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**BELFAST CENTRAL
SCHOOL DISTRICT**

FINANCIAL STATEMENTS

JUNE 30, 2022

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BELFAST CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Belfast Central School District

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2022 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

September 13, 2022

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BELFAST CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (unaudited)

June 30, 2022

Introduction

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

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

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

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

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

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

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Condensed Statement of Net Position	Change			
	2022	2021	\$	%
Current and other assets	\$ 5,374,000	\$ 2,188,000	\$ 3,186,000	145.6%
Capital assets	20,279,000	20,354,000	(75,000)	(0.4%)
Total assets	25,653,000	22,542,000	3,111,000	13.8%
Deferred outflows of resources	2,572,000	2,739,000	(167,000)	(6.1%)
Long-term liabilities	10,718,000	12,288,000	(1,570,000)	(12.8%)
Other liabilities	1,744,000	1,704,000	40,000	2.3%
Total liabilities	12,462,000	13,992,000	(1,530,000)	(10.9%)
Deferred inflows of resources	4,109,000	1,285,000	2,824,000	219.8%
Net position				
Net investment in capital assets	9,678,000	8,532,000	1,146,000	13.4%
Restricted	1,310,000	988,000	322,000	32.6%
Unrestricted	666,000	484,000	182,000	37.6%
Total net position	\$ 11,654,000	\$ 10,004,000	\$ 1,650,000	16.5%

Net position amounted to \$11,654,000 and \$10,004,000 at June 30, 2022 and 2021. The largest portion of the District's net position reflects its investment in capital assets consisting of land, buildings and improvements, furniture and equipment, less the related debt used to acquire or lease those assets. The District uses capital assets to provide services to students; consequently, these assets are not available for future spending.

The District's net position includes resources that are subject to external restrictions on how they may be used, which include reserve accounts set aside for specific purposes governed by laws and regulations. These items consist of the capital reserve, which is dedicated for future renovations and vehicles as approved by District voters; the retirement contribution reserve, which can be used to fund required District contributions to the New York State Teachers' Retirement System (TRS) and New York State and Local Employees' Retirement System (ERS); and an employee benefit accrued liability reserve, which is restricted to pay for future accumulated vacation and sick pay of current employees. Other restricted resources include debt service, repair, worker's compensation, unemployment insurance reserves, and amounts restricted for scholarships to students.

Total assets increased by \$3,111,000 (\$1,155,000 decrease in 2021). Current and other assets increased by \$3,186,000 primarily due to the District's proportionate share of the TRS and ERS net pension assets amounted to \$3,034,000. In 2021, these amounts were net pension liabilities of \$443,000 and included in long-term liabilities. The \$3,477,000 increase in the TRS and ERS net pension position is largely a result of actual plan earnings exceeding projected amounts. Capital assets decreased by \$75,000 (\$560,000 increase in 2021) due to depreciation and amortization expense exceeding capital additions during the year.

Total liabilities decreased \$1,530,000 (\$1,399,000 decrease in 2021). Long-term liabilities decreased by \$1,570,000 (increase of \$3,907,000 in 2021) due to the repayment of \$1,085,000 of bond and energy performance contract. In addition, there was a decrease in the District's proportionate share of TRS and ERS of \$443,000 as stated above.

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

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Condensed Statement of Activities	2022	2021	Change	
			\$	%
Revenues				
Program revenues				
Charges for services	\$ 14,000	\$ 14,000	\$ -	0.0%
Operating grants and contributions	1,704,000	1,122,000	582,000	51.9%
General revenues				
Property taxes	1,902,000	1,876,000	26,000	1.4%
State aid	8,122,000	7,215,000	907,000	12.6%
Other	19,000	213,000	(194,000)	(91.1%)
Total revenues	11,761,000	10,440,000	1,321,000	12.7%
Expenses				
Instruction	7,042,000	7,195,000	(153,000)	(2.1%)
Support services				
General support	1,799,000	1,815,000	(16,000)	(0.9%)
Pupil transportation	612,000	577,000	35,000	6.1%
Food service	397,000	424,000	(27,000)	(6.4%)
Interest and other	524,000	468,000	56,000	12.0%
Total expenses	10,374,000	10,479,000	(105,000)	(1.0%)
Change in net position	1,387,000	(39,000)	1,426,000	(3656.4%)
Net position – beginning	10,004,000	10,043,000	(39,000)	(0.4%)
Cumulative effect of a change in accounting principle	263,000	-	263,000	
Net position – ending	\$ 11,654,000	\$ 10,004,000	\$ 1,650,000	16.5%

District revenues increased by \$1,321,000 in 2022 (\$604,000 or 5.5% decrease in 2021). The District received \$907,000 (decrease of \$526,000 in 2021) in State aid due to increase in general aid per State budget and increases in building aid as result of recently completed capital projects. Also, the District received an increase of \$582,000 (increase of \$113,000 in 2021) in operating and capital grants from the Education Stabilization Fund program. This was offset by a decrease in other revenue by \$194,000 which was primarily due to loss on disposed capital assets during the year. Total expenses decreased \$105,000 in 2022 (\$64,000 or 0.6% decrease in 2021). The decrease was led by the reduction in pension expense of \$821,000. Employee wages increased \$410,000 and transportation costs increased \$168,000 as a result of students returning to classrooms.

Financial Analysis of the District's Funds

Total fund balances for the governmental funds increased from \$514,000 to \$618,000 as further described below:

- Total fund basis revenues increased \$1,447,000 or 13.9% (\$496,000 or 4.5% decrease in 2021) due to increases in State aid and federal grants as discussed above. Total fund basis expenditures increased \$334,000 or 2.9% (\$2,827,000 or 19.7% decrease in 2021) due to increased employee wages and debt service related to new bond issuance in the prior year. These increases were offset by a decrease in capital spending of \$950,000 as a result of the capital improvement project being completed in the prior year.
- The general fund experienced a net increase of \$557,000 (\$144,000 increase in 2021) for the following reasons:
 - Revenues increased \$757,000 due to the previously mentioned increases in State aid.
 - Expenses increased \$708,000 primarily due to increases in salaries and benefits, debt service as result of new bond issuance in 2021, and transportation due to bus purchases in 2022.
- The capital projects fund experienced a net decrease of \$187,000 (\$3,681,000 increase in 2021) due to expenditures of \$363,000 for ongoing projects offset by transfers and appropriations from the general fund of \$176,000 related to the capital outlay project.
- The debt service fund decreased \$322,000 as a result of transferring monies to the general fund towards payment of debt principal and interest.

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General Fund Budgetary Highlights

The final general fund revenue budget was \$10,054,000, with actual revenues amounting to \$10,213,000. Actual expenditures and carryover encumbrances were less than the final amended budget by \$105,000 or 1.1%. The difference is attributable to many factors and many unknown items at the time the budget is prepared, including the unknown impact of COVID-19 on the District.

Capital Assets

	2022	2021
Land	\$ 81,000	\$ 84,000
Buildings and improvements	27,975,000	27,992,000
Equipment and vehicles	2,001,000	2,574,000
Construction in progress	363,000	-
	30,420,000	30,650,000
Accumulated depreciation	(10,434,000)	(10,296,000)
	19,986,000	20,354,000
Right-to-use leased equipment, net	293,000	-
	\$ 20,279,000	\$ 20,354,000

Current year additions of \$629,000 were offset by depreciation expense, amortization expense, and disposals of \$967,000. The difference of \$263,000 represents the beginning of year impact from the implementation of GASB 87.

Debt

At June 30, 2022, the District had \$8,520,000 in debt outstanding, with \$1,160,000 due within one year (\$9,605,000 outstanding at June 30, 2021). Outstanding compensated absences payable were \$444,000 with \$28,000 expected to be paid within one year (\$387,000 outstanding at June 30, 2021).

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

Current Financial Issues and Concerns

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

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

Contacting the District's Financial Management

This financial report is designed to provide District residents, taxpayers, parents, students, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Robert Lingenfelter, District Treasurer, Belfast Central School District, 1 King Street, Belfast, New York 14711.

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BELFAST CENTRAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2022

Assets

Cash	\$ 1,076,403
State and federal aid and other receivables	1,249,290
Inventory	15,330
Net pension asset	3,033,333
Capital assets (Note 6)	30,830,846
Accumulated depreciation and amortization	(10,552,217)
Total assets	25,652,985

Deferred Outflows of Resources

Defeasance loss	274,408
Deferred outflows of resources related to pensions	2,189,819
Deferred outflows of resources related to OPEB	107,759
Total deferred outflows of resources	2,571,986

Liabilities

Accounts payable	124,122
Accrued liabilities	28,284
Due to fiduciary funds	300
Due to retirement systems	353,236
Bond anticipation notes	1,238,000
Long-term liabilities	
Due within one year:	
Bonds	1,130,000
Energy performance contract	30,000
Compensated absences	28,000
Due beyond one year:	
Bonds and related premiums	8,141,989
Energy performance contract	335,000
Compensated absences	416,000
Total OPEB liability	637,329
Total liabilities	12,462,260

Deferred Inflows of Resources

Deferred inflows of resources related to pensions	3,981,926
Deferred inflows of resources related to OPEB	127,151
Total deferred inflows of resources	4,109,077

Net Position

Net investment in capital assets	9,678,048
Restricted	1,309,408
Unrestricted	666,178
Total net position	\$ 11,653,634

See accompanying notes.

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BELFAST CENTRAL SCHOOL DISTRICT

Statement of Activities

For the year ended June 30, 2022

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
General support	\$ 1,799,737	\$ -	\$ -	\$ (1,799,737)
Instruction	7,042,032	1,300	1,345,333	(5,695,399)
Pupil transportation	611,924	-	-	(611,924)
Community service	71,763	95	2,979	(68,689)
Interest expense	452,404	-	-	(452,404)
Food service program	396,658	12,929	356,090	(27,639)
	<u>\$ 10,374,518</u>	<u>\$ 14,324</u>	<u>\$ 1,704,402</u>	<u>(8,655,792)</u>
General revenues				
Real property taxes				1,902,384
Miscellaneous				18,577
State sources				8,121,988
Total general revenues				<u>10,042,949</u>
Change in net position				1,387,157
Net position - beginning				10,003,802
Cumulative effect of a change in accounting principle (Note 2)				262,675
Net position - beginning as restated				<u>10,266,477</u>
Net position - ending				<u>\$ 11,653,634</u>

See accompanying notes.

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BELFAST CENTRAL SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2022

	General	Special Aid	Capital Projects	Debt Service	Food Service	Public Library	Miscellaneous Special Revenue	Total Governmental Funds
Assets								
Cash	\$ 806,154	\$ -	\$ 15,931	\$ 173,643	\$ 10,073	\$ 60,579	\$ 10,023	\$ 1,076,403
State and federal aid and other receivables	354,077	824,946	-	-	70,267	-	-	1,249,290
Due from other funds, net	1,073,139	-	-	-	101,640	-	-	1,174,779
Inventory	-	-	-	-	15,330	-	-	15,330
Total assets	\$ 2,233,370	\$ 824,946	\$ 15,931	\$ 173,643	\$ 197,310	\$ 60,579	\$ 10,023	\$ 3,515,802
Liabilities								
Accounts payable	\$ -	\$ 107,178	\$ -	\$ -	\$ 11,613	\$ 5,331	\$ -	\$ 124,122
Accrued liabilities	5,633	-	-	-	2,151	-	-	7,784
Due to retirement systems	348,924	-	-	-	4,312	-	-	353,236
Due to other funds, net	-	717,768	352,382	104,665	-	264	-	1,175,079
Bond anticipation notes	-	-	1,238,000	-	-	-	-	1,238,000
Total liabilities	354,557	824,946	1,590,382	104,665	18,076	5,595	-	2,898,221
Fund Balances								
Nonspendable	-	-	-	-	15,330	-	-	15,330
Restricted	1,230,407	-	-	68,978	-	-	10,023	1,309,408
Assigned	198,503	-	-	-	163,904	54,984	-	417,391
Unassigned	449,903	-	(1,574,451)	-	-	-	-	(1,124,548)
Total fund balances (deficit)	1,878,813	-	(1,574,451)	68,978	179,234	54,984	10,023	617,581
Total liabilities and fund balances	\$ 2,233,370	\$ 824,946	\$ 15,931	\$ 173,643	\$ 197,310	\$ 60,579	\$ 10,023	\$ 3,515,802

See accompanying notes.

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BELFAST CENTRAL SCHOOL DISTRICT

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

June 30, 2022

Total fund balances - governmental funds		\$	617,581
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and are not reported as assets in governmental funds.			
			20,278,629
The District's proportionate share of the net pension position as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:			
Net pension asset		3,033,333	
Deferred outflows of resources related to pensions		2,189,819	
Deferred inflows of resources related to pensions		<u>(3,981,926)</u>	1,241,226
Defeasance losses associated with bond refundings are recognized as deferred outflows of resources in the government-wide statements.			
			274,408
The District's total OPEB liability as well as OPEB-related deferred outflows and deferred inflows of resources are recognized on the government-wide statements and include:			
Deferred outflows of resources related to OPEB		107,759	
Total OPEB liability		(637,329)	
Deferred inflows of resources related to OPEB		<u>(127,151)</u>	(656,721)
Certain liabilities are not due and payable currently and therefore are not reported as liabilities in the governmental funds. These liabilities are:			
Bonds and related premiums		(9,271,989)	
Energy performance contract		(365,000)	
Accrued interest		(20,500)	
Compensated absences		<u>(444,000)</u>	(10,101,489)
Net position - governmental activities		\$	<u>11,653,634</u>

See accompanying notes.

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BELFAST CENTRAL SCHOOL DISTRICT

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

For the year ended June 30, 2022

	General	Special Aid	Capital Projects	Debt Service	Food Service	Public Library	Miscellaneous Special Revenue	Total Governmental Funds
Revenues								
Real property taxes	\$ 1,502,218	\$ -	\$ -	\$ -	\$ -	\$ 76,332	\$ -	\$ 1,578,550
Real property tax items	323,834	-	-	-	-	-	-	323,834
Charges for services	1,300	-	-	-	-	95	-	1,395
Use of money and property	4,877	-	-	25	3	4	-	4,909
Sale of property and compensation for loss	14,720	-	-	-	-	-	-	14,720
Miscellaneous	121,553	8,095	-	-	753	2,979	2,409	135,789
State sources	8,120,606	172,944	-	-	7,320	1,382	-	8,302,252
Federal sources	123,938	1,040,356	-	-	348,770	-	-	1,513,064
Sales	-	-	-	-	12,176	-	-	12,176
Total revenues	10,213,046	1,221,395	-	25	369,022	80,792	2,409	11,886,689
Expenditures								
General support	1,629,366	-	-	-	129,931	-	-	1,759,297
Instruction	4,438,303	1,019,485	-	-	-	-	2,496	5,460,284
Pupil transportation	608,144	-	-	-	-	-	-	608,144
Community service	-	-	-	-	-	71,763	-	71,763
Employee benefits	1,443,568	201,910	-	-	106,337	-	-	1,751,815
Debt service								
Principal	1,190,606	-	-	-	-	-	-	1,190,606
Interest	493,658	-	-	-	-	-	-	493,658
Cost of sales	-	-	-	-	148,600	-	-	148,600
Capital outlay	-	-	363,132	-	11,790	-	-	374,922
Total expenditures	9,803,645	1,221,395	363,132	-	396,658	71,763	2,496	11,859,089
Excess revenues (expenditures)	409,401	-	(363,132)	25	(27,636)	9,029	(87)	27,600
Other financing sources (uses)								
BANS redeemed from appropriations	-	-	76,000	-	-	-	-	76,000
Premiums from BAN issuance	-	-	-	310	-	-	-	310
Operating transfers, net	147,555	-	99,945	(322,500)	75,000	-	-	-
Total other financing sources (uses)	147,555	-	175,945	(322,190)	75,000	-	-	76,310
Net change in fund balances	556,956	-	(187,187)	(322,165)	47,364	9,029	(87)	103,910
Fund balances (deficit) - beginning	1,321,857	-	(1,387,264)	391,143	131,870	45,955	10,110	513,671
Fund balances (deficit) - ending	\$ 1,878,813	\$ -	\$ (1,574,451)	\$ 68,978	\$ 179,234	\$ 54,984	\$ 10,023	\$ 617,581

See accompanying notes.

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BELFAST CENTRAL SCHOOL DISTRICT

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

For the year ended June 30, 2022

Total net change in fund balances - governmental funds \$ 103,910

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

Capital outlays are reported in governmental funds as expenditures. In the statement of activities, the cost of the assets is allocated over the estimated useful lives as depreciation expense.

This is the amount by which depreciation and amortization expense and disposals exceed capital outlays. (338,481)

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

2022 TRS and ERS contributions	448,176	
2022 ERS accrued contribution	44,886	
2021 ERS accrued contribution	(52,404)	
2022 TRS net pension income	147,561	
2022 ERS net pension expense	<u>(40,311)</u>	547,908

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

(25,020)

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

1,085,000

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

These differences are:

Amortization of defeasance loss	(72,238)	
Amortization of bond premiums	133,288	
Interest	9,500	
Compensated absences	<u>(56,710)</u>	13,840

Change in net position - governmental activities \$ 1,387,157

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BELFAST CENTRAL SCHOOL DISTRICT

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

For the year ended June 30, 2022

	Budgeted Amounts		Actual (Budgetary Basis)	Encumbrances	Variance with Final Budget Over/(Under)
	Original	Final			
Revenues					
Local sources					
Real property taxes	\$ 1,489,405	\$ 1,489,405	\$ 1,502,218		\$ 12,813
Real property tax items	336,550	336,550	323,834		(12,716)
Charges for services	1,000	1,000	1,300		300
Use of money and property	4,000	4,000	4,877		877
Sale of property and compensation for loss	100	100	14,720		14,620
Miscellaneous	10,000	10,000	121,553		111,553
State sources	8,182,927	8,182,927	8,120,606		(62,321)
Federal sources	30,000	30,000	123,938		93,938
Total revenues	10,053,982	10,053,982	10,213,046		159,064
Expenditures					
General support					
Board of education	25,319	17,044	16,988	-	(56)
Central administration	176,866	177,202	176,517	-	(685)
Finance	171,291	198,691	198,156	-	(535)
Staff	204,339	237,501	237,445	-	(56)
Central services	875,960	823,848	870,408	-	46,560
Special items	134,762	130,762	129,852	-	(910)
Instruction					
Instruction, administration, and improvement	247,425	261,120	258,753	-	(2,367)
Teaching - regular school	2,251,752	2,099,798	2,036,087	23,747	(39,964)
Programs for children with handicapping conditions	950,429	1,195,939	1,161,416	6,643	(27,880)
Occupational education	263,091	264,939	264,296	642	(1)
Teaching - special schools	12,030	2,250	2,250	-	-
Instructional media	239,162	290,013	286,065	397	(3,551)
Pupil services	437,828	487,122	429,436	10,876	(46,810)
Pupil transportation	595,364	673,114	608,144	56,348	(8,622)
Employee benefits	1,704,427	1,447,702	1,443,568	-	(4,134)
Debt service					
Principal	1,276,107	1,200,957	1,190,606	-	(10,351)
Interest	441,618	499,768	493,658	-	(6,110)
Total expenditures	10,007,770	10,007,770	9,803,645	98,653	(105,472)
Excess revenues (expenditures)	46,212	46,212	409,401	(98,653)	264,536
Other financing sources (uses)					
Operating transfers in	47,500	47,500	322,500		275,000
Operating transfers out	(175,000)	(175,000)	(174,945)		(55)
Appropriated fund balances and carryover encumbrances	81,288	81,288	-		(81,288)
Total other financing sources (uses)	(46,212)	(46,212)	147,555		193,767
Excess revenues (expenditures) and other financing sources (uses)	\$ -	\$ -	\$ 556,956	\$ (98,653)	\$ 458,303

See accompanying notes.

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BELFAST CENTRAL SCHOOL DISTRICT

Statement of Fiduciary Net Position - Custodial Fund

June 30, 2022

Assets

Cash	\$	83,206
Due from other funds		300
Total assets	\$	83,506

Net position

Extraclassroom activity balances	\$	83,506
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BELFAST CENTRAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position - Custodial Fund

For the year ended June 30, 2022

Additions

Student activity receipts	\$	66,741
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Deductions

Student activity disbursements		64,090
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Change in net position		2,651
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Net position - beginning		80,855
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Net position - ending	\$	83,506
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BELFAST CENTRAL SCHOOL DISTRICT

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

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

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

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

Joint Venture

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

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

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

During the year ended June 30, 2022, the District was billed \$1,975,000 for BOCES administrative and program costs and recognized revenue of \$121,000 as a refund from prior year expenditures paid to BOCES. In addition, BOCES paid the District \$33,000 for rental of various classrooms and substitute reimbursements. Audited financial statements are available from BOCES' administrative offices.

Public Entity Risk Pools

The District participates in the Cattaraugus/Allegany Workers' Compensation Plan and Allegany/Cattaraugus Schools Medical Health Plan which are public entity risk pools. These plans are designed to provide workers' compensation and health insurance coverage for participating entities. These activities are further discussed in Note 11.

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Basis of Presentation

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

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

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

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

The District reports the following major funds:

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

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

- *Debt service fund.* This fund is used to account for resources that are restricted to expenditure for principal and interest. Financial resources that are being accumulated for principal and interest payments maturing in future years are also included in this fund.
- *Food service fund.* This fund is a special revenue fund whose specific revenue sources, including free and reduced meal subsidies received from state and federal programs, are assigned to the operation of the District's breakfast and lunch programs.
- *Public library fund.* This fund is used to account for transactions of the library established and supported in whole or in part by real property taxes.
- *Miscellaneous special revenue fund.* This fund is used to account for resources that are restricted to student scholarships. Donations are made by third parties and District personnel manage the funds and assist with determination of scholarship recipients.

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

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Basis of Accounting and Measurement Focus

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within ninety days after year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset purchases are reported as expenditures in governmental funds. Proceeds of long-term liabilities are reported as other financing sources.

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

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Property Taxes

The District levies real property taxes no later than September 1. For the year ended June 30, 2022, the tax lien was issued on July 13, 2021 for collection from September 1, 2021 through November 1, 2021. Thereafter, uncollected amounts for the residents of the towns served by the District became the responsibility of Allegany County and those amounts were submitted to the District by April 1st of the following year as required by law.

Budget Process, Amendments, and Encumbrances

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

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

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

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

Inventory

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

Capital Assets

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

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

	Capitalization Policy	Estimated Useful Life in Years
Buildings and improvements	\$ 5,000	15 - 40
Equipment	\$ 5,000	5 - 20
Vehicles	\$ 5,000	8

Bond Defeasances

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

Bond Premiums

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

Pensions

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

Other Postemployment Benefits (OPEB)

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

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Compensated Absences

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

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

Equity Classifications

Government-Wide Statements

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

Governmental Fund Statements

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

Fund balance is categorized as follows:

Nonspendable:		
Inventory	\$	15,330
Restricted:		
Capital		600,000
Debt service		68,978
Employee benefit accrued liability		117,873
Retirement contribution		390,590
Unemployment insurance		24,003
Workers' compensation		37,921
Repair		60,020
Scholarships		10,023
Assigned:		
Designated for subsequent years		99,850
Encumbrances		98,653
Food service		163,904
Public library		54,984
Unassigned		(1,124,548)
	\$	<u>617,581</u>

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Nonspendable fund balances represent resources that cannot be spent as they are not expected to be converted to cash and include inventory.

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

Fund balance restrictions include the following reserves:

- *Capital* – is used to accumulate funds to finance all or a portion of future capital projects for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve. During 2019 and 2022, voters approved the creation of capital reserves totaling \$1,500,000, which has been funded \$600,000 to date.
- *Debt service* – is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations (including bond premiums), and remaining bond proceeds not needed for their original purpose as required by §165 of Finance Law. This reserve must be used to pay the debt service obligations for which the original money was generated.
- *Employee benefit accrued liability* – is used to account for the payment of accumulated vacation and sick time due upon termination of an employee's services. It is established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.
- *Retirement contribution* – is used to finance retirement contributions payable to TRS and ERS. For TRS, funding is limited to 2% annually of eligible salaries with a maximum reserve of 10% of eligible salaries. At June 30, 2022, the retirement contribution reserve includes \$184,158 for TRS and \$206,432 for ERS.
- *Unemployment insurance* – is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants as the District has elected to use the benefit reimbursement method.
- *Workers' compensation* – is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this program.
- *Repair* – is used to accumulate funds to finance costs of major repairs to capital improvements or equipment and requires a public hearing prior to its use.

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

Committed fund balances are authorized by the Board of Education as recommended by the District's management prior to the end of the fiscal year, although funding of the commitment may be established subsequent to year end.

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

Interfund Balances

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

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

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

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2. Change in Accounting Principle

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

Net position, July 1, 2021	\$ 10,003,802
Right-to-use lease asset	317,293
Accumulated amortization	(54,618)
Net position, as restated, July 1, 2021	<u>\$ 10,266,477</u>

3. Stewardship and Compliance

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

The capital projects deficit fund balance of \$1,574,451 will be funded when the District obtains permanent financing for its projects.

4. Cash

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

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

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

5. Interfund Transactions – Fund Financial Statements

Fund	Receivable	Payable	Transfers	
			In	Out
General	\$ 1,172,520	\$ 99,381	\$ 322,500	\$ 174,945
Special aid	-	717,768	-	-
Capital projects	1,191,828	1,544,210	99,945	-
Debt service	45,336	150,001	-	322,500
Food service	101,640	-	75,000	-
Public library	-	264	-	-
Custodial	300	-	-	-
	<u>\$ 2,511,624</u>	<u>\$ 2,511,624</u>	<u>\$ 497,445</u>	<u>\$ 497,445</u>

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The District's general fund provides cash flow to other funds. Amounts are typically repaid in the subsequent year when funds are available. The transfers from the general fund to the capital projects fund and food service fund represent the District's local share of capital projects and food service expenditures. The transfer from debt service to the general fund was to support current year debt payments. All transfers are considered permanent.

6. Capital Assets

	July 1, 2021 (As Restated)	Increases	Retirements/ Reclassifications	June 30, 2022
Non-depreciable and non-amortizable capital assets:				
Land	\$ 83,860	\$ -	\$ (3,233)	\$ 80,627
Construction in progress	-	363,132	-	363,132
Total non-depreciable and non-amortizable assets	83,860	363,132	(3,233)	443,759
Depreciable capital assets:				
Buildings and improvements	27,992,393	-	(17,226)	27,975,167
Equipment	2,077,543	40,100	(744,436)	1,373,207
Vehicles	496,874	130,937	(521)	627,290
Total depreciable assets	30,566,810	171,037	(762,183)	29,975,664
Less accumulated depreciation:				
Buildings and improvements	8,334,841	626,360	(15,984)	8,945,217
Equipment	1,688,158	93,083	(623,897)	1,157,344
Vehicles	273,236	58,863	(521)	331,578
Total accumulated depreciation	10,296,235	778,306	(640,402)	10,434,139
Total depreciable assets, net	20,270,575	(607,269)	(121,781)	19,541,525
Right-to-use lease assets:				
Equipment	317,293	94,130	-	411,423
Less: accumulated amortization	54,618	63,460	-	118,078
Total right-to-use assets, net	262,675	30,670	-	293,345
	\$ 20,617,110	\$ (213,467)	\$ (125,014)	\$ 20,278,629

Depreciation and amortization expense has been allocated to the following functions: general support \$120,829, instruction \$662,074, and pupil transportation \$58,863.

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

Capital assets, net of accumulated depreciation and amortization	\$ 20,278,629
Bonds and related premiums	(9,271,989)
Energy performance contract	(365,000)
Bond anticipation notes payable	(1,238,000)
Defeasance loss	274,408
	<u>\$ 9,678,048</u>

7. Short-Term Debt

Bond anticipation notes (BANs) outstanding at June 30, 2022 amounted to \$1,238,000 (\$1,314,000 as of June 30, 2021) and carry interest at 3.00% (0.31% as of June 30, 2021). In 2022, BANs of \$76,000 were redeemed from appropriations.

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8. Long-Term Liabilities

	July 1, 2021	Increases	Decreases	June 30, 2022	Amount Due in One Year
Bonds	\$ 9,210,000	\$ -	\$ 1,055,000	\$ 8,155,000	\$ 1,130,000
Bond premiums	1,250,277	-	133,288	1,116,989	-
Energy performance contract	395,000	-	30,000	365,000	30,000
Compensated absences	387,290	56,710	-	444,000	28,000
	<u>\$ 11,242,567</u>	<u>\$ 56,710</u>	<u>\$ 1,218,288</u>	<u>\$ 10,080,989</u>	<u>\$ 1,188,000</u>

Existing Obligations

Description	Maturity	Rate	Balance
2017 DASNY refunding bond	June 2039	2.0%-5.0%	\$ 3,895,000
2020 DASNY bond	June 2033	5.0%	455,000
2021 DASNY bond	June 2036	4.0%-5.0%	3,805,000
Energy performance contract	September 2031	3.0%	365,000
			<u>\$ 8,520,000</u>

Debt Service Requirements

Years ending June 30,	Principal	Interest
2023	\$ 1,160,000	\$ 383,273
2024	1,215,000	327,973
2025	810,000	270,023
2026	390,000	232,522
2027	415,000	213,722
2028-2032	2,400,000	748,552
2033-2037	1,855,000	223,832
2038-2039	275,000	14,008
	<u>\$ 8,520,000</u>	<u>\$ 2,413,905</u>

9. Pension Plans

Plan Descriptions

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

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

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

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Contribution Requirements: No employee contribution is required for those hired prior to July 1976. The Systems require employee contributions of 3% of salary for the first 10 years of service for those employees who joined the Systems from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3.5% (TRS) or 3% (ERS) of compensation throughout their active membership in the Systems. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. Pursuant to Article 11 of Education Law, an actuarially determined contribution rate is established annually for TRS by the New York State Teachers' Retirement Board. This rate was 9.80% for 2022. For ERS, the Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the District to the pension accumulation fund. For 2022, these rates ranged from 10.7% - 18.3%.

The amount outstanding and payable to TRS for the year ended June 30, 2022 was \$285,387. A liability to ERS of \$44,886 is accrued based on the District's legally required contribution for employee services rendered from April 1 through June 30, 2022.

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

At June 30, 2022, the District reported an asset of \$2,766,827 for its proportionate share of the TRS net pension position and an asset of \$266,506 for its proportionate share of the ERS net pension position.

The TRS total pension liability at the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020, with update procedures applied to roll forward the total pension liability to June 30, 2021. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to TRS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At June 30, 2021, the District's proportion was 0.015966%, an increase of 0.000045 from its proportion measured as of June 30, 2020.

The ERS total pension liability at the March 31, 2022 measurement date was determined by an actuarial valuation as of April 1, 2021, with update procedures applied to roll forward the total pension liability to March 31, 2022. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At March 31, 2022, the District's proportion was 0.0032602%, an increase of 0.0000685 from its proportion measured as of March 31, 2021.

For the year ended June 30, 2022, the District recognized net pension income of \$107,250 on the government-wide statements (TRS income of \$147,561 and ERS expense of \$40,311). At June 30, 2022, the District reported deferred outflows and deferred inflows of resources as follows:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 381,378	\$ (14,375)	\$ 20,183	\$ (26,178)
Changes of assumptions	910,067	(161,160)	444,768	(7,505)
Net difference between projected and actual earnings on pension plan investments	-	(2,895,771)	-	(872,694)
Changes in proportion and differences between District contributions and proportionate share of contributions	42,920	(4,243)	60,230	-
District contributions subsequent to the measurement date	285,387	-	44,886	-
	<u>\$ 1,619,752</u>	<u>\$ (3,075,549)</u>	<u>\$ 570,067</u>	<u>\$ (906,377)</u>

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

Years ending June 30,	TRS	ERS
2023	\$ (345,962)	\$ (43,233)
2024	(406,842)	(79,648)
2025	(520,715)	(215,180)
2026	(691,957)	(43,135)
2027	132,234	-
Thereafter	92,058	-
	<u>\$ (1,741,184)</u>	<u>\$ (381,196)</u>

Actuarial Assumptions

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

Inflation – 2.4%

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

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

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

Mortality – Based on TRS member experience, with adjustments for mortality improvements based on Society of Actuaries’

Scale MP-2020, applied on a generational basis

Discount rate – 6.95%

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

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

Inflation – 2.7%

Salary increases – 4.4%

COLA – 1.4% annually

Investment rate of return – 5.9% compounded annually, net of investment expense, including inflation

Mortality – Society of Actuaries’ Scale MP-2020

Discount rate – 5.9%

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

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Investment Asset Allocation

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

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

Discount Rate

The discount rate projection of cash flows assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	At Current		
	1.0% Decrease	Discount Rate	1.0% Increase
District's proportionate share of the TRS net pension asset (liability)	\$ 290,338	\$ 2,766,827	\$ 4,848,137
District's proportionate share of the ERS net pension asset (liability)	\$ (685,983)	\$ 266,506	\$ 1,063,217

10. OPEB

Plan Description

The District maintains a single-employer defined benefit healthcare plan (the Plan) providing for the continuation of medical insurance for a certain District retiree. Benefit provisions are based on individual contracts with the District, as negotiated from time to time. Eligibility is based on covered employees who retire from the District at age 55 and have met vesting requirements. The Plan is also open to all eligible retirees and provides continued insurance through the conversion of sick time or by payment of monthly premiums by participants in the District's policies. The District thereby provides an implicit rate subsidy on behalf of eligible retirees. The Plan has no assets, does not issue financial statements, and is not a trust.

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

Active employees	87
Inactive employees or beneficiaries currently receiving benefits	10
Inactive employees entitled to but not yet receiving benefits	-
	97

Total OPEB Liability

The District's total OPEB liability of \$637,329 was measured as of July 1, 2021 and was determined by an actuarial valuation as of July 1, 2020, rolled forward through an interim valuation.

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

- Healthcare cost trend rates* – based on a combination of employer history, national trend surveys, and professional judgment, initially 7.5% decreasing annually by 0.5% to an ultimate rate of 4.5% after 2028
- Salary increases* – 3.3% – 8.8% for ERS and 1.76% – 10.00% for TRS
- Mortality* – SOA Pub-2010 Generational Headcount Weighted Mortality Table fully generational using Scale MP-2020
- Discount rate* – 2.19% based on a range of indices of 20-year tax-exempt general obligation municipal bonds rated AA/Aa or higher as of the measurement date
- Inflation rate* – 2.5%

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	\$ 602,389
Changes for the year:	
Service cost	35,333
Interest	16,803
Changes of benefit terms	-
Differences between expected and actual experience	(24,227)
Changes of assumptions or other inputs	19,180
Benefit payments	(12,149)
Net changes	34,940
Balance at June 30, 2022	\$ 637,329

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

	1.0% Decrease (1.19%)	Discount Rate (2.19%)	1.0% Increase (3.19%)
Total OPEB liability	\$ (679,164)	\$ (637,329)	\$ (596,955)

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

	1.0% Decrease (6.5% to 3.5%)	Healthcare Cost Trend Rate (7.5% to 4.5%)	1.0% Increase (8.5% to 5.5%)
Total OPEB liability	\$ (568,959)	\$ (637,329)	\$ (716,670)

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OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2022, the District recognized OPEB expense of \$41,335. At June 30, 2022, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,382	\$ (109,138)
Changes of assumptions or other inputs	89,062	(18,013)
Benefit payments subsequent to the measurement date	16,315	-
	<u>\$ 107,759</u>	<u>\$ (127,151)</u>

Benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the subsequent year. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30,	
2023	\$ (10,801)
2024	(10,802)
2025	(12,700)
2026	(2,152)
2027	(439)
Thereafter	1,187
	<u>\$ (35,707)</u>

11. Risk Management

General Liability

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

Workers' Compensation

The District participates in the Cattaraugus/Allegany Workers' Compensation Plan (the Plan) sponsored by Cattaraugus-Allegany-Erie-Wyoming BOCES. The Plan administers a workers' compensation insurance fund pursuant to Article 5 of the Workers' Compensation Law to finance the liability and risk related to workers' compensation claims and to lower the costs of coverage to the participating members. The Plan includes 22 school districts and the BOCES unit as of June 30, 2021 (the most recent information available).

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

The Plan information for the year ended June 30, 2021 is included in the financial statements of Cattaraugus-Allegany-Erie-Wyoming BOCES, which can be obtained from Cattaraugus-Allegany-Erie-Wyoming BOCES, 1825 Windfall Road, Olean, New York 14760.

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Health Insurance

The District participates in the Allegany-Cattaraugus Schools Medical Health Plan (the Plan), sponsored by Cattaraugus-Allegany-Erie-Wyoming BOCES. The Plan has been established to administer a health insurance program to lower the costs of such coverage to the 22 participating members as of June 30, 2021 (the most recent information available).

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

The Plan has published its own financial report for the year ended June 30, 2021, which can be obtained from Cattaraugus-Allegany-Erie-Wyoming BOCES, 1825 Windfall Road, Olean, New York 14760.

12. Commitments and Contingencies

Grants

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

13. Risks and Uncertainties

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

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BELFAST CENTRAL SCHOOL DISTRICT

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

As of the measurement date of June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension position	0.015966%	0.015921%	0.016021%	0.016496%	0.016666%	0.017147%	0.016938%	0.017345%	0.016892%
District's proportionate share of the net pension asset (liability)	\$ 2,766,827	\$ (439,949)	\$ 416,225	\$ 298,299	\$ 126,682	\$ (183,649)	\$ 1,759,304	\$ (1,932,128)	\$ (111,194)
District's covered payroll	\$ 2,710,010	\$ 2,785,508	\$ 2,674,153	\$ 2,687,082	\$ 2,641,084	\$ 2,645,913	\$ 2,544,295	\$ 2,562,129	\$ 2,474,341
District's proportionate share of the net pension position as a percentage of its covered payroll	102.10%	15.79%	15.56%	11.10%	4.80%	6.94%	69.15%	75.41%	4.49%
Plan fiduciary net position as a percentage of the total pension liability	113.20%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%
The following is a summary of changes of assumptions:									
Inflation	2.4%	2.2%	2.2%	2.25%	2.5%	2.5%	3.0%	3.0%	3.0%
Salary increases	1.95%-5.18%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	4.0%-10.9%	4.0%-10.9%	4.0%-10.9%
Cost of living adjustments	1.3%	1.3%	1.3%	1.5%	1.5%	1.5%	1.625%	1.625%	1.625%
Investment rate of return	6.95%	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Discount rate	6.95%	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Society of Actuaries' mortality scale	MP-2020	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	AA	AA	AA

Data prior to 2013 is unavailable.

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BELFAST CENTRAL SCHOOL DISTRICT

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

For the years ended June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 285,387	\$ 258,264	\$ 246,796	\$ 283,995	\$ 263,334	\$ 309,535	\$ 350,848	\$ 446,015	\$ 416,346	\$ 292,962
Contribution in relation to the contractually required contribution	(285,387)	(258,264)	(246,796)	(283,995)	(263,334)	(309,535)	(350,848)	(446,015)	(416,346)	(292,962)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 2,912,112	\$ 2,710,010	\$ 2,785,508	\$ 2,674,153	\$ 2,687,082	\$ 2,641,084	\$ 2,645,913	\$ 2,544,295	\$ 2,562,129	\$ 2,474,341
Contributions as a percentage of covered payroll	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%

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BELFAST CENTRAL SCHOOL DISTRICT

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

As of the measurement date of March 31,	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension position	0.0032602%	0.0031917%	0.0029151%	0.0025410%	0.0024336%	0.0025679%	0.0027063%	0.0029017%
District's proportionate share of the net pension asset (liability)	\$ 266,506	\$ (3,178)	\$ (771,941)	\$ (180,036)	\$ (78,544)	\$ (241,364)	\$ (434,361)	\$ (98,027)
District's covered payroll	\$ 1,059,716	\$ 1,008,870	\$ 930,212	\$ 882,940	\$ 835,494	\$ 831,866	\$ 852,272	\$ 994,897
District's proportionate share of the net pension position as a percentage of its covered payroll	25.15%	0.32%	82.99%	20.39%	9.40%	29.01%	50.97%	9.85%
Plan fiduciary net position as a percentage of the total pension liability	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
The following is a summary of changes of assumptions:								
Inflation	2.7%	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.7%
Salary increases	4.4%	4.4%	4.2%	4.2%	3.8%	3.8%	3.8%	4.9%
Cost of living adjustments	1.4%	1.4%	1.3%	1.3%	1.3%	1.3%	1.3%	1.4%
Investment rate of return	5.9%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Discount rate	5.9%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Society of Actuaries' mortality scale	MP-2020	MP-2020	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014	MP-2014

Data prior to 2015 is unavailable.

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BELFAST CENTRAL SCHOOL DISTRICT

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

For the years ended June 30,	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 162,789	\$ 138,104	\$ 125,156	\$ 120,277	\$ 122,247	\$ 127,155	\$ 138,613	\$ 135,219
Contribution in relation to the contractually required contribution	(162,789)	(138,104)	(125,156)	(120,277)	(122,247)	(127,155)	(138,613)	(135,219)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 1,059,716	\$ 1,008,870	\$ 930,212	\$ 882,940	\$ 835,494	\$ 831,866	\$ 852,272	\$ 994,897
Contributions as a percentage of covered payroll	15.36%	13.69%	13.45%	13.62%	14.63%	15.29%	16.26%	13.59%

Data prior to 2015 is unavailable.

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BELFAST CENTRAL SCHOOL DISTRICT

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

For the years ended June 30,	2022	2021	2020	2019	2018	2017
Total OPEB liability - beginning	\$ 602,389	\$ 557,305	\$ 552,540	\$ 539,134	\$ 594,372	\$ 566,047
Changes for the year:						
Service cost	35,333	26,554	25,764	26,876	30,257	29,777
Interest	16,803	20,124	21,905	19,804	17,963	16,072
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	(24,227)	(48,331)	(31,534)	4,766	(60,964)	(33,449)
Changes of assumptions or other inputs	19,180	67,963	13,409	(18,425)	(23,465)	47,396
Benefit payments	(12,149)	(21,226)	(24,779)	(19,615)	(19,029)	(31,471)
Net change in total OPEB liability	34,940	45,084	4,765	13,406	(55,238)	28,325
Total OPEB liability - ending	\$ 637,329	\$ 602,389	\$ 557,305	\$ 552,540	\$ 539,134	\$ 594,372
Covered-employee payroll	\$ 3,774,852	\$ 3,682,782	\$ 3,465,825	\$ 3,381,293	\$ 2,903,204	\$ 2,865,947
Total OPEB liability as a percentage of covered-employee payroll	16.88%	16.36%	16.08%	16.34%	18.57%	20.74%

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

The following is a summary of changes of assumptions:

Healthcare cost trend rates	7.5% - 4.5%	8.0% - 4.5%	7.5% - 4.5%	8.0% - 4.5%	8.5% - 5.0%	9.0% - 5.09%
Inflation	2.5%	2.5%	2.5%	2.5%	1.3%	1.3%
Salary increases	1.76% - 10.0%	1.76% - 10.0%	1.76% - 10.0%	1.76% - 10.0%	1.76% - 10.0%	1.76% - 10.0%
Discount rate	2.19%	2.66%	3.51%	3.87%	3.56%	2.92%
Society of Actuaries' mortality scale	MP-2020	MP-2020	MP-2018	MP-2018	MP-2015	MP-2015

Data prior to 2017 is unavailable.

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BELFAST CENTRAL SCHOOL DISTRICT

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

For the year ended June 30, 2022

Original expenditure budget	\$ 10,101,482
Encumbrances carried over from prior year	<u>81,288</u>
Revised expenditure budget	<u>\$ 10,182,770</u>
* * *	
Unrestricted Fund Balance	
Assigned	\$ 198,503
Unassigned	<u>449,903</u>
	648,406
Encumbrances included in assigned fund balance	(98,653)
Appropriated fund balance used for tax levy	<u>(99,850)</u>
Amount subject to 4% limit pursuant to Real Property Tax Law §1318	<u>\$ 449,903</u>
§1318 of Real Property Tax Law - unrestricted fund balance limit calculation	
2023 expenditure budget (unaudited)	\$ 10,739,734
4% of budget	<u>429,589</u>
Actual percentage of 2023 expenditure budget	<u>4.2%</u>

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BELFAST CENTRAL SCHOOL DISTRICT

Supplementary Information
Schedule of Capital Project Expenditures

June 30, 2022

Project Title	Original Budget	Revised Budget	Expenditures			Unexpended Balance
			Prior Years	Current Year	Total	
Smart Schools Bond Act	\$ 559,939	559,939	236,462	263,189	499,651	60,288
Capital Outlay Project	100,000	99,943	-	99,943	99,943	-
	<u>\$ 659,939</u>	<u>\$ 659,882</u>	<u>\$ 236,462</u>	<u>\$ 363,132</u>	<u>\$ 599,594</u>	<u>\$ 60,288</u>

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BELFAST CENTRAL SCHOOL DISTRICT

Supplementary Information Schedule of Expenditures of Federal Awards

For the year ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grantor Number	Expenditures
<u>U.S. Department of Education</u>			
Rural Education	84.358	S358A203960	\$ 11,700
Passed Through New York State Education Department			
Special Education Cluster:			
Special Education Grants to States	84.027	0032-22-0038	98,032
Special Education Preschool Grants	84.173	0033-22-0038	3,668
COVID-19 Special Education Grants to States	84.027	5532-22-0038	19,724
COVID-19 Special Education Preschool Grants	84.173	5533-22-0038	2,196
Total Special Education Cluster			123,620
Title I Grants to Local Educational Agencies	84.010	0021-22-0090	221,743
Supporting Effective Instruction State Grants	84.367	0147-21-0090	225
Supporting Effective Instruction State Grants	84.367	0147-22-0090	23,234
Student Support and Academic Enrichment Program	84.424	0204-21-0090	4,822
Student Support and Academic Enrichment Program	84.424	0204-22-0090	3,436
Education Stabilization Fund:			
Elementary and Secondary School Emergency Relief Fund	84.425D	5891-21-0090	216,219 ¹
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5880-21-0090	367,079 ¹
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5882-21-0090	50,790 ¹
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5883-21-0090	17,488 ¹
Total U.S. Department of Education			1,040,356
<u>U.S. Department of Homeland Security</u>			
Passed Through New York State Division of Homeland Security and Emergency Services:			
Disaster Grants - Public Assistance	97.036	148540	64,630
<u>U.S. Department of Agriculture</u>			
Passed Through New York State Education Department			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	110,155
National School Lunch Program	10.555	N/A	210,918
Summer Food Service Program for Children	10.559	N/A	6,030
Passed through New York State Office of General Services			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	21,667
Total Child Nutrition Cluster and U.S. Department of Agriculture			348,770
Total Expenditures of Federal Awards			\$ 1,453,756

¹ Total Education Stabilization Fund - \$651,576

See accompanying notes.

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BELFAST CENTRAL SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards

1. Summary of Significant Accounting Policies

Basis of Presentation

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

Basis of Accounting

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

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

Indirect Costs

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

Non-Monetary Federal Program

The District is the recipient of a federal award program that does not result in cash receipts or disbursements, termed a "non-monetary program." During the year ended June 30, 2022, the District used \$21,667 worth of commodities under the National School Lunch Program (Assistance Listing Number 10.555).

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

The Board of Education
Belfast Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the remaining fund information of Belfast Central School District (the District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 13, 2022.

Report on Internal Control over Financial Reporting

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

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

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. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item [2022-001] that we consider to be a significant deficiency.

Report on Compliance and Other Matters

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

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Response to Finding

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

Purpose of this Report

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

September 13, 2022

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

The Board of Education
Belfast Central School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

Responsibilities of Management for Compliance

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

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Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

September 13, 2022

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BELFAST CENTRAL SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

For the year ended June 30, 2022

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? 2022-001

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

Name of Federal Program or Cluster	Assistance Listing Number	Amount
Education Stabilization Fund	84.425	<u>\$ 651,576</u>

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

Auditee qualified as low-risk auditee? No

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BELFAST CENTRAL SCHOOL DISTRICT

Schedule of Findings and Questioned Costs (continued)

For the year ended June 30, 2022

Section II. Financial Statement Findings

2022-001

Condition

The District uses third party software to maintain its capital asset inventory system. Discrepancies exist between the previous system, the current system, and amounts reported in the financial statements. We noted discrepancies resulting from the failure to transfer assets from construction in progress to depreciable capital asset categories upon project completion. Additionally, other errors include changes in useful lives of existing capital assets and the lack of reconciliation in beginning balances of accumulated depreciation to prior year ending balances. We also noted many items included in the capital asset inventory that are under the District's threshold of \$5,000.

Auditors' Recommendation

We recommend that management determine the proper balances of capital assets based on historical costs that exceed the capitalization policy threshold and coordinate with the software provider to update the capital asset inventory and provide accurate accounting records.

Management's Response

Management will investigate the capital asset differences and coordinate with their software provider to correct the capital asset inventory records.

Section III. Federal Award Findings and Questioned Costs

No matters were reported.

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BELFAST CENTRAL SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

For the year ended June 30, 2022

Finding 2021-001:
(Internal Control over Financial Reporting under
***Government Auditing Standards*)**

Condition: The District uses third party software to maintain its capital asset inventory system. Discrepancies exist between the previous system, the current system, and previously issued financial statements. Discrepancies result from failure to transfer assets from construction in progress to depreciable capital asset categories upon project completion, changes in useful lives of existing capital assets, and lack of reconciliation in beginning balances of accumulated depreciation to prior year ending balances. We also noted many items included in the capital asset inventory that are under the District's threshold of \$5,000.

Current Status: See current year finding 2022-001.