education Grants to States	84.027	0032-22-0278	\$ 268,485
COVID-19 - Special Education Grants to States	84.027X	5532-22-0278	44,919
Special Education Preschool Grants	84.173	0033-22-0278	12,807
COVID-19 - Special Education Preschool Grants	84.173X	5533-22-0278	4,269
Total Special Education Cluster			330,480
Title I Grants to Local Educational Agencies	84.010	0021-22-1005	169,605
Career and Technical Education - Basic Grants to States	84.048	8039-22-0003	417,680
Supporting Effective Instruction State Grants	84.367	0147-22-1005	26,746
Student Support and Academic Enrichment Program	84.424	0204-21-1005	12,950
Education Stabilization Fund:			
Governor's Emergency Education Relief Fund	84.425C	5891-21-1005	26,526 ¹
Elementary and Secondary School Emergency Relief Fund	84.425D	5896-21-1005	719,853 ¹
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5880-21-1005	319,225 ¹
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5882-21-1005	139,164 ¹
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5883-21-1005	15,066 ¹
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5884-21-1005	326,732 ¹
Total U.S. Department of Education			2,504,027
<u>U.S. Department of Agriculture:</u>			
Passed Through New York State Education Department:			
Child Nutrition Cluster:			
National School Breakfast Program	10.553	N/A	156,782
National School Lunch Program	10.555	N/A	438,892
COVID-19 - Summer Food Service Program for Children	10.559	N/A	36,853
Passed Through New York State Office of General Services:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	27,277
Total Child Nutrition Cluster and U.S. Department of Agriculture			659,804
Total Expenditures of Federal Awards			\$ 3,163,831

¹ Total Education Stabilization Fund - \$1,546,566

Notes to Schedule of Expenditures of Federal Awards

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs administered by Byron-Bergen Central School District (the District), an entity as defined in Note 1 to the District’s basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other governmental agencies, are included on the Schedule of Expenditures of Federal Awards.

Basis of Accounting

The District uses the modified accrual basis of accounting for each federal program, consistent with the fund basis financial statements.

The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable programs and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program, which are periodically reconciled with the District’s financial reporting system.

Indirect Costs

The District does not use the 10% de minimis indirect cost rate permitted by the Uniform Guidance.

Non-Monetary Federal Program

The District is the recipient of a federal award program that does not result in cash receipts or disbursements, termed a “non-monetary program.” During the year ended June 30, 2022, the District used \$27,277 worth of commodities under the National School Lunch Program (Assistance Listing Number 10.555).

INDEPENDENT AUDITORS' 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
Byron-Bergen 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 remaining fund information of Byron-Bergen Central School District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 20, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in blue ink that reads "Lyndon & McCormick, LLP". The signature is written in a cursive, flowing style.

September 20, 2022

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

The Board of Education
Byron-Bergen Central School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

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

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

Symden & McCormick, LLP

September 20, 2022

Schedule of Findings and Questioned Costs

For the year ended June 30, 2022

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? No

Identification of major programs:

Name of Federal Program or Cluster	Assistance Listing Number	Amount
Education Stabilization Fund	84.425	\$ <u>1,546,566</u>

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

Auditee qualified as low-risk auditee? Yes

Section II. Financial Statement Findings

No matters were reported.

Section III. Federal Award Findings and Questioned Costs

No matters were reported.