

BEAVER RIVER CENTRAL
SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2021

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BEAVER RIVER CENTRAL SCHOOL DISTRICT

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**BOWERS & COMPANY
CPAs PLLC**

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

**BOARD OF EDUCATION
BEAVER RIVER CENTRAL SCHOOL DISTRICT**

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 5-18), Schedule of Changes in the District's Total OPEB Liability and Related Ratios (page 80), Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund (pages 81), Schedule of the District's Proportionate Share of the Net Pension Asset (Liability) - NYSLRS Pension Plan (page 82) and Schedule of the District's Contributions - NYSLRS Pension Plan (page 83) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

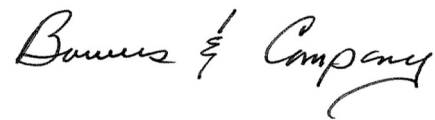
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Beaver River Central School District's basic financial statements. The Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital (pages 84-88) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards (page 95) is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital (pages 84-88), and the Schedule of Expenditures of Federal Awards (page 95) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital (pages 84-88), and the Schedule of Expenditures of Federal Awards (page 95) are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report October 13, 2021 on our consideration of the Beaver River Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Beaver River Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Beaver River Central School District's internal control over financial reporting and compliance.

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

Watertown, New York
October 13, 2021

BEAVER RIVER CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

INTRODUCTION

The following is a discussion and analysis of the Beaver River Central School District of Beaver Falls, New York's financial performance for the fiscal year ended June 30, 2021. This section is a summary of the District's financial activities based on currently known facts, decisions or conditions. It is based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the financial statement, which immediately follows this section.

FINANCIAL HIGHLIGHTS

The District-wide financial position remained relatively stable, with combined total net position deficit of \$11.99 million as of June 30, 2021, following a prior period adjustment for GASB Statement No. 84, compared to \$10.25 million as of June 30, 2020, as restated. Total revenues decreased 1.99%, or \$0.36 million, and total expenses increased 0.83%, or \$0.16 million at the District-wide level.

The 2020-21 revenues increased in BOCES Aid. This was associated with the District's contribution to a regional BOCES capital improvement project for \$20 million. This also contributed to a portion of the increase in expenditures.

All component districts in the BOCES region contributed to the BOCES capital projects. The District's contribution to the capital improvement project was \$783,864, or roughly 4% of the project's total cost. The District's portion of the capital improvement project was paid out in equal installments in the 2019-20 and 2020-21 fiscal years. This cost will be offset in each fiscal year by 66.5% through the BOCES Aid of State Educational funding.

BEAVER RIVER CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

FINANCIAL HIGHLIGHTS – Continued

Additional Information on this District presentation is as follows:

- Overall student enrollment decreased from 887 in 2019-20 to 800 in 2020-21. This was due to parental concerns related to COVID-19, as many students were home-schooled.
- The District's Full Property Values have increased approximately 9.17% over the past five (5) years.
- In October 2018, District voters approved an estimated \$12.0 million Capital Improvement Project, which includes roof replacement, renovation of educational space, construction of a new bus garage facility, and installation of stadium lighting on the athletic complex.
- In the Spring of 2021, the District concluded a multi-phase Capital Improvement Project which was approved in October 2018. A portion of the construction was completed prior to the opening of school in the Fall of 2020. The new bus facility was completed in the Spring of 2021.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three (3) parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

- The first two (2) statements are *District-wide* financial statements that both provide *short-term* and *long-term* information about the District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the District, reporting the District's operations in *more detail* than the District-wide statements. The fund financial statements concentrate on the District's most significant funds with all other non-major funds listed in total in one column.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short-term* as well as what remains for future spending.
- *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a *trustee* or *agent* for the benefit of others.

BEAVER RIVER CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

OVERVIEW OF FINANCIAL STATEMENTS – Continued

The financial statements also include notes that explain some of the information in the statements and provide data that are more detailed. The statements are followed by a section of required supplementary information (Supplemental Schedule SS-1) that further explains and supports the financial statements with a comparison of the District’s budget and actual expenditures for the year.

Table A-1 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

OVERVIEW OF FINANCIAL STATEMENTS – Continued

District-Wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two District-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities – is one way to measure the financial health or position of the District.

- Over time, increases and decreases in the District's net position are an indicator or whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are shown as Governmental activities: Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and State formula aid finance most of these activities.

Fund Financial Statements

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

OVERVIEW OF FINANCIAL STATEMENTS – Continued

Fund Financial Statements – Continued

The District has two (2) kinds of funds:

- 1.) **Governmental Funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental fund statements explain the relationship (or differences) between them.
- 2.) **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the property taxes collected on behalf of other governments. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations and does not have administrative control over funds that are not under specific trust arrangements.

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

Highlights of some of the District's larger funds are as follows:

General Fund – The General Fund had over \$6.837 million in assets consisting primarily of cash (\$5.922 million) and aid monies due (\$633 thousand) from NYS. Liabilities (\$857 thousand) consisted primarily of obligations due to the Teachers' Retirement System and Employees' Retirement System (\$608 thousand). 65% of the District's revenues came from State and Federal sources and 29% from Real Property taxes. At June 30, 2021, the District showed an excess of revenues over expenditures in its General Fund of \$1.295 million and total fund balance of \$5.981 million.

BEAVER RIVER CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

OVERVIEW OF FINANCIAL STATEMENTS – Continued

Fund Financial Statements – Continued

Highlights of some of the District's larger funds are as follows – Continued:

Special Aid Fund – The Special Aid fund had approximately \$160 thousand in assets at June 30, 2021, which consisted entirely of amounts due from State and Federal Aid. Liabilities of approximately \$160 thousand consisted primarily of monies borrowed from the General Fund. During 2020-2021, revenues in the Special Aid Fund decreased by approximately \$73 thousand (12.6%) from the prior year.

School Food Service Fund – The School Food Service Fund had \$44 thousand in assets at June 30, 2021, consisting of cash, inventory and State and Federal aid. The School Food Service Fund had an excess of expenditures over revenues of approximately \$164 thousand and total fund deficit of \$34 thousand.

Capital Fund – The District has an ongoing Capital renovation project, which was started in the Spring of 2020. Additional information on these projects can be found in the Schedule of Capital Projects Fund – Project Expenditures and Financing Resources of the audited financial statements on page 85.

Change in Accounting Principle

For the fiscal year ended June 30, 2021, the District implemented GASB Statement No. 84, Fiduciary Activities. The implementation of the statement establishes criteria for identifying fiduciary activities. For the District, this changes the reporting of scholarship activities, library tax levy, and extra classroom activities. See Note 15, 16, and 17 for the financial statement impact of the implementation of the Statement.

REPORTING THE SCHOOL DISTRICT AS A WHOLE

Our analysis below focuses on the Net Position (*Table A-2*) and Changes in Net Position (*Table A-3*) of the District's governmental activities. The District's combined net position deficit decreased slightly, from \$10.25 million to \$11.99 million. This represents a \$1.74 million decrease in the statement of net position for the year. The overall deficit is largely due to the District's other postemployment benefit ("OPEB") liability. As of June 30, 2021, the OPEB liability was \$43.49 million compared to \$40.01 million reported at the close of the prior fiscal year. See Note 12 for additional OPEB information.

BEAVER RIVER CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

REPORTING THE SCHOOL DISTRICT AS A WHOLE – Continued

Table A-2 summarizes the District's Net Position. The complete Statement of Net Position can be found in the District's basic financial statements.

Table A-2: Condensed Statement of Net Position-Governmental Activities (In Millions)

| | Fiscal Year 2020 (Restated) | Fiscal Year 2021 | Percent Change |
|---|--|-----------------------------|---------------------------|
| Assets | | | |
| Current and Other Assets | \$ 6.37 | \$ 19.51 | 206.28% |
| Capital Assets | 30.14 | 36.99 | 22.73% |
| Net Pension Assets – Proportionate Share | 0.77 | - | -100.00% |
| Total Assets | <u>\$ 37.28</u> | <u>\$ 56.50</u> | <u>51.56%</u> |
| Deferred Outflows of Resources | <u>\$ 11.02</u> | <u>\$ 12.25</u> | <u>11.16%</u> |
| Liabilities | | | |
| Current Liabilities | \$ 5.18 | \$ 13.49 | 160.42% |
| Long-Term Liabilities | 48.38 | 62.76 | 29.72% |
| Net Pension Liability – Proportionate Share | 1.74 | 0.84 | -51.72% |
| Total Liabilities | <u>\$ 55.30</u> | <u>\$ 77.09</u> | <u>39.40%</u> |
| Deferred Inflows of Resources | <u>\$ 3.25</u> | <u>\$ 3.65</u> | <u>12.31%</u> |
| Net Position | | | |
| Net Investment in Capital Assets | \$ 18.44 | \$ 16.69 | -9.49% |
| Restricted | 0.94 | 3.02 | 221.28% |
| Unrestricted (Deficit) | (29.63) | (31.70) | -6.99% |
| Total Net Position | <u>\$ (10.25)</u> | <u>\$ (11.99)</u> | <u>-16.98%</u> |

In addition to assets, the *Statement of Net Position* reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Included in deferred outflows of resources in the current year is \$4.24 million related to the District's participation in the NYS TRS and ERS pension systems and \$8.01 million related to the District's OPEB Plan.

BEAVER RIVER CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

REPORTING THE SCHOOL DISTRICT AS A WHOLE – Continued

In addition to liabilities, the *Statement of Net Position* or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Included in deferred inflows of resources in the current year is \$2.32 million related to the District's participation in the NYS TRS and ERS pension systems and \$1.33 million related to the District's OPEB Plan.

Table A-3: Changes in Net Position from Operating Results District-Wide (In Millions)

**Condensed Statement of Activities
Comparison 2019-2020 and 2020-2021**

| | Fiscal Year 2020* | Fiscal Year 2021 | Percent Change |
|---------------------------------|------------------------------|-----------------------------|---------------------------|
| Revenues | | | |
| Program Revenues | | | |
| Charges for Services | \$ 0.17 | \$ 0.05 | -70.59% |
| Operating and Capital Grants | 0.93 | 0.86 | -7.53% |
| General Revenues | | | |
| Property Taxes | 5.46 | 5.57 | 2.01% |
| State Formula Aid | 11.18 | 10.56 | -5.55% |
| Federal Sources | - | 0.30 | 0.00% |
| Medicaid Reimbursements | 0.01 | 0.01 | 0.00% |
| Use of Money and Property | 0.05 | 0.08 | 60.00% |
| Loss on Disposition of Property | - | (0.03) | 0.00% |
| Other | 0.25 | 0.29 | 16.00% |
| Total Revenues | <u>\$ 18.05</u> | <u>\$ 17.69</u> | <u>-1.99%</u> |
| Expenses | | | |
| General Support | \$ 3.86 | \$ 4.06 | 5.18% |
| Instruction | 12.97 | 12.85 | -0.93% |
| Pupil Transportation | 1.41 | 1.46 | 3.55% |
| Debt Service - Interest | 0.33 | 0.43 | 30.30% |
| School Food Service Program | 0.69 | 0.62 | -10.14% |
| Total Expenses | <u>\$ 19.26</u> | <u>\$ 19.42</u> | <u>0.83%</u> |
| Decrease in Net Position | <u>\$ (1.21)</u> | <u>\$ (1.73)</u> | <u>-42.98%</u> |

*2019-20 Statement of Activities information has not been restated as the required information from GASB 84 is only available for fiscal year ending June 30, 2021 and forward.

BEAVER RIVER CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

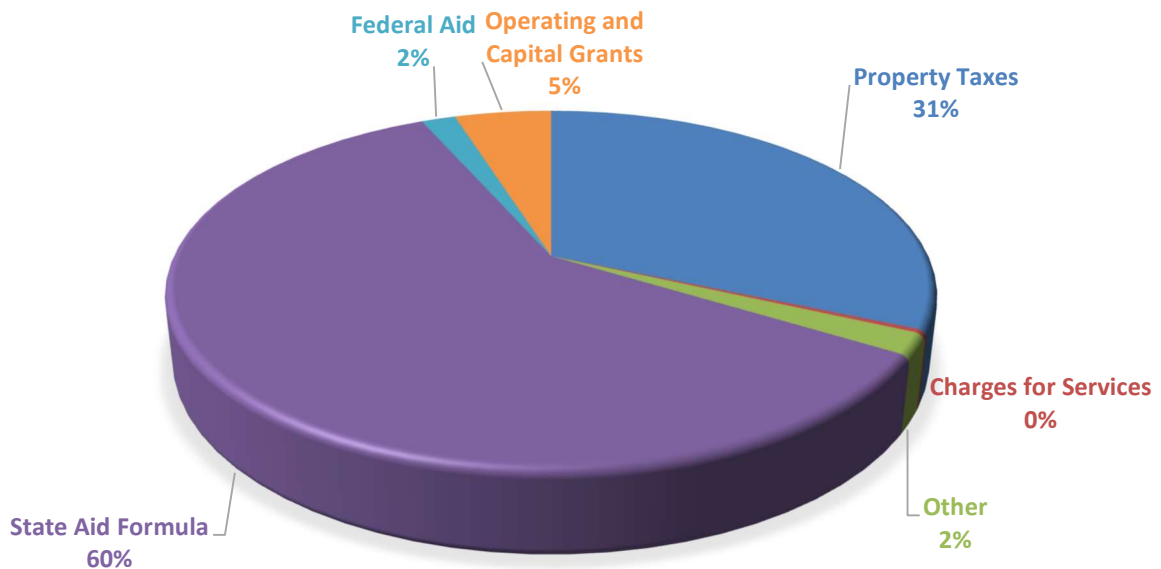
REPORTING THE SCHOOL DISTRICT AS A WHOLE – Continued

The District's total revenues decreased approximately 1.99% (*Table A-3*), while the total costs of all programs and services increased by approximately 0.83%.

The District's total fiscal year 2021 revenues totaled \$17.69 million. Property taxes and state formula aid accounted for most of the District's revenue by contributing 31 cents and 60 cents respectively, of every dollar raised (*See Table A-4*). The remainder came from fees charged for services, operating grants, and other miscellaneous sources.

The total cost of all programs and services totaled \$19.42 million for fiscal year 2021. Out of this total, 77 percent are predominately related to instruction, school food service and transporting students (*See Table A-5*). General support and other District business activities account for the remaining 23 percent of total costs.

Table A-4: Sources of Revenues for Fiscal Year 2021



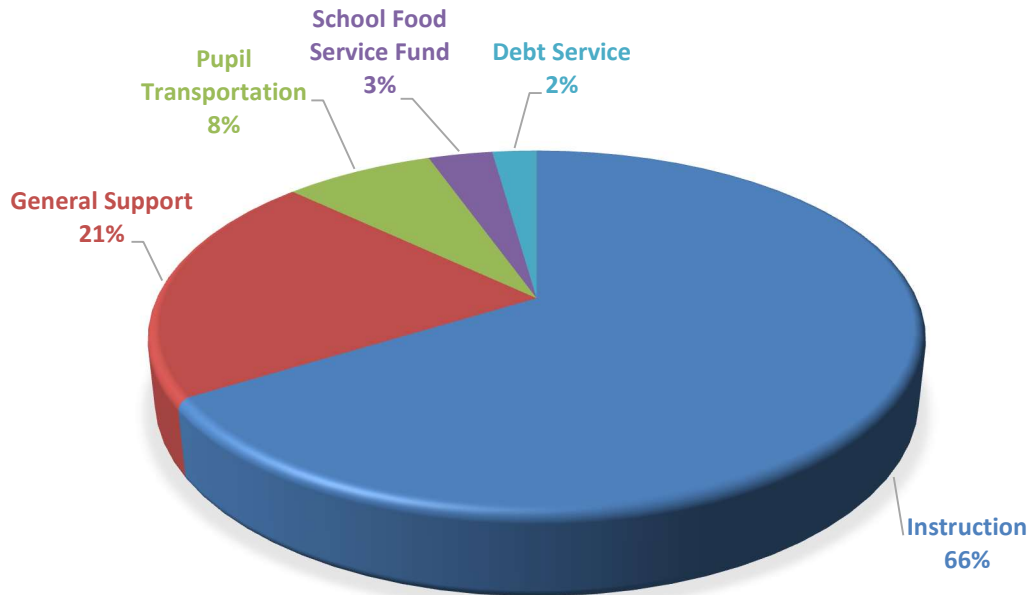
BEAVER RIVER CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

REPORTING THE SCHOOL DISTRICT AS A WHOLE – Continued

Table A-5: Expenses for Fiscal Year 2021



GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the District revised the budget several times. These budget amendments fall into three (3) categories:

- Amendments and supplemental appropriations approved shortly after the beginning of the year to reflect the actual beginning account balances (correcting the estimate amounts in the budget adopted May 2020).
- Changes made to accounts for significant events.
- Increases in appropriations preventing budget overruns.

BEAVER RIVER CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

GENERAL FUND BUDGETARY HIGHLIGHTS – Continued

Significant variances between budget and actual are as follows:

Revenues:

- Overall revenues received in 2020-21 were 1.28% higher than budgeted.
- The New York State imposed Tax Levy Limit calculation for 2020-21 allowed for a 2% annual increase in the local Tax Levy.
- Actual overall State Educational Aid revenues were slightly over budget by approximately \$181 thousand.

Expenditures:

- General Support was \$230 thousand less than budget due to lower costs than budgeted for utilities and operations of the plant, as a result of the COVID-19 pandemic.
- Instruction was \$1.298 million less than budget due to lower extra-curricular salaries, material and supplies and other educational costs, as a result of the COVID-19 pandemic.
- Pupil transportation was \$189 thousand less than budget due to declining fuel costs and reduced operation resulted from the COVID-19 pandemic.
- Employee benefits were \$338 thousand less than budget due to lower than anticipated increases in health insurance premiums.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal year 2021, the District had invested \$55.723 million in a broad range of capital assets, including land, improvements, buildings, furniture, equipment, and vehicles.

BEAVER RIVER CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

CAPITAL ASSET AND DEBT ADMINISTRATION – Continued

Capital Assets – Continued

Table A-6: Capital Assets at Year End (In thousands)

| Category | Fiscal Year 2020 | Fiscal Year 2021 | Percent Change |
|--------------------------|-----------------------------|-----------------------------|-----------------------|
| Land | \$ 124 | \$ 124 | 0.00% |
| Construction in Progress | 4,372 | 11,973 | 173.86% |
| Buildings & Improvements | 39,272 | 38,653 | -1.58% |
| Furniture & Equipment | 5,003 | 4,973 | -0.60% |
| Total | <u>\$ 48,771</u> | <u>\$ 55,723</u> | <u>14.25%</u> |

Short-term Debt

The District received a Bond Anticipation note in the amount of \$11,394,000 on August 4, 2020 to finance the capital project in the short-term.

For more information refer to Note 7.

Long-term Debt

At year-end, the District had \$64.558 million in general obligation and other long-term debt outstanding versus \$50.993 million last year, an increase of 26.60%.

The District received serial bonds in the amount of \$9,755,000 on June 16, 2021 to finance the \$12 million capital project.

Table A-7: Outstanding Long-Term Debt (In thousands)

| Category | Fiscal Year 2020 | Fiscal Year 2021 | Percent Change |
|-----------------------------|-----------------------------|-----------------------------|-----------------------|
| General Obligation Bonds | \$ 8,777 | \$ 19,755 | 125.08% |
| Other Long-Term Liabilities | 42,216 | 44,803 | 6.13% |
| Total | <u>\$ 50,993</u> | <u>\$ 64,558</u> | <u>26.60%</u> |

BEAVER RIVER CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

CAPITAL ASSET AND DEBT ADMINISTRATION – Continued

Long-term Debt – Continued

The District's general obligation bond rating continues to carry a rating of *Aa3* (Moody's) and *AA-* (S&P). The state limits the amount of general obligation debt that Non-City School Districts can issue up to 10% of the full value of all taxable property within the District's geographic limits. The District's outstanding general obligation debt is below the \$56.105 million state-imposed limit.

More detailed information about the District's outstanding debt is presented in the Note 8 of the Financial Statements.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The District was re-classified as a "High-Needs" district, which was reflected in an increase in the base State Formula Aid starting in 2013-14 and balance forward.
- The District tax increase for 2021-22 was 2.0%, based on the calculations under the State of New York's Tax Levy Limit calculation. The District has maintained a consistent property tax increase of 2.0% since 2012-13, with the exception of 2019-20, when the increase was 1.0%.
- In October 2018, the district approved an estimated \$12.0M Capital Improvement Project, which includes roof replacement, renovation of educational space, construction of a new bus garage facility and installation of stadium lighting on the athletic complex. The project was completed in the Spring of 2021.
- The 2021-22 General Fund budget contains a 3.73% increase over the 2020-21 budget, which includes the increase in the district's debt service related to the recently completed capital improvement project.
- The District may face operation and financial challenges in the 2021-22 fiscal year as a result of potential fiscal ramifications resulting from the ongoing COVID-19 pandemic.

BEAVER RIVER CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Beaver River Central School
Attn: District Treasurer
PO Box 179
9508 Artz Road
Beaver Falls, New York 13305
(315) 346-1211

BEAVER RIVER CENTRAL SCHOOL DISTRICT

AUDITED BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES

June 30, 2021

| ASSETS | |
|--|------------------------|
| Cash and Cash Equivalents | |
| Unrestricted | \$ 4,650,612 |
| Restricted | 13,642,249 |
| Receivables | |
| State and Federal Aid | 1,098,429 |
| Due From Fiduciary Funds | 500 |
| Due From Other Governments | 6,771 |
| Other | 59,391 |
| Inventories | 37,681 |
| Prepaid Expenses | 11,778 |
| Capital Assets, Net | 36,992,013 |
| TOTAL ASSETS | \$ 56,499,424 |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Pensions | \$ 4,244,339 |
| Other Postemployment Benefits | 8,008,122 |
| TOTAL DEFERRED OUTFLOWS OF RESOURCES | \$ 12,252,461 |
| LIABILITIES | |
| Payables | |
| Accounts Payable | \$ 107,882 |
| Accrued Liabilities | 232,724 |
| Accrued Interest on Bonds Payable and Bond Anticipation Note | 164,182 |
| Due to Teachers' Retirement System | 525,214 |
| Due to Employees' Retirement System | 82,595 |
| Notes Payable | |
| Bond Anticipation | 11,394,000 |
| Unearned Credits | |
| Overpayments and Collections in Advance | 290 |
| Unearned Revenues – Other | 21,544 |
| Long-Term Liabilities | |
| Due and Payable Within One Year | |
| Bonds Payable, Net of Unamortized Premium | 1,024,242 |
| Due and Payable After One Year | |
| Bonds Payable, Net of Unamortized Premium | 18,731,286 |
| Compensated Absences Payable | 472,743 |
| Other Postemployment Benefits Payable | 43,490,394 |
| Net Pension Liability – Proportionate Share | 839,442 |
| TOTAL LIABILITIES | \$ 77,086,538 |
| DEFERRED INFLOWS OF RESOURCES | |
| Pensions | \$ 2,323,059 |
| Other Postemployment Benefits | 1,331,893 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | \$ 3,654,952 |
| NET POSITION | |
| Net Investment in Capital Assets | \$ 16,694,920 |
| Restricted for: | |
| Debt Service | 1,662,240 |
| Other Legal Restriction | 1,353,399 |
| Unrestricted (Deficit) | (31,700,164) |
| TOTAL NET POSITION | \$ (11,989,605) |

See notes to audited basic financial statements.

BEAVER RIVER CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION – GOVERNMENTAL ACTIVITIES

Year Ended June 30, 2021

| | Expenses | Program Revenues | | | Net (Expenses) Revenues and Changes in Net Position |
|---|----------------------|-------------------------|---------------------|-------------------|--|
| | | Charges for Services | Operating Grants | Capital Grants | |
| FUNCTIONS/PROGRAMS | | | | | |
| General Support | \$ 4,056,920 | \$ - | \$ - | \$ - | \$ (4,056,920) |
| Instruction | 12,854,193 | 18,130 | 504,720 | 26,226 | (12,305,117) |
| Pupil Transportation | 1,458,042 | - | - | - | (1,458,042) |
| Debt Service - Interest | 430,429 | - | - | - | (430,429) |
| School Food Service Program | 622,488 | 34,973 | 332,508 | - | (255,007) |
| Total Functions and Programs | <u>\$ 19,422,072</u> | <u>\$ 53,103</u> | <u>\$ 837,228</u> | <u>\$ 26,226</u> | <u>(18,505,515)</u> |
| GENERAL REVENUES | | | | | |
| Real Property Taxes | | | | | 4,939,190 |
| Other Tax Items | | | | | 633,275 |
| Use of Money and Property | | | | | 77,837 |
| Sale of Property and Compensation for Loss | | | | | 3,536 |
| Loss on Disposition of Property | | | | | (31,678) |
| State Sources | | | | | 10,556,769 |
| Federal Sources | | | | | 304,050 |
| Medicaid Reimbursements | | | | | 14,389 |
| Miscellaneous | | | | | 272,489 |
| Total General Revenues | | | | | <u>16,769,857</u> |
| Change in Net Position | | | | | (1,735,658) |
| Net Position – Beginning of Year, As Restated | | | | | <u>(10,253,947)</u> |
| Net Position – End of Year | | | | | <u>\$ (11,989,605)</u> |

See notes to audited basic financial statements.

BEAVER RIVER CENTRAL SCHOOL DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2021

| | <u>General</u> | <u>Capital Projects 2020 - Bus Garage</u> | <u>Debt Service</u> | <u>Non-Major Funds</u> | <u>Total Governmental Funds</u> |
|---|---------------------|---|-------------------------|----------------------------|---|
| ASSETS | | | | | |
| Cash and Cash Equivalents | | | | | |
| Unrestricted | \$ 4,645,564 | \$ - | \$ - | \$ 5,048 | \$ 4,650,612 |
| Restricted | 1,276,043 | 943,850 | 11,345,000 | 77,356 | 13,642,249 |
| Receivables | | | | | |
| Due From Other Funds | 205,743 | 10,057,692 | 72,240 | 3,583 | 10,339,258 |
| Due From Fiduciary Funds | 500 | - | - | - | 500 |
| State and Federal Aid | 632,768 | - | - | 465,661 | 1,098,429 |
| Due From Other Governments | 6,771 | - | - | - | 6,771 |
| Other | 58,310 | - | - | 1,081 | 59,391 |
| Inventories | - | - | - | 37,681 | 37,681 |
| Prepaid Expenditures | 11,778 | - | - | - | 11,778 |
| TOTAL ASSETS | <u>\$ 6,837,477</u> | <u>\$ 11,001,542</u> | <u>\$ 11,417,240</u> | <u>\$ 590,410</u> | <u>\$ 29,846,669</u> |
| LIABILITIES | | | | | |
| Payables | | | | | |
| Accounts Payable | \$ 4,134 | \$ 103,310 | \$ - | \$ 438 | \$ 107,882 |
| Accrued Liabilities | 221,385 | - | - | 945 | 222,330 |
| Due to Other Funds | 23,152 | 45,797 | 9,755,000 | 515,309 | 10,339,258 |
| Due to Teachers' Retirement System | 525,214 | - | - | - | 525,214 |
| Due to Employees' Retirement System | 82,595 | - | - | - | 82,595 |
| Notes Payable | | | | | |
| Bond Anticipation | - | 11,394,000 | - | - | 11,394,000 |
| Unearned Credits | | | | | |
| Overpayments and Collections in Advance | 290 | - | - | - | 290 |
| Unearned Revenues | - | - | - | 31,938 | 31,938 |
| Total Liabilities | <u>856,770</u> | <u>11,543,107</u> | <u>9,755,000</u> | <u>548,630</u> | <u>22,703,507</u> |
| FUND BALANCES (DEFICITS) | | | | | |
| Nonspendable | 11,778 | - | - | - | 11,778 |
| Restricted | 1,276,043 | - | 1,662,240 | 77,356 | 3,015,639 |
| Assigned | 1,005,621 | - | - | - | 1,005,621 |
| Unassigned (Deficit) | 3,687,265 | (541,565) | - | (35,576) | 3,110,124 |
| Total Fund Balances (Deficits) | <u>5,980,707</u> | <u>(541,565)</u> | <u>1,662,240</u> | <u>41,780</u> | <u>7,143,162</u> |
| TOTAL LIABILITIES AND FUND BALANCES (DEFICITS) | <u>\$ 6,837,477</u> | <u>\$ 11,001,542</u> | <u>\$ 11,417,240</u> | <u>\$ 590,410</u> | <u>\$ 29,846,669</u> |

See notes to audited basic financial statements.

BEAVER RIVER CENTRAL SCHOOL DISTRICT

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

June 30, 2021

Total Fund Balance - Governmental Funds \$ 7,143,162

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

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

| | | |
|---|--------------|-----------|
| Net Pension Liability - Proportionate Share - TRS | \$ 833,290 | |
| Net Pension Liability - Proportionate Share - ERS | <u>6,152</u> | (839,442) |

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

| | | |
|-------------------------------|------------------|-------------|
| Other Postemployment Benefits | \$ 1,331,893 | |
| Pensions | <u>2,323,059</u> | (3,654,952) |

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

| | | |
|-------------------------------|------------------|------------|
| Other Postemployment Benefits | \$ 8,008,122 | |
| Pensions | <u>4,244,339</u> | 12,252,461 |

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

| | | |
|-------------------------------|---------------------|------------|
| The Cost of Capital Assets is | \$ 55,723,439 | |
| Accumulated Depreciation is | <u>(18,731,426)</u> | 36,992,013 |

Long-term liabilities, including bonds payable and compensated absences, are not due in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities, at year end, consist of:

| | | |
|---------------------------------------|------------------|---------------------|
| Bonds Payable | \$ 17,123,398 | |
| Accrued Interest Payable | 164,182 | |
| Compensated Absences Payable | 472,743 | |
| Other Postemployment Benefits Payable | 43,490,394 | |
| Premium on Bond Issue | <u>2,632,130</u> | <u>(63,882,847)</u> |

Total Net Position - Governmental Activities \$ (11,989,605)

BEAVER RIVER CENTRAL SCHOOL DISTRICT

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

Year Ended June 30, 2021

| | General | Capital Projects 2020 - Bus Garage | Debt Service | Non-Major Funds | Total Governmental Funds |
|---|---------------------|---|-------------------------|----------------------------|---|
| REVENUES | | | | | |
| Real Property Taxes | \$ 4,939,190 | \$ - | \$ - | \$ - | \$ 4,939,190 |
| Other Tax Items | 633,275 | - | - | - | 633,275 |
| Charges for Services | 18,130 | - | - | - | 18,130 |
| Use of Money and Property | 4,108 | - | 1,486 | 3 | 5,597 |
| Sale of Property and Compensation for Loss | 3,536 | 150,000 | - | - | 153,536 |
| State Sources | 10,693,252 | - | - | 311,712 | 11,004,964 |
| Medicaid Reimbursement | 14,389 | - | - | - | 14,389 |
| Federal Sources | 304,050 | - | - | 798,241 | 1,102,291 |
| Surplus Food | - | - | - | 32,094 | 32,094 |
| Sales – School Food Service | - | - | - | 34,973 | 34,973 |
| Miscellaneous | 219,168 | - | - | 53,321 | 272,489 |
| Total Revenues | <u>16,829,098</u> | <u>150,000</u> | <u>1,486</u> | <u>1,230,344</u> | <u>18,210,928</u> |
| EXPENDITURES | | | | | |
| General Support | 2,375,812 | - | - | 289,664 | 2,665,476 |
| Instruction | 7,422,874 | - | - | 504,720 | 7,927,594 |
| Pupil Transportation | 700,966 | - | - | - | 700,966 |
| Employee Benefits | 3,703,815 | - | - | 86,215 | 3,790,030 |
| Debt Service: | | | | | |
| Principal | 792,817 | - | - | - | 792,817 |
| Interest | 389,998 | - | - | - | 389,998 |
| Food Service Program: | | | | | |
| Cost of Sales | - | - | - | 155,477 | 155,477 |
| Other Expenditures | - | - | - | 62,585 | 62,585 |
| Capital Outlay | - | 7,578,797 | - | 405,265 | 7,984,062 |
| Total Expenditures | <u>15,386,282</u> | <u>7,578,797</u> | <u>-</u> | <u>1,503,926</u> | <u>24,469,005</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>1,442,816</u> | <u>(7,428,797)</u> | <u>1,486</u> | <u>(273,582)</u> | <u>(6,258,077)</u> |
| OTHER FINANCING SOURCES AND (USES) | | | | | |
| Premium on Debt Issuance | - | - | 1,869,016 | - | 1,869,016 |
| Bond Issuance Costs | - | - | (206,776) | - | (206,776) |
| Proceeds from Debt | - | 9,755,000 | - | 293,398 | 10,048,398 |
| Operating Transfers In | - | 58,212 | - | 148,032 | 206,244 |
| Operating Transfers (Out) | (148,032) | - | (58,212) | - | (206,244) |
| Total Other Financing Sources and (Uses) | <u>(148,032)</u> | <u>9,813,212</u> | <u>1,604,028</u> | <u>441,430</u> | <u>11,710,638</u> |
| Net Change in Fund Balances | 1,294,784 | 2,384,415 | 1,605,514 | 167,848 | 5,452,561 |
| Fund Balances (Deficit) – | | | | | |
| Beginning of Year, As Restated | 4,685,923 | (2,925,980) | 56,726 | (126,068) | 1,690,601 |
| Fund Balances (Deficit) – End of Year | <u>\$ 5,980,707</u> | <u>\$ (541,565)</u> | <u>\$ 1,662,240</u> | <u>\$ 41,780</u> | <u>\$ 7,143,162</u> |

See notes to audited basic financial statements.

BEAVER RIVER CENTRAL SCHOOL DISTRICT

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

Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds \$ 5,452,561

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Net Position assets with an initial, individual cost of more than \$5,000 are capitalized and in the Statement of Activities, the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and loss on disposal of capital assets in the current period.

| | | | |
|----------------------|----|------------------|-----------|
| Capital Outlays | \$ | 8,010,288 | |
| Loss on Disposals | | (31,678) | |
| Depreciation Expense | | <u>(981,420)</u> | 6,997,190 |

In the governmental funds, the proceeds from disposal of assets is reported as revenue. The change in net position differs from the change in fund balance by the proceeds recorded.

(150,000)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of debt payments made in the current period.

792,817

Proceeds of long-term debt, including premium on issuance, are recorded as an other financing source for governmental funds but are not recorded in the Statement of Activities. This is the amount of proceeds and premiums from long-term debt received in the current year.

(11,845,174)

Statement of Activities reports revenues when earned. Long-term revenues differences relating to Smart School Bond Funding was reported as revenue in the Statement of Activities and a deferred inflow in the governmental funds in the prior year, and therefore reported as revenue in the governmental funds and excluded from the Statement of Activities in the current year.

(278,593)

BEAVER RIVER CENTRAL SCHOOL DISTRICT

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

Year Ended June 30, 2021

| | | |
|--|----------------|------------------------------|
| Governmental fund report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Long term revenue differences relating to the 20% withholding of State Aid was reported as revenue in the Statement of Activities and deferred inflow in the governmental funds in the prior year, and therefore is reported as revenue in the governmental funds and excluded from the Statement of Activities in the current year. | | (136,482) |
| Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is paid. The interest reported in the Statement of Activities is increased by the net increase in accrued interest on bonds, BANs, and amortization of premium on bond issue. | | (40,431) |
| In the Statement of Activities, certain operating expenses--compensated absences (vacations and certain sick pay) and special termination benefits (early retirement) --are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). | | (13,378) |
| On the Statement of Activities, the actual and projected long-term expenditures for post employment benefits and related deferred outflows/inflows are reported whereas on the governmental funds only the actual expenditures are recorded for postemployment benefits. | | (2,019,286) |
| (Increases) decreases in proportionate share of net pension asset (liability) and related deferred outflows/inflows reported in the Statement of Activities do not provide for or require the use of current financial resources and, therefore, are not reported as revenues or expenditures in the governmental funds. | | |
| Teachers' Retirement System | \$ (624,323) | |
| Employees' Retirement System | <u>129,441</u> | <u>(494,882)</u> |
| Change in Net Position of Governmental Activities | | <u><u>\$ (1,735,658)</u></u> |

BEAVER RIVER CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2021

| | Custodial | Private Purpose Trusts |
|---------------------------|------------------|---------------------------------------|
| ASSETS | | |
| Cash and Cash Equivalents | | |
| Restricted | \$ - | \$ 123 |
| Total Assets | <u>\$ -</u> | <u>\$ 123</u> |
| LIABILITIES | | |
| Due to Governmental Funds | \$ - | \$ 500 |
| Total Liabilities | <u>-</u> | <u>500</u> |
| NET POSITION | | |
| Restricted | <u>\$ -</u> | <u>\$ (377)</u> |

See notes to audited basic financial statements.

BEAVER RIVER CENTRAL SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended June 30, 2021

| | Custodial | Private Purpose Trusts |
|--|--------------------|---------------------------------------|
| ADDITIONS | | |
| Interest Earnings | \$ - | \$ 1 |
| Taxes Collected for Other Governments (Library Levy) | <u>70,000</u> | <u>-</u> |
| Total Additions | <u>70,000</u> | <u>1</u> |
| DEDUCTIONS | | |
| Scholarships and Awards | - | 27,550 |
| Payment of Tax to Other Governments (Library Levy) | <u>70,000</u> | <u>-</u> |
| Total Deductions | <u>70,000</u> | <u>27,550</u> |
| Change in Net Position | - | (27,549) |
| Net Position – Beginning of Year, As Restated | <u>-</u> | <u>27,172</u> |
| Net Position – End of Year | <u><u>\$ -</u></u> | <u><u>\$ (377)</u></u> |

See notes to audited basic financial statements.

BEAVER RIVER CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB 39, *Component Units*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

Extra Classroom Activity Funds

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

BEAVER RIVER CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Joint Venture

The District is one of 18 component school districts in the Jefferson-Lewis-Hamilton-Herkimer-Oneida Counties Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs that provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n (a) of the New York State General Municipal Law.

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

During the year, the District was billed \$2,866,360 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$1,151,700. This represents state aid distributions of \$1,018,059 and 2020 fund balance returned to schools of \$133,641. However, an additional \$116,393 of BOCES state aid distributions have been recognized on the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds. This amount was recorded as a deferred inflow of resources on the Balance Sheet – Governmental Funds in the prior year since it was not considered "available" as state aid distributions were reduced by 20% subsequent to year-end.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation

District-Wide Statements

The *Statement of Net Position* and the *Statement of Activities* present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State and Federal aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The *Statement of Net Position* presents the financial position of the District at fiscal year-end. The *Statement of Activities* presents a comparison between direct program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Statements

The fund statements provide information about the District's funds, including each type of fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation – Continued

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditures for specified purposes, child nutrition, extra classroom activity funds which the District has administrative involvement or other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

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

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

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

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

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

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

The District reports the following fiduciary funds:

Fiduciary Funds: Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation – Continued

There are two classes of fiduciary funds:

Private Purpose Trust Funds: These funds are used to account for trust arrangements in which principal and income benefits annual third-party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

Custodial Funds: These funds are limited to assets that are being held for individuals, private organizations, or other governments that are not held in a trust. Assets are held by the District as agent for property taxes collected on behalf of other governments.

Measurement Focus and Basis of Accounting

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

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

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collectible within 60 days after the end of the fiscal year as it matched the liquidation of related obligations.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, 2020, and became a lien on August 3, 2020. Taxes are collected during the period September 1, 2020 to October 31, 2020.

Uncollected real property taxes are subsequently enforced by the County of Lewis, in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1.

Restricted Resources

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

Interfund Transactions

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

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

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Estimates

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

Impact of COVID-19 Pandemic on Financial Statements

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

Cash and Cash Equivalents

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

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

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

Receivables

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Inventories and Prepaid Items

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

A portion of the fund balance in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures. In the current period, the portion of the School Food Service Fund balance reported in this category was limited by the total fund balance available.

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

A prepaid item was recorded in the General Fund in the amount of \$11,778, which represents the District's contribution to the School and Municipal Energy Cooperative of WNY ("SMEC"). Contributions made by member districts are recorded by SMEC as a current liability, and members are allocated a share of the organization's net assets based on each participant share of premiums paid for that year.

Other Assets

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

Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2002. For assets acquired prior to July 1, 2002, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

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

BEAVER RIVER CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Capital Assets – Continued

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

| | Capitalization Threshold | Depreciation Method | Estimated Useful Life |
|-------------------------|-------------------------------------|--------------------------------|----------------------------------|
| Site Improvements | \$ 25,000 | SL | 50 Years |
| Buildings | 50,000 | SL | 50 Years |
| Building Improvements | 25,000 | SL | 20 Years |
| Furniture and Equipment | 5,000 | SL | 5 - 20 Years |

The District does not possess any infrastructure.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. First is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is the District's contributions to the New York State Teachers' and Employees' pension systems and to Other Postemployment Benefit (OPEB) plan subsequent to the measurement date. The third item is related to OPEB reported in the District-wide Statements of Net Position. This represents the effect of the net change in the actual and expected experience and the changes of assumptions and other inputs.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Deferred Outflows and Inflows of Resources – Continued

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

Unearned Revenue

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

Vested Employee Benefits

Compensated Absences

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

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

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Vested Employee Benefits – Continued

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

Other Benefits

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

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

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

Short-Term Debt

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

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Short-Term Debt – Continued

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

Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities, and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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

Equity Classifications

District-Wide Statements

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

Net Investment in Capital Assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

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

Fund Statements

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

Nonspendable – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Food Service Fund of \$0 and the prepaid expenditures of \$11,778 recorded in the General Fund. The School Food Service Fund had \$37,681 of actual inventories on hand as of June 30, 2021. (The nonspendable portion is limited by the available fund balance).

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

Debt Service

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

Employee Benefit Accrued Liability

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

Insurance

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

Retirement Contributions

According to General Municipal Law §6-r, all expenditures made from the retirement contributions reserve fund must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund.

Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. This reserve is accounted for in the General Fund.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

Workers' Compensation

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

Unemployment Insurance

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

Capital

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

Scholarships and Awards Fund

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

Extra Classroom Activity Funds

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

Tax Certiorari

According to Education Law §3651.1-a, must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in this reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgements and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. This reserve is accounted for in the General Fund.

Repairs

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

BEAVER RIVER CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

Restricted fund balance includes the following at June 30, 2021:

| | |
|------------------------------------|--------------------------------|
| General Fund | |
| Insurance | \$ 24,503 |
| Repairs | 42,605 |
| Unemployment Insurance | 150,980 |
| Employee Benefit Accrued Liability | 93,162 |
| Capital | 200,066 |
| Tax Certiorari | 200,058 |
| Retirement Contributions - NYSERS | 261,214 |
| Retirement Contributions - NYSTRS | 200,444 |
| Workers' Compensation | 103,011 |
| Extra Classroom Activity Funds | 73,465 |
| Scholarships and Awards Fund | 3,891 |
| Debt Service Fund | <u>1,662,240</u> |
| Total Restricted Funds | <u><u>\$ 3,015,639</u></u> |

Committed – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District’s highest level of decision-making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2021.

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

Unassigned – Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

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

Order of Use of Fund Balance

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

New Accounting Standards

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

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

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

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates*, effective for the year ending June 30, 2021, except for GASB No. 93 paragraphs 13-14 effective for the year ending June 30, 2022.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Future Changes in Accounting Standards

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

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

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

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

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

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

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

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

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

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

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

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

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

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

1. Long-Term Revenue and Expense Differences:

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

2. Capital Related Differences:

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

3. Long-Term Debt Transaction Differences:

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

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

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

4. Pension Differences:

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

5. OPEB Differences:

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

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities*. The implementation of the statement establishes criteria for identifying fiduciary activities of all school districts. See Note 15, Note 16, and Note 17 for the financial statement impact of the implementation of the statement.

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

Budgets

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

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

Appropriations are adopted at the program line item level.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

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

Budgets – Continued

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year: board approved donations to the District in the amount of \$31,337.

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

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

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

Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as restrictions or assignments of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

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

Other

The District's unreserved undesignated fund balance was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The District is committed to adjusting the District's unrestricted Fund Balance to comply with RPTL statutory limits and do so in a manner that benefits District taxpayers; such as use surplus funds as a financing source, funding on-time expenditures, and/or funding needed reserves.

The Capital Projects – 2020 Bus Garage Fund had a deficit fund balance of \$541,565 and the Capital Projects – Mini Projects Fund had a deficit fund balance of \$1,411. These will be eliminated with the use of the Debt Service Reserve funds.

The School Food Service Fund had a deficit fund balance of \$34,165. This will be eliminated through an interfund transfer from the General Fund.

During the year ended June 30, 2021, the General Fund had an excess of actual expenditures over budget for instruction – instructional media by \$27,249 and debt service by \$5,125.

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

Cash

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

BEAVER RIVER CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

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

Cash – Continued

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

| | |
|---|----------------------------|
| Uncollateralized | <u><u>\$ -</u></u> |
| Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name | <u><u>\$ 1,568,266</u></u> |

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$1,276,043 restricted for various fund balance reserves in the General Fund, \$943,850 restricted for a voter approved capital project in the Capital Projects 2020 – Bus Garage Fund, \$11,345,000 restricted for debt service payments in the Debt Service Fund, \$73,465 restricted for extra classroom in the Extra Classroom Activity Funds, and \$3,891 restricted for scholarships and awards in the Scholarships and Awards Fund within the governmental funds.

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

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

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

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

BEAVER RIVER CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

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

Investment Pool – NYCLASS

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General municipal Law Article 5-G, §119-0, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. At June 30, 2021, the District held \$5,087,433 in the General Fund through the cooperative classified as unrestricted and restricted cash.

The above amount represents the cost of the investment pool shares and are considered to approximate net asset value. The investment pool is categorically exempt from the New York State collateral requirements. Additional information concerning the cooperative is presented in the annual report of NY Class.

NOTE 6 – CAPITAL ASSETS

Capital asset balances and activity as of June 30, 2021 were as follows:

| Governmental Activities | Beginning Balance | Additions | Retirements / Reclassifications | Ending Balance |
|--|------------------------------|---------------------|--|---------------------------|
| Capital Assets That Are Not Depreciated: | | | | |
| Land | \$ 124,334 | \$ - | \$ - | \$ 124,334 |
| Construction-in-Progress | 4,372,195 | 7,690,665 | (89,630) | 11,973,230 |
| Total Nondepreciable Assets | <u>4,496,529</u> | <u>7,690,665</u> | <u>(89,630)</u> | <u>12,097,564</u> |
| Capital Assets That Are Depreciated: | | | | |
| Buildings & Improvements | 39,271,699 | - | (618,657) | 38,653,042 |
| Furniture and Equipment | 5,002,627 | 357,124 | (386,918) | 4,972,833 |
| Total Depreciable Assets | <u>44,274,326</u> | <u>357,124</u> | <u>(1,005,575)</u> | <u>43,625,875</u> |
| Less Accumulated Depreciation: | | | | |
| Buildings & Improvements | 15,266,897 | 648,355 | (558,176) | 15,357,076 |
| Furniture and Equipment | 3,359,136 | 333,065 | (317,851) | 3,374,350 |
| Total Accumulated Depreciation | <u>18,626,033</u> | <u>981,420</u> | <u>(876,027)</u> | <u>18,731,426</u> |
| Total Depreciated Assets, Net | <u>25,648,293</u> | <u>(624,296)</u> | <u>(129,548)</u> | <u>24,894,449</u> |
| Capital Assets, Net | <u>\$ 30,144,822</u> | <u>\$ 7,066,369</u> | <u>\$ (219,178)</u> | <u>\$ 36,992,013</u> |

BEAVER RIVER CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 6 – CAPITAL ASSETS – Continued

Depreciation expense was charged to governmental functions as follows:

| | |
|----------------------------|-------------------|
| General Support | \$ 675,514 |
| Instruction | 34,714 |
| Pupil Transportation | 268,744 |
| School Food Service Fund | 2,448 |
| Total Depreciation Expense | <u>\$ 981,420</u> |

NOTE 7 – SHORT-TERM DEBT OBLIGATIONS

Short-term debt may be authorized and issued to fund Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuances of bond anticipation notes (BANs).

Details related to the short-term debt activity for the fiscal year ended June 30, 2021, are as follows:

| | Maturity | Interest Rate | Beginning Balance | Issued | Redeemed | Ending Balance |
|-----|-----------------|----------------------|--------------------------|----------------------|---------------------|-----------------------|
| BAN | 8/25/2020 | 3.25% | \$ 3,000,000 | \$ - | \$ 3,000,000 | \$ - |
| BAN | 7/16/2021 | 1.25% | - | 11,394,000 | - | 11,394,000 |
| | | | <u>\$ 3,000,000</u> | <u>\$ 11,394,000</u> | <u>\$ 3,000,000</u> | <u>\$ 11,394,000</u> |

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

| | |
|--|-------------------|
| Interest Paid | \$ 27,625 |
| Less: Interest Accrued in the Prior Year | (17,792) |
| Plus: Interest Accrued in the Current Year | 128,974 |
| Total Expense | <u>\$ 138,807</u> |

The proceeds of the BAN were used as short-term financing for a capital project.

BEAVER RIVER CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 8 – LONG-TERM DEBT OBLIGATIONS

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

Serial Bonds

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

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

| Governmental Activities | Beginning Balance | Additions | Reductions | Ending Balance | Amount Due Within One Year |
|---|------------------------------|----------------------|---------------------|---------------------------|---|
| Bonds and Notes Payable | | | | | |
| General Obligation Debt | | | | | |
| Serial Bonds | \$ 7,867,817 | \$ 10,048,398 | \$ 792,817 | \$ 17,123,398 | \$ 888,398 |
| Premium on Bonds | 909,240 | 1,796,776 | 73,886 | 2,632,130 | 135,844 |
| Total Bonds & Notes Payable | <u>8,777,057</u> | <u>11,845,174</u> | <u>866,703</u> | <u>19,755,528</u> | <u>1,024,242</u> |
| Other Liabilities | | | | | |
| Compensated Absences Payable | 459,365 | 13,378 | - | 472,743 | - |
| Other Postemployment Benefits Liability | 40,014,452 | 3,475,942 | - | 43,490,394 | - |
| Net Pension Liability - Proportionate Share | <u>1,741,804</u> | <u>-</u> | <u>902,362</u> | <u>839,442</u> | <u>-</u> |
| Total Other Liabilities | <u>42,215,621</u> | <u>3,489,320</u> | <u>902,362</u> | <u>44,802,579</u> | <u>-</u> |
| Total Governmental Activities | <u>\$ 50,992,678</u> | <u>\$ 15,334,494</u> | <u>\$ 1,769,065</u> | <u>\$ 64,558,107</u> | <u>\$ 1,024,242</u> |

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

BEAVER RIVER CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 8 – LONG-TERM DEBT OBLIGATIONS – Continued

Existing serial and statutory bond obligations:

| Description | Issue Date | Final Maturity | Interest Rate (%) | Balance |
|-------------|------------|----------------|----------------------|----------------------|
| Serial Bond | 06/15/12 | 06/15/27 | 3.0 - 5.0 | \$ 780,000 |
| Serial Bond | 10/14/16 | 10/01/21 | 1.18 | 70,000 |
| Serial Bond | 10/13/17 | 10/01/22 | 0.5 - 2.85 | 130,000 |
| Serial Bond | 06/07/18 | 06/15/33 | 5.0 | 5,700,000 |
| Serial Bond | 10/04/18 | 10/01/23 | 2.75 - 2.875 | 190,000 |
| Serial Bond | 10/10/19 | 10/01/24 | 2.00 - 2.125 | 205,000 |
| Serial Bond | 10/10/20 | 10/01/25 | 1.25 - 1.375 | 293,398 |
| Serial Bond | 06/16/21 | 06/15/50 | 3.0 - 4.0 | 9,755,000 |
| | | | | <u>\$ 17,123,398</u> |

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

| | Principal | Interest | Total |
|-----------|----------------------|---------------------|----------------------|
| 2022 | \$ 888,398 | \$ 857,631 | \$ 1,746,029 |
| 2023 | 1,165,000 | 703,423 | 1,868,423 |
| 2024 | 1,140,000 | 656,297 | 1,796,297 |
| 2025 | 1,120,000 | 609,097 | 1,729,097 |
| 2026 | 1,115,000 | 561,425 | 1,676,425 |
| 2027-2031 | 5,330,000 | 2,030,963 | 7,360,963 |
| 2032-2036 | 3,685,000 | 841,800 | 4,526,800 |
| 2037-2041 | 830,000 | 355,100 | 1,185,100 |
| 2042-2046 | 965,000 | 221,550 | 1,186,550 |
| 2047-2050 | 885,000 | 67,050 | 952,050 |
| | <u>17,123,398</u> | <u>6,904,336</u> | <u>24,027,734</u> |
| Total | <u>\$ 17,123,398</u> | <u>\$ 6,904,336</u> | <u>\$ 24,027,734</u> |

BEAVER RIVER CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 8 – LONG-TERM DEBT OBLIGATIONS – Continued

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

| | |
|--|-------------------|
| Interest Paid | \$ 362,373 |
| Less: Interest Accrued in the Prior Year | (32,073) |
| Plus: Interest Accrued in the Current Year | 35,208 |
| Less: Amortization of Bond Premium | (73,886) |
| Total Interest on Long-Term Debt | <u>\$ 291,622</u> |

NOTE 9 – PENSION PLANS

General Information

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

Teachers' Retirement System (TRS) Plan Description

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 – PENSION PLANS – Continued

Employees' Retirement System (ERS) Plan Description

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

TRS Benefits Provided

Benefits

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

Tier 1

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

Tier 2

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 – PENSION PLANS – Continued

TRS Benefits Provided – Continued

Tier 3

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

Tier 4

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

Tier 5

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

Tier 6

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

Service Retirements

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

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

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

BEAVER RIVER CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 – PENSION PLANS – Continued

TRS Benefits Provided – Continued

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

Vested Benefits

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

Disability Retirement

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

Death Benefits

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

Prior Service

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

Tier Reinstatement

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 – PENSION PLANS – Continued

TRS Benefits Provided – Continued

Permanent Cost-of-Living Adjustment (COLA)

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

ERS Benefits Provided

Benefits

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

Tiers 1 and 2

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 – PENSION PLANS – Continued

ERS Benefits Provided – Continued

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

Tiers 3, 4, and 5

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

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

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

Tier 6

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 – PENSION PLANS – Continued

ERS Benefits Provided – Continued

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

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

Vested Benefits

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

Disability Retirement Benefits

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

Ordinary Death Benefits

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

BEAVER RIVER CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 – PENSION PLANS – Continued

ERS Benefits Provided – Continued

Post-Retirement Benefit Increases

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

Funding Policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers’ Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers’ contributions for the ERS’ fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years. (The District chose to prepay the required contributions by December 15, 2020 and received an overall discount of \$2,363).

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

| | NYSTRS | NYSERS |
|-----------|---------------|---------------|
| 2020-2021 | \$ 453,492 | \$ 286,139 |
| 2019-2020 | 528,684 | 278,668 |
| 2018-2019 | 478,295 | 272,212 |

BEAVER RIVER CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 – PENSION PLANS – Continued

Funding Policies – Continued

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

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

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

| | ERS | TRS |
|---|----------------|---------------|
| Measurement Date | March 31, 2021 | June 30, 2020 |
| District's Proportionate Share of the Net Pension Asset (Liability) | \$ (6,152) | \$ (833,290) |
| District's Portion (%) of the Plan's Total Net Pension Liability | 0.0061781% | 0.030156% |
| Change in Proportion (%) Since the Prior Measurement Date | -0.0003996% | 0.000332% |

BEAVER RIVER CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 – PENSION PLANS – Continued

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

For the year ended June 30, 2021, the District recognized pension expense (credit) of \$(129,441) for ERS and \$624,323 for TRS. At June 30, 2021, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | <u>Deferred Outflows of Resources</u> | | <u>Deferred Inflows of Resources</u> | |
|---|---------------------------------------|---------------------|--------------------------------------|-------------------|
| | <u>ERS</u> | <u>TRS</u> | <u>ERS</u> | <u>TRS</u> |
| Differences Between Expected and Actual Experience | \$ 75,130 | \$ 730,129 | \$ - | \$ 42,705 |
| Changes of Assumptions | 1,131,114 | 1,053,918 | 21,333 | 375,667 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | - | 544,211 | 1,767,153 | - |
| Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions | 86,099 | 48,905 | 53,627 | 62,574 |
| District's Contributions Subsequent to the Measurement Date | 82,595 | 492,238 | - | - |
| Total | <u>\$ 1,374,938</u> | <u>\$ 2,869,401</u> | <u>\$ 1,842,113</u> | <u>\$ 480,946</u> |

BEAVER RIVER CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 – PENSION PLANS – Continued

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

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

| | ERS | TRS |
|------------|-------------|------------|
| 2022 | \$ (87,677) | \$ 319,761 |
| 2023 | (30,855) | 650,431 |
| 2024 | (88,215) | 536,616 |
| 2025 | (343,023) | 339,403 |
| 2026 | - | 14,234 |
| Thereafter | - | 35,772 |

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

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

BEAVER RIVER CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 – PENSION PLANS – Continued

Actuarial Assumptions – Continued

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

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

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

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

BEAVER RIVER CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 – PENSION PLANS – Continued

Discount Rate

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

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

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

| ERS | 1% Decrease (4.90%) | Current Assumption (5.90%) | 1% Increase (6.90%) |
|--|--------------------------------|---|--------------------------------|
| Employer's Proportionate Share of the Net Pension Asset (Liability) | \$ (1,707,496) | \$ (6,152) | \$ 1,562,886 |

| TRS | 1% Decrease (6.10%) | Current Assumption (7.10%) | 1% Increase (8.10%) |
|--|--------------------------------|---|--------------------------------|
| Employer's Proportionate Share of the Net Pension Asset (Liability) | \$ (5,263,606) | \$ (833,290) | \$ 2,884,868 |

BEAVER RIVER CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 – PENSION PLANS – Continued

Pension Plan Fiduciary Net Position

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

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

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$82,595. Employee contributions are remitted monthly.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2021 amounted to \$525,214.

BEAVER RIVER CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 10 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

Interfund balances at June 30, 2021 are as follows:

| | Interfund | | Interfund | |
|----------------------------------|-----------------------------|-----------------------------|--------------------------|--------------------------|
| | Receivables | Payables | Revenues | Expenditures |
| General | \$ 206,243 | \$ 23,152 | \$ - | \$ 148,032 |
| Special Aid | - | 138,776 | - | - |
| School Food Service | - | 66,720 | 50,000 | - |
| Debt Service | 72,240 | 9,755,000 | - | 58,212 |
| Capital Projects - Smart Schools | 3,583 | 308,402 | - | - |
| Capital Projects - Bus Garage | 10,057,692 | 45,797 | 58,212 | - |
| Capital Projects - Mini Projects | - | 1,411 | 98,032 | - |
| Total Governmental Funds | <u>10,339,758</u> | <u>10,339,258</u> | <u>206,244</u> | <u>206,244</u> |
| Fiduciary Fund | <u>-</u> | <u>500</u> | <u>-</u> | <u>-</u> |
| Total | <u><u>\$ 10,339,758</u></u> | <u><u>\$ 10,339,758</u></u> | <u><u>\$ 206,244</u></u> | <u><u>\$ 206,244</u></u> |

The District typically transfers resources between funds for the purpose of mitigating the effects of transient cash flow issues. The General Fund advanced funds to the Capital Projects – Mini Projects Fund for board approved capital outlay project. The General Fund advanced funds to the School Food Service Fund to offset the current year deficit. The Debt Service Fund advanced funds to the Capital Projects – Bus Garage Fund to offset the project deficit.

BEAVER RIVER CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 11 – FUND BALANCE EQUITY

The following is a summary of the Governmental Funds fund balances of the District at the year ended June 30, 2021:

| Fund Balances (Deficits) | General | Debt Service | Capital Projects 2020 - Bus Garage | Non-Major Funds | Total Governmental Funds |
|------------------------------------|---------------------|---------------------|---|----------------------------|---|
| Non-Spendable | | | | | |
| Prepaid Expenditures | \$ 11,778 | \$ - | \$ - | \$ - | \$ 11,778 |
| Restricted | | | | | |
| Retirement Contributions - NYSERS | 261,214 | - | - | - | 261,214 |
| Retirement Contributions - NYSTRS | 200,444 | - | - | - | 200,444 |
| Workers' Compensation | 103,011 | - | - | - | 103,011 |
| Unemployment Insurance | 150,980 | - | - | - | 150,980 |
| Tax Certiorari | 200,058 | - | - | - | 200,058 |
| Debt Service Fund | - | 1,662,240 | - | - | 1,662,240 |
| Insurance | 24,503 | - | - | - | 24,503 |
| Employee Benefit | | | | | |
| Accrued Liability | 93,162 | - | - | - | 93,162 |
| Repairs | 42,605 | - | - | - | 42,605 |
| Capital | 200,066 | - | - | - | 200,066 |
| Extra Classroom Activity Funds | - | - | - | 73,465 | 73,465 |
| Scholarships and Awards Fund | - | - | - | 3,891 | 3,891 |
| Assigned | | | | | |
| Designated for Next Fiscal | | | | | |
| Year | 1,000,000 | - | - | - | 1,000,000 |
| Instruction | 5,621 | - | - | - | 5,621 |
| Unassigned | | | | | |
| Capital Projects 2020 - Bus Garage | - | - | (541,565) | - | (541,565) |
| Capital Projects - Mini Projects | - | - | - | (1,411) | (1,411) |
| School Food Service Fund | - | - | - | (34,165) | (34,165) |
| General Fund | 3,687,265 | - | - | - | 3,687,265 |
| Total Governmental | | | | | |
| Fund Balance (Deficit) | <u>\$ 5,980,707</u> | <u>\$ 1,662,240</u> | <u>\$ (541,565)</u> | <u>\$ 41,780</u> | <u>\$ 7,143,162</u> |

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS

General Information about the OPEB Plan

Plan Description – The District’s defined benefit OPEB plan, provides OPEB for all permanent full-time employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District’s Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. The plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

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

Employees Covered by Benefit Terms – At June 30, 2020, the following employees were covered by the benefit terms:

| | |
|--|-----|
| Inactive employees or beneficiaries currently receiving benefit payments | 122 |
| Inactive employees entitled to but not yet receiving benefit payments | - |
| Active employees | 97 |
| Total Covered Employees | 219 |

The District participates in the Jefferson-Lewis Et. Al. Employees’ Healthcare Plan (the Plan). The Plan allows eligible District employees and spouses to continue health coverage upon retirement. The Plan does issue a publicly available financial report.

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the fund financial statements as payments are made. For the year ended June 30, 2021 the District recognized \$1,085,461 for its share of insurance premiums for currently enrolled retirees.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE)

BENEFITS – Continued

General Information about the OPEB Plan – Continued

Eligible teachers and administrators are those who are at least age 55 with 10 years of service. Employees must also be eligible to retire under the ERS or TRS:

- Surviving spouses are permitted to continue coverage after the death of the retiree but are responsible for paying 100% of the plan premium.
- Participants retired prior to July 1, 2007 have varying contribution percentages based on individual contract. Participants retired after July 1, 2007 pay 10% of the individual premium for single contract and 20% of the family premium for a dual contract.
- Medicare Part B premiums are not reimbursed.
- Retiree medical and prescription drug benefits are provided through the Provider Choice POS Plan and the Traditional Plan.
 - The Provider Choice POS Plan is a self-insured POS plan offered through the Plan.
 - The Traditional Plan is a self-insured indemnity plan offered through the Plan.

Total OPEB Liability

The District has obtained an actuarial valuation report as of June 30, 2021 which indicates that the total liability for other postemployment benefits is \$43,490,394 which is reflected in the Statement of Net Position. The OPEB liability was measured as of June 30, 2020 and was determined by actuarial valuation as of July 1, 2020.

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

BEAVER RIVER CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE)

BENEFITS – Continued

Total OPEB Liability – Continued

Actuarial Methods and Assumptions

| | |
|---|------------------|
| Measurement Date | 06/30/20 |
| Rate of Compensation Increase | 3.00% |
| Discount Rate | 2.44% |
| Health Care Cost Trend Rate Assumed for Next Fiscal Year | 6.75% |
| Rate to Which the Cost Trend Rate is Assumed to Decline (the Ultimate Trend Rate) | 4.50% |
| Fiscal Year that the Rate Reaches the Ultimate Trend Rate | 2031 |
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percentage |
| Amortization Period (in Years) | 5.07 |

The discount rate was based on the average of the Fidelity General Obligation 20-year AA, Bond Buyer General Obligation and S&P 20-year Municipal Bond Indexes as of June 30, 2020.

Mortality rates were based on the Society of Actuaries Pub-2010 Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables based on Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2019.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2019 – June 30, 2020. Benefit obligations are projected to the measurement date using roll forward techniques by assuming no actuarial gains or losses in the interim, except for those assumption changes necessary to reflect the assumptions as of the measurement date.

BEAVER RIVER CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE)

BENEFITS – Continued

Changes in the Total OPEB Liability

| | |
|--|-----------------------------|
| Balance at June 30, 2020 | \$ 40,014,452 |
| Changes for the Year | |
| Service Cost | 934,289 |
| Interest | 961,135 |
| Changes of Assumptions or Other Inputs | 2,827,847 |
| Benefit Payments | <u>(1,247,329)</u> |
| Net Changes | <u>3,475,942</u> |
| Balance at June 30, 2021 | <u><u>\$ 43,490,394</u></u> |

Changes of assumptions and other inputs reflect a change in the discount rate 3.14 percent as of June 30, 2019 to 2.44 percent as of June 30, 2020.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.44 percent) or 1 percentage point higher (3.44 percent) than the current discount rate:

| | 1% Decrease (1.44%) | Discount Rate (2.44%) | 1% Increase (3.44%) |
|----------------------|-----------------------------|-----------------------------|-----------------------------|
| | <u> </u> | <u> </u> | <u> </u> |
| Total OPEB Liability | <u>\$ 52,724,354</u> | <u>\$ 43,490,394</u> | <u>\$ 36,468,995</u> |

BEAVER RIVER CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE)

BENEFITS – Continued

Changes in the Total OPEB Liability – Continued

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (trend decreasing to 3.50 percent) or 1 percentage point higher (trend decreasing to 5.50 percent) than the current healthcare cost trend rate:

| | 1% Decrease (Trend Less 1% Decreasing to 3.50%) | Healthcare Cost Trend Rates (Trend Decreasing to 4.50%) | 1% Increase (Trend Plus 1% Decreasing to 5.50%) |
|----------------------|--|--|--|
| | <u> </u> | <u> </u> | <u> </u> |
| Total OPEB Liability | \$ 36,041,577 | \$ 43,490,394 | \$ 53,461,839 |
| | <u> </u> | <u> </u> | <u> </u> |

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$2,019,286. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences Between Expected and Actual Experience | \$ 2,456,443 | \$ - |
| Changes of Assumptions or Other Inputs | 4,364,207 | 1,331,893 |
| Benefit Payments Subsequent to the Measurement Date | 1,187,472 | - |
| | <u> </u> | <u> </u> |
| | \$ 8,008,122 | \$ 1,331,893 |
| | <u> </u> | <u> </u> |

BEAVER RIVER CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE)

BENEFITS – Continued

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

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

Fiscal Year Ending June 30,

| | |
|------|--------------|
| 2022 | \$ 1,358,265 |
| 2023 | 1,638,554 |
| 2024 | 1,579,714 |
| 2025 | 873,182 |
| 2026 | 39,042 |
| | <hr/> |
| | \$ 5,488,757 |
| | <hr/> <hr/> |

NOTE 13 – RISK MANAGEMENT

General

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

Pooled Non-Risk-Retained

The District participates in the Jefferson-Lewis Et. Al. School Employees' Healthcare Plan, a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of sixteen individual governmental units located within the pool's geographic area and is considered a self-sustaining risk pool that will provide coverage for its members up to \$750,000 per insured event. The pool obtains independent coverage for insured events in excess of the \$750,000 limit and the District has essentially transferred all related risk to the pool.

BEAVER RIVER CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 13 – RISK MANAGEMENT – Continued

Pooled Non-Risk-Retained – Continued

The District participates in the Black River Valley School Workers' Compensation Plan, a risk-sharing pool, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. The District's share of the liability for unbilled and open claims is \$0.

NOTE 14 – CONTINGENCIES AND COMMITMENTS

The District has received grants, which are subject to audit by agencies of the State and Federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior years' experience, the District's administration believes disallowances, if any, will be immaterial.

NOTE 15 – RESTATEMENT OF FUND BALANCE

Due to the District's implementation of GASB Statement No. 84, *Fiduciary Activities*, a one-time prior-period adjustment of \$86,620 must be made to the beginning fund balance to reflect the transition to GASB 84. The Extra Classroom Activity fund balance has been restated to account for the transfer of the assets of the extra classroom activities in the prior year from the Agency Fund and to establish the prior year fund balance. The Scholarships and Awards fund balance have been restated to account for the transfer of fund balance in the prior year from the Private Purpose Trust Fund. The following details the change in the District's beginning of year fund balance:

| | |
|--|----------------------------|
| Fund Balance Beginning of Year, as Previously Stated | \$ 1,603,981 |
| Increase in Extra Classroom Activity Fund Balance | 83,139 |
| Increase Scholarships and Awards Fund Balance | <u>3,481</u> |
| Fund Balance Beginning of Year, as Restated | <u><u>\$ 1,690,601</u></u> |

BEAVER RIVER CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 16 – RESTATEMENT OF NET POSITION

Due to the District’s implementation of GASB Statement No. 84, *Fiduciary Activities*, a one-time prior-period adjustment of \$86,620 must be made to the beginning net position to reflect the transition to GASB 84 (See Note 15). The following details the change in the District’s beginning of year Net Position:

| | |
|--|-------------------------------|
| Net Position Beginning of Year, as Previously Stated | \$ (10,340,567) |
| Increase in Extra Classroom Activity Fund Balance | 83,139 |
| Increase Scholarships and Awards Fund Balance | <u>3,481</u> |
| Net Position Beginning of Year, as Restated | <u><u>\$ (10,253,947)</u></u> |

NOTE 17 – RESTATEMENT OF FIDUCIARY NET POSITION

Due to the District’s implementation of GASB Statement No. 84, *Fiduciary Activities*, a one-time prior-period adjustment of \$3,481 must be made to the beginning fiduciary net position to reflect the transition to GASB 84. The Private Purpose Trusts Fund net position has been restated with an adjustment of \$3,481 to account for the transfer of net position in the prior year to the Scholarships and Awards Fund. The following details the change in the District’s beginning of year Fiduciary Net Position:

| | |
|--|-------------------------|
| Fiduciary Net Position Beginning of Year, as Previously Stated | \$ 30,653 |
| Decrease in Private Purpose Trusts Fund Balance | <u>(3,481)</u> |
| Fiduciary Net Position Beginning of Year, as Restated | <u><u>\$ 27,172</u></u> |

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
 LAST FOUR FISCAL YEARS**

Ended June 30, 2021

| Total OPEB Liability | 2021 | 2020 | 2019 | 2018 |
|--|----------------------|----------------------|----------------------|----------------------|
| Service Cost | \$ 934,289 | \$ 931,616 | \$ 844,664 | \$ 991,977 |
| Interest | 961,135 | 1,107,142 | 1,093,046 | 965,283 |
| Difference between Expected and Actual Experience | - | - | 5,366,920 | - |
| Changes in Assumptions or Other Inputs | 2,827,847 | 3,279,921 | (905,322) | (3,313,129) |
| Benefit Payments | (1,247,329) | (1,127,049) | (870,710) | (831,138) |
| Net Change in Total OPEB Liability | <u>3,475,942</u> | <u>4,191,630</u> | <u>5,528,598</u> | <u>(2,187,007)</u> |
| Total OPEB Liability – Beginning | <u>40,014,452</u> | <u>35,822,822</u> | <u>30,294,224</u> | <u>32,481,231</u> |
| Total OPEB Liability – Ending | <u>\$ 43,490,394</u> | <u>\$ 40,014,452</u> | <u>\$ 35,822,822</u> | <u>\$ 30,294,224</u> |
| Covered Payroll | \$ 5,195,472 | \$ 6,790,015 | \$ 6,790,015 | \$ 7,076,576 |
| Total OPEB Liability as a Percentage of Covered Payroll | 837.08% | 589.31% | 527.58% | 428.09% |

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

BEAVER RIVER CENTRAL SCHOOL DISTRICT

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

Year Ended June 30, 2021

| | Original Budget | Final Budget | Actual | | Final Budget Variance With Actual |
|--|---------------------|---------------------|---------------------|----------------------------------|---|
| REVENUES | | | | | |
| Local Sources | | | | | |
| Real Property Taxes | \$ 5,510,288 | \$ 5,510,288 | \$ 4,939,190 | | \$ (571,098) |
| Other Tax Items | 51,795 | 51,795 | 633,275 | | 581,480 |
| Charges for Services | 9,000 | 9,000 | 18,130 | | 9,130 |
| Use of Money and Property | 11,000 | 11,000 | 4,108 | | (6,892) |
| Sale of Property and Compensation for Loss | 1,000 | 1,000 | 3,536 | | 2,536 |
| Miscellaneous | 170,000 | 201,337 | 219,168 | | 17,831 |
| Total Local Sources | <u>5,753,083</u> | <u>5,784,420</u> | <u>5,817,407</u> | | <u>32,987</u> |
| State Sources | 10,816,932 | 10,512,127 | 10,693,252 | | 181,125 |
| Federal Sources | - | 304,805 | 304,050 | | (755) |
| Medicaid Reimbursements | 15,000 | 15,000 | 14,389 | | (611) |
| Total Revenues | <u>16,585,015</u> | <u>16,616,352</u> | <u>16,829,098</u> | | <u>\$ 212,746</u> |
| | | | | Year-End Encumbrances | Final Budget Variance with Actual and Encumbrances |
| EXPENDITURES | | | | | |
| General Support | | | | | |
| Board of Education | 26,351 | 26,351 | 18,508 | \$ - | \$ 7,843 |
| Central Administration | 178,878 | 178,878 | 168,665 | - | 10,213 |
| Finance | 243,494 | 243,494 | 234,753 | - | 8,741 |
| Staff | 59,949 | 59,949 | 40,870 | - | 19,079 |
| Central Services | 1,340,528 | 1,343,528 | 1,190,745 | - | 152,783 |
| Special Items | 753,936 | 753,936 | 722,271 | - | 31,665 |
| Total General Support | <u>2,603,136</u> | <u>2,606,136</u> | <u>2,375,812</u> | <u>-</u> | <u>230,324</u> |
| Instruction | | | | | |
| Instruction, Administration and Improvement | 493,073 | 493,073 | 446,356 | - | 46,717 |
| Teaching - Regular School | 4,489,080 | 4,489,840 | 4,185,136 | - | 304,704 |
| Programs for Children with Handicapping Conditions | 1,961,992 | 1,961,992 | 1,216,749 | - | 745,243 |
| Occupational Education | 625,653 | 625,653 | 613,935 | - | 11,718 |
| Teaching - Special School | 2,143 | 2,143 | - | - | 2,143 |
| Instructional Media | 383,901 | 411,478 | 433,106 | 5,621 | (27,249) |
| Pupil Services | 741,888 | 741,888 | 527,592 | - | 214,296 |
| Total Instruction | <u>8,697,730</u> | <u>8,726,067</u> | <u>7,422,874</u> | <u>5,621</u> | <u>1,297,572</u> |
| Pupil Transportation | 889,643 | 889,643 | 700,966 | - | 188,677 |
| Employee Benefits | 4,041,816 | 4,041,816 | 3,703,815 | - | 338,001 |
| Debt Service | 1,177,690 | 1,177,690 | 1,182,815 | - | (5,125) |
| Total Expenditures | <u>17,410,015</u> | <u>17,441,352</u> | <u>15,386,282</u> | <u>5,621</u> | <u>2,049,449</u> |
| OTHER FINANCING USES | | | | | |
| Operating Transfers to Other Funds | 175,000 | 175,000 | 148,032 | - | 26,968 |
| Total Expenditures and Other Financing Uses | <u>17,585,015</u> | <u>17,616,352</u> | <u>15,534,314</u> | <u>\$ 5,621</u> | <u>\$ 2,076,417</u> |
| Net Change in Fund Balance | (1,000,000) | (1,000,000) | 1,294,784 | | |
| Fund Balances - Beginning of Year | 4,685,923 | 4,685,923 | 4,685,923 | | |
| Fund Balances - End of Year | <u>\$ 3,685,923</u> | <u>\$ 3,685,923</u> | <u>\$ 5,980,707</u> | | |

Note to Required Supplementary Information Budget Basis of Accounting: Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

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

BEAVER RIVER CENTRAL SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) – NYSLRS PENSION PLAN

LAST SEVEN FISCAL YEARS

Ended June 30, 2021

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|---------------|----------------|---------------|---------------|---------------|----------------|---------------|
| Teachers' Retirement System (TRS) | | | | | | | |
| District's Proportion of the Net Pension Asset (Liability) | 0.030156% | 0.029824% | 0.029963% | 0.030990% | 0.030475% | 0.029934% | 0.028595% |
| District's Proportionate Share of the Net Pension Asset (Liability) | \$ (833,290) | \$ 774,842 | \$ 541,801 | \$ 235,556 | \$ (326,935) | \$ 3,109,169 | \$ 3,185,304 |
| District's Covered Payroll | \$ 5,115,832 | \$ 4,965,849 | \$ 4,919,402 | \$ 4,953,058 | \$ 4,787,260 | \$ 4,520,191 | \$ 4,264,497 |
| District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll | <u>16.29%</u> | <u>15.60%</u> | <u>11.01%</u> | <u>4.76%</u> | <u>6.83%</u> | <u>68.78%</u> | <u>74.69%</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability) | 97.76% | 102.17% | 101.53% | 100.66% | 99.01% | 110.46% | 111.48% |
| Employees' Retirement System (ERS) | | | | | | | |
| District's Proportion of the Net Pension Asset (Liability) | 0.0061781% | 0.0065777% | 0.0065035% | 0.0068416% | 0.0061726% | 0.0065266% | 0.0062028% |
| District's Proportionate Share of the Net Pension Asset (Liability) | \$ (6,152) | \$ (1,741,804) | \$ (427,617) | \$ (220,807) | \$ (579,994) | \$ (1,047,537) | \$ (209,544) |
| District's Covered Payroll | \$ 2,054,735 | \$ 1,980,755 | \$ 1,926,796 | \$ 1,961,723 | \$ 1,848,826 | \$ 1,731,710 | \$ 1,755,132 |
| District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll | <u>0.30%</u> | <u>87.94%</u> | <u>22.19%</u> | <u>11.26%</u> | <u>31.37%</u> | <u>60.49%</u> | <u>11.94%</u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability) | 99.95% | 86.39% | 96.27% | 98.24% | 94.70% | 90.68% | 97.95% |

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

BEAVER RIVER CENTRAL SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS – NYSLRS PENSION PLAN

LAST SEVEN FISCAL YEARS

Ended June 30, 2021

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Teachers' Retirement System (TRS) | | | | | | | |
| Contractually Required Contribution | \$ 453,492 | \$ 528,684 | \$ 478,295 | \$ 575,561 | \$ 623,556 | \$ 788,230 | \$ 686,388 |
| Contribution | <u>453,492</u> | <u>528,684</u> | <u>478,295</u> | <u>575,561</u> | <u>623,556</u> | <u>788,230</u> | <u>688,388</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's Covered Payroll | \$ 5,115,832 | \$ 4,965,849 | \$ 4,919,402 | \$ 4,953,058 | \$ 4,787,260 | \$ 4,520,191 | \$ 4,264,497 |
| Contributions as a Percentage of Covered Payroll | 8.86% | 10.65% | 9.72% | 11.62% | 13.03% | 17.44% | 16.14% |
| Employees' Retirement System (ERS) | | | | | | | |
| Contractually Required Contribution | \$ 286,139 | \$ 278,668 | \$ 272,212 | \$ 284,785 | \$ 272,426 | \$ 291,497 | \$ 345,778 |
| Contribution | <u>286,139</u> | <u>278,668</u> | <u>272,212</u> | <u>284,785</u> | <u>272,426</u> | <u>291,497</u> | <u>345,778</u> |
| Contribution Deficiency (Excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| District's Covered Payroll | \$ 2,054,735 | \$ 1,980,755 | \$ 1,926,796 | \$ 1,961,723 | \$ 1,848,826 | \$ 1,731,710 | \$ 1,755,132 |
| Contributions as a Percentage of Covered Payroll | 13.93% | 14.07% | 14.13% | 14.52% | 14.74% | 16.83% | 19.70% |

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

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

BEAVER RIVER CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

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

June 30, 2021

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

| | |
|--------------------------------|---------------------------------|
| Adopted Budget | \$ 17,585,015 |
| Add: Prior Year's Encumbrances | <u> -</u> |
| Original Budget | 17,585,015 |
| Budget Revision | <u> 31,337</u> |
| Final Budget | <u><u>\$ 17,616,352</u></u> |

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

| | |
|---|----------------------------|
| 2021-2022 Voter Approved Expenditure Budget | <u>\$ 18,241,189</u> |
| Maximum Allowed 4% of 2021-2022 Budget | <u><u>\$ 729,648</u></u> |
| General Fund Balance Subject to Section 1318 of Real Property Tax Law | |
| Unrestricted Fund Balance: | |
| Assigned Fund Balance | \$ 1,005,621 |
| Unassigned Fund Balance | <u>3,687,265</u> |
| Total Unrestricted Fund Balance | <u><u>4,692,886</u></u> |
| Less: | |
| Appropriated Fund Balance | 1,000,000 |
| Encumbrances Included in Assigned Fund Balance | <u>5,621</u> |
| Total Adjustments | <u><u>1,005,621</u></u> |
| General Fund Balance Subject to Section 1318 of Real Property Tax Law | <u><u>\$ 3,687,265</u></u> |
| Actual Percentage | <u><u>20.21%</u></u> |

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

BEAVER RIVER CENTRAL SCHOOL DISTRICT

SCHEDULE OF CAPITAL PROJECTS FUND – PROJECT EXPENDITURES AND FINANCING RESOURCES

Year Ended June 30, 2021

| Project Title | Original Appropriation | Revised Appropriation | Expenditures | | | Unexpended Balance | Methods of Financing | | | | | Fund Balance (Deficit) 6/30/2021 |
|------------------------------|------------------------|-----------------------|----------------------|---------------------|----------------------|---------------------|-----------------------------------|-------------------------|-------------------|-------------------|----------------------|----------------------------------|
| | | | Prior Year | Current Year | Total | | BANS Redeemed From Appropriations | Proceeds Of Obligations | State Aid | Local Sources | Total | |
| Renovations and Improvements | \$ 7,406,401 | \$ 7,477,686 | \$ 6,949,411 | \$ - | \$ 6,949,411 | \$ 528,275 | \$ 1,462,242 | \$ 5,460,703 | \$ - | \$ 26,466 | \$ 6,949,411 | \$ - |
| Renovations and Improvements | 11,974,000 | 11,974,000 | 3,517,576 | 7,578,797 | 11,096,373 | 877,627 | - | 9,755,000 | - | 799,808 | 10,554,808 | (541,565) |
| Renovations and Improvements | 100,000 | 100,000 | - | 1,411 | 1,411 | 98,589 | - | - | - | - | - | (1,411) |
| Renovations and Improvements | 100,000 | 100,000 | 5,400 | 84,230 | 89,630 | 10,370 | - | - | - | 89,630 | 89,630 | - |
| Smart Schools Project | 875,448 | 875,448 | 849,220 | 26,226 | 875,446 | 2 | - | - | 875,446 | - | 875,446 | - |
| Buses | 293,398 | 293,398 | - | 293,398 | 293,398 | - | - | 293,398 | - | - | 293,398 | - |
| Totals | \$ 20,749,247 | \$ 20,820,532 | \$ 11,321,607 | \$ 7,984,062 | \$ 19,305,669 | \$ 1,514,863 | \$ 1,462,242 | \$ 15,509,101 | \$ 875,446 | \$ 915,904 | \$ 18,762,693 | \$ (542,976) |

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

BEAVER RIVER CENTRAL SCHOOL DISTRICT

COMBINED BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2021

| | <u>Special Aid</u> | <u>School Food Service</u> | <u>Extra Classroom Activity</u> | <u>Scholarships and Awards</u> | <u>Capital Projects - Smart Schools</u> | <u>Capital Projects - Mini Projects</u> | <u>Capital Projects - Buses</u> | <u>Total Non-Major Funds</u> |
|---|--------------------------|------------------------------------|---|--|---|---|---|--------------------------------------|
| ASSETS | | | | | | | | |
| Cash and Cash Equivalents | | | | | | | | |
| Unrestricted | \$ - | \$ 5,048 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 5,048 |
| Restricted | - | - | 73,465 | 3,891 | - | - | - | 77,356 |
| Receivables | | | | | | | | |
| Due From Other Funds | - | - | - | - | 3,583 | - | - | 3,583 |
| State and Federal Aid | 160,320 | 522 | - | - | 304,819 | - | - | 465,661 |
| Other | - | 1,081 | - | - | - | - | - | 1,081 |
| Inventories | - | 37,681 | - | - | - | - | - | 37,681 |
| TOTAL ASSETS | <u>\$ 160,320</u> | <u>\$ 44,332</u> | <u>\$ 73,465</u> | <u>\$ 3,891</u> | <u>\$ 308,402</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 590,410</u> |
| LIABILITIES | | | | | | | | |
| Payables | | | | | | | | |
| Accounts Payable | \$ - | \$ 438 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 438 |
| Accrued Liabilities | - | 945 | - | - | - | - | - | 945 |
| Due to Other Funds | 138,776 | 66,720 | - | - | 308,402 | 1,411 | - | 515,309 |
| Unearned Revenues | 21,544 | 10,394 | - | - | - | - | - | 31,938 |
| Total Liabilities | <u>160,320</u> | <u>78,497</u> | <u>-</u> | <u>-</u> | <u>308,402</u> | <u>1,411</u> | <u>-</u> | <u>548,192</u> |
| FUND BALANCES (DEFICITS) | | | | | | | | |
| Restricted | - | - | 73,465 | 3,891 | - | - | - | 77,356 |
| Unassigned (Deficit) | - | (34,165) | - | - | - | (1,411) | - | (35,576) |
| Total Fund Balances (Deficit) | <u>-</u> | <u>(34,165)</u> | <u>73,465</u> | <u>3,891</u> | <u>-</u> | <u>(1,411)</u> | <u>-</u> | <u>41,780</u> |
| TOTAL LIABILITIES AND FUND BALANCES (DEFICITS) | <u>\$ 160,320</u> | <u>\$ 44,332</u> | <u>\$ 73,465</u> | <u>\$ 3,891</u> | <u>\$ 308,402</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 590,410</u> |

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

BEAVER RIVER CENTRAL SCHOOL DISTRICT

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

Year Ended June 30, 2021

| | <u>Special Aid</u> | <u>School Food Service</u> | <u>Extra Classroom Activity</u> | <u>Scholarships and Awards</u> | <u>Capital Projects - Smart Schools</u> | <u>Capital Projects - Mini Projects</u> | <u>Capital Projects - Buses</u> | <u>Total Non-Major Funds</u> |
|--|--------------------|----------------------------|---------------------------------|--------------------------------|---|---|---------------------------------|------------------------------|
| REVENUES | | | | | | | | |
| Use of Money and Property | \$ - | \$ 3 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 3 |
| State Sources | - | 6,893 | - | - | 304,819 | - | - | 311,712 |
| Federal Sources | 504,720 | 293,521 | - | - | - | - | - | 798,241 |
| Surplus Food | - | 32,094 | - | - | - | - | - | 32,094 |
| Sales – School Food Service | - | 34,973 | - | - | - | - | - | 34,973 |
| Miscellaneous | - | - | 49,780 | 3,541 | - | - | - | 53,321 |
| Total Revenues | <u>504,720</u> | <u>367,484</u> | <u>49,780</u> | <u>3,541</u> | <u>304,819</u> | <u>-</u> | <u>-</u> | <u>1,230,344</u> |
| EXPENDITURES | | | | | | | | |
| General Support | - | 289,664 | - | - | - | - | - | 289,664 |
| Instruction | 504,720 | - | - | - | - | - | - | 504,720 |
| Employee Benefits | - | 86,215 | - | - | - | - | - | 86,215 |
| Food Service Program: | | | | | | | | |
| Cost of Sales | - | 155,477 | - | - | - | - | - | 155,477 |
| Other Expenditures | - | - | 59,454 | 3,131 | - | - | - | 62,585 |
| Capital Outlay | - | - | - | - | 26,226 | 85,641 | 293,398 | 405,265 |
| Total Expenditures | <u>504,720</u> | <u>531,356</u> | <u>59,454</u> | <u>3,131</u> | <u>26,226</u> | <u>85,641</u> | <u>293,398</u> | <u>1,503,926</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>-</u> | <u>(163,872)</u> | <u>(9,674)</u> | <u>410</u> | <u>278,593</u> | <u>(85,641)</u> | <u>(293,398)</u> | <u>(273,582)</u> |
| OTHER FINANCING SOURCES | | | | | | | | |
| Proceeds from Debt | - | - | - | - | - | - | 293,398 | 293,398 |
| Operating Transfers In | - | 50,000 | - | - | - | 98,032 | - | 148,032 |
| Total Other Financing Sources | <u>-</u> | <u>50,000</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>98,032</u> | <u>293,398</u> | <u>441,430</u> |
| Net Change in Fund Balances | <u>-</u> | <u>(113,872)</u> | <u>(9,674)</u> | <u>410</u> | <u>278,593</u> | <u>12,391</u> | <u>-</u> | <u>167,848</u> |
| Fund Balances (Deficit) – Beginning of Year, As Restated | <u>-</u> | <u>79,707</u> | <u>83,139</u> | <u>3,481</u> | <u>(278,593)</u> | <u>(13,802)</u> | <u>-</u> | <u>(126,068)</u> |
| Fund Balances (Deficit) – End of Year | <u>\$ -</u> | <u>\$ (34,165)</u> | <u>\$ 73,465</u> | <u>\$ 3,891</u> | <u>\$ -</u> | <u>\$ (1,411)</u> | <u>\$ -</u> | <u>\$ 41,780</u> |

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

BEAVER RIVER CENTRAL SCHOOL DISTRICT

NET INVESTMENT IN CAPITAL ASSETS

Year Ended June 30, 2021

| | | |
|-------------------------------------|--------------------|-----------------------------|
| Capital Assets, Net | | \$ 36,992,013 |
| Deduct: | | |
| BAN Payable | \$ 11,394,000 | |
| Less: Unspent BAN Proceeds | (1,097,435) | |
| Premium on Bonds Payable | 2,632,130 | |
| Short-Term Portion of Bonds Payable | 888,398 | |
| Long-Term Portion of Bonds Payable | 16,235,000 | |
| Less: Unspent Bond Proceeds | <u>(9,755,000)</u> | <u>20,297,093</u> |
| Net Investment in Capital Assets | | <u><u>\$ 16,694,920</u></u> |

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

FEDERAL AWARD PROGRAM INFORMATION



**BOWERS & COMPANY
CPAs PLLC**

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

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

**BOARD OF EDUCATION
BEAVER RIVER CENTRAL SCHOOL DISTRICT**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Beaver River Central School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Beaver River Central School District's basic financial statements and have issued our report thereon dated October 13, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Beaver River Central School 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 Beaver River Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Beaver River Central School District's internal control.

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

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

Compliance and Other Matters

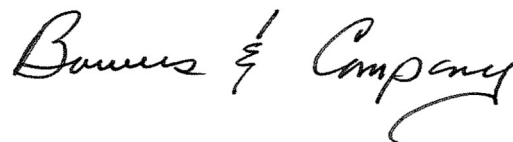
As part of obtaining reasonable assurance about whether the Beaver River Central School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could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

Beaver River Central School District's Response to Findings

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

Purpose of this Report

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

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

Watertown, New York
October 13, 2021



**BOWERS & COMPANY
CPAs PLLC**

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

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

**BOARD OF EDUCATION
BEAVER RIVER CENTRAL SCHOOL DISTRICT**

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

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

Bowers & Company

Watertown, New York
October 13, 2021

BEAVER RIVER CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2021

| FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE | Assistance Listing | Agency or Pass-Through Number | Total Federal Expenditures |
|--|-------------------------------|--|---|
| <u>U. S. Department of Education</u> | | | |
| Passed-Through NYS Education Department: | | | |
| Title I- Grants to Local Educational Agencies | 84.010 | 0021-21-1235 | \$ 276,360 |
| Title I- Grants to Local Educational Agencies | 84.010 | 0021-20-1235 | 10,824 |
| Total Title I- Grants to Local Educational Agencies | | | <u>287,184</u> |
| Education Stabilization Fund: | | | |
| COVID-19 Governor's Emergency Education Relief Fund | 84.425C | 5895-21-1230 | 43,418 |
| COVID-19 Elementary and Secondary School Emergency Relief Fund | 84.425D | 5890-21-1230 | 260,632 |
| Total Education Stabilization Fund | | | <u>304,050</u> |
| Special Education Cluster: | | | |
| Special Education Grants to States | 84.027 | 0032-21-0332 | 198,894 |
| Special Education Preschool Grants | 84.173 | 0033-21-0332 | 1,221 |
| Total Special Education Cluster | | | <u>200,115</u> |
| Rural Education | | | |
| Rural Education | 84.358 | 0006-21-1235 | 11,040 |
| Rural Education | 84.358 | 0006-20-1235 | 5,060 |
| Total Rural Education | | | <u>16,100</u> |
| Supporting Effective Instruction State Grants | | | |
| Supporting Effective Instruction State Grants | 84.367 | 0147-21-1235 | 695 |
| Student Support and Academic Enrichment Program | 84.424 | 0204-21-1235 | 626 |
| | | | <u>808,770</u> |
| Total Passed Through NYS Education Department | | | <u>808,770</u> |
| Total U.S. Department of Education | | | <u>808,770</u> |
| <u>U. S. Department of Agriculture</u> | | | |
| Passed-Through NYS Education Department: | | | |
| Child Nutrition Cluster | | | |
| Non-Cash Assistance (Food Distribution) | | | |
| National School Lunch Program | 10.555 | | 32,094 |
| Non-Cash Assistance Subtotal | | | <u>32,094</u> |
| Cash Assistance | | | |
| School Breakfast Program | 10.553 | | 70,597 |
| National School Lunch Program | 10.555 | | 222,924 |
| Cash Assistance Subtotal | | | <u>293,521</u> |
| Total Child Nutrition Cluster | | | <u>325,615</u> |
| Total Passed Through NYS Education Department | | | <u>325,615</u> |
| Total U.S. Department of Agriculture | | | <u>325,615</u> |
| Total Federal Assistance | | | <u><u>\$ 1,134,385</u></u> |

See paragraph to supplementary schedules included in independent auditor's report and accompanying notes to schedule of expenditures of federal awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements using the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies.

The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance).

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented.

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

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable programs and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

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

NOTE 2 – SUBRECIPIENTS

No amounts were provided to subrecipients.

BEAVER RIVER CENTRAL SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2021

NOTE 3 – OTHER DISCLOSURES

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

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

NOTE 4 – NON-MONETARY FEDERAL PROGRAM

Nonmonetary assistance is recorded in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2021, the District was granted \$32,094 of commodities under the National School Lunch Program (Assistance Listing 10.555).

At June 30, 2021, the District had food commodities totaling \$26,024 in inventory.

BEAVER RIVER CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2021

NOTE A – SUMMARY OF AUDITOR’S RESULTS

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

 - Passed Through NYS Education Department
 - Education Stabilization Fund:
 - COVID-19 Governor's Emergency Education Relief Fund 84.425C
 - COVID-19 Elementary and Secondary School Emergency Relief Fund 84.425D
8. The Threshold for distinguishing between Types A and B programs was \$750,000.
9. Beaver River Central School District was determined to be a low-risk auditee.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2021

NOTE B - FINDINGS – FINANCIAL STATEMENT AUDIT

Finding Control Number: 2021-001

Instances of Noncompliance with Laws or Regulations

Surplus Unexpended Funds in Excess of 4% Limitation

Criteria

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

Condition

The District exceeded the 4% limitation of unexpended surplus funds within the General Fund by \$2,957,617 during the fiscal year.

Context

During our audit test of compliance - §1318 Real Property Tax, it was noted that the unassigned fund balances of \$3,687,265 had exceeded maximum allowed unexpended balance of \$729,648 for the fiscal year ended.

Effect

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

Cause

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

BEAVER RIVER CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2021

NOTE B - FINDINGS – FINANCIAL STATEMENT AUDIT –

Continued

Finding Control Number: 2021-001 – Continued

Recommendation

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

Views of Responsible Officials and Planned Corrective Actions

The District plans to implement a series of activities to reduce the unrestricted Fund Balance to levels within the statutory limits by; continuing to fund Capital Projects Reserve and replace borrowing for purchase of transportation assets.

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

There were no findings to report.

BEAVER RIVER CENTRAL SCHOOL DISTRICT

SUMMARY SCHEUDLE OF PRIOR AUDIT FINDINGS

June 30, 2021

NOTE A - FINDINGS – FINANCIAL STATEMENT AUDIT

There were no prior year findings.

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

There were no prior year findings.

EXTRA CLASSROOM ACTIVITY FUNDS



**BOWERS & COMPANY
CPAs PLLC**

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON EXTRA CLASSROOM ACTIVITY FUNDS

**BOARD OF EDUCATION
BEAVER RIVER CENTRAL SCHOOL DISTRICT**

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

Opinion

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

Basis of Accounting

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

Bowers & Company

Watertown, New York
October 13, 2021

BEAVER RIVER CENTRAL SCHOOL DISTRICT

EXTRA CLASSROOM ACTIVITY FUNDS – STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Year Ended June 30, 2021

| | Cash Balances 7/1/2020 | Cash Receipts | Cash Disbursements | Transfers In (Out) | Cash Balances 6/30/2021 |
|--|---------------------------------------|--------------------------|-------------------------------|-------------------------------|--|
| Class of: | | | | | |
| 2021 | \$ 16,110 | \$ 16,758 | \$ 31,323 | \$ (1,545) | \$ - |
| 2022 | 3,106 | 6,955 | 4,193 | 850 | 6,718 |
| 2023 | 4,596 | 6,133 | 3,024 | - | 7,705 |
| 2024 | - | 1,090 | 600 | 1,000 | 1,490 |
| 2025 | - | - | - | 2,000 | 2,000 |
| Art Club | 397 | - | - | - | 397 |
| Band | 2,548 | 1,480 | 1,581 | - | 2,447 |
| Beaverian | 1,677 | 3,676 | 3,986 | 458 | 1,825 |
| Elementary Student Council | 7,952 | 133 | 1,302 | - | 6,783 |
| Family, Career and Community Leaders of America | 68 | - | - | - | 68 |
| Future Farmers of America | 3,693 | 4,537 | 3,477 | - | 4,753 |
| Future Teachers of America | 1,557 | - | 250 | - | 1,307 |
| High School Student Council | 3,069 | 1,132 | 1,091 | 200 | 3,310 |
| Middle School Student Council | 19,700 | 343 | 3,582 | (3,000) | 13,461 |
| Music Theater Production | 3,862 | 1,440 | 2,538 | - | 2,764 |
| National Honor Society | 10,136 | 900 | 127 | - | 10,909 |
| Spanish Club | 1,324 | - | - | - | 1,324 |
| Drama Club | 1,248 | 2,387 | - | - | 3,635 |
| Youth Advisory Council | 2,000 | 1,000 | 750 | - | 2,250 |
| New York State Sales Tax | 96 | 1,816 | 1,630 | 37 | 319 |
| Total | \$ 83,139 | \$ 49,780 | \$ 59,454 | \$ - | \$ 73,465 |

See note to financial statement.

BEAVER RIVER CENTRAL SCHOOL DISTRICT

EXTRA CLASSROOM ACTIVITY FUNDS – NOTE TO FINANCIAL STATEMENT

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

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

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