

BEDFORD CENTRAL SCHOOL DISTRICT

**Financial Statements
As of and for the Year Ended June 30, 2020
Together with
Independent Auditor's Reports**

Bonadio & Co., LLP
Certified Public Accountants

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REQUIRED REPORT UNDER GOVERNMENT AUDITING STANDARDS

Independent auditor’s report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with *Government Auditing Standards* 68-69

INDEPENDENT AUDITOR'S REPORT

October 9, 2020

To the Board of Education of
Bedford Central School District:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Bedford Central School District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the District, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The supplemental information as required by the New York State Education Department and the combining nonmajor fund financial statements, which are the responsibility of management, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The supplemental information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

(Continued)

INDEPENDENT AUDITOR'S REPORT

(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 9, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

BEDFORD CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) FOR THE FISCAL YEAR ENDED JUNE 30, 2020

The following is a discussion and analysis of the Bedford Central School District's (the District) financial performance for the fiscal year ended June 30, 2020. The section summarizes the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. As this section is only an introduction, it should be read in conjunction with the District's basic financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Government-wide net position of the District is \$(148,512,526).
- Government-wide net position is \$20,717,735 less than at July 1, 2019 due predominately to the pension expenses relating to ERS and TRS incurred as required by GASB Statement Nos. 68 (Accounting and Financial Reporting for Pensions) and 71 (Pension Transition for Contributions Made Subsequent to the Measurement Date) and GASB 75 Other Post Employment Benefits (OPEB) liability.
- \$6.1M General Fund surplus largely resulting from the closure of schools from mid-March through the end of the school year due to the COVID-19 pandemic.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: Management's Discussion & Analysis (MD&A) (this section), the basic financial statements, required supplementary information, and supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are *district-wide* financial statements that provide both *short-term* and *long-term* information about the District's *overall* financial status. Because of this, the Statement of Net Position will include assets such as building and equipment and long term balances due to the District as well as long term liabilities such as bonds payable. In addition, payments for principal on long term bond obligations will be shown as a reduction of the liability and payments for buildings and equipment will be shown as additions to assets.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the Government-wide statements. The fund financial statements concentrate on the District's most significant funds.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short-term*, as well as what remains for future spending. As such, in this presentation, payments for buildings and equipment will be shown as expenditures rather than an increase in assets, proceeds from new long term borrowings will be shown as a source of revenue rather than a long term liability, and principal payments on the long term borrowings will be shown as expenditures.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data immediately following the financial statements. The statements are followed by a section of required supplementary information and then supplementary information.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

These schedules further explain and support the financial statements with a comparison of the District's budget for the year, a detailed capital project schedule, and other financial information.

Table A-1 shows how the various sections of this annual report are arranged and related to one another.

Table A-1 Organization of the District's Annual Financial Report

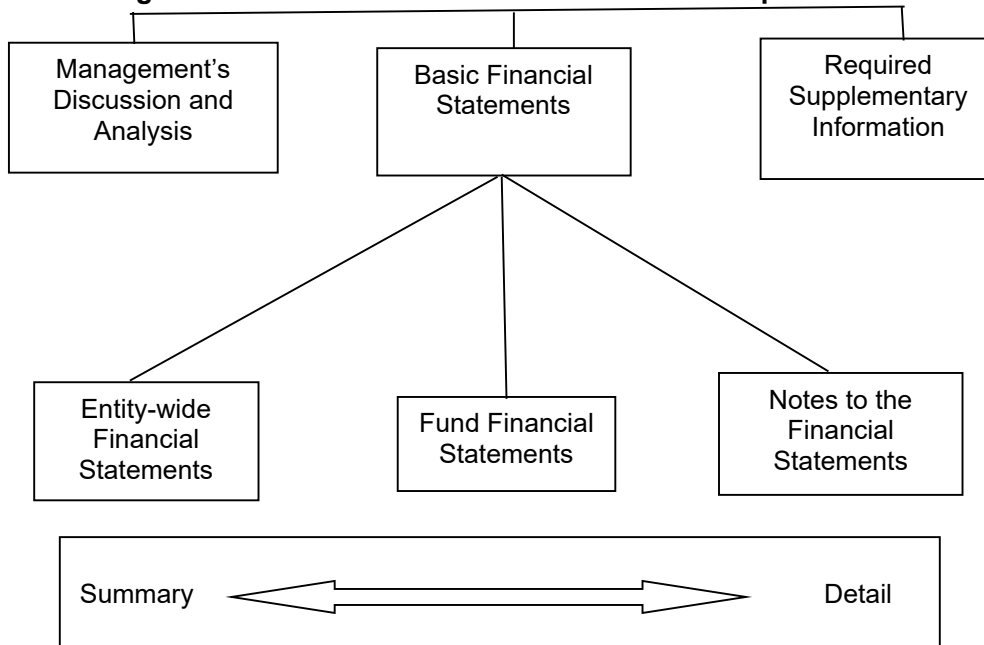


Table A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of the MD&A highlights the structure and contents of each of the statements.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Table A-2 Major Features of the Government-Wide and Fund Financial Statements

		Fund Financial Statements	
	Government-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The day-to-day operating activities of the District, such as instruction and special education.	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies.
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and change in fund balance 	<ul style="list-style-type: none"> • Statement of fiduciary net position. • Statement of changes in fiduciary net position.
Accounting basis and measurement focus	Accrual accounting and economic resources focus.	Modified accrual accounting and current financial focus.	Accrual accounting and economic resources focus.
Type of asset/liability information	All assets, deferred inflows/outflows of resources, and liabilities, both financial and capital, short-term and long-term.	Current assets, deferred inflows/outflows of resources, and liabilities that come due during the year or soon after; no capital assets or long-term liabilities included.	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenue and expenses during year, regardless of when cash is received or paid.	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All additions and deductions during the year, regardless of when cash is received or paid.

Government-Wide Statements

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

The two Government-wide statements report the District's net position and how they have changed. Net position – the difference between the District's assets/deferred outflows of resources and liabilities/deferred inflows of resources – are one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the District, additional nonfinancial factors such as changes in the property tax bases and the condition of buildings and other facilities should be considered.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Government-Wide Statements (Continued)

Net position of the governmental activities differ from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources, (dollars), are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated. Capital assets and long-term debt are accounted for in account groups and do not affect the fund balances.

Government-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare the statement of net position:

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Depreciate capital assets and allocate the depreciation to the proper function.
- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
 - Net investment in capital assets.
 - Restricted net position is those assets with constraints placed on use by external sources or imposed by law.
 - Unrestricted net position is net position that does not meet any of the above restrictions.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

The District has two kinds of funds:

- **Governmental Funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund, debt service fund and capital projects fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and change in fund balance.

OVERVIEW OF THE FINANCIAL STATEMENTS (Continued)

Fund Financial Statements (Continued)

- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The analysis below focuses on the net position (Table A-3) and changes in net position (Table A-4) of the District's governmental activities. The District's net position decreased \$20,717,735 from \$(127,794,791) in 2019 to \$(148,512,526) in 2020. As Table A-3 shows, the District's assets, deferred outflows of resources and liabilities increased. The increase in current assets is primarily due to an increase in cash. The increase in deferred outflows of resources and long-term liabilities is primarily the result of changes in assumptions relating to deferred outflows of resources and increased liabilities incurred relating GASB Statement Nos. 68 and 71 and GASB 75 OPEB liability. The key drivers for the decrease in current liabilities are related to the reduced expenses for transportation, health and dental during the COVID-19 pandemic.

Table A-3 Condensed Statement of Net Position

	<u>Fiscal Year 2020</u>	<u>Fiscal Year 2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Assets:				
Current and other assets	\$ 33,105,434	\$ 29,187,609	\$ 3,917,825	13.42%
Noncurrent assets	<u>133,685,049</u>	<u>133,504,981</u>	<u>180,068</u>	0.13%
Total assets	<u>166,790,483</u>	<u>162,692,590</u>	<u>4,097,893</u>	2.52%
Deferred Outflows of Resources	<u>102,125,911</u>	<u>50,083,229</u>	<u>52,042,682</u>	103.91%
Liabilities:				
Current liabilities	17,199,594	22,258,610	(5,059,016)	-22.73%
Long-term liabilities	<u>382,696,519</u>	<u>302,338,615</u>	<u>80,357,904</u>	26.58%
Total liabilities	<u>399,896,113</u>	<u>324,597,225</u>	<u>75,298,888</u>	23.20%
Deferred Inflows of Resources	<u>17,532,807</u>	<u>15,973,385</u>	<u>1,559,422</u>	9.76%
Net position:				
Net investment in capital assets	66,957,952	63,615,615	3,342,337	5.25%
Restricted	8,543,735	6,953,289	1,590,446	22.87%
Unrestricted	<u>(224,014,213)</u>	<u>(198,363,695)</u>	<u>(25,650,518)</u>	12.93%
Total net position	<u>\$ (148,512,526)</u>	<u>\$ (127,794,791)</u>	<u>\$ (20,717,735)</u>	16.21%

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (Continued)

Changes in Net Position

The District's 2020 total revenue was \$143,154,898 (Table A-4). Property taxes and New York State aid accounted for the majority of revenue by contributing 89.29% and 5.49%, respectively (see Table A-5). The remainder of the District's revenue came from charges for services, operating grants, and other miscellaneous sources.

The total cost of all programs and services in the 2019-2020 school year amounted to \$163,872,633. Eighty-three (83%) of the District's expenditures were predominately for the education, supervision; nutrition and transportation of students (see Table A-6). The District's administrative and operating activities accounted for 17% of total costs.

Table A-4 Changes in Net Position from Operating Results

	<u>Fiscal Year 2020</u>	<u>Fiscal Year 2019</u>	<u>Dollar Change</u>	<u>Percent Change</u>
Revenue				
Program revenue:				
Charges for services	\$ 1,885,718	\$ 2,409,495	\$ (523,777)	-21.74%
Operating grants	3,127,142	3,012,571	114,571	3.80%
General revenue:				
Property and other tax items	127,820,803	122,768,461	5,052,342	4.12%
State aid	7,852,886	7,651,845	201,041	2.63%
Use of money and of property	664,597	947,754	(283,157)	-29.88%
Sale of property and compensation for loss	13,254	8,370	4,884	58.35%
Miscellaneous	<u>1,790,498</u>	<u>1,561,306</u>	<u>229,192</u>	14.68%
Total revenue	<u>143,154,898</u>	<u>138,359,802</u>	<u>4,795,096</u>	3.47%
Expenses				
General support	26,381,236	23,639,169	2,742,067	11.60%
Instruction	127,511,593	110,026,167	17,485,426	15.89%
Pupil transportation	6,543,480	9,395,584	(2,852,104)	-30.36%
Debt service - Interest	1,926,644	2,604,534	(677,890)	-26.03%
School lunch program	<u>1,509,680</u>	<u>1,873,163</u>	<u>(363,483)</u>	-19.40%
Total expenses	<u>163,872,633</u>	<u>147,538,617</u>	<u>16,334,016</u>	11.07%
Change in Net Position	<u><u>\$(20,717,735)</u></u>	<u><u>\$(9,178,815)</u></u>	<u><u>\$(11,538,920)</u></u>	125.71%

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)

Table A-5

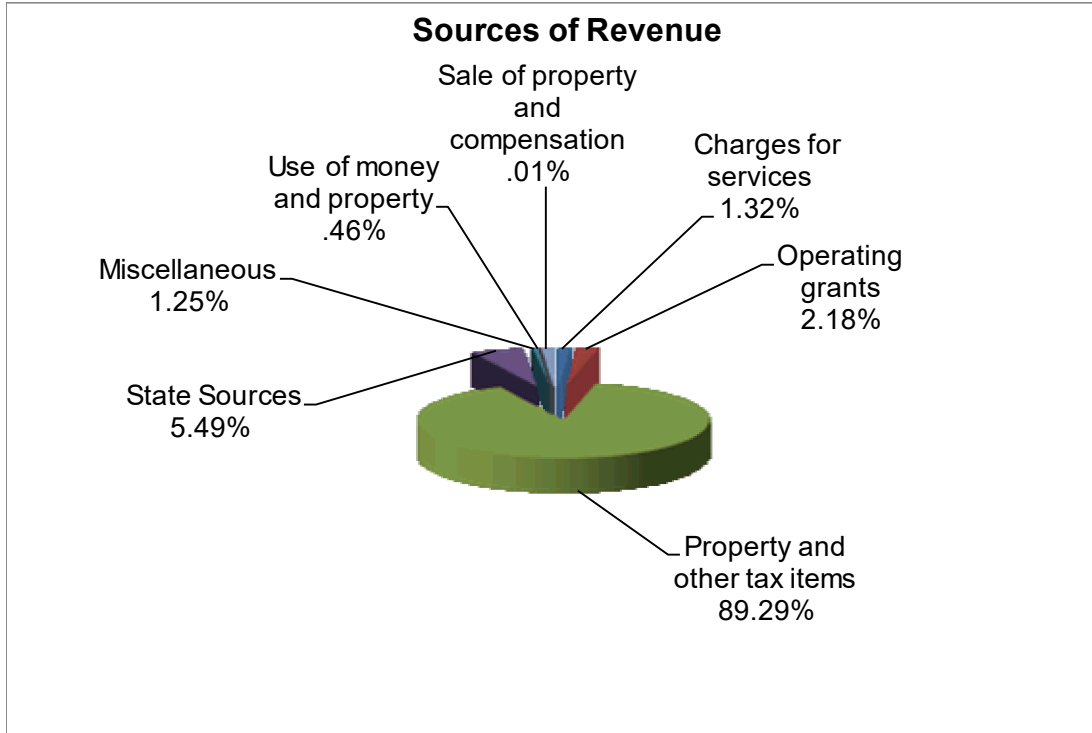
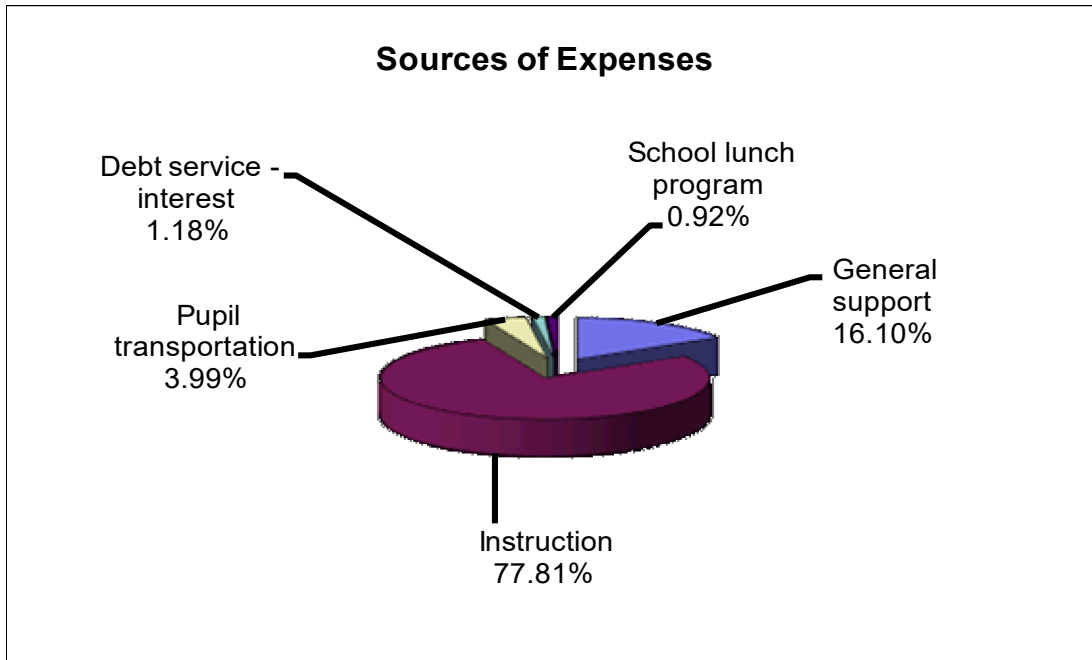


Table A-6



FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE (Continued)

Governmental Activities

Table A-7 presents the cost of several of the District's major programs or activities as well as each activity's net cost (total cost less fees generated by the activity and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions and is presented in the Statement of Activities.

Table A-7 Net Costs of Governmental Activities

	Total Cost Of Services <u>2020</u>	Total Cost Of Services <u>2019</u>	Percent Change	(Net) Cost Of Services <u>2020</u>	(Net) Cost Of Services <u>2019</u>	Percent Change
Functions:						
General support	\$ 26,381,236	\$ 23,639,169	11.60%	\$ 26,381,236	\$ 23,639,169	11.60%
Instruction	127,511,593	110,026,167	15.89%	124,086,882	106,452,523	16.57%
Pupil transportation	6,543,480	9,395,584	-30.36%	6,543,480	9,395,584	-30.36%
Debt service - Interest	1,926,644	2,604,534	-26.03%	1,926,644	2,604,534	-26.03%
Cost of sales	1,509,680	1,873,163	-19.40%	(78,469)	24,741	-417.16%
Total	<u>\$163,872,633</u>	<u>\$147,538,617</u>	<u>11.07%</u>	<u>\$158,859,773</u>	<u>\$142,116,551</u>	<u>11.78%</u>

- The total cost of all governmental activities for the year was \$163,872,633 .
- The users of the District's programs financed \$1,885,718 of the costs.
- The federal and state operating grants financed \$3,127,142 of the costs.
- The remainder of the costs was financed by the District's taxpayers and state aid and federal aid.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variations between years for the governmental fund financial statements are not the same as variations between years for the government-wide financial statements. The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Under this method of presentation, governmental funds do not include long-term liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include proceeds from the issuance of debt, the current payments for capital assets, and the current payments for debt.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)

As of June 30, 2020, the District's combined governmental funds reported a total fund balance of \$23,281,794, which is an increase of \$9,241,994 from the prior year.

A summary of the change in fund balance for all funds is as follows:

	Fiscal Year <u>2020</u>	Fiscal Year <u>2019</u>	Increase/ <u>(Decrease)</u>	Percent <u>Change</u>
General Fund				
Restricted for tax certiorari	\$ 3,455,831	\$ 2,875,023	\$ 580,808	20.20%
Restricted for retirement contributions	2,545,093	2,701,132	(156,039)	-5.78%
Restricted for repairs	103,218	103,153	65	0.06%
Restricted for employee benefit accrued liability	527,536	567,349	(39,813)	-7.02%
Restricted for unemployment benefits	135,369	135,264	105	0.08%
Restricted for insurance	62,843	62,795	48	0.08%
Restricted for health insurance	800,000	-	800,000	100.00%
Restricted for capital	100,000	-	100,000	100.00%
Assigned - designated for subsequent year's expenditures	1,373,148	350,000	1,023,148	292.33%
Assigned - general support	878,194	1,128,556	(250,362)	-22.18%
Assigned - instruction	838,125	1,061,957	(223,832)	-21.08%
Assigned - pupil transportation	960,579	12,204	948,375	7771.02%
Assigned - employee benefits	283,720	-	283,720	100.00%
Unassigned	<u>8,592,792</u>	<u>5,542,075</u>	<u>3,050,717</u>	55.05%
Total General Fund balance	<u>20,656,448</u>	<u>14,539,508</u>	<u>6,116,940</u>	42.07%
School Food Service Fund				
Non-spendable - inventory	14,048	8,670	5,378	62.03%
Assigned - unappropriated	<u>1,009,006</u>	<u>786,327</u>	<u>222,679</u>	28.32%
Total School Food Service Fund balance	<u>1,023,054</u>	<u>794,997</u>	<u>228,057</u>	28.69%
Debt Service Fund				
Restricted	<u>813,845</u>	<u>508,573</u>	<u>305,272</u>	60.03%
Capital Projects Fund				
Unassigned	<u>-</u>	<u>(1,803,278)</u>	<u>1,803,278</u>	-100.00%
Total Governmental Activities Fund balance	<u>\$ 22,493,347</u>	<u>\$ 14,039,800</u>	<u>\$ 8,453,547</u>	60.21%

General fund – Total fund balance increased \$6,118,583 due to schools being closed from mid-March through June because of COVID, which resulted in less school wide expenses, as well as a large savings realized in transportation, also due to COVID. In August 2019 sales tax increased a full percentage point from 7.375% to 8.375% which resulted in more revenue from Westchester County for sales tax.

School lunch – Total fund balance increased by \$228,057.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (Continued)

Capital fund – Total fund balance increased by \$2,590,082 this year as a result of the conversion of the short-term financing to long-term financing.

General Fund Budgetary Highlights

This section presents an analysis of significant variances between original and final budget amounts and between final budget amounts and actual results for the General Fund.

The General Fund is the only fund for which a budget is legally adopted.

2019-2020 Budget

The District's voter approved general fund adopted budget for the year ended June 30, 2020 was \$138,551,898. This amount was increased by encumbrances carried forward from the prior year in the amount of \$2,207,717 and budget revisions of \$662,953, which resulted in a final budget of \$141,417,568. 92% of the funding for the adopted budget was from real property taxes, non-property taxes and other tax items (including STAR).

Significant variances between budgeted revenue and expenditures and actual results are explained in the following narratives (See Table A-8).

Change in General Fund Unassigned Fund Balance (Budget to Actual)

The general fund's unassigned fund balance is a component to total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves and assignment to fund subsequent years' budgets. It is this balance that is commonly referred to as "fund balance".

The unassigned fund balance represents the fund balance retained by the District that is not restricted or assigned for subsequent years' taxes. This amount is limited to 4% of the 2020-2021 budget for a maximum allowable unassigned fund balance of \$5,589,483. The District exceeded the 4% limitation and was at 6.15%. This was a decision by the Board of Education in anticipation of the additional unbudgeted expenses related to COVID-19 mandates and the safe re-opening of schools.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS (Continued)

Table A-8 – Results vs. Budget

	Original Budget	Final Budget	Actual	Encumb.	Variance
Revenue:					
Real property taxes	\$ 125,716,242	\$ 120,517,345	\$120,408,007	\$ -	\$ (109,338)
Other tax items	1,550,000	6,748,897	7,412,796	-	663,899
Charges for services	1,549,000	1,593,625	1,217,939	-	(375,686)
Use of money and property	650,000	650,000	658,758	-	8,758
Miscellaneous	947,737	1,091,422	1,770,078	-	678,656
State sources	<u>7,788,919</u>	<u>7,838,919</u>	<u>7,601,721</u>	-	<u>(237,198)</u>
Total revenue	<u>138,201,898</u>	<u>138,440,208</u>	<u>139,069,299</u>	-	<u>629,091</u>
Expenditures:					
General support	12,244,019	14,256,450	12,463,722	878,194	914,534
Instruction	72,110,380	74,335,252	72,273,211	838,125	1,223,916
Pupil transportation	10,046,989	9,026,263	6,245,693	960,579	1,819,991
Employee benefits	34,584,961	34,161,775	32,379,593	283,720	1,498,462
Debt service - principal	6,483,206	6,483,270	6,451,007	-	32,263
Debt service - interest	2,424,343	2,431,003	2,413,935	-	17,068
Transfers out	<u>658,000</u>	<u>723,555</u>	<u>723,555</u>	-	-
Total expenses	<u>138,551,898</u>	<u>141,417,568</u>	<u>132,950,716</u>	<u>\$ 2,960,618</u>	<u>\$ 5,506,234</u>
Net change in fund balance	(350,000)	(2,977,360)	6,118,583		
Fund balance - beginning of year	<u>14,539,508</u>	<u>14,539,508</u>	<u>14,539,508</u>		
Fund balance - end of year	<u>\$ 14,189,508</u>	<u>\$ 11,562,148</u>	<u>\$ 20,658,091</u>		

CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2020, the District had \$125,389,324 invested in a broad range of capital assets including land, buildings, buses, athletic facilities, computers, and other educational equipment.

The increase is a result of on-going capital projects.

Table A-9 – Capital Assets (Net of Depreciation)

	Fiscal Year <u>2020</u>	Fiscal Year <u>2019</u>
Land	\$ 2,021,645	\$ 2,021,645
Construction in process	4,223,833	3,915,451
Buildings and improvements	170,392,415	170,321,550
Machinery and equipment	7,349,109	5,992,796
Less: Accumulated depreciation	<u>(58,597,678)</u>	<u>(54,469,797)</u>
Total net capital assets	<u><u>\$125,389,324</u></u>	<u><u>\$127,781,645</u></u>

Long-Term Debt

As of June 30, 2020, the District had \$382,696,520 in general obligation, installment debt, and other long-term liabilities outstanding. More detailed information about the District's long-term debt is included in the notes to the financial statements.

Table A-10 – Long-term Liabilities

	Fiscal Year <u>2020</u>	Fiscal Year <u>2019</u>
General obligation bonds (financed with property taxes)	\$ 56,590,906	\$ 59,345,000
Installment debt	1,621,875	1,177,749
Termination benefits payable	2,323,207	2,409,579
Compensated absences	604,504	609,592
Net pension liability - ERS	13,432,606	3,428,070
Other postemployment benefits	<u>315,080,435</u>	<u>241,474,492</u>
Total long-term liabilities	<u><u>389,653,533</u></u>	<u><u>308,444,482</u></u>
Less: current portion of debt	<u>(6,957,013)</u>	<u>(6,105,867)</u>
Total long-term liabilities	<u><u>\$382,696,520</u></u>	<u><u>\$302,338,615</u></u>

FACTORS BEARING ON THE DISTRICT'S FUTURE

As of the date of these financial statements, the District was aware of the following noteworthy items that could affect its financial well-being in the future.

The voters approved the general fund budget in the amount of \$139,737,083 for the school year 2020-2021. This is an increase of \$1,185,185 or .86% over the previous year's budget.

The increase was primarily due to an increase in Instructional costs and undistributed expenditures.

On February 12, 2020 the District issued \$1,530,000 School District Refunding Serial Bonds-2020 (the "Refunding Bonds") to refund \$1,725,000 outstanding principal of the School District's Serial Bonds-2008 (the "2008 Bonds") for the purpose of lowering District debt service payments. The Refunding Bond issuance resulted in net present value cash flow savings to the District of \$198,057 (equivalent to 11.5% of the refunded principal) over the approximate eight year remaining maturity of the 2008 Bonds, which were to mature on May 15, 2028.

On July 11, 2019, the District issued \$1,435,000 BOCES Project Bonds-2019 representing serial bonds which mature on July 1 each year through final maturity on July 1, 2033. The proceeds of these bonds together with \$192,314 of available funds were used to pay 1,627,314 outstanding bond anticipation notes which matured on July 12, 2019 and were issued to pay the District's share of a capital project of the Putnam/ Norther Westchester BOCES.

On July 11, 2019 the District also issued \$959,647 School District Serial Bonds-2019 representing serial bonds which mature on July 1 each year through final maturity on July 1, 2033. The proceeds of these bonds together with \$18,791 of available funds, were used to pay \$978,438 in outstanding bond anticipation notes which matured on July 12, 2019 and were issued to finance the construction of improvements and alterations to various District buildings and sites.

The District adopted GASB 75 for the year ending June 30th 2018. These calculations are based on an actuarial valuation at year end using census data and recent health care cost information provided by the district. The OPEB liability will continue to grow over the years as amounts paid to employees who are eligible for and accruing OPEB benefits continue to increase. To the extent that health care costs paid by the District continues to increase, the increase will directly translate to higher OPEB liability. Additionally, since OPEB liability measures present value of future benefits, and the rate used to discount future payments for an unfunded OPEB plan is based on a municipal bond index that is market-driven, decrease in municipal bond index will increase the OPEB liability. This occurred in FY2019/20 where the municipal bond index has decreased significantly from 3.51% as of June 30, 2019 to 2.21% as of June 30, 2020, which contributed to approximately \$60M increase in OPEB liability.

On October 22, 2013, the voters approved a \$31,828,238 capital bond project referendum. On November 13, 2013 the Board of Education subsequently approved a bond resolution authorizing the District to issue up to \$31,828,238 in debt obligation which carried a maximum financing term of 30 years. On July 12, 2018, together with \$560,429 in available funds and \$978,438 in renewal bond anticipation notes (as noted above), the District issued \$29,700,000 in serial bonds over a period of 15 years to permanently finance such improvements. The serial bonds will mature on July 1st of each year through and including 2033.

Due to the COVID-19 pandemic which resulted in school closures, the District completed FY2019-20 with a General Fund surplus of approximately \$6.1M. Due to this surplus savings the District has approved a one-time appropriation in the amount of \$1,373,148 to Fund Balance to offset 2020-21 anticipated reduction in State Aid and other revenue sources.

FACTORS BEARING ON THE DISTRICT'S FUTURE (Continued)

The District is cognizant of expense areas which will impact future budgets such as: adherence to the property tax cap, salary and benefit costs (specifically health insurance), and the principal and interest payments to long term bonds. The District also recognizes the anticipated expenses of unfunded mandates from the state for the safe re-opening of schools due to the COVID-19 pandemic.

The District operates as a self-insured plan for employee health benefits, paying for claims as they are presented. As such, over a multi-year period, this approach to insuring employees is cost-effective, resulting in lower costs than if the District were insured under a consortium plan or insured as a single entity under a managed plan. However, this approach to health insurance is subject to volatility. This Health Insurance Reserve will give Bedford the ability to benefit from years in which the health insurance plan performs better than the budget by contributing funds to a reserve. This reserve will provide stability and protect against volatility if such occurs. The Bill has been approved by both the Senate and Assembly. As of October 4, 2019, the bill was signed into Law. The Health Insurance Reserve was established in the 2019-20 school year.

After a trend of structurally unbalanced budgets and diminishing levels of reserves, on July 8, 2014 Moody's Investor Services ("Moody's") assigned a negative outlook to the District's credit rating. On July 7, 2015, Moody's subsequently downgraded the long-term credit rating of the District to "Aa2" from "Aa1", while maintaining the negative outlook. During the 2016-17 fiscal year, the District's Administration conducted a thorough review of its fiscal operations and committed to restoring structural balance, reserves and enhancing its credit rating. Various efforts ensued and in March of 2017 the District was contacted by Moody's for surveillance of its rating. As result of the negative outlook associated to the rating, a second downgrade seemed possible. The District hosted an onsite meeting which was attended by several Moody's Analysts and its Municipal Advisor. During this meeting the District discussed its goal of restoring structural balance to fiscal operations and a number of ongoing initiatives were referenced. Moody's acknowledged the structural improvements and on March 21, 2017 the District's credit rating was affirmed at "Aa2" with the outlook remaining negative. In June of 2018, the District requested a credit rating from Moody's in connection with the issuance of its 2018 serial bonds. During the review the District was able to provide Moody's with a copy of the audited financial statements for the fiscal year ended June 30, 2017. On June 26, 2018, Moody's affirmed the District's "Aa2" credit rating while concurrently revising the outlook from negative to stable. The District has maintained the "Aa2" stable credit rating. As a primary determinant of the interest rate that is paid on future debt obligations, the District remains committed to closely monitor factors that could impact its rating. With the assistance of its Municipal Advisor, the District continues to develop and execute financial strategies that it believes will foster the likeliness of future positive rating action.

The Board has initiated a strategic planning process to reinvest in educational programs and district infrastructure. The Board has met with our State Legislators to address inequities in State Aid funding models and to legislatively allow for the creation of a health care reserve. These proactive efforts will assist the district in efforts to comply with the property tax levy which requires school districts to hold tax increases to the lesser of 2%

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

Bedford Central School District
Attn: Business Manager
Route 172 – Fox Lane Campus
Bedford, New York 10506

BEDFORD CENTRAL SCHOOL DISTRICT**STATEMENT OF NET POSITION
JUNE 30, 2020****ASSETS**

CURRENT ASSETS:

Cash and cash equivalents - unrestricted	\$ 19,537,687
Cash and cash equivalents - restricted	8,425,301
Accounts receivable	342,659
State and federal aid receivable	3,016,803
Due from fiduciary funds	386,607
Due from other governments	1,380,686
Prepaid expenses	1,643
Inventories	<u>14,048</u>

Total current assets 33,105,434

NONCURRENT ASSETS:

Capital assets, net	125,389,324
Net pension asset - TRS	<u>8,295,725</u>

Total non-current assets 133,685,049

Total assets 166,790,483

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows of resources - TRS Pension	27,692,891
Deferred outflows of resources - ERS Pension	9,198,805
Deferred outflows of resources - OPEB	<u>65,234,215</u>

Total deferred outflows of resources 102,125,911

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accrued expenses	2,932,134
Accrued interest	670,106
Due to other governments	282,466
Unearned revenue	145,780
Due to Teachers' Retirement System	5,324,792
Due to Employees' Retirement System	887,303
Bonds payable due within one year	6,289,647
Installment debt payable due within one year	<u>667,366</u>

Total current liabilities 17,199,594

LONG-TERM LIABILITIES:

Bonds payable, net of current portion	49,719,999
Bonds premium, net	581,259
Installment debt payable, net of current portion	954,509
Compensated absences	604,504
Termination benefits payable	2,323,207
Net pension liability - ERS	13,432,606
Total other postemployment benefits	<u>315,080,435</u>

Total long-term liabilities 382,696,519

Total liabilities 399,896,113

DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources - TRS Pension	11,483,399
Deferred inflows of resources - ERS Pension	337,595
Deferred inflows of resources - OPEB	4,911,962
Deferred inflows of resources - Bond refunding	<u>799,851</u>

Total deferred inflows of resources 17,532,807

NET POSITION

Net investment in capital assets	66,957,952
Restricted	8,543,735
Unrestricted	<u>(224,014,213)</u>

TOTAL NET POSITION \$ (148,512,526)

The accompanying notes are an integral part of these statements.

BEDFORD CENTRAL SCHOOL DISTRICT

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

GOVERNMENTAL ACTIVITIES	<u>Expenses</u>	<u>Program Revenue</u>		<i>Net (Expense) Revenue and Change in Net Position</i>
		<i>Charges for Services</i>	<i>Operating Grants</i>	
FUNCTIONS/PROGRAMS:				
General support	\$ 26,381,236	\$ -	\$ -	\$ (26,381,236)
Instruction	127,511,593	1,217,939	2,206,772	(124,086,882)
Pupil transportation	6,543,480	-	-	(6,543,480)
Debt service - interest	1,926,644	-	-	(1,926,644)
School lunch program	<u>1,509,680</u>	<u>667,779</u>	<u>920,370</u>	<u>78,469</u>
TOTAL FUNCTIONS AND PROGRAMS	<u>\$ 163,872,633</u>	<u>\$ 1,885,718</u>	<u>\$ 3,127,142</u>	<u>(158,859,773)</u>
GENERAL REVENUE:				
Real property taxes				120,408,007
Other tax items				7,412,796
Use of money and property				664,597
Sale of property and compensation for loss				13,254
State sources				7,852,886
Miscellaneous				<u>1,790,498</u>
TOTAL GENERAL REVENUE				<u>138,142,038</u>
CHANGE IN NET POSITION				(20,717,735)
TOTAL NET POSITION - beginning of year				<u>(127,794,791)</u>
TOTAL NET POSITION - end of year				<u>\$ (148,512,526)</u>

The accompanying notes are an integral part of these statements.

BEDFORD CENTRAL SCHOOL DISTRICT

**BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020**

	<u>General</u>	<u>Capital Projects</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents - unrestricted	\$ 18,625,123	\$ -	\$ 912,564	\$ 19,537,687
Cash and cash equivalents - restricted	7,729,890	534,018	161,393	8,425,301
Accounts receivable	342,482	-	177	342,659
Due from other funds	1,806,570	942,777	664,651	3,413,998
State and federal aid receivable	1,295,046	468	1,721,289	3,016,803
Due from other governments	1,380,686	-	-	1,380,686
Prepaid expenses	1,643	-	-	1,643
Inventories	-	-	14,048	14,048
TOTAL ASSETS	<u>\$ 31,181,440</u>	<u>\$ 1,477,263</u>	<u>\$ 3,474,122</u>	<u>\$ 36,132,825</u>
LIABILITIES				
Accounts payable and accrued expenses	\$ 2,771,569	\$ -	\$ 160,565	\$ 2,932,134
Due to other funds	995,433	690,459	1,341,499	3,027,391
Due to other governments	269,617	-	12,849	282,466
Due to Teachers' Retirement System	5,324,792	-	-	5,324,792
Due to Employees' Retirement System	887,303	-	-	887,303
Unearned revenue	23,470	-	122,310	145,780
TOTAL LIABILITIES	<u>10,272,184</u>	<u>690,459</u>	<u>1,637,223</u>	<u>12,599,866</u>
DEFERRED INFLOWS OF RESOURCES				
Unearned revenue	251,165	-	-	251,165
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>251,165</u>	<u>-</u>	<u>-</u>	<u>251,165</u>
FUND BALANCE				
Non-spendable				
Prepaid expenses	1,643	-	-	1,643
Inventories	-	-	14,048	14,048
Total non-spendable fund balance	<u>1,643</u>	<u>-</u>	<u>14,048</u>	<u>15,691</u>
Restricted for:				
Unemployment insurance	135,369	-	-	135,369
Retirement benefits	2,545,093	-	-	2,545,093
Health Insurance	800,000	-	-	800,000
Insurance	62,843	-	-	62,843
Tax certiorari	3,455,831	-	-	3,455,831
Employee benefit liability	527,536	-	-	527,536
Repair	103,218	-	-	103,218
Capital Reserve	100,000	-	-	100,000
Debt service	-	-	813,845	813,845
Total restricted fund balance	<u>7,729,890</u>	<u>-</u>	<u>813,845</u>	<u>8,543,735</u>
Assigned				
Appropriated for subsequent years expenditures	1,373,148	-	-	1,373,148
Other	2,960,618	786,804	1,009,006	4,756,428
Total assigned fund balance	<u>4,333,766</u>	<u>786,804</u>	<u>1,009,006</u>	<u>6,129,576</u>
Unassigned	8,592,792	-	-	8,592,792
TOTAL FUND BALANCE	<u>20,658,091</u>	<u>786,804</u>	<u>1,836,899</u>	<u>23,281,794</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 31,181,440</u>	<u>\$ 1,477,263</u>	<u>\$ 3,474,122</u>	<u>\$ 36,132,825</u>

The accompanying notes are an integral part of these statements.

BEDFORD CENTRAL SCHOOL DISTRICT

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO GOVERNMENT-WIDE NET POSITION
JUNE 30, 2020**

A reconciliation of total governmental fund balance to government-wide net position follows:

Total governmental fund balances per above	\$ 23,281,794
Capital assets, net used in governmental activities are not financial resources and, therefore, are not reported in the funds	125,389,324
Deferred revenue is considered earned in the current year and recognized as revenue under full accrual accounting	251,165
Pension related government wide activity	
Deferred outflows of resources - TRS	27,692,891
Deferred outflows of resources - ERS	9,198,805
Net pension asset - TRS	8,295,725
Net pension liability - ERS	(13,432,606)
Deferred inflows of resources - TRS	(11,483,399)
Deferred inflows of resources - ERS	(337,595)
OPEB related government wide activity	
Deferred outflows of resources	65,234,215
Deferred inflows of resources	(4,911,962)
Total OPEB liability	(315,080,435)
Deferred inflows from gain on defeasance on the advanced refunding are amortized on the Statement of Net Position over the life of the bond. Governmental funds recorded the gain on defeasance on the advanced refunding as an other financing source in the year of defeasance.	(799,851)
Long-term liabilities are not due and payable in the current period, and, therefore, are not reported in the funds	(58,212,780)
Long-term liabilities, including compensated absences and judgements and claims are not due and payable in the current period and, therefore, are not reported in the funds	(2,927,711)
Interest payable at year end is recorded in the government-wide statements under full accrual accounting	<u>(670,106)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (148,512,526)</u>

BEDFORD CENTRAL SCHOOL DISTRICT

**STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	<i>General</i>	<i>Capital Projects</i>	<i>Non-Major Funds</i>	<i>Total Governmental Funds</i>
REVENUE:				
Real property taxes	\$ 120,408,007	\$ -	\$ -	\$ 120,408,007
Other tax items	7,412,796	-	-	7,412,796
Charges for services	1,217,939	-	-	1,217,939
Use of money and property	658,758	-	5,839	664,597
Sale of property and compensation for loss	13,254	-	-	13,254
Miscellaneous	1,756,824	-	33,674	1,790,498
State sources	7,601,721	-	572,164	8,173,885
Federal sources	-	-	2,554,978	2,554,978
Sales - school lunch	-	-	667,779	667,779
	<u>139,069,299</u>	<u>-</u>	<u>3,834,434</u>	<u>142,903,733</u>
EXPENDITURES:				
General support	12,463,722	-	-	12,463,722
Instruction	72,273,211	-	2,301,098	74,574,309
Pupil transportation	6,245,693	-	134,469	6,380,162
Employee benefits	32,379,593	-	-	32,379,593
Debt service - principal	6,451,007	-	-	6,451,007
Debt service - interest	2,413,935	-	4,271	2,418,206
Cost of sales	-	-	1,390,138	1,390,138
Capital outlay	-	1,664,697	-	1,664,697
	<u>132,227,161</u>	<u>1,664,697</u>	<u>3,829,976</u>	<u>137,721,834</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>6,842,138</u>	<u>(1,664,697)</u>	<u>4,458</u>	<u>5,181,899</u>
OTHER SOURCES AND (USES):				
Proceeds from issuance of bonds	-	2,394,647	1,530,000	3,924,647
Proceeds from issuance of installment purchase agreements	-	1,310,089	-	1,310,089
Premium on issuance of debt	-	-	581,259	581,259
Payment to escrow agent	-	-	(1,805,943)	(1,805,943)
BANs redeemed from appropriations	-	50,043	-	50,043
Operating transfers in	-	500,000	223,555	723,555
Operating transfers (out)	(723,555)	-	-	(723,555)
	<u>(723,555)</u>	<u>4,254,779</u>	<u>528,871</u>	<u>4,060,095</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>6,118,583</u>	<u>2,590,082</u>	<u>533,329</u>	<u>9,241,994</u>
FUND BALANCE (DEFICIT) - beginning of year	<u>14,539,508</u>	<u>(1,803,278)</u>	<u>1,303,570</u>	<u>14,039,800</u>
FUND BALANCE (DEFICIT) - end of year	<u>\$ 20,658,091</u>	<u>\$ 786,804</u>	<u>\$ 1,836,899</u>	<u>\$ 23,281,794</u>

The accompanying notes are an integral part of these statements.

BEDFORD CENTRAL SCHOOL DISTRICT

**RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Net changes in fund balance - Total governmental funds	\$ 9,241,994
Long Term Revenue and Expense Differences:	
In the Statement of Activities, certain operating expenses - compensated absences (vacation and sick days) and termination benefits, - are measured by the amounts earned or incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. The payables for these benefits for the year end changed by:	
Termination benefits and compensated absences	91,460
Other postemployment benefits expense resulting from GASB 75 related actuary reporting is not recorded as an expenditure in the government funds but is recorded in the Statement of Activities	(22,812,781)
Pension expense resulting from GASB 68 related pension actuary reporting is not recorded as an expenditure in the government funds but is recorded in the Statement of Activities	(7,979,726)
State aid revenue in the statement of activities is recognized as revenue in the government-wide statements, but is not recognized as revenue under the modified accrual basis of accounting in the fund financial statements.	251,165
Capital Related Items:	
Capital outlays, net of disposals, are expenditures in governmental funds, but are capitalized in the statement of net position	1,735,560
Depreciation is not recorded as a expenditure in the governmental funds, but is recorded in the statement of activities	(4,127,881)
Long-Term Debt Transactions:	
Interest on long term debt in the Statement of Activities differs from the amounts reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and this requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues regardless of when it is due. Accrued interest at year end changed by:	334,828
Repayment of bond and installment purchase debt principal is an expenditure in the governmental funds, but it reduces long term liabilities in the Statement of Net Position and does not affect the Statement of Activities.	8,176,007
BANs redeemed from appropriations are revenue in governmental funds, but not recognized in government wide statements.	(50,043)
Proceeds of bond premiums are recorded as other sources in the governmental funds, but are recorded as additions of liabilities in the statement of net position.	(581,259)
Proceeds of long-term debt are recorded as other sources in the governmental funds, but are recorded as additions of liabilities in the statement of net position.	(3,924,648)
Installment purchase debt is recorded as revenue in the governmental funds, however, it increases long-term debt in the Statement of Net Position and does not affect the Statement of Activities	(1,310,089)
The defeasance gain on the advance refunding is amortized on the Statement of Net Position over the life of the bond. Governmental funds recorded the gain on defeasance on the advanced refunding as an expenditure in the year of defeasance.	<u>237,677</u>
Change in net position - Governmental activities	<u>\$ (20,717,736)</u>

BEDFORD CENTRAL SCHOOL DISTRICT

**STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2020**

	<i>Private Purpose Trust</i>	<i>Agency</i>
	<u> </u>	<u> </u>
ASSETS:		
Cash - unrestricted	\$ -	\$ 630,475
Cash - restricted	436,872	109,873
Accounts Receivable	-	8,856
Security deposits	-	17,655
Due from other funds	100	44,728
Total assets	<u>436,972</u>	<u>811,587</u>
 LIABILITIES:		
Extraclassroom activity balances	-	109,873
Due to other funds	4,000	427,435
Other liabilities	-	274,279
Total liabilities	<u>4,000</u>	<u>\$ 811,587</u>
 NET POSITION:		
Restricted for scholarships	<u>\$ 432,972</u>	

BEDFORD CENTRAL SCHOOL DISTRICT

**STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	<i>Private Purpose Trust</i>
	<u> </u>
ADDITIONS:	
Investment earnings	\$ 1,639
Total additions	1,639
 DEDUCTIONS:	
Scholarships and awards	<u>31,370</u>
 CHANGE IN NET POSITION	(29,731)
 NET POSITION - beginning of year	<u>462,703</u>
 NET POSITION - end of year	<u>\$ 432,972</u>

The accompanying notes are an integral part of these statements.

BEDFORD CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bedford Central School District provides K-12 public education to students living within its geographic boundaries.

The financial statements of Bedford Central School District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting principles and policies utilized by the District are described below:

Reporting Entity

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education. The President of the Board of Education serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and oversees all activities related to public school education within the District. The Board of Education has the authority to set policy, make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of an entity included in the District's reporting entity.

Extraclassroom Activity Funds

The extraclassroom activity funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements, (cash basis) of the extraclassroom activity funds can be found at the District's business office and on the District's website. The District accounts for assets held as an agent for various student organizations in an agency fund.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Joint Venture

The Bedford Central School District is one of 18 component school districts in the Putnam/Northern Westchester Board of Cooperative Education Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)).

In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n (a) of the New York State General Municipal Law.

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

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

Basis of Presentation

The District's financial statements consist of district-wide financial statements, including a Statement of Net Position and a Statement of Activities and Change in Net Position, and fund level financial statements which provide more detailed information. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues and expenditures, as appropriate. Governmental resources are allocated to and accounted in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-Wide Statements

The statement of net position and the statement of activities and changes in net position present financial information about the District's governmental activities and deferred outflows and inflows are included on the statement of net position. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to eliminate the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenue, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital), grants, while the capital grants column reflects capital-specific grants.

The statement of activities presents a comparison between program expenses and revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenue include charges paid by the recipients of goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements

The District uses funds to maintain its accounting records. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. The fund 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 fund financial statements is on major governmental funds, each displayed in a separate column.

The accounts of the District are organized into funds or account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflow of resources, liabilities, deferred inflows of resources, fund balances, revenue, and expenditures. The various funds are summarized by type in the financial statements. Significant transactions between funds within a fund type have been eliminated. The fund types and account groups used by the District are as follows:

Governmental Fund Types

Governmental funds are those in which most governmental functions of the District are reported. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities (except those accounted for in the proprietary and fiduciary funds) are accounted for through the governmental funds. The measurement focus is upon determination of the changes in financial position rather than upon determination of net income.

The District reports the following major governmental funds:

- **General Fund:** This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.
- **Capital Projects Funds:** These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

The District reports the following non-major governmental funds:

- **Special Revenue Funds:** These funds account for the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditures for specified purposes, child nutrition and school store operations or other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties. The District uses two special revenue funds:
 - **Special Aid Fund:** Used to account for special operating projects or programs supported in whole, or in part, with Federal funds or State or Local grants.
 - **School Lunch Fund:** Used to account for transactions of the lunch and breakfast programs.
- **Debt Service Fund:** This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the District as an agent for individuals, private organizations, other governmental units, and/or other funds.

Fiduciary Fund: This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the Government-wide financial statements, because their resources do not belong to the District, and are not available to be used. There are two classes of fiduciary funds:

- *Private purpose trust funds:* These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.
- *Agency funds:* These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

Use of Estimates

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

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured, whereas basis of accounting refers to when revenues and expenditures are recognized. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

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 transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Cash and Cash Equivalents

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

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

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

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

The District participates in the New York Cooperative Liquid Assets Securities System (NYCLASS), a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law, whereby it holds a portion of the investments in cooperation with other participants. At June 30, 2020, the District held \$10,960,065 in investments consisting of various investments in securities issued by the United States and its agencies. NYCLASS is rated 'AAAm' by S&P Global Ratings. The investments are highly liquid and the amount held represents the cost of the investment pool shares, which are considered to approximate fair value. Due to the highly liquid nature of these investments, they are classified as cash equivalents in the financial statements. Additional information concerning NYCLASS, including the annual report, can be found on its website at www.newyorkclass.org.

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

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

Restricted Cash

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$8,425,301 within the governmental funds.

Accounts Receivable

Accounts receivable are shown gross. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Inventory and Prepaid Expenditures

Inventory of food in the school lunch fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates fair value. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures in both the Government-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method.

A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A reserve for these non-liquid assets (inventories) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

Interfund Transactions

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

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

Capital Assets, Net

Capital assets, net are reflected in the Government-wide financial statements. Capital assets are reported at actual cost, when the information is available, or estimated historical costs, based on appraisals conducted by independent third-party professionals, net of accumulated depreciation. Donated assets are reported at estimated fair value at the time received.

All capital assets, except for land and construction in progress are depreciated on a straight line basis over the estimated useful lives. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the Government-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 5,000	SL	20-50 years
Machinery and equipment	\$ 5,000	SL	5-20 years

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position sometimes reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has the following items that qualify for reporting in this category:

- Deferred charges resulting from pension and OPEB contributions made subsequent to the measurement date of the plan. The amortization is expensed against pension expense and OPEB expense in future periods.
- Deferred charges resulting from differences between projected and actual earnings on pension plan investments of the plan. The amortization is expensed against pension expense in future periods.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

The government has the following items that qualify for reporting in this category;

- Deferred charge (gain) on a bond refunding. A deferred charge on refunding results from the difference in the carrying value of the refunding debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The amortization is expensed against interest expense in future periods.
- The net amount of the District's balances of deferred inflows of resources related to pensions is reported in the government-wide Statement of Net Position as deferred inflows of resources. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and the difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense.
- Deferred charges resulting from changes of benefit terms, differences between expected and actual experience, and changes in assumptions related to OPEB. The amortization is offset against OPEB expense in future periods.

Vested Employee Benefits

Compensated Absences

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

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

Vacation eligibility accumulation is specified in negotiated labor contracts, and in individual employment contracts. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with generally accepted accounting principles, the liability for compensated absences has been calculated using the vesting/termination method and an accrual for that liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

1. **NATURE OF OPERATIONS AND SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Vested Employee Benefits (Continued)

Compensated Absences (Continued)

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

Retirement Benefits

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

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b).

Other Postemployment Benefits

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

Other Benefits

The District provides both health insurance coverage and dental insurance coverage for its active employees. Active employees pay a contribution toward the cost of the health plan according to the terms of their collectively bargained or individual employment contracts. The District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provisions of various employment contracts in effect at the time of retirement. Active employees and retirees participate in the District's self-insured health plan where costs are based on actual claims use. Currently, no retired active plan members in the self-insured plan are required to contribute to the plan. Future retirees, according to the dates and terms in their employment contracts, will be required to pay a contribution toward the health plan equal to the percentage they were paying in their last year of employment before retirement.

Property Taxes

Real property taxes attach as an enforceable lien on real property as of July 1st and are payable in two installments in the immediately following September and January.

The towns of Bedford, Mount Kisco, New Castle, North Castle and Pound Ridge, which are included in the District's tax levy, are responsible for the billing and collection of the taxes. The towns guarantee the full payment of the District warrant and assume responsibility for the uncollected taxes.

1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Unearned Revenue

Unearned revenue is reported when potential revenue does meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenue is removed and revenue is recorded.

Unearned revenue recorded in governmental funds is generally not recorded in the Government-wide statements.

Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the Government-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources.

Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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

Short-Term Debt

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

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

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

Restricted Resources

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

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Net Position and Fund Balance Classifications

Government-wide Statements

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

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

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

Restricted net position includes the following:

Unemployment insurance	\$ 135,369
Retirement benefits	2,545,093
Health Insurance	800,000
Insurance	62,843
Tax certiorari	3,455,831
Employee benefit liability	527,536
Repair	103,218
Capital Reserve	100,000
Debt service	813,845
Total restricted net position	<u>\$ 8,543,735</u>

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

Governmental Fund Statements

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

Non-spendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually are required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the school lunch fund and the prepaid expenses in the general fund.

Restricted fund balance – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The District has available the following restricted fund balances:

Capital

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

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Net Position and Fund Balance Classifications (Continued)
Governmental Fund Statements (Continued)

Repair

Repair reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The board of education, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the general fund under restricted fund balance.

Workers' Compensation

Workers' compensation reserve (GML §6-j) 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 self-insurance program. The reserve may be established by board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. The reserve is accounted for in the general fund under restricted fund balance.

Unemployment Insurance

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

Debt Service

Mandatory reserve for debt service (GML §6-l) is used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement.

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Net Position and Fund Balance Classifications (Continued)
Governmental Fund Statements (Continued)

Insurance

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

Liability Claims and Property Loss

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

Tax Certiorari

Tax certiorari reserve (Education Law §3651.1-a) is used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the general fund on or before the first day of the fourth fiscal year after deposit of these monies. The reserve is accounted for in the general fund under restricted fund balance.

Employee Benefit Accrued Liability

Reserve for employee benefit accrued liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the general fund under restricted fund balance.

Retirement Contribution

Retirement contribution reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of operation and condition of the fund must be provided to the board. This reserve is accounted for in the general fund under restricted fund balance.

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Net Position and Fund Balance Classifications (Continued)
Governmental Fund Statements (Continued)

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the general fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

Committed fund balance – Includes amounts that can be used for the specific purposes pursuant to constraints imposed by formal action of the District’s highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2020.

Assigned fund balance – Includes amounts that are constrained by the District’s intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the general fund are classified as assigned fund balance in the general fund. As of June 30, 2020, the District’s encumbrances were classified as follows:

General Support	\$ 878,194
Instruction	838,125
Pupil Transportation	960,579
Employee Benefits	283,720
	<u>\$ 2,960,618</u>

Unassigned fund balance - Includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District.

New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds the District can retain to no more than 4% of the District’s budget for the general fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

Order of Fund Balance Spending Policy

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

1. **NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Explanation of Certain Differences between Governmental Fund Statements and Government-Wide Statements

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the statement of activities compared with the current financial resources focus of the governmental funds.

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

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the statement of net position. This difference primarily results from the additional long-term economic focus of the statement of net position versus the solely current financial resources focus of the governmental fund balance sheets.

Statement of Revenue, Expenditures, and Changes in Fund Balance vs. Statement of Activities

Differences between the governmental funds statement of revenue, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories.

Long-Term Revenue and Expense Differences

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

Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities and changes in net position, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the statement of activities.

Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.

**1. NATURE OF OPERATIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(Continued)**

Stewardship, Compliance, And Accountability

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

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year.

Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

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

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

2. CASH

The District's aggregate bank balances included balances not covered by depository insurance at year-end and were collateralized as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Cash and cash equivalents, including trust funds	\$ <u>21,769,304</u>	\$ <u>18,180,143</u>
Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name	\$ 21,269,304	
Covered by FDIC insurance	<u>500,000</u>	
Total	<u>\$ 21,769,304</u>	

2. CASH (Continued)

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes.

General fund:

Cash on deposit for reserves	
Unemployment insurance	\$ 135,369
Retirement	2,545,093
Insurance	62,843
Health insurance	800,000
Tax certiorari	3,455,831
Capital	100,000
Employee benefits liability	527,536
Repair	<u>103,218</u>
Total general fund restricted cash	<u>\$ 7,729,890</u>
Total capital project fund restricted cash	<u>\$ 534,018</u>
Total debt service fund restricted cash	<u>\$ 161,393</u>

Fiduciary funds:

Cash on deposit for scholarships, private purpose trust funds, and extraclassroom activity funds	<u>\$ 546,745</u>
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3. PARTICIPATION IN BOCES

During the year, the District was billed \$4,870,049 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$927,815.

4. CAPITAL ASSETS, NET

Capital asset balances and activity for the year ended June 30, 2020, were as follows:

	July 1, 2019 <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	June 30, 2020 <u>Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 2,021,645	\$ -	\$ -	\$ 2,021,645
Construction in progress	<u>3,915,451</u>	<u>308,382</u>	<u>-</u>	<u>4,223,833</u>
Total non-depreciable cost	<u>5,937,096</u>	<u>308,382</u>	<u>-</u>	<u>6,245,478</u>
Capital assets that are depreciated:				
Land improvements	6,378,430	26,225	-	6,404,655
Buildings and improvements	163,943,120	44,640	-	163,987,760
Furniture and equipment	5,553,761	1,356,313	-	6,910,074
Vehicles	<u>439,035</u>	<u>-</u>	<u>-</u>	<u>439,035</u>
Total depreciable historical cost	<u>176,314,346</u>	<u>1,427,178</u>	<u>-</u>	<u>177,741,524</u>
Less accumulated depreciation:				
Land improvements	1,841,707	351,976	-	2,193,683
Buildings and improvements	49,348,112	3,584,320	-	52,932,432
Furniture and equipment	3,034,150	160,291	-	3,194,441
Vehicles	<u>245,828</u>	<u>31,294</u>	<u>-</u>	<u>277,122</u>
Total accumulated depreciation	<u>54,469,797</u>	<u>4,127,881</u>	<u>-</u>	<u>58,597,678</u>
Total capital assets, net	<u>\$127,781,645</u>	<u>\$ (2,392,321)</u>	<u>\$ -</u>	<u>\$125,389,324</u>

Depreciation expense for the year ended June 30, 2020, was allocated to specific functions as follows:

General government support	\$ 160,530
Instruction	3,952,386
Cost of sales	4,989
Transportation	<u>9,976</u>
Total Depreciation	<u>\$ 4,127,881</u>

5. SHORT-TERM DEBT

Transactions in short-term debt for the year ended June 30, 2020 are as follows:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN	7/12/2019	2.570%	\$ 1,627,314	\$ -	\$ 1,627,314	\$ -
BAN	7/12/2019	3.000%	978,438	-	978,438	-
			<u>\$ 2,605,752</u>	<u>\$ -</u>	<u>\$ 2,605,752</u>	<u>\$ -</u>

6. LONG-TERM DEBT

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

Interest paid	\$ 2,418,206
Less : interest accrued in the prior year	(1,004,934)
Less : amortization of gain on refunding	(237,677)
Plus: borrowing costs	80,943
Plus : interest accrued in the current year	<u>670,106</u>
Total expense	<u>\$ 1,926,644</u>

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>	<u>Due Within One Year</u>	<u>Long-term Portion</u>
Government activities:						
Bonds and notes payable:						
Serial Bonds	\$ 59,345,000	\$ 3,924,647	\$ 7,260,000	\$ 56,009,647	\$ 6,289,647	\$ 49,719,999
Bonds premium, net	-	581,259	-	581,259	-	581,259
Installment-purchase obligations	<u>1,177,749</u>	<u>1,310,089</u>	<u>865,963</u>	<u>1,621,875</u>	<u>667,366</u>	<u>954,509</u>
Total bonds and notes payable	60,522,749	5,815,995	8,125,963	58,212,781	6,957,013	51,255,767
Other long-term debt:						
Compensated Absences (*)	609,592	-	5,088	604,504	-	604,504
Termination benefits payable (*)	2,409,579	-	86,372	2,323,207	-	2,323,207
Net pension liability - ERS (*)	3,428,070	10,004,536	-	13,432,606	-	13,432,606
Total other postemployment benefits	<u>241,474,492</u>	<u>81,238,941</u>	<u>7,632,998</u>	<u>315,080,435</u>	<u>-</u>	<u>315,080,435</u>
Total Long Term Debt	<u>\$308,444,482</u>	<u>\$ 97,059,472</u>	<u>\$ 15,850,421</u>	<u>\$389,653,533</u>	<u>\$ 6,957,013</u>	<u>\$382,696,519</u>

(*) - increases or reductions are shown as net change as it is impractical to determine changes.

6. LONG-TERM DEBT (Continued)

Issue dates, maturities, and interest rates on outstanding debt are as follows:

<u>Bond Issue</u>	<u>Issued</u>	<u>Maturity</u>	<u>Interest Rate</u>	June 30, 2020
				<u>Balance</u>
Refunding bond - 2012	2012	2022	2.0 - 4.0%	\$ 4,495,000
Refunding bond - 2014	2014	2025	2.5- 5.0%	19,180,000
Serial bond - 2018	2018	2033	3.00%	28,570,000
Serial bond - 2019	2019	2033	1.45-2.52%	959,646
BOCES project bond - 2019	2019	2033	1.22-2.2%	1,435,000
Refunding bond - 2020	2020	2028	5.00%	1,370,000
				<u>\$ 56,009,646</u>

The following is a summary of the maturity of bonds payable:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 6,289,647	\$ 1,791,041	\$ 8,080,688
2022	6,585,000	1,493,094	8,078,094
2023	6,575,000	1,243,891	7,818,891
2024	5,410,000	1,034,156	6,444,156
2025-2029	18,405,000	3,069,038	21,474,038
2030-2034	<u>12,745,000</u>	<u>996,375</u>	<u>13,741,375</u>
Total	<u>\$ 56,009,647</u>	<u>\$ 9,627,595</u>	<u>\$ 65,637,242</u>

The following is a summary of the maturity of installment purchase debt:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 667,366	\$ 38,367	\$ 705,733
2022	479,710	21,452	501,162
2023	337,636	8,236	345,872
2024	111,019	1,273	112,292
2025	<u>26,144</u>	<u>141</u>	<u>26,285</u>
	<u>\$ 1,621,875</u>	<u>\$ 69,469</u>	<u>\$ 1,691,344</u>

7. INTERFUND BALANCES AND ACTIVITY

	Interfund		Interfund	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenue</u>	<u>Expenditures</u>
General fund	\$ 1,806,570	\$ 995,433	\$ -	\$ 723,555
Special aid fund	7,928	1,329,818	223,555	-
School lunch fund	-	7,410	-	-
Debt service fund	656,723	4,271	-	-
Capital projects funds	942,777	690,459	500,000	-
Fiduciary funds	44,828	431,435	-	-
Total	<u>\$ 3,458,826</u>	<u>\$ 3,458,826</u>	<u>\$ 723,555</u>	<u>\$ 723,555</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the statement of net position.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

All interfund payables are expected to be repaid within one year.

8. PENSION PLANS

New York State Employee Retirement System (NYSERS)

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

8. PENSION PLANS (Continued)

New York State Employee Retirement System (NYSERS) (Continued)

Contributions

The NYSERS is noncontributory except for employees who joined the NYSERS after July 27, 1976, who contribute 3.0% percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% percent of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the NYSERS' fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

2020	\$	2,085,308
2019	\$	2,008,227
2018	\$	2,086,870

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

At June 30, 2020, the District reported a net pension liability of \$13,432,606 for its proportionate share of the NYSERS net pension liability. The net pension liability was measured as of March 31, 2020 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2020, the District's proportion was .0507263%, which was an increase of .0023435% from its proportion at share measured at **June 30, 2019**.

For the year ended June 30, 2020, the District recognized pension expense of \$4,661,023. At June 30, 2020, the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 790,563	\$ -
Changes of Assumptions	270,469	233,545
Net difference between projected and actual earnings on pension plan investments	6,886,207	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	364,263	104,050
Contributions subsequent to the measurement date	887,303	-
	<u>\$ 9,198,805</u>	<u>\$ 337,595</u>

The District recognized \$887,303 as deferred outflows of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2020 which will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

8. PENSION PLANS (Continued)

New York State Employee Retirement System (NYSERS) (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

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

Plan's Year Ended March 31:		
	2021	\$ 1,378,965
	2022	1,989,480
	2023	2,554,318
	2024	2,051,144
		<u>\$ 7,973,907</u>

Actuarial Assumptions

The total pension liability at March 31, 2020 was determined by using an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension liability to March 31, 2020.

The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.5 percent
Salary scale	4.2 percent indexed by service
Projected COLAs	1.3% compounded annually
Decrement	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2018
Investment Rate of Return	6.8% compounded annually, net of investment expenses

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

8. PENSION PLANS (Continued)

New York State Employee Retirement System (NYERS) (Continued)

Actuarial Assumptions (Continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2020 are summarized below:

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	36.0%	4.05%
International Equity	14.0%	6.15%
Private Equity	10.0%	6.75%
Real Estate	10.0%	4.95%
Absolute Return Strategies	2.0%	3.25%
Opportunistic Portfolio	3.0%	4.65%
Real Assets	3.0%	5.95%
Bonds & Mortgages	17.0%	0.75%
Cash	1.0%	0.00%
Inflation-Indexed Bonds	4.0%	0.50%
	<u>100%</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 6.8%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

8. PENSION PLANS (Continued)

New York State Employee Retirement System (NYSERS) (Continued)

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.8 %, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

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

	1 % Decrease <u>(5.8%)</u>	Current Assumption <u>(6.8%)</u>	1% Increase <u>(7.8%)</u>
Proportionate Share of Net Pension liability (asset)	\$ 24,652,625	\$ 13,432,606	\$ 3,098,921

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of March 31, 2020 were as follows:

	Pension Plan's Fiduciary Net Position <u>(Dollars in thousands)</u>
Total pension liability	\$ 194,596,261
Net position	<u>168,115,682</u>
Net pension liability (asset)	<u>\$ 26,480,579</u>
Fiduciary net position as a percentage of total pension liability	86.39%

8. PENSION PLANS (Continued)

New York State Teacher Retirement System

The District participates in the New York State Teachers' Retirement System (NYSTRS). This is a cost-sharing, multiple employer public employee retirement system. NYSTRS offers a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

The New York State Teachers' Retirement Board administers NYSTRS. NYSTRS 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. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the system. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

Contributions

NYSTRS is noncontributory for employees who joined prior to July 27, 1976. For employees who joined NYSTRS after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, contributions of 3.5% are paid throughout their active membership.

For employees who joined after April 1, 2012, required contributions of 3.5% of their salary are paid until April 1, 2013 and they then contribute 3% to 6% of their salary throughout their active membership. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The District is required to contribute at an actuarially determined rate. The District contributions made to NYSTRS were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

2020	\$ 5,660,271
2019	\$ 5,052,482
2018	\$ 5,903,373

8. PENSION PLANS (Continued)

New York State Teacher Retirement System (NYSTRS) (Continued)

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

At June 30, 2020, the District reported net pension asset of \$8,295,725 for its proportionate share of the NYSTRS net pension asset. The net pension asset was measured as of **June 30, 2019**, and the total pension liability used to calculate the net pension asset was determined by the actuarial valuation as of June 30, 2018. The District's proportion of the net pension asset was based on a projection of the Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2020 the District's proportionate share was 0.319311%, which was an increase of 0.002801% from its proportionate share measured at June 30, 2019.

For the year ended June 30, 2020, the District recognized pension expense of \$10,355,893. At June 30, 2020 the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,621,801	\$ 616,886
Changes of Assumptions	15,671,734	3,821,212
Net difference between projected and actual earnings on pension plan investments	-	6,652,743
Changes in proportion and differences between the District's contributions and proportionate share of contributions	1,074,564	392,558
Contributions subsequent to the measurement date	5,324,792	-
	<u>\$ 27,692,891</u>	<u>\$ 11,483,399</u>

The District recognized \$5,324,792 as deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date **June 30, 2019**, will be recognized as a reduction of the net pension asset in the year ending June 30, 2021.

Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ended June 30:	
2020	\$ 3,905,723
2021	390,763
2022	3,892,119
2023	2,694,206
2024	304,716
Thereafter	(302,827)
	<u>\$ 10,884,700</u>

8. PENSION PLANS (Continued)

New York State Teacher Retirement System (NYSTRS) (Continued)

Actuarial Assumptions

The total pension liability at the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018 with update procedures used to roll forward the total pension liability to June 30, 2019. The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.20%
Projected Salary Increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.

<u>Service</u>	<u>Rate</u>
5	4.72%
15	3.46%
25	2.37%
35	1.90%

Projected COLAs	1.30% compounded annually
Investment Rate of Return	7.10% compounded annually, net of pension plan investment expense, including inflation.

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on society of Actuaries Scale MP-2018, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

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

8. PENSION PLANS (Continued)

New York State Teacher Retirement System (NYSTRS) (Continued)

Actuarial Assumptions (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the Systems target asset allocation as of the measurement date of June 30, 2019 are summarized in the following table:

<u>Asset Type</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	33.0%	6.3%
International Equity	16.0%	7.8%
Global Equity	4.0%	7.2%
Real Estate Equity	11.0%	4.6%
Private Equity	8.0%	9.9%
Domestic Fixed Income	16.0%	1.3%
Global Bonds	2.0%	0.9%
Private Debt	1.0%	6.5%
Real Estate Debt	7.0%	2.9%
High-yield Bonds	1.0%	3.6%
Cash Equivalents	1.0%	0.3%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2019 was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the NYSTRS' 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.

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

The following presents the net pension liability (asset) of the District using the discount rate of 7.10%, as well as what the school districts' net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1 % Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
Proportionate Share of Net Pension liability (asset)	\$ 37,446,035	\$ (8,295,725)	\$ (46,667,899)

8. PENSION PLANS (Continued)

Pension Plan Fiduciary Net Position

The components of the collective net pension liability (asset) of the participating school districts as of June 30, 2019 were as follows:

	Pension Plan's Fiduciary Net Position
Total pension liability	\$119,879,473,882
Net position	<u>122,477,480,654</u>
Net pension liability (asset)	<u><u>\$ (2,598,006,772)</u></u>
Fiduciary net position as a percentage of total pension liability	102.17%

9. OTHER POST-EMPLOYMENT BENEFITS

Plan Description

The District's defined benefit OPEB plan, provides OPEB for all employees who meet the NYSTRS/NYSERS eligibility requirements. Teachers and Administrators age 55 with 5 years of service who are eligible to retire and collect benefits according to the NYSTRS are eligible for retiree health care benefits for life from the District. Support staff hired before January 1, 2010 age 55 with 5 years of service are eligible to retire and collect benefits for life from the District according to NYSERS. Members after January 1, 2010 must be 55 years old with 10 years of service to qualify for NYSERS health care benefits.

The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

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

Employees Covered by Benefit Terms

At June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries	
currently receiving benefits	463
Active employees	<u>544</u>
Total participants	<u><u>1,007</u></u>

9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

Total OPEB Liability

The District's total OPEB liability of \$315,080,435 was measured as of June 30, 2020, and was determined by an actuarial valuation as of June 30, 2018.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.20%
Payroll Growth	3.00%
Discount Rate	2.21%
Healthcare Cost Trend Rates	5.4% for 2019, decreasing to an ultimate rate of 3.8% by 2075
Share of Benefit-Related Costs	Varies based on applicable bargaining unit

The discount rate was based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were RP-2014 adjusted to 2006 Total Dataset Mortality Table projected to the valuation date with Scale MP-2018.

Changes in the Total OPEB Liability

Balance at July 1, 2019	<u>\$ 241,474,493</u>
Changes for the Year	
Service cost	9,429,016
Interest	8,673,909
Changes of benefit terms	-
Changes in assumptions or other inputs	62,271,693
Differences between expected and actual experience	864,322
Benefit payments	<u>(7,632,998)</u>
Net changes	<u>73,605,942</u>
Balance at June 30, 2020	<u>\$ 315,080,435</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.51% in 2019 to 2.21% in 2020.

9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21%) or 1 percentage point higher (3.21%) than the current discount rate:

	1% Decrease <u>(1.21%)</u>	Current Discount <u>(2.21%)</u>	1% Increase <u>(3.21%)</u>
Total OPEB Liability	<u>\$ 377,728,955</u>	<u>\$ 315,080,435</u>	<u>\$ 265,948,506</u>

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.40%) or 1 percentage point higher (6.40%) than the current healthcare cost trend rate:

	<u>Healthcare Cost Trend</u>		
	1% Decrease <u>(4.40%)</u>	Current <u>(5.40%)</u>	1% Increase <u>(6.40%)</u>
Total OPEB Liability	<u>\$ 255,354,972</u>	<u>\$ 315,080,435</u>	<u>\$ 394,824,422</u>

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$30,445,779. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,353,636	\$ -
Changes of assumptions or other inputs	<u>60,880,579</u>	<u>4,911,962</u>
Total	<u>\$ 65,234,215</u>	<u>\$ 4,911,962</u>

9. OTHER POST-EMPLOYMENT BENEFITS (Continued)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

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

Fiscal year ending June 30:		
2021	\$	12,342,854
2022		12,342,854
2023		12,342,854
2024		12,771,025
2025		10,522,666
Thereafter		-
	\$	<u>60,322,253</u>

10. DEFERRED INFLOWS OF RESOURCES – GAIN ON REFUNDING

The gain on defeasance pertaining to the 2009, 2011 and 2014 refunding is recorded in the District Wide Financial Statements as deferred inflows of resources. The gain on defeasance on the advanced refunding is being amortized on the District Wide Financial Statements using the straight line method over 9 years, 11 years and 11 years, respectively.

11. TERMINATION BENEFITS PAYABLE

The District offers a retirement award to teachers and non-instructional staff outlined in their employment contracts. For teachers, a retirement award of 1% of the final year's salary, for each year of teaching service, is available to those who have been in the employ of the District for at least 10 years and who have sufficient service credit with the New York State Teachers' Retirement System or a teacher who has not yet reached age 55 but has served 25 years in one district and submits a notice of retirement from public education in New York State. Those who submit their resignation by May 1st of the year prior to the last year before retirement, shall be paid in addition to and as part of their regular salary, during the last year before retirement. Notices made at later dates will cause deferral of payment until the year following retirement. For non-instructional staff, hired before November 13, 1998 who have at least 20 years of service, a retirement award of one and one quarter percent (1.25%) for each year of service, of the final year's salary, is available to those who are eligible to retire with pension benefits pursuant to New York State Employees' Retirement System. Those eligible employees who have served at least 10 years but less than 20 years shall receive the award at three quarters of one percent (.75%) of final pay for each year of service. Notification to the District is required five or more months prior to the date of retirement. The current value of retirement awards earned is \$2,323,207 and is recorded as a long-term liability on the Statement of Net Position.

12. RISK MANAGEMENT

General Insurance - The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

The District participates in New York Schools Insurance Reciprocal (NYSIR), a non-risk-retained public entity risk pool for its District property and liability insurance coverage. The pool is operated for the benefit of individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events and the District has essentially transferred all related risk to the pool.

Workers' Compensation Insurance – The District participates in the Putnam/Northern Westchester School Cooperative Workers' Compensation Self-Insurance Plan, a risk sharing pool, to insure workers' compensation claims. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risk related to Workers' Compensation Claims. The Workers' Compensation Plan's total discounted liability for unbilled and open claims at June 30, 2020 was \$21,921,170 with a discount rate of 2.0%. The District's share of the liability for unbilled and open claims is \$810,864.

13. CONTINGENCIES AND COMMITMENTS

The District has received grants which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the District's administration believes disallowances, if any, will be immaterial. The District has tax certiorari pending with certain property owners. While the outcome of these matters is uncertain, the District intends to vigorously defend its position.

14. COVID-19 PANDEMIC

As of the date of this report, the United States is in the midst of a national health emergency related to a virus, commonly known as novel coronavirus (COVID-19). The School District was closed effective March 16, 2020 and did not re-open during the 2020 academic year. The School District has developed a re-opening plan for the 2020-2021 school year and will resume educating students in September. Instruction will be a mix of in-person and virtual education.

Businesses throughout NYS remain closed or are operating significantly below their capacity. New York State has publicly stated that COVID-19 will have a significant negative impact on its revenues and its 2020-21 budget. In August 2020 the New York State Department of Education notified all school districts that effective immediately all future payments of state aid will be reduced by a 20% withholding and that this withholding may become a permanent reduction in aid. As a result, at June 30, 2020, the School District has recorded a deferred inflow of resources in the amount of \$251,165 in the General fund.

It is difficult at this time to predict with certainty the full effect this impact may have on future State aid payments to the School District. However, at this time it appears that NYS will be withholding 20% of substantially all aid payments for the foreseeable future. The School District planned for the effects of such a reduction during its 2020/2021 budget process.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

BEDFORD CENTRAL SCHOOL DISTRICT

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual (Budgetary Basis)</i>	<i>Encumbrances</i>	<i>Final Budget Variance with Budgetary Actual</i>
REVENUE					
Local sources:					
Real property taxes	\$ 125,716,242	\$ 120,517,345	\$ 120,408,007	\$ -	\$ (109,338)
Other tax items	1,550,000	6,748,897	7,412,796	-	663,899
Charges for services	1,549,000	1,593,625	1,217,939	-	(375,686)
Use of money and property	650,000	650,000	658,758	-	8,758
Sale of property and compensation for loss	-	-	13,254	-	13,254
Miscellaneous	<u>947,737</u>	<u>1,091,422</u>	<u>1,756,824</u>	-	<u>665,402</u>
Total local sources	130,412,979	130,601,289	131,467,578	-	866,289
State sources	<u>7,788,919</u>	<u>7,838,919</u>	<u>7,601,721</u>	-	<u>(237,198)</u>
Total revenue	<u>138,201,898</u>	<u>138,440,208</u>	<u>139,069,299</u>	-	<u>629,091</u>

(Continued)

BEDFORD CENTRAL SCHOOL DISTRICT

**SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (UNAUDITED) (Continued)
FOR THE YEAR ENDED JUNE 30, 2020**

	<i>Original Budget</i>	<i>Final Budget</i>	<i>Actual (Budgetary Basis)</i>	<i>Encumbrances</i>	<i>Variance with Budgetary Actual and Encumbrances</i>
EXPENDITURES					
GENERAL SUPPORT:					
Board of education	\$ 88,121	\$ 220,955	\$ 175,240	\$ 40,233	\$ 5,482
Central administration	424,757	538,494	518,363	-	20,131
Finance	1,034,567	1,060,726	1,018,296	30,672	11,758
Staff	800,296	1,099,246	966,684	13,395	119,167
Central services	8,085,445	9,163,039	7,871,801	789,644	501,594
Special items	<u>1,810,833</u>	<u>2,173,990</u>	<u>1,913,338</u>	<u>4,250</u>	<u>256,402</u>
Total general support	<u>12,244,019</u>	<u>14,256,450</u>	<u>12,463,722</u>	<u>878,194</u>	<u>914,534</u>
INSTRUCTION:					
Instruction, administration, and improvement	5,254,817	5,252,065	4,768,151	255,282	228,632
Teaching - regular school	43,171,940	42,614,856	42,007,759	109,467	497,630
Programs for children with handicapping conditions	13,696,364	16,015,721	15,512,936	198,575	304,210
Teaching - special school	-	2,332	2,332	-	-
Occupational education	1,146,097	1,146,456	1,146,456	-	-
Instructional media	2,587,933	2,807,848	2,573,483	111,771	122,594
Pupil services	<u>6,253,229</u>	<u>6,495,974</u>	<u>6,262,094</u>	<u>163,030</u>	<u>70,850</u>
Total instruction	72,110,380	74,335,252	72,273,211	838,125	1,223,916
Pupil transportation	10,046,989	9,026,263	6,245,693	960,579	1,819,991
Employee benefits	34,584,961	34,161,775	32,379,593	283,720	1,498,462
Debt service - principal	6,483,206	6,483,270	6,451,007	-	32,263
Debt service - interest	<u>2,424,343</u>	<u>2,431,003</u>	<u>2,413,935</u>	<u>-</u>	<u>17,068</u>
Total expenditures	137,893,898	140,694,013	132,227,161	2,960,618	5,506,234
OTHER FINANCING SOURCES (USES)					
Transfers (to) other funds	<u>(658,000)</u>	<u>(723,555)</u>	<u>(723,555)</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(658,000)</u>	<u>(723,555)</u>	<u>(723,555)</u>	<u>-</u>	<u>-</u>
Total expenditures and other financing sources (uses)	<u>138,551,898</u>	<u>141,417,568</u>	<u>132,950,716</u>	<u>\$ 2,960,618</u>	<u>\$ 5,506,234</u>
NET CHANGE IN FUND BALANCE	(350,000)	(2,977,360)	6,118,583		
FUND BALANCE - beginning of year	<u>14,539,508</u>	<u>14,539,508</u>	<u>14,539,508</u>		
FUND BALANCE - end of year	<u>\$ 14,189,508</u>	<u>\$ 11,562,148</u>	<u>\$ 20,658,091</u>		

The accompanying notes are an integral part of these schedules

BEDFORD CENTRAL SCHOOL DISTRICT

**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)						
	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)	0.0507263%	0.0483828%	0.0487249%	0.0529451%	0.0519753%	0.5378770%	0.5378770%
Proportionate share of the net pension liability (asset)	\$ 13,433	\$ 3,428	\$ 1,573	\$ 4,975	\$ 8,342	\$ 1,817	\$ 2,431
Covered-employee payroll	\$ 15,435	\$ 14,874	14,007	\$ 14,415	\$ 13,720	\$ 14,060	\$ 13,858
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	87.03%	23.05%	11.23%	34.51%	60.80%	12.92%	17.54%
Plan fiduciary net position as a percentage of the total pension liability (asset)	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%	97.20%

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)						
	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset)	0.0319311%	0.3165100%	0.3178580%	0.3417060%	0.3344890%	0.3358220%	0.3391420%
Proportionate share of the net pension liability (asset)	\$ (8,296)	\$ (5,723)	\$ (2,416)	\$ 3,660	\$ (34,743)	\$ (37,408)	\$ (2,232)
Covered-employee payroll	\$ 54,302	\$ 53,298	51,556	\$ 52,522	\$ 52,675	\$ 50,852	\$ 50,803
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-15.28%	-10.74%	-4.69%	6.97%	-65.96%	-73.56%	-4.39%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

NOTE - This schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

BEDFORD CENTRAL SCHOOL DISTRICT

**SCHEDULE OF CONTRIBUTIONS - PENSION PLANS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)						
	2020	2019	2018	2017	2016	2015	2014
NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN							
Contractually required contribution	\$ 2,085.3	\$ 2,008.2	\$ 2,086.9	\$ 2,199.0	\$ 2,451.5	\$ 2,671.1	\$ 2,800.1
Contributions in relation to the contractually required contribution	2,085.3	2,008.2	2,086.9	2,199.0	2,451.5	2,671.1	2,800.1
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 15,435	\$ 14,874	\$ 14,007	\$ 14,415	\$ 13,720	\$ 14,060	\$ 13,858
Contributions as a percentage of covered-employee payroll	13.51%	13.50%	14.90%	15.26%	17.87%	19.00%	20.21%

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)						
	2020	2019	2018	2017	2016	2015	2014
NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN							
Contractually required contribution	\$ 5,660.3	\$ 5,025.5	\$ 5,903.4	\$ 6,991.8	\$ 6,984.7	\$ 8,807.9	\$ 8,061.0
Contributions in relation to the contractually required contribution	5,660.3	5,025.5	5,903.4	6,991.8	6,984.7	8,807.9	8,061.0
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 54,302	\$ 53,298	\$ 51,556	\$ 52,522	\$ 52,675	\$ 50,852	\$ 50,803
Contributions as a percentage of covered-employee payroll	10.42%	9.43%	11.45%	13.31%	13.26%	17.32%	15.87%

NOTE - This schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

BEDFORD CENTRAL SCHOOL DISTRICT

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

	Last 10 Fiscal Years		
	2020	2019	2018
Total OPEB Liability			
Service cost	\$ 9,429,016	\$ 8,213,057	\$ 7,530,784
Interest	8,673,909	8,624,451	7,615,636
Changes of benefit terms	-	-	-
Differences between expected and actual experience	864,322	5,450,052	-
Changes in assumptions	62,271,694	13,481,251	(8,917,061)
Benefit payments	(7,632,998)	(6,904,947)	(6,345,998)
Total change in total OPEB liability	73,605,943	28,863,864	(116,639)
Total OPEB liability - beginning	241,474,492	212,610,628	212,727,267
Total OPEB liability - ending	\$ 315,080,435	\$ 241,474,492	\$ 212,610,628
Covered-employee payroll	\$ 71,120,181	\$ 71,120,181	\$ 68,133,855
Total OPEB liability as a percentage of covered-employee payroll	443.03%	339.53%	312.05%

Notes to schedule:

Changes of assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following reflects the discount rate used each period:

Discount rate	2.21%	3.51%	3.87%
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Plan Assets. No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

NOTE - This schedule is intended to show information for 10 years. Additional years will be displayed as the information becomes available.

The accompanying notes are an integral part of these schedules.

OTHER INFORMATION

BEDFORD CENTRAL SCHOOL DISTRICT

**SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET
AND THE SECTION 1318 OF REAL PROPERTY TAX LIMIT (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget	\$ 138,551,898
Add: Prior year's encumbrances	<u>2,202,717</u>
Original budget	140,754,615
Budget revisions	<u>662,953</u>
Final budget	<u>\$ 141,417,568</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-21 voter-approved expenditure budget	\$ 139,737,083
Maximum allowed (4% of 2020-21 budget)	<u>\$ 5,589,483</u>
General fund, fund balance subject to section 1318 of real property tax law*:	
Unrestricted fund balance:	
Assigned fund balance	\$ 4,333,766
Unassigned fund balance	<u>8,592,792</u>
Total Unrestricted Fund Balance	<u>\$ 12,926,558</u>
Less:	
Appropriated fund balance	\$ 1,373,148
Encumbrances included in assigned fund balance	<u>2,960,618</u>
Total adjustments	<u>\$ 4,333,766</u>
General fund, fund balance subject to section 1318 of real property tax law	<u>\$ 8,592,792</u>
Actual percentage	6.15%

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

BEDFORD CENTRAL SCHOOL DISTRICT

**SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

PROJECT TITLE	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2020
			Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
<u>Capitalized:</u>											
13-14 Bond Authorization \$31.8 million	\$ 31,828,238	\$ 31,828,238	\$ 31,297,485	\$ 280,245	\$ 31,577,730	\$ 250,508	\$ 30,659,647	\$ 7,000	\$ 1,168,591	\$ 31,835,238	\$ 257,508
01-02 Interfund transfers	635,000	635,000	615,331	-	615,331	19,669	-	-	635,000	635,000	19,669
02-03 Interfund transfers	470,000	470,000	470,000	-	470,000	-	-	-	470,000	470,000	-
04-05 Interfund transfers	1,314,005	1,314,005	1,239,504	-	1,239,504	74,501	-	-	1,314,005	1,314,005	74,501
06-07 Interfund transfers	1,004,464	1,004,464	969,464	-	969,464	35,000	-	-	1,004,464	1,004,464	35,000
10-11 Interfund transfers	255,000	255,000	235,000	-	235,000	20,000	-	-	255,000	255,000	20,000
14-15 Interfund transfers - capitalized	57,851	57,851	57,851	-	57,851	-	-	-	57,851	57,851	-
14-15 Canon Lease - Copiers	591,301	591,301	591,301	-	591,301	-	591,301	-	-	591,301	-
17-18 Interfund transfers	349,060	349,060	286,309	45,011	331,320	17,740	-	-	349,000	349,000	17,680
18-19 Interfund transfers	200,000	200,000	147,606	29,354	176,960	23,040	-	-	200,000	200,000	23,040
17-18 Computer Lease	-	76,088	76,088	-	76,088	-	-	76,088	-	76,088	-
17-18 Smart School Bond Act	76,088	675,368	675,368	-	675,368	-	675,368	-	-	675,368	-
18-19 Computer Lease	-	666,067	666,067	-	666,067	-	666,067	-	-	666,067	-
18-19 Buildings & Grounds Equipment	-	153,652	153,652	-	153,652	-	153,652	-	-	153,652	-
19-20 Interfund Transfers (Gen Hookups)	500,000	500,000	-	-	-	500,000	-	-	500,000	500,000	500,000
<u>Not capitalized:</u>											
16-17 Capital Lease - Computers	2,503,166	2,503,166	2,503,166	-	2,503,166	-	2,503,166	-	-	2,503,166	-
16-17 Smart School Bond Act	487,116	487,116	486,648	-	486,648	468	487,116	-	-	487,116	468
15-16 Interfund transfers - not capitalized	319,149	319,149	319,149	-	319,149	-	-	-	319,149	319,149	-
BOCES - Capital Improvements	1,704,110	1,704,110	1,704,110	-	1,704,110	-	1,435,000	-	108,048	1,543,048	(161,062)
Total	\$ 42,294,548	\$ 43,789,635	\$ 42,494,099	\$ 354,610	\$ 42,848,709	\$ 940,926	\$ 37,171,317	\$ 83,088	\$ 6,381,108	\$ 43,635,513	\$ 786,804

The accompanying notes are an integral part of these schedules.

BEDFORD CENTRAL SCHOOL DISTRICT

**SCHEDULE OF COMBINING BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

	<u>Special Aid</u>	<u>School Lunch</u>	<u>Debt Service</u>	<u>Total Non-Major Governmental Funds</u>
ASSETS				
Cash and cash equivalents - unrestricted	\$ 21,752	\$ 890,812	\$ -	\$ 912,564
Cash and cash equivalents - restricted	-	-	161,393	161,393
Accounts Receivable	-	177	-	177
Due from other funds	7,928	-	656,723	664,651
State and federal aid receivable	1,523,525	197,764	-	1,721,289
Inventories	-	14,048	-	14,048
TOTAL ASSETS	<u>\$ 1,553,205</u>	<u>\$ 1,102,801</u>	<u>\$ 818,116</u>	<u>\$ 3,474,122</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES:				
Accounts payable and accrued expenses	\$ 160,381	\$ 184	\$ -	\$ 160,565
Due to other funds	1,329,818	7,410	4,271	1,341,499
Due to other governments	12,849	-	-	12,849
Unearned revenue	50,157	72,153	-	122,310
TOTAL LIABILITIES	<u>1,553,205</u>	<u>79,747</u>	<u>4,271</u>	<u>1,637,223</u>
FUND BALANCE:				
Non-spendable				
Inventory	-	14,048	-	14,048
Total non-spendable fund balance	<u>-</u>	<u>14,048</u>	<u>-</u>	<u>14,048</u>
Restricted for:				
Debt service	-	-	813,845	813,845
Total restricted fund balance	<u>-</u>	<u>-</u>	<u>813,845</u>	<u>813,845</u>
Assigned				
Other	-	1,009,006	-	1,009,006
Total assigned fund balance	<u>-</u>	<u>1,009,006</u>	<u>-</u>	<u>1,009,006</u>
TOTAL FUND BALANCE	<u>-</u>	<u>1,023,054</u>	<u>813,845</u>	<u>1,836,899</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,553,205</u>	<u>\$ 1,102,801</u>	<u>\$ 818,116</u>	<u>\$ 3,474,122</u>

The accompanying notes are an integral part of these statements.

BEDFORD CENTRAL SCHOOL DISTRICT

**SCHEDULE OF COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	<i>Special Aid</i>	<i>School Lunch</i>	<i>Debt Service</i>	<i>Total Non-Major Governmental Funds</i>
REVENUE:				
Use of money and property	\$ -	\$ 1,612	\$ 4,227	\$ 5,839
Miscellaneous	5,240	28,434	-	33,674
State sources	529,483	42,681	-	572,164
Federal sources	1,677,289	877,689	-	2,554,978
Sales - school lunch	-	667,779	-	667,779
	<u>2,212,012</u>	<u>1,618,195</u>	<u>4,227</u>	<u>3,834,434</u>
EXPENDITURES:				
Instruction	2,301,098	-	-	2,301,098
Pupil transportation	134,469	-	-	134,469
Debt service - interest	-	-	4,271	4,271
Cost of sales	-	1,390,138	-	1,390,138
	<u>2,435,567</u>	<u>1,390,138</u>	<u>4,271</u>	<u>3,829,976</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>(223,555)</u>	<u>228,057</u>	<u>(44)</u>	<u>4,458</u>
OTHER SOURCES AND (USES):				
Premium on issuance of debt	-	-	581,259	581,259
Proceeds from issuance of refunding bonds	-	-	1,530,000	1,530,000
Payment to escrow agent	-	-	(1,805,943)	(1,805,943)
Operating transfers in	223,555	-	-	223,555
	<u>223,555</u>	<u>-</u>	<u>305,316</u>	<u>528,871</u>
EXCESS (DEFICIENCY) OF REVENUE AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>-</u>	<u>228,057</u>	<u>305,272</u>	<u>533,329</u>
FUND BALANCE (DEFICIT) - beginning of year	<u>-</u>	<u>794,997</u>	<u>508,573</u>	<u>1,303,570</u>
FUND BALANCE (DEFICIT) - end of year	<u>\$ -</u>	<u>\$ 1,023,054</u>	<u>\$ 813,845</u>	<u>\$ 1,836,899</u>

The accompanying notes are an integral part of these statements.

BEDFORD CENTRAL SCHOOL DISTRICT

**SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2020**

Capital assets, net	\$ 125,389,324
Deduct:	
Defeasance gain	799,851
Short-term portion of installment debt payable	667,366
Long-term portion of installment debt payable	954,509
Short-term portion of bonds payable	6,289,647
Long-term portion of bonds payable	<u>49,719,999</u>
	<u>58,431,372</u>
Net investment in capital assets	<u><u>\$ 66,957,952</u></u>

The accompanying notes are an integral part of these schedules.

REQUIRED REPORT UNDER *GOVERNMENT AUDITING STANDARDS*

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

October 9, 2020

To the Board of Education of
Bedford Central School District:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Bedford Central School District (District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 9, 2020.

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 may exist that have not been identified.

(Continued)

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

(Continued)

Compliance and Other Matters

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

Purpose of this Report

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