

GENERAL BROWN CENTRAL
SCHOOL DISTRICT

FINANCIAL STATEMENTS
June 30, 2022

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GENERAL BROWN CENTRAL SCHOOL DISTRICT

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**BOWERS & COMPANY
CPAs PLLC**

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

**TO THE BOARD OF EDUCATION
GENERAL BROWN CENTRAL SCHOOL DISTRICT**

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the 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 General Brown Central School District, as of June 30, 2022, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the General Brown Central School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 5-22), Schedule of Changes in the District's Total OPEB Liability and Related Ratios (page 87), Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund (pages 88-89), Schedule of the District's Proportionate Share of the Net Pension Asset (Liability) – NYSLRS Pension Plan (page 90), and Schedule of District's Contributions - NYSLRS Pension Plan (page 91) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the 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.

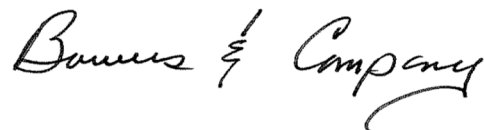
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the General Brown 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 Assets (pages 92-98) and Schedule of Expenditures of Federal Awards (pages 105-106), as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 Assets (pages 92-98) and the Schedule of Expenditures of Federal Awards (pages 105-106) are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2022 on our consideration of the General Brown 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 General Brown 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 General Brown 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 date and location text.

Watertown, New York
September 21, 2022

GENERAL BROWN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

The following is a discussion and analysis of General Brown Central School District's financial performance for the fiscal year ended June 30, 2022. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section. Responsibility for completeness and fairness of the information contained rests with the School District.

FINANCIAL HIGHLIGHTS

The School District's purpose is to educate all students to high levels of academic performance while fostering positive growth in social/emotional behaviors and attitudes. The board of education is the governing body elected by the residents of the School District. Their mission is to maintain certain standards in excellence set by the New York State Board of Regents. This has to be accomplished with the least economic impact to the local taxpayer. The following financial highlights are the School District's attempt at completing this mission.

For the year ending June 30, 2022 total revenues of \$28,384,114 were \$284,380 more than the \$28,099,734 in expenses. This change in net position of \$284,380 increased the Net Position (Deficit) at the beginning of the year as restated of (\$40,295,281) to an ending Net Position Deficit of (\$40,010,901) at June 30, 2022. The School District's portion of Unrestricted Net Position designated to reduce real estate taxes in 2022-2023, is \$1,200,000.

The total property assessment for the District in the 2021-2022 school year was \$685,266,890, which was an increase of \$8,261,297 from the previous year. That increase was due to increased assessments primarily in the Town of Brownville and the City of Watertown. The true value tax rate for 2021-2022 was \$10.44 per thousand, an increase of \$.13 per thousand from the previous year.

The School District employs approximately 220 full and part time employees. The Teachers' Union has a collective bargaining agreement in place until June 30, 2023. The School Related Professionals' Union's collective bargaining agreement is in place until June 30, 2024. The Administrator's Union has a collective bargaining agreement in effect until June 30, 2023.

Total enrollment for the 2021-2022 school year was 1,399, which was an increase of 22 students from the prior year. The effects of the pandemic were still being felt, as many students elected to remain home-schooled through a portion of the school year. We anticipate that the 2022-2023 school year will see a return to a more normal student enrollment.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

FINANCIAL HIGHLIGHTS - Continued

The District has maintained standards set by the New York State Education Department for the testing of their students to achieve mastery in certain core subjects at or above the levels set by the State Education Department for the year ending June 30, 2022. The Board of Education adopted an updated Strategic Action Plan on February 25, 2019 focusing on academic achievement, intentional investment in learning and school culture and community.

The District has established several Reserve Funds to provide protection against foreseeable obligations and unforeseeable expenses. At June 30, 2022, the balances are as follows:

	Additions/Subtractions - not including interest (2021-2022 fiscal year)	Balance June 30, 2022
Unemployment Reserve	\$ -	\$ 242,649
Retirement Reserve - NYSERS	\$ -	\$ 1,401,381
Retirement Reserve - NYSTRS	\$ 140,000	\$ 422,000
Workers Compensation Reserve	\$ -	\$ 277,513
Employee Benefits Accrued Liability Reserve	\$ (10,000)	\$ 194,598
Capital Reserve	\$ 1,300,000	\$ 4,028,942

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three 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 School District.

- The first two statements are *district-wide* financial statements that provide both *short-term* and *long-term* information about the School District's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations in *more detail* than the district-wide statements. The fund financial statements concentrate on the School 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 School District acts solely as a *trustee* or *agent* for the benefit of others.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

OVERVIEW OF FINANCIAL STATEMENTS - Continued

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information (pages 87-91) that further explains and supports the financial statements. Page 88-89 shows a comparison of the School District's budget and actual for the year. Beginning on page 99 is the federal award program information.

The following summarizes the major features of the School District's financial statements, including the portion of the School 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 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 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

GENERAL BROWN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

OVERVIEW OF FINANCIAL STATEMENTS – Continued

District-Wide Statements

The district-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The *Statement of Net Position* includes all of the School 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 School District's *net position* and how they have changed. Net position, the difference between the School District's assets and liabilities, is one way to measure the School District's financial health or *position*.

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

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

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "major" funds - not the School 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 School District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

GENERAL BROWN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

OVERVIEW OF FINANCIAL STATEMENTS – Continued

Fund Financial Statements – Continued

The District has two kinds of funds:

- 1) Governmental Funds: Most of the School 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 School 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 funds statements explains the relationship (or differences) between them.
- 2) Fiduciary Funds: The School District is the trustee, or fiduciary, for assets that belong to others, such as scholarship funds and property taxes collected on behalf of other governments. The School 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 School District excludes these assets to finance its operations.

Change in Accounting Principle

For the fiscal year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*. The implementation of the statement establishes criteria for identifying and recording lease transactions. For the District, this changed the reporting of leases as the lessor and lessee. See Note 19 for the financial statement impact of the implementation of the Statement.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Net position may serve over time as a useful indicator of a government's financial condition. In the case of the School District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$40,010,901 at the close of the most recent fiscal year. This represents a \$284,380 increase in the statement of net position, as restated, for the year. The overall deficit is largely due to the District's other postemployment benefit ("OPEB") liability. As of June 30, 2022, the OPEB liability was \$89,367,511 compared to \$82,693,491 reported at the close of the prior fiscal year. The overall increase in net position in the current fiscal year is largely due to the net change in the pension liability and related accounts recognized in the current year which resulted in revenues of \$1,626,667.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A
WHOLE – Continued**

The following schedule summarizes, on a comparison basis, the School District's net position. The complete Statement of Net Position for fiscal year 2021-2022 can be found in the School District's basic financial statements.

**Condensed Statement of Net Position
Fiscal Years 2021-2022 and 2020-2021**

	2021-2022	2020-2021 **	Variance
Assets			
Current and Other Assets	\$ 13,595,772	\$ 11,082,674	\$ 2,513,098
Capital Assets, Net	34,040,415	34,822,474	(782,059)
Net Pension Asset - Proportionate Share	8,413,085	-	8,413,085
Total Assets	<u>\$ 56,049,272</u>	<u>\$ 45,905,148</u>	<u>\$ 10,144,124</u>
Deferred Outflow of Resources			
Other Postemployment Benefits	\$ 16,289,620	\$ 15,023,534	\$ 1,266,086
Pensions	5,826,522	5,829,329	(2,807)
Deferred Charge of Bond Refunding	232,891	279,469	(46,578)
Total Deferred Outflow of Resources	<u>\$ 22,349,033</u>	<u>\$ 21,132,332</u>	<u>\$ 1,216,701</u>
Liabilities			
Current Liabilities	\$ 1,341,383	\$ 1,259,872	\$ 81,511
Long-Term Liabilities	102,245,745	97,144,038	5,101,707
Net Pension Liability - Proportionate Share	-	1,236,439	(1,236,439)
Total Liabilities	<u>\$ 103,587,128</u>	<u>\$ 99,640,349</u>	<u>\$ 3,946,779</u>
Deferred Inflow of Resources			
Leases	\$ 347,566	\$ -	\$ 347,566
Other Postemployment Benefits	3,512,771	4,778,721	(1,265,950)
Pensions	10,961,741	2,941,691	8,020,050
Total Deferred Inflow of Resources	<u>\$ 14,822,078</u>	<u>\$ 7,720,412</u>	<u>\$ 7,101,666</u>
Net Position			
Investment in Capital Assets, Net of Related Debt	\$ 21,667,377	\$ 20,894,007	\$ 773,370
Restricted	7,128,539	5,696,679	1,431,860
Unrestricted (Deficit)	(68,806,817)	(66,913,967)	(1,892,850)
Total Net Position	<u>\$ (40,010,901)</u>	<u>\$ (40,323,281)</u>	<u>\$ 312,380</u>

** 2020-2021 Statement of Net Position has not been restated as the change due to adoption of GASB 87, *Leases*, effective July 1, 2021, is not needed for the prior year financials.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued

In summary, current assets are those assets that are available to satisfy current obligations and current liabilities are those liabilities that will be paid within one year. Current assets at June 30, 2022 consist primarily of cash equivalents of \$11,111,248 and State, Federal, and BOCES aid receivable of \$2,059,969. Other assets include the net pension asset of \$8,413,085 which is the Teachers' Retirement System (TRS) and the Employees' Retirement System (ERS) proportionate shares and the lease receivable specific to the cell tower lease.

In addition to assets, the *Statement of Net Position* reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Included in deferred outflows of resources in the current year is \$5,826,522 related to the District's participation in the NYS TRS and ERS pension systems, \$16,289,620 related to the District's OPEB Plan, and \$232,891 for a deferred charge on bond refunding.

Current liabilities consist of accrued liabilities totaling \$166,464 and accounts payable of \$143,218. \$866,765 was accrued for Teachers' Retirement System payments to be paid in September, October, and November of 2022. The Employees' Retirement System accrual is \$146,063. This accrual will be part of the ERS payment due in February 2023. The current portion of the long-term liabilities totals \$1,801,142 while the long-term liabilities due and payable beyond one-year totals \$100,444,603. The current portion includes compensated absences of \$103,295. Compensated absences payable and other postemployment benefits payable beyond one-year totals \$89,536,521. The total liabilities increased by \$3,946,779, primarily as a result of the increase in OPEB liability.

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 \$10,961,741 related to the District's participation in the NYS TRS and ERS pension systems, \$3,512,771 related to the District's OPEB Plan, and \$347,566 related to leases with future payments to be collected.

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

GENERAL BROWN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A
WHOLE – Continued**

The Statement of Activities shows the cost of program services net of charges for services and grants offsetting those services. General revenues including tax revenue, investment earnings and unrestricted state and federal aid must support the net cost of the School District's programs. The following schedule summarizes, on a comparison basis, the School District's activities. The complete Statement of Activities for fiscal year 2021-2022 can be found in the School District's basic financial statements.

**Condensed Statement of Activities
Fiscal Years 2021-2022 and 2020-2021**

	2021-2022	2020-2021**	Variance
Revenues			
Program Revenues			
Charges for Services	\$ 90,827	\$ 73,727	\$ 17,100
Operating Grants	4,015,042	1,455,280	2,559,762
Capital Grants	-	-	-
General Revenues			
Property and Other Tax Items	8,699,199	8,362,252	336,947
Use of Money and Property	62,485	29,173	33,312
Sale of Property and Compensation for Loss	9,788	11,765	(1,977)
Gain on Disposal of Capital Assets	28,269	-	28,269
Miscellaneous	200,630	253,004	(52,374)
State Sources	15,260,707	14,399,905	860,802
Federal Sources	17,167	389,575	(372,408)
Total Revenues	<u>28,384,114</u>	<u>24,974,681</u>	<u>3,409,433</u>
Expenses			
General Support	3,694,960	3,632,802	62,158
Instruction	21,074,555	21,205,440	(130,885)
Pupil Transportation	2,167,074	1,980,070	187,004
Debt Service - Interest	255,724	271,418	(15,694)
School Food Service - Cost of Food Sales	907,421	723,298	184,123
Total Expenses	<u>28,099,734</u>	<u>27,813,028</u>	<u>286,706</u>
Change in Net Position	<u>\$ 284,380</u>	<u>\$ (2,838,347)</u>	<u>\$ 3,122,727</u>

** 2020-2021 Statement of Activities has not been restated as the change due to adoption of GASB 87, *Leases*, effective July 1, 2021, is not needed for the prior year financials.

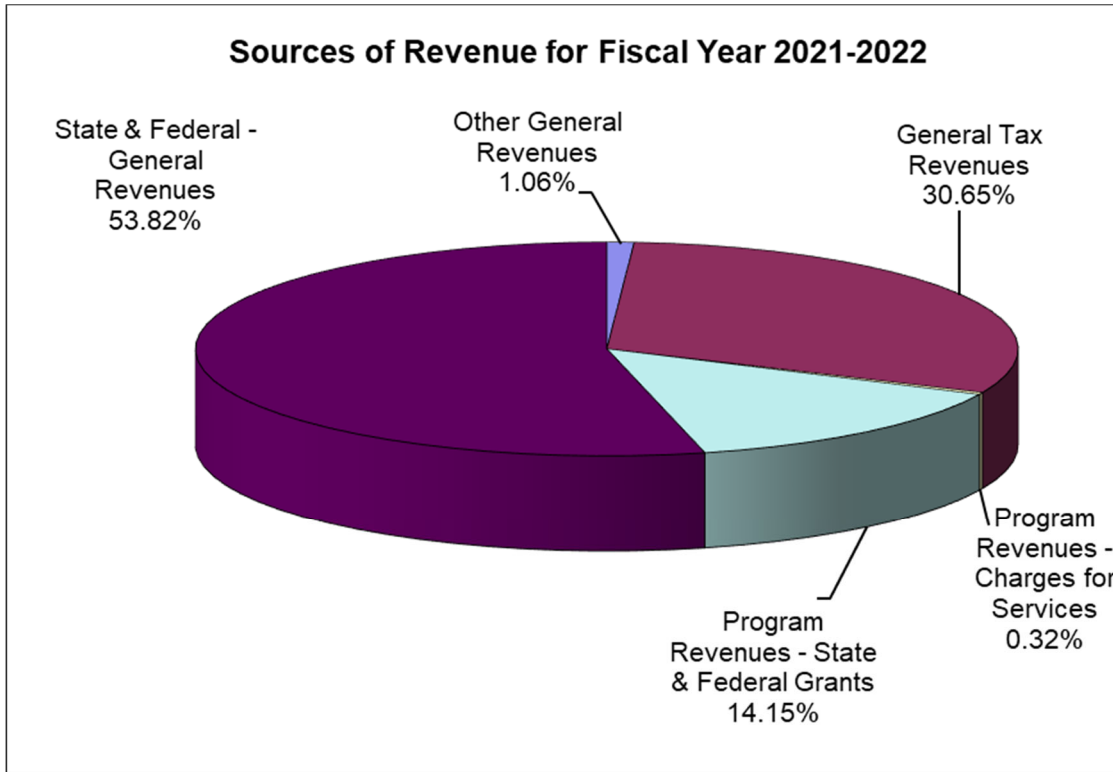
GENERAL BROWN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued

**Condensed Statement of Activities
Fiscal Years 2021-2022**



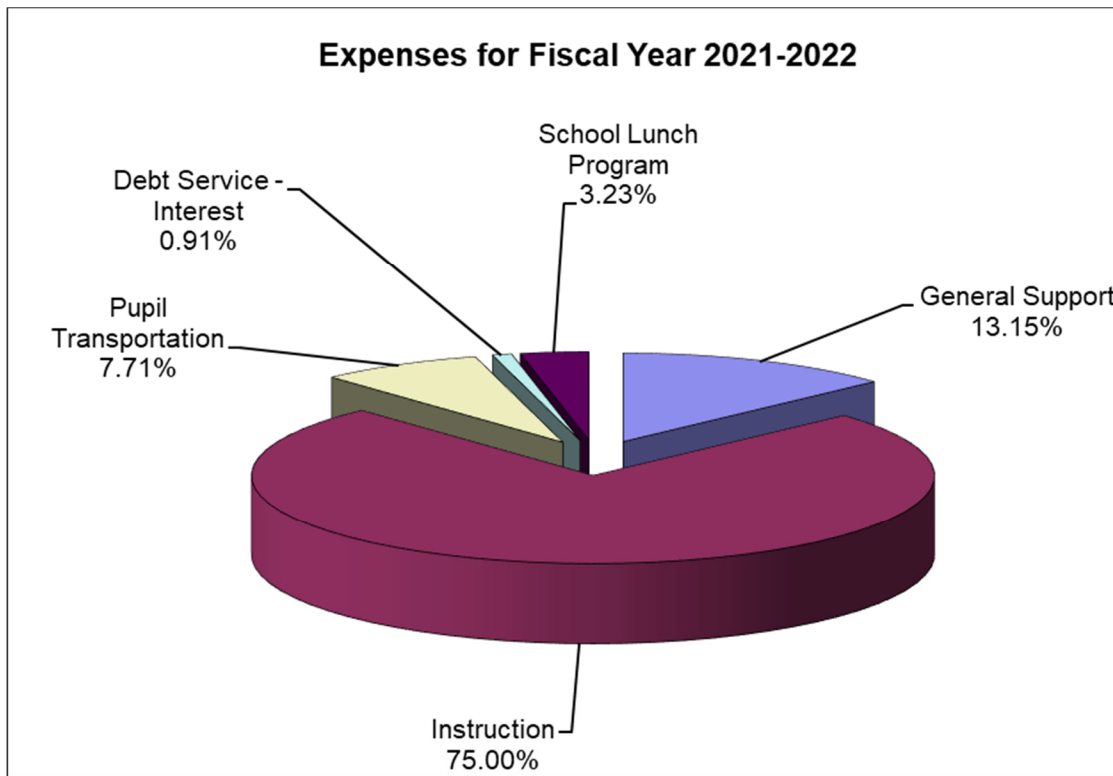
The School District is heavily dependent on both state and federal aid as a revenue source. State and Federal Grants and State and Federal General Revenues combined account for 68% of total revenues received for fiscal year 2021-2022. General Tax Revenues account for 31% of revenues received in fiscal year 2021-2022. These two areas represent 99% of the total revenues received for the year, a 7% increase from the prior year.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued



Instruction, pupil transportation, and general support account for about 96% of the total expenses of the School District for fiscal year 2021-2022. This percentage remained the same from the prior fiscal year in total.

The financial statements also include the Special Aid Fund and School Food Service Fund, which are primarily funded by state and federal aid and food sales.

General Fund Budgetary Highlights

The voters of the District approved the proposed appropriation budget in the amount of \$25,454,592 on May 18, 2021. District voters approved a proposition for the purchase of four school buses in an amount not to exceed \$365,000, which is included in the previous amount. Prior year carry-forward encumbrances of \$65,934, bring the final budget amount to \$25,520,526.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

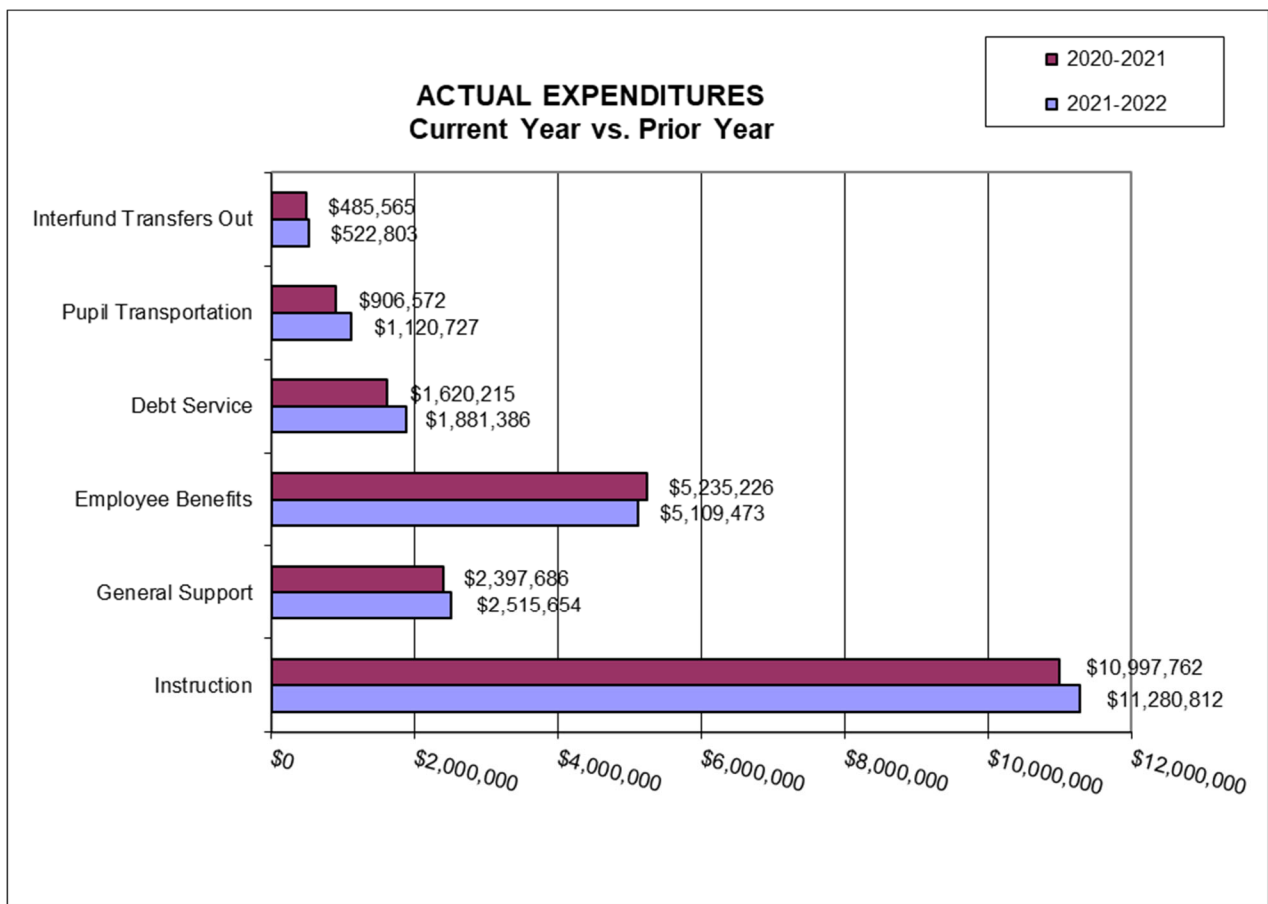
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued

General Fund Budgetary Highlights – Continued

Actual expenditures for 2021-2022 totaled \$22,430,855 which includes transfers to other funds totaling \$522,803, for a variance of \$2,529,414 (over budgeted amounts after year end encumbrances of \$560,257). The graph below shows how the actual expenditures are distributed for each budget over the past two budget years:



The following highlights the major increases/decreases in spending for fiscal year 2021-2022 as compared to prior fiscal year 2020-2021:

Employee Benefits – Decreased by \$125,753 due to additional amounts expensed in the Special Aid Fund in 2021-22 and covered by federal grants.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

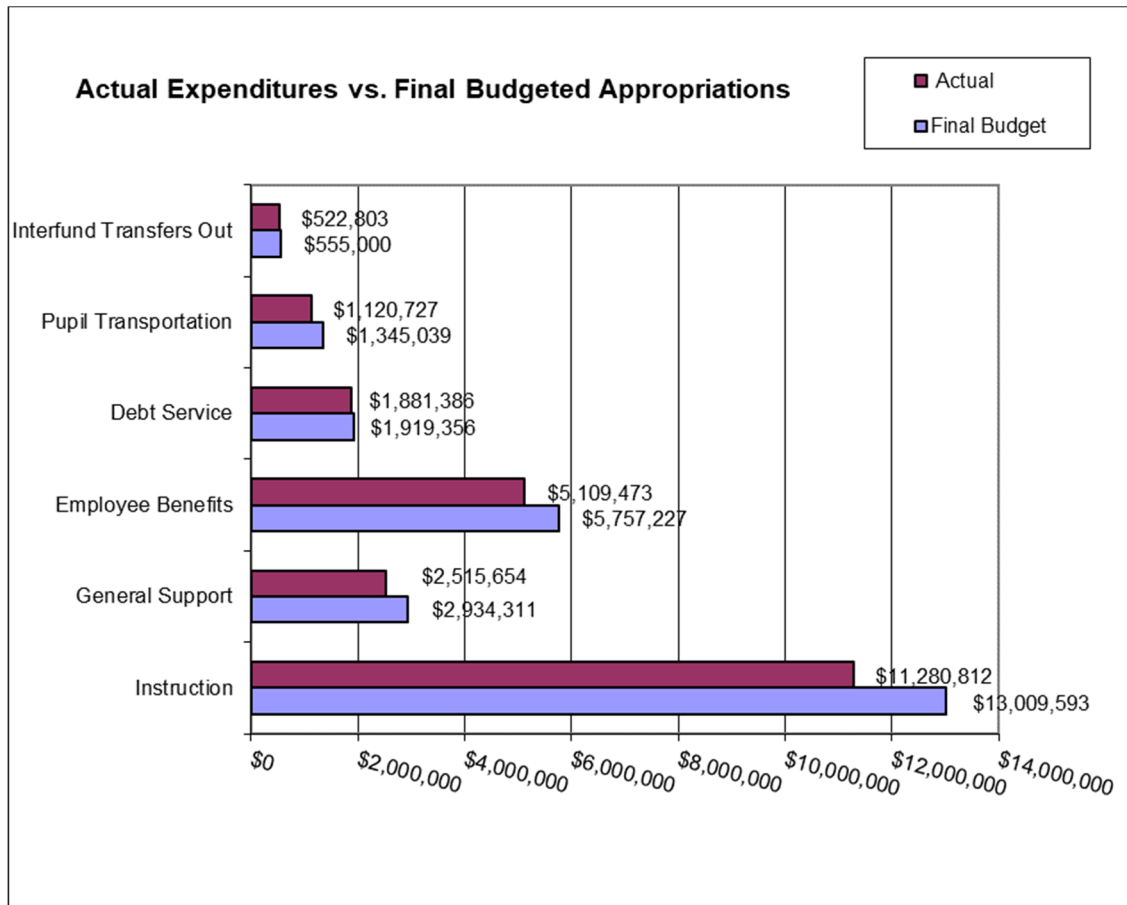
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued

General Fund Budgetary Highlights – Continued

The following graph examines some specific areas of variations between the final budgeted appropriations and the actual expenditures:



When comparing the Final Budget variance with Budgetary Actual, the 2021-2022 budget appropriations were on target or greater than actual expenditures in all areas of the budget. Overall instruction and employee benefits came in under budget due to additional federal grant funding received which covered a portion of related costs in the Special Aid Fund.

In 2021-2022, the School District appropriated \$1,200,000 of the fund balance to reduce taxes for fiscal year ending June 30, 2023. Unspent appropriations provide cash flow at year-end when state aid is uncertain. Without this balance, the School District would have to borrow funds at year-end to meet its obligations.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

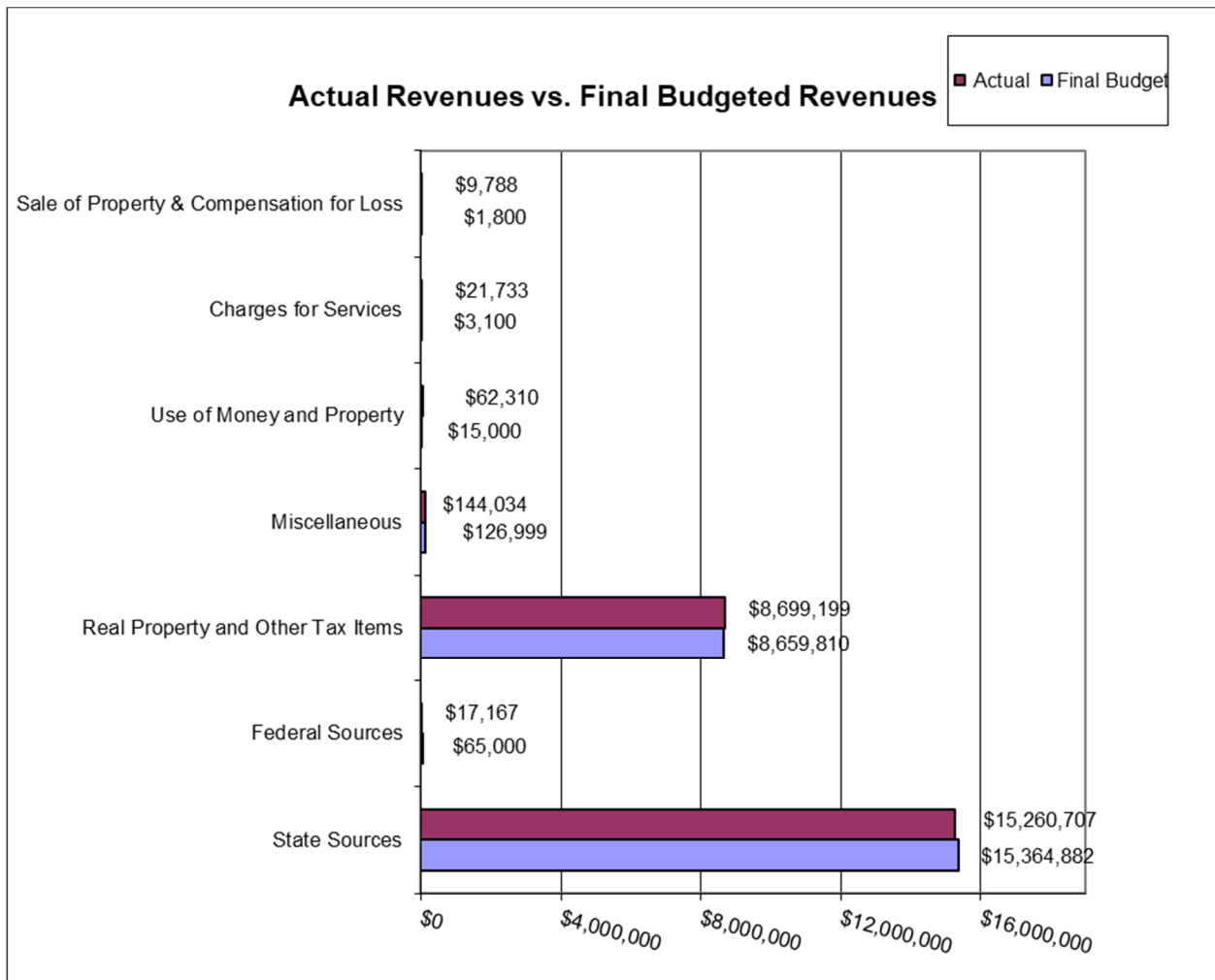
June 30, 2022

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued

General Fund Budgetary Highlights – Continued

Revenues

Actual revenues, including transfers from other funds, were under budgeted amounts by \$31,654 for fiscal year 2021-2022, primarily due to Federal Stimulus monies received and recognized in the Special Aid Fund, which reduced overall Federal Sources. The following graph depicts actual revenues in comparison with final budgeted revenues.



GENERAL BROWN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

General Fund

General Funds are used to operate the schools' daily educational and transportation programs and maintain the buildings and grounds of the facility for continued use. This is the only fund that relies on real property taxes for a portion of funding. Property tax revenues received amounts to 36% of total General Fund revenues for 2021-2022, up 1% from the prior year.

Special Aid Fund

The School District receives State and Federal grants, which fund specific academic activities. These grants are written for specific purposes and include reading improvement, staff development, technology improvements and needs related to students with disabilities. There were new federal grant sources in the current year in response to the COVID-19 pandemic.

Title I funds can only be used in schools that meet a 35% poverty level. In the 2021-2022 school year, Brownville/Glen Park and Dexter Elementary achieved that minimum percentage. Therefore, Title I monies can only be used to fund the academic intervention program in the elementary schools.

It is important to note that some of these grants have a fiscal year that runs from September 1 to August 31, which differs from the school fiscal year of July 1 to June 30. Therefore, there are funds being spent during the summer months that result in carry over amounts as of the June 30, 2022 school year.

The following chart shows the grant amounts recorded in the Special Aid Fund:

	2021-2022	2020-2021
Title I NCLB Basic Grant	\$ 603,263	\$ 289,358
Title II Part A	75,733	41,772
Title IV	21,364	22,930
IDEA Part B Section 611	371,317	358,712
IDEA Section 619	14,880	8,092
Universal Pre-Kindergarten	165,552	154,688
Summer School - Section 4408	53,056	29,766
DoDEA	-	25,000
CRRSA- ESSER/ GEER	1,673,118	-
American Rescue Plan	159,840	-
	<u>\$ 3,138,123</u>	<u>\$ 930,318</u>

GENERAL BROWN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS – Continued

Debt Service Fund

This fund is used to accumulate interest on capital fund proceeds earned during building projects. These funds will be used to reduce the debt in the General Fund in subsequent years. \$8,000 was transferred out of the Debt Service Fund during the 2021-2022 fiscal year to the General Fund to cover a portion of debt payments due.

School Food Service Fund

The School Food Service Program is funded through State and Federal Aid along with sale of lunch and breakfast items. The School Food Service Program operated with a \$198,596 profit for the year ending June 30, 2022 primarily due to a increase in ADP (average daily participation) and free meals for all students, and a transfer from the General Fund of \$160,000. In previous years, the School Food Service Fund had an unassigned fund balance deficit, which was fully recovered during the year ended June 30, 2022. The School Food Service Fund is now in a positive position of \$85,788 at year-end.

Capital Projects Fund

The School District uses the Capital Projects Fund to record the purchase of school buses. \$365,000 was approved by proposition and \$351,215 was transferred from the General Fund during the year ending June 30, 2022 to purchase four new school buses.

Extra Classroom Activity Funds

The School District implemented GASB 84, *Fiduciary Activities*, for the year ended June 30, 2021, which now includes the reporting of the Extra Classroom Activity Funds in the District's fund financial statements. The fund reflects clubs approved by the Board of Education and their annual activities of fundraising and events.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

CAPITAL ASSETS

Land is valued at acquisition cost and the School District only has property with structures on or adjacent to it.

Building & improvements have various dates of construction from the high school in 1957 to the district wide renovation project completed in 2012. The District began an energy performance project in July of 2016 and was completed in the 2017-2018 school year. Another renovation project was approved by voters in February 2017, which phase I of construction began in June 2018 and was completed in October of 2018. Phase II of the project began during the fall of 2019 and was complete as of June 30, 2021.

Furniture & equipment are recorded for the entire School District and includes vehicles and school buses.

A fixed asset policy was established by the School Board on August 11, 2003 to capitalize fixed assets of at least \$3,000 and building improvements of \$25,000. Total net capital assets after depreciation is \$34,040,415 at June 30, 2022.

	Balance	2022	Retirements/	Balance
	June 30, 2021	Additions	Reclassifications	June 30, 2022
Land	\$ 160,983	\$ -	\$ -	\$ 160,983
Construction in Progress	-	560,990	-	560,990
Building & Improvements	53,384,437	-	-	53,384,437
Furniture & Equipment	6,896,945	439,715	(383,732)	6,952,928
Intangible Lease Assets	95,868	-	-	95,868
	<u>60,538,233</u>	<u>1,000,705</u>	<u>(383,732)</u>	<u>61,155,206</u>
Less:				
Accumulated Depreciation and Amortization	25,619,891	1,818,401	(323,501)	27,114,791
Total Capital Assets, Net	<u>\$ 34,918,342</u>	<u>\$ (817,696)</u>	<u>\$ (60,231)</u>	<u>\$ 34,040,415</u>

Beginning balances as of June 30, 2021 have been restated as required by GASB 87, *Leases*. For more information on the restatement refer to Note 19.

For more information on capital assets refer to Note 6 in the notes to financial statements.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

LONG-TERM DEBT

The School District has two outstanding bonds as of June 30, 2022. First, a bond outstanding on a capital project issued in 2011. The last date that bond will be paid is June 15, 2027. In 2016, the District issued \$6,765,000 in general obligation bonds to partially refund \$6,535,000 of the 2011 outstanding bonds. Second, during 2021 the District issued a serial bond for a District Wide Capital Project in the amount of \$7,465,000, to mature in June 2036.

During 2017, the District issued \$1,701,914 of installment purchase debt for the energy performance contract.

The Long-Term Debt is broken down by current (within one year) and long-term (after one year). At June 30, 2022, the School District had the following breakdown of debt for serial bonds, installment purchase debt, and premium on bonds:

	2021-2022	2020-2021
Due and Payable in One Year	\$ 1,663,926	\$ 1,635,928
Due and Payable After One Year	10,908,082	12,572,008
Total Long-Term Debt	<u>\$ 12,572,008</u>	<u>\$ 14,207,936</u>

The Long-Term liability associated with other postemployment benefits (OPEB) increased by \$6,674,020 for a total ending balance of \$89,367,511 on June 30, 2022.

For more information refer to Note 9 in the notes to financial statements.

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

With the following observations, the School District can only project what future financial changes will be by how the history of budget and school operations have been in the School District.

- The District will continue to receive an influx of federal stimulus monies over the next two years for pandemic relief. The District is likely to see an increase in fund balance as a result. The District will maintain a higher than typical fund balance to protect its programs and services for students from future financial challenges. NYS has hinted at a funding cliff in 2025 when the federal stimulus monies are gone. Fortunately, the District has built back up its reserve accounts to a healthy balance since the 2013 downturn and has maintained a surplus in unassigned fund balance, which is above the statutory limit. The District finds these practices necessary to protect the District from unexpected revenue shortfalls.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2022

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE –

Continued

- Following the 2020 school closure and the 2020-2021 hybrid/remote model of instruction, many of the District's students experienced significant learning loss, which could have a negative impact on achieving its mission. The District has implemented summer school and extended day programs to combat this learning loss. These programs will continue for at least two more years because of the influx of federal monies.

- General Brown, like many school Districts across the state, is experiencing a shortage of bus drivers, certified teachers and substitute teachers. This also threatens the mission of the District as the District tries to prepare students to meet the challenges of college and/or career.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact the School Business Official at the following address: General Brown Central School District, PO Box 500, Dexter, New York, 13634.

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GENERAL BROWN CENTRAL SCHOOL DISTRICT

AUDITED BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES

June 30, 2022

ASSETS

Cash and Cash Equivalents		
Unrestricted	\$	3,982,709
Restricted		7,128,539
Receivables		
Lease Receivable		351,999
State and Federal Aid		1,500,544
Due from Other Governments		559,425
Other		39,296
Inventories		19,458
Prepaid Expenditures		13,802
Capital Assets, Net		34,040,415
Net Pension Asset - Proportionate Share		8,413,085
TOTAL ASSETS	\$	56,049,272

DEFERRED OUTFLOW OF RESOURCES

Other Postemployment Benefits	\$	16,289,620
Pensions		5,826,522
Deferred Charge on Bond Refunding		232,891
TOTAL DEFERRED OUTFLOW OF RESOURCES	\$	22,349,033

LIABILITIES

Payables		
Accounts Payable	\$	143,218
Accrued Liabilities		166,464
Due to Other Governments		108
Accrued Interest		18,765
Due to Teachers' Retirement System		866,765
Due to Employees' Retirement System		146,063
Long-Term Liabilities		
Due and Payable Within One Year		
Bonds Payable, Net of Unamortized Premium		1,542,056
Lease Liability		33,921
Installment Purchase Debt		121,870
Compensated Absences Payable		103,295
Due and Payable After One Year		
Bonds Payable, Net of Unamortized Premium		9,663,221
Installment Purchase Debt		1,244,861
Compensated Absences Payable		169,010
Other Postemployment Benefits Payable		89,367,511
TOTAL LIABILITIES	\$	103,587,128

GENERAL BROWN CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES – Continued

June 30, 2022

DEFERRED INFLOW OF RESOURCES

Leases	\$ 347,566
Other Postemployment Benefits	3,512,771
Pensions	10,961,741
TOTAL DEFERRED INFLOW OF RESOURCES	\$ 14,822,078

NET POSITION

Net Investment in Capital Assets	\$ 21,667,377
Restricted	
Debt Service	471,031
Other Legal Restrictions	6,657,508
Unrestricted (Deficit)	(68,806,817)
TOTAL NET POSITION	\$ (40,010,901)

GENERAL BROWN CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION – GOVERNMENTAL ACTIVITIES

Year Ended June 30, 2022

	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Capital Grants</u>	
FUNCTIONS/PROGRAMS					
General Support	\$ 3,694,960	\$ -	\$ -	\$ -	\$ (3,694,960)
Instruction	21,074,555	21,733	3,138,123	-	(17,914,699)
Pupil Transportation	2,167,074	-	-	-	(2,167,074)
Debt Service - Interest	255,724	-	-	-	(255,724)
School Food Service Program	907,421	69,094	876,919	-	38,592
Total Functions and Programs	<u>\$ 28,099,734</u>	<u>\$ 90,827</u>	<u>\$ 4,015,042</u>	<u>\$ -</u>	<u>(23,993,865)</u>
GENERAL REVENUES					
Real Property Taxes					7,892,006
Other Tax Items					807,193
Use of Money and Property					62,485
Sale of Property and Compensation for Loss					9,788
Gain on Disposition of Capital Assets					28,269
Miscellaneous					200,630
State Sources					15,260,707
Medicaid Reimbursement					2,936
Federal Sources					14,231
Total General Revenues					<u>24,278,245</u>
Change in Net Position					284,380
Net Position - Beginning of Year, As Restated					<u>(40,295,281)</u>
Net Position - End of Year					<u>\$ (40,010,901)</u>

See notes to audited basic financial statements.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

June 30, 2022

	General	Special Aid	Non-Major Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents				
Unrestricted	\$ 3,751,005	\$ 188,697	\$ 43,007	\$ 3,982,709
Restricted	6,567,083	-	561,456	7,128,539
Receivables				
Lease Receivable	351,999	-	-	351,999
State and Federal Aid	221,220	1,113,178	166,146	1,500,544
Due from Other Funds	1,448,284	-	-	1,448,284
Due from Other Governments	559,425	-	-	559,425
Other	24,039	-	15,257	39,296
Inventories	-	-	19,458	19,458
Prepaid Expenditures	13,802	-	-	13,802
TOTAL ASSETS	\$ 12,936,857	\$ 1,301,875	\$ 805,324	\$ 15,044,056
LIABILITIES				
Payables				
Accounts Payable	\$ 140,791	\$ 2,332	\$ 95	\$ 143,218
Accrued Liabilities	157,328	-	9,136	166,464
Due to Other Governments	-	-	108	108
Compensated Absences Payable	103,295	-	-	103,295
Due to Other Funds	-	1,299,543	148,741	1,448,284
Due to Teachers' Retirement System	866,765	-	-	866,765
Due to Employees' Retirement System	146,063	-	-	146,063
Total Liabilities	1,414,242	1,301,875	158,080	2,874,197
DEFERRED INFLOW OF RESOURCES				
Deferred Inflow of Resources - Lease	347,566	-	-	347,566
Total Deferred Inflow of Resources	347,566	-	-	347,566
FUND BALANCES				
Nonspendable	13,802	-	19,458	33,260
Restricted	6,567,083	-	561,456	7,128,539
Assigned	1,760,257	-	66,330	1,826,587
Unassigned	2,833,907	-	-	2,833,907
Total Fund Balance	11,175,049	-	647,244	11,822,293
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND FUND BALANCES	\$ 12,936,857	\$ 1,301,875	\$ 805,324	\$ 15,044,056

See notes to audited basic financial statements.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

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

June 30, 2022

Total Fund Balance - Governmental Funds \$ 11,822,293

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

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

Net Pension Asset - Proportionate Share - TRS	\$ 7,752,818	
Net Pension Asset - Proportionate Share - ERS	<u>660,267</u>	8,413,085

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

Other Postemployment Benefits	\$ 3,512,771	
Pensions	<u>10,961,741</u>	(14,474,512)

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

Other Postemployment Benefits	\$ 16,289,620	
Pension	5,826,522	
Deferred Charge on Refunding	<u>232,891</u>	22,349,033

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

Cost of Capital Assets	\$ 61,155,206	
Accumulated Depreciation and Amortization	<u>(27,114,791)</u>	34,040,415

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	\$ 10,810,000	
Installment Purchase Debt	1,366,731	
Lease Liability	33,921	
Accrued Interest	18,765	
Compensated Absences Payable	169,010	
Other Postemployment Benefits Payable	89,367,511	
Premiums on Bond Issue	<u>395,277</u>	<u>(102,161,215)</u>

Total Net Position (Deficit) - Governmental Activities \$ (40,010,901)

GENERAL BROWN CENTRAL SCHOOL DISTRICT

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

Year Ended June 30, 2022

	<u>General</u>	<u>Special Aid</u>	<u>Non-Major Funds</u>	<u>Total Governmental Funds</u>
REVENUES				
Real Property Taxes	\$ 7,892,006	\$ -	\$ -	\$ 7,892,006
Other Tax Items	807,193	-	-	807,193
Charges for Services	21,733	-	-	21,733
Sale of Property and Compensation for Loss	9,788	-	-	9,788
Use of Money and Property	62,310	-	175	62,485
Miscellaneous	144,034	-	56,684	200,718
State Sources	15,260,707	218,608	14,494	15,493,809
Federal Sources	14,231	2,919,515	805,909	3,739,655
Medicaid Reimbursement	2,936	-	-	2,936
Surplus Food	-	-	56,516	56,516
Sales (School Food Service)	-	-	69,006	69,006
Total Revenues	<u>24,214,938</u>	<u>3,138,123</u>	<u>1,002,784</u>	<u>28,355,845</u>
EXPENDITURES				
General Support	2,515,654	598,814	322,992	3,437,460
Instruction	11,280,812	2,034,962	-	13,315,774
Pupil Transportation	1,120,727	14,978	-	1,135,705
Employee Benefits	5,109,473	500,957	189,468	5,799,898
Debt Service:				
Principal	1,617,819	-	-	1,617,819
Interest	263,567	-	-	263,567
Cost of Sales	-	-	394,961	394,961
Other Expenditures	-	-	53,187	53,187
Capital Outlay	-	-	351,215	351,215
Total Expenditures	<u>21,908,052</u>	<u>3,149,711</u>	<u>1,311,823</u>	<u>26,369,586</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,306,886</u>	<u>(11,588)</u>	<u>(309,039)</u>	<u>1,986,259</u>
OTHER FINANCING SOURCES AND (USES)				
Operating Transfers In	8,000	11,588	511,215	530,803
Operating Transfers (Out)	(522,803)	-	(8,000)	(530,803)
Total Other Financing Sources and (Uses)	<u>(514,803)</u>	<u>11,588</u>	<u>503,215</u>	<u>-</u>
Net Change in Fund Balance	1,792,083	-	194,176	1,986,259
Fund Balances - Beginning of Year	<u>9,382,966</u>	<u>-</u>	<u>453,068</u>	<u>9,836,034</u>
Fund Balances - End of Year	<u>\$ 11,175,049</u>	<u>\$ -</u>	<u>\$ 647,244</u>	<u>\$ 11,822,293</u>

See notes to audited basic financial statements.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES**
Year Ended June 30, 2022

Net Change in Fund Balances - Total Governmental Funds \$ 1,986,259

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 cost of more than \$25,000 for buildings or improvements and \$3,000 for furniture and equipment, 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 loss on disposals and depreciation exceeded capital outlays in the current period:

Capital Outlays	\$ 1,000,705	
Loss on Disposals	(60,231)	
Depreciation and Amortization Expense	<u>(1,818,401)</u>	(877,927)

Repayment of debt 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 and lease repayments made in the current period. 1,498,947

Repayment of the installment purchase debt is recorded as an expenditure in the governmental funds, but reduces the long-term liability in the Statement of Net Position. This is the amount of the installment purchase debt payments made in the current period. 118,872

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 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 expense reported in the Statement of Activities is decreased by the net change in accrued interest on debt and the amortization of the deferred charge on bond refunding, less the amortization of premiums on bond issue. 7,843

GENERAL BROWN CENTRAL SCHOOL DISTRICT

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

Year Ended June 30, 2022

In the Statement of Activities, certain operating expenses--compensated absences (vacations and certain sick pay), special termination benefits (early retirement) - are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	65,703	
On the Statement of Activities, the actual and projected long term expenditures for postemployment benefits and related deferred outflows/inflows are reported, whereas, on the governmental funds only the actual expenditures are recorded for postemployment benefits.	(4,141,984)	
(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	\$ 1,263,372	
Employees' Retirement System	<u>363,295</u>	<u>1,626,667</u>
Change in Net Position of Governmental Activities		<u><u>\$ 284,380</u></u>

GENERAL BROWN CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2022

Custodial Funds

ASSETS

Cash and Cash Equivalents

 Restricted

\$ 1,370

 Total Assets

\$ 1,370

NET POSITION

 Restricted for Scholarships

\$ 1,370

See notes to audited basic financial statements.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended June 30, 2022

	Custodial Funds
ADDITIONS	
Gifts and Contributions	\$ 3,330
Taxes Collected for Other Governments (Library Levy)	<u>53,500</u>
Total Additions	<u>56,830</u>
DEDUCTIONS	
Scholarships and Awards	2,870
Payment of Tax to Other Governments (Library Levy)	<u>53,500</u>
Total Deductions	<u>56,370</u>
Change in Net Position	460
Net Position - Beginning of Year	<u>910</u>
Net Position - End of Year	<u><u>\$ 1,370</u></u>

See notes to audited basic financial statements.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

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

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

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

Extra Classroom Activity Funds

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

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Joint Venture

The District is a component district 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 costs 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 \$3,540,903 for BOCES administrative, program, and capital costs.

The District's share of BOCES aid amounted to \$1,360,169. This represents state aid distributions of \$1,243,166 and 2021 fund balance returned to schools of \$66,003.

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

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

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.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

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.

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

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

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.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation – Continued

There is one class of fiduciary funds:

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 and scholarship payments collected on behalf of other governments and specified individuals.

Measurement Focus and Basis of Accounting

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

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

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

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

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on August 13, 2021. Taxes are collected during the period September 1, 2021 to October 31, 2021.

Uncollected real property taxes are subsequently enforced by the County of Jefferson, 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 12 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

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 inflow of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities, and useful lives of long-lived assets.

Cash and Cash Equivalents

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

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

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

Receivables

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

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

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.

Other Assets

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment, are classified as restricted assets in the district-wide financial statements and their use is limited by applicable bond covenants.

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

Capital Assets

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

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

The District does not possess any infrastructure.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

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
Buildings	\$ 25,000	SL	50 Years
Building Improvements	25,000	SL	50 Years
Furniture and Equipment	3,000	SL	5 - 20 Years

Intangible Lease Assets

Intangible lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the lease into service. A capitalization threshold of \$5,000 is used for lease acquisitions that are prepaid and have no corresponding lease liability. Intangible lease assets are amortized over the lease term (3-5 years) consistent with the decrease in the related lease liability or using the straight-line method if there is no corresponding lease liability.

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 four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the district-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience and the changes of assumptions and other inputs. The fourth item is the District contributions to the New York State Teachers' and Employees' pension systems and to Other Postemployment Benefit (OPEB) plan subsequent to the measurement date.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

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 three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (TRS and ERS system) 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. The third item is related to leases and represents the present value of future payments the District will collect as lessor over the life of the lease.

Unearned Revenue

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

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.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Vested Employee Benefits – Continued

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

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

Other Benefits

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

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

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

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Short-Term Debt – Continued

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 are converted to long-term financing within five years after the original issue date.

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

Accrued Liabilities and Long-Term Obligations

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

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

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications

District-Wide Statements

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

Net Investment in Capital Assets – consists of net capital assets (cost less accumulated depreciation and amortization) 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.

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 \$19,458 and the prepaid expenditures of \$13,802 recorded in the General Fund.

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.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

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.

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. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund.

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

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

Unemployment Insurance

According to General Municipal Law §6-m, all expenditures made from the unemployment insurance payment reserve fund 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.

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.

Capital Reserve

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

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

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.

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 fund balance is accounted for in the Special Revenue Fund – Extra Classroom Activity Funds.

Restricted fund balance includes the following:

General Fund:

Employee Benefit Accrued Liability	\$ 194,598
Retirement Contributions - NYSERS	1,401,381
Retirement Contributions - NYSTRS	422,000
Workers' Compensation	277,513
Unemployment Insurance	242,649
Capital Reserve	4,028,942
Extra Classroom Activity Funds	90,425
Debt Service Fund	<u>471,031</u>
 Total Restricted Funds	 <u><u>\$ 7,128,539</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, 2022.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

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

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

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

Order of Use of Fund Balance

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

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2022, the District implemented the following new statement issued by GASB:

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. 92, *Omnibus 2020*, effective for the year ending June 30, 2022.

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates (paragraphs 11b, 13 and 14)*, effective for the year ending June 30, 2022.

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.

Future Changes in Accounting Standards

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

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. 98, *The Annual Comprehensive Financial Report*, effective for the year ended June 30, 2023.

GASB has issued Statement No. 99, *Omnibus 2022*, effective for the year ended June 30, 2023.

GASB has issued Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, effective for the year ended June 30, 2024.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Future Changes in Accounting Standards – Continued

GASB has issued Statement No. 101, *Compensated Absences*, effective for the year ended June 30, 2025.

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

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

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

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

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

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

**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

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 and amortization 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.

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.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*. The implementation of the statement establishes a single lease model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. See Note 19 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.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

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

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

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

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

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

Encumbrances

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

Other

The portion of the District's fund balance subject to the New York State Real Property Tax Law §1318 limit exceeded the amount allowable, which is 4% of the District's budget for the upcoming school year. Actions the District plans to pursue to address this issue include purchasing buses from fund balances, and appropriating funds for the situations regarding the health and safety of District students and employees.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

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

Cash

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

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

Uncollateralized	\$ <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> 6,464,594</u>

Deposits at year-end were fully collateralized.

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 \$6,567,083 restricted for various fund balance reserves in the General Fund, \$471,031 restricted in the Debt Service Fund, \$90,425 restricted in the Extra Classroom Activity Funds, and \$1,370 restricted in the custodial funds for scholarships.

Deposits are values 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, 2022 all deposits were fully insured and collateralized by the District’s agent.

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 Assistant Superintendent of the District.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

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

Investment Pool

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, 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.

The amounts held represent the cost of the investment pool shares and are considered to approximate net asset value. The investment pool is categorically exempt from New York State collateral requirements. Additional information concerning the cooperative is presented in the annual report of NY Class. At June 30, 2022, the District held \$3,853,860 in the General Fund through the cooperative classified as restricted cash and cash equivalents.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 6 – CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS

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

Governmental Activities	Beginning Balance	Additions	Retirements / Reclassifications	Ending Balance
Capital Assets That Are Not Depreciated:				
Land	\$ 160,983	\$ -	\$ -	\$ 160,983
Construction in Progress	-	560,990	-	560,990
Total Nondepreciable Assets	<u>160,983</u>	<u>560,990</u>	<u>-</u>	<u>721,973</u>
Other Capital Assets:				
Buildings & Improvements	53,384,437	-	-	53,384,437
Vehicles, Furniture and Equipment	6,896,945	439,715	(383,732)	6,952,928
Intangible Lease Assets - Equipment, As Restated	<u>95,868</u>	<u>-</u>	<u>-</u>	<u>95,868</u>
Total Other Capital Assets	<u>60,377,250</u>	<u>439,715</u>	<u>(383,732)</u>	<u>60,433,233</u>
Less: Accumulated Depreciation:				
Buildings & Improvements	21,307,226	1,039,055	-	22,346,281
Vehicles, Furniture and Equipment	4,312,665	731,399	(323,501)	4,720,563
Less: Accumulated Amortization:				
Intangible Lease Assets - Equipment	<u>-</u>	<u>47,947</u>	<u>-</u>	<u>47,947</u>
Total Accumulated Depreciation and Amortization	<u>25,619,891</u>	<u>1,818,401</u>	<u>(323,501)</u>	<u>27,114,791</u>
Total Other Capital Assets, Net	<u>34,757,359</u>	<u>(1,378,686)</u>	<u>(60,231)</u>	<u>33,318,442</u>
Capital Assets, Net	<u>\$ 34,918,342</u>	<u>\$ (817,696)</u>	<u>\$ (60,231)</u>	<u>\$ 34,040,415</u>

Depreciation and amortization expense was charged to governmental functions as follows:

General Support	\$ 323,806
Instruction	1,068,604
Pupil Transportation	<u>425,991</u>
Total Depreciation and Amortization Expense	<u>\$ 1,818,401</u>

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 7 – LEASE RECEIVABLE

The District, as a lessor, has entered into a lease agreement involving land for placement of tenant’s communication facility. The lease began in September 2020 for an initial 5-year term. The lease contract includes an extension option of (4) additional (5) year terms. In accordance with GASB 87, *Leases*, the lease receivable of \$362,568 was recorded to equal the present value of all payments expected to be received during the lease term with a corresponding offset to deferred inflow of resources as of July 1, 2021. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease related inflows recognized during the fiscal year was \$19,433. Lease receivable at June 30, 2022 is \$351,999.

NOTE 8 – SHORT-TERM DEBT OBLIGATIONS

There were no short-term debt financial transactions during the year ended June 30, 2022.

NOTE 9 – LONG-TERM DEBT OBLIGATIONS

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

Serial Bonds

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

Lease Liabilities

The District enters into agreements to lease information technology equipment. Leases with a lease term greater than twelve months are recorded at the present value of the future minimum lease payments as of the date of their inception.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 9 – LONG-TERM DEBT OBLIGATIONS – Continued

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	\$ 12,275,000	\$ -	\$ 1,465,000	\$ 10,810,000	\$ 1,490,000
Premium on Bonds	447,333	-	52,056	395,277	52,056
Installment Purchase Debt	1,485,603	-	118,872	1,366,731	121,870
Total Bonds & Notes Payable	14,207,936	-	1,635,928	12,572,008	1,663,926
Other Liabilities					
Net Pension Liability -					
Proportionate Share	1,236,439	-	1,236,439	-	-
Compensated Absences Payable	234,713	-	65,703	169,010	-
Other Postemployment Benefits Liability	82,693,491	6,674,020	-	89,367,511	-
Lease Liability, As Restated	67,868	-	33,947	33,921	33,921
Total Other Liabilities	84,232,511	6,674,020	1,336,089	89,570,442	33,921
Total Governmental Activities	\$ 98,440,447	\$ 6,674,020	\$ 2,972,017	\$102,142,450	\$ 1,697,847

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

Existing serial and statutory bond obligations:

Description	Issue Date	Final Maturity	Interest Rate (%)	Balance
Serial Bonds - Refunding	6/2/16	6/15/27	2-4%	\$ 3,830,000
Serial Bonds	6/24/21	6/15/36	1-2%	6,980,000
				<u>\$10,810,000</u>

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 9 – LONG-TERM DEBT OBLIGATIONS – Continued

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

	Principal	Interest	Total
2023	\$ 1,490,000	\$ 202,263	\$ 1,692,263
2024	1,510,000	178,363	1,688,363
2025	1,540,000	153,113	1,693,113
2026	1,035,000	124,763	1,159,763
2027	780,000	105,338	885,338
2028-2032	2,790,000	336,200	3,126,200
2033-2036	1,665,000	68,900	1,733,900
Total	\$ 10,810,000	\$ 1,168,940	\$ 11,978,940

Existing lease obligations:

Description	Issue Date	Final Maturity	Interest Rate (%)	Balance
Computer Equipment - RIC	6/26/2020	12/1/2022	0.4646%	<u>\$ 33,921</u>

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

	Principal	Interest	Total
2023	<u>\$ 33,921</u>	<u>\$ 197</u>	<u>\$ 34,118</u>
Total	<u>\$ 33,921</u>	<u>\$ 197</u>	<u>\$ 34,118</u>

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

Interest Paid	\$ 263,567
Plus: Amortized Premiums on Serial Bonds/Deferred Charge on Refunding	(5,478)
Less: Interest Accrued in the Prior Year	(21,130)
Plus: Interest Accrued in the Current Year	<u>18,765</u>
Total Interest on Long-Term Debt and Installment Purchase Debt	<u>\$ 255,724</u>

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 9 – LONG-TERM DEBT OBLIGATIONS – Continued

Advanced Refunding and Defeased Bond

In prior years, the District defeased certain general obligations and other bonds by placing proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District’s financial statements. Bonds outstanding in the amount of \$3,820,000 are considered defeased.

NOTE 10 – INSTALLMENT PURCHASE DEBT OBLIGATION

On August 22, 2016, the District entered into an Energy Performance Contract Municipal Lease/Purchase Agreement with Key Government Finance. The project includes energy efficient improvements to the heating system and district-wide lighting improvements. The estimated value of the capital improvements at completion of the project and at the inception of the lease is \$1,906,085. The project was completed as of June 30, 2018 and resulted in \$1,906,085 of construction costs being capitalized in 2018 as assets placed in service. Balance of the long-term liability at June 30, 2022 is \$1,366,731. The installment purchase debt obligation is amortized at an implicit interest rate of approximately 2.5%.

The future minimum obligations for the installment purchase debt at June 30, 2022 is as follows:

	Principal	Interest	Total
2023	\$ 121,870	\$ 32,932	\$ 154,802
2024	124,943	29,820	154,763
2025	128,094	26,629	154,723
2026	131,325	23,358	154,683
2027	134,637	20,004	154,641
2028-2032	725,862	46,677	772,539
Total	<u>\$ 1,366,731</u>	<u>\$ 179,420</u>	<u>\$ 1,546,151</u>

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 11 – PENSION PLANS

General Information

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

Teachers' Retirement System (TRS) Plan Description

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 11 – 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).

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 11 – 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.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 11 – PENSION PLANS – Continued

TRS Benefits Provided – Continued

Service Retirements – 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.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 11 – PENSION PLANS – Continued

TRS Benefits Provided – Continued

Permanent Cost-of-Living Adjustment (COLA)

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

ERS Benefits Provided

Benefits

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

Tier 1 and 2

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

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

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 11 – PENSION PLANS – Continued

ERS Benefits Provided – Continued

Benefits – Continued

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

Tier 3, 4, and 5

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

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

Final average salary is the average of the wages earned in the 3 highest consecutive years of employment. For Tier 3, 4 and 5 members, each year's compensation 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.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 11 – 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 employment average of the previous 4 years.

Vested Benefits

Members who joined the System prior to January 1, 2010 need 5 years of service to be 100 percent vested. Members who joined on or after January 1, 2010 required 10 years of service credit to be 100 percent vested. As of April 9, 2022, legislation was passed that reduced the number of years of service credit from 10 years to 5 years. Therefore, all Members are vested when they reach 5 years of service credit.

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.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 11 – PENSION PLANS – Continued

ERS Benefits Provided – Continued

Post-Retirement Benefit Increases

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

Funding Policies

The Systems are noncontributory for the employees who joined prior to 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 the 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 to 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, 2021 and received an overall discount of \$3,157.

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

	NYSTRS	NYSERS
2021-2022	\$ 723,672	\$ 382,341
2020-2021	668,811	320,098
2019-2020	774,192	346,594

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 11 – 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, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2022, 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, 2022 for ERS and June 30, 2021 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, 2022	June 30, 2021
District's Proportionate Share of the Net Pension Asset (Liability)	\$ 660,267	\$ 7,752,818
District's Portion (%) of the Plan's Total Net Pension Asset (Liability)	0.0080771%	0.0447390%
Change in Proportion % Since the Prior Measurement Date	0.0005455%	0.000265%

For the year ended June 30, 2022, the District recognized pension expense (credit) of (\$363,295) for ERS and (\$1,263,372) for TRS.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 11 – PENSION PLANS – Continued

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

At June 30, 2022 the District 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	\$ 50,003	\$ 1,068,644	\$ 64,857	\$ 40,279
Changes of Assumptions	1,101,911	2,550,064	18,594	451,579
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	-	2,162,096	8,114,126
Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions	84,911	25,721	24,694	85,516
District's Contributions Subsequent to the Measurement Date	146,063	799,205	-	-
Total	<u>\$ 1,382,888</u>	<u>\$ 4,443,634</u>	<u>\$ 2,270,241</u>	<u>\$ 8,691,500</u>

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension asset (liability) in the year ended June 30, 2023, 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
2023	\$ (149,757)	\$ (1,020,096)
2024	(227,947)	(1,182,319)
2025	(551,809)	(1,493,558)
2026	(103,903)	(1,966,813)
2027	-	359,223
Thereafter	-	256,492

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 11 – PENSION PLANS – Continued

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement Date	March 31, 2022	June 30, 2021
Actuarial Valuation Date	April 1, 2021	June 30, 2020
Interest Rate	5.9%	6.95%
Salary Scale	4.4%	1.3%
Decrement Tables	April 1, 2015 - March 31, 2020	July 1, 2015 - June 30, 2020
Inflation Rate	System's Experience 2.7%	System's Experience 2.4%

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, 2015 – June 30, 2020 System’s experience with adjustments for mortality improvements based on Society of Actuaries’ Scale MP-2020.

For ERS, the actuarial assumptions used in the April 1, 2021 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, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

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.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 11 – PENSION PLANS – Continued

Actuarial Assumptions – Continued

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

	ERS	TRS
Measurement Date	March 31, 2022	June 30, 2021
Asset Type		
Domestic Equity	3.30%	6.80%
International Equity	5.85%	7.60%
Private Equity	6.50%	10.00%
Global Equity		7.10%
Real Estate	5.00%	6.50%
Opportunistic / Absolute Return Strategies Portfolio	4.10%	
Credit	3.78%	
Real Assets	5.58%	
Cash	-1.00%	-0.20%
Private Debt		5.90%
Real Estate Debt		3.30%
Domestic Fixed Income Securities		1.30%
Global Bonds		0.80%
High-Yield Fixed Income Securities		3.80%

Discount Rate

The discount rate used to calculate the total pension asset (liability) was 5.9% for ERS and 6.95% 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).

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 11 – PENSION PLANS – Continued

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

The following presents the District’s proportionate share of the net pension asset (liability) calculated using the discount rate of 5.9% for ERS and 6.95% 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 5.95% for TRS) or 1-percentage point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
District's Proportionate Share of the Net Pension Asset (Liability)	\$ (1,699,519)	\$ 660,267	\$ 2,634,113

TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
District's Proportionate Share of the Net Pension Asset (Liability)	\$ 813,545	\$ 7,752,818	\$ 13,584,773

Pension Plan Fiduciary Net Position

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

	(In thousands)		
	ERS	TRS	Total
Valuation Date	March 31, 2022	June 30, 2021	
Employer's Total Pension Asset (Liability)	\$ (223,874,888)	\$ (130,819,415)	\$ (354,694,303)
Plan Net Position	232,049,473	148,148,457	380,197,930
Employer's Net Pension Asset (Liability)	<u>\$ 8,174,585</u>	<u>\$ 17,329,042</u>	<u>\$ 25,503,627</u>
Ratio of Plan Net Position to the Employer's Total Pension Asset (Liability)	103.65%	113.25%	

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 11 – PENSION PLANS – Continued

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System’s fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$146,063 of employer contributions. Employee contributions are remitted monthly.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October, and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 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, 2022 amounted to \$866,765.

NOTE 12 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

Interfund balances at June 30, 2022 are as follows:

	Interfund		Interfund	
	Receivables	Payables	Revenues	Expenditures
General	\$ 1,448,284	\$ -	\$ 8,000	\$ 522,803
Special Aid	-	1,299,543	11,588	-
School Food Service	-	148,741	160,000	-
Debt Service	-	-	-	8,000
Capital Projects	-	-	351,215	-
Total	<u>\$ 1,448,284</u>	<u>\$ 1,448,284</u>	<u>\$ 530,803</u>	<u>\$ 530,803</u>

The District typically loans resources between funds for the purpose of mitigating the effects of cash flow issues. The General Fund advanced funds to the Special Aid Fund to provide temporary cash until New York State has reimbursed the grant programs. Unexpended funds from a capital project are transferred to the Debt Service Fund upon completion.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 13 – FUND BALANCE EQUITY

The following is a summary of the Governmental Funds fund balances of the District at the year ended June 30, 2022:

Fund Balances	General	Special Aid	Non-Major Funds	Total Governmental Funds
Non-Spendable				
Prepays	\$ 13,802	\$ -	\$ -	\$ 13,802
Inventory	-	-	19,458	19,458
Restricted				
Employee Benefit				
Accrued Liability	194,598	-	-	194,598
Unemployment Insurance	242,649	-	-	242,649
Retirement Contributions - NYSERS	1,401,381	-	-	1,401,381
Retirement Contributions - NYSTRS	422,000	-	-	422,000
Workers' Compensation	277,513	-	-	277,513
Capital Reserves	4,028,942	-	-	4,028,942
Extra Classroom Activity Funds	-	-	90,425	90,425
Debt Service	-	-	471,031	471,031
Assigned				
School Food Service	-	-	66,330	66,330
General Support	67,494	-	-	67,494
Instruction	489,136	-	-	489,136
Pupil Transportation	3,627	-	-	3,627
Designated for Next				
Fiscal Year	1,200,000	-	-	1,200,000
Unassigned				
General Fund	<u>2,833,907</u>	<u>-</u>	<u>-</u>	<u>2,833,907</u>
 Total Governmental Fund Balances	 <u>\$ 11,175,049</u>	 <u>\$ -</u>	 <u>\$ 647,244</u>	 <u>\$ 11,822,293</u>

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 14 – 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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	128
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>219</u>
Total Covered Employees	<u><u>347</u></u>

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended June 30, 2022, the District recognized \$1,373,251 for its share of insurance premiums for currently enrolled retirees.

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.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 14 – POSTEMPLOYMENT (HEALTH INSURANCE)

BENEFITS – Continued

General Information about the OPEB Plan – Continued

Eligible superintendents are those who are at least age 55 with 7 years of service. Eligible administrators are those who are at least age 55 with 5 years of service. Eligible teachers and non-instructional employees are those who are at least age 55 with 15 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.

Administrative participants retired after July 1, 2007 contribute 10% plus a percentage of the remaining 90% of the premium, based on years of service at retirement as follows: Single coverage – 50% if retire with 5 years of service, 45% if retire with 6 years of service, 40% if retire with 7 years of service, 35% if retire with 8 years of service, 25% if retire with 9 years of service and 10% if retire with 10 or more years of service. Family coverage – 65% if retire with 5 years of service, 55% if retire with 6 years of service, 50% if retire with 7 years of service, 45% if retire with 8 years of service, 35% if retire with 9 years of service and 10% if retire with 10 or more years of service.

All other participants retired after July 1, 1990 contribute 10% plus a percentage of the remaining 90% of the premium, based on years of service at retirement as follows: 50% if retire with 15 years of service, 40% if retire with 16 years of service, 30% if retire with 17 years of service, 20% if retire with 18 years of service, 10% if retire with 19 years of service and 0% if retire with 20 or more years of service. All dependents pay the same percentage contribution as the retiree. Participants retired prior to July 1, 1990 have varying contributions.

Medicare Part B premiums are reimbursed at 100% for Medicare-eligible retirees and dependents.

Retiree medical and prescription drug benefits are provided through the Provider Choice POS Plan and the Traditional Plan.

The Traditional Plan is a self-insured indemnity plan offered through Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES.

The Provider Choice POS Plan is a self-insured POS plan offered through Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

**NOTE 14 – POSTEMPLOYMENT (HEALTH INSURANCE)
BENEFITS – Continued**

Total OPEB Liability

The District has obtained an actuarial valuation report as of June 30, 2022 which indicated that the total liability for other postemployment benefits is \$89,367,511 which is reflected in the Statement of Net Position.

The OPEB liability was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Methods and Assumptions

Measurement Date	6/30/2021
Rate of Compensation Increase	3.00%
Discount Rate	2.09%

Assumed Pre-65 Medical Trend Rates at June 30

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)	4.500%
Fiscal year that the rate reaches the ultimate trend rate	2032

Assumed Post-65 Medical Trend Rates at June 30

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)	4.500%
Fiscal year that the rate reaches the ultimate trend rate	2032

Additional Information

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage
Amortization Period (in years)	8.32
Method used to determine Actuarial Value of Assets	N/A

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

**NOTE 14 – POSTEMPLOYMENT (HEALTH INSURANCE)
BENEFITS – Continued**

Total OPEB Liability – Continued

The discount rate was based on the average of three 20-year bond indices as of June 30, 2021.

Mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables using 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-2021.

The actuarial assumptions used in the July 1, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2020 – June 30, 2021.

Changes in the Total OPEB Liability

Balance at June 30, 2021	\$ 82,693,491
Changes for the Year	
Service Cost	2,719,287
Interest	1,711,121
Changes of Assumptions or Other Inputs	3,887,002
Benefit Payments	<u>(1,643,390)</u>
Net Changes	<u>6,674,020</u>
Balance at June 30, 2022	<u>\$ 89,367,511</u>

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

**NOTE 14 – POSTEMPLOYMENT (HEALTH INSURANCE)
BENEFITS – Continued**

Changes in the Total OPEB Liability – Continued

Changes of assumptions and other inputs reflect a change in the discount rate from 2.44 percent on June 30, 2020 to 2.09 percent as of June 30, 2021.

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 (1.09 percent) or 1 percentage point higher (3.09 percent) than the current discount rate:

	1% Decrease 1.09%	Discount Rate 2.09%	1% Increase 3.09%
Total OPEB Liability	<u>\$ 111,799,979</u>	<u>\$ 89,367,511</u>	<u>\$ 72,852,273</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (3.5 percent) or 1 percentage point higher (5.5 percent) than the current healthcare cost trend rate:

	1% Decrease (Trend Less 1% Decreasing to 3.5%)	Healthcare Cost Trend Rates (4.5%)	1% Increase (Trend Plus 1% Increasing to 5.5%)
Total OPEB Liability	<u>\$ 71,614,479</u>	<u>\$ 89,367,511</u>	<u>\$ 113,881,716</u>

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 14 – POSTEMPLOYMENT (HEALTH INSURANCE)

BENEFITS – Continued

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$4,141,984. At June 30, 2022, 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
Changes of Assumptions or Other Inputs	\$ 14,589,532	\$ 3,512,771
Benefit Payments Subsequent to the Measurement Date	<u>1,700,088</u>	<u>-</u>
	<u><u>\$ 16,289,620</u></u>	<u><u>\$ 3,512,771</u></u>

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,

2023	\$ 1,344,830
2024	1,344,830
2025	1,793,805
2026	2,446,884
2027	2,278,339
Thereafter	<u>1,868,073</u>
	<u><u>\$ 11,076,761</u></u>

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 15 – 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.

Consortiums and Self-Insured Plans

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 16 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.

The District participates in the Black River Valley Schools 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 16 – COMMITMENTS AND CONTINGENCIES

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

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 17 – DONOR-RESTRICTED ENDOWMENTS

The District administers endowment funds, which are restricted by the donor for the purposes of Scholarships. During 2016, the majority of the funds were transferred to the Northern New York Community Foundation for continued conduct of the charitable activities supported thereby pursuant to the terms of the written agreements.

The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District. When approved for expenditure, such funds are returned to the District from Northern New York Community Foundation to be dispersed.

NOTE 18 – TAX ABATEMENT

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

The District has two PILOT agreements executed through the Jefferson County Industrial Development Agency (JCIDA). The agreements span for a period of 10 - 15 years. As each PILOT agreement matures, the percentage of tax abatement decreases and the PILOT payment to the District increases. At the end of each PILOT agreement, the property will be placed back on the tax roll. The ARCFEWTRNY (FedEx) Agreement will end in 2024 and the Aviagen Agreement will end in 2030.

For the fiscal year ended June 30, 2022, the District's portion of the PILOT was approximately \$87,200 and the District abated the following taxes:

Company	Agreement Date	2021 % Abated	Taxable Value of Project	(A) Abated Total	(B) Approximate Tax Rate %	(A) * (B) Approximate Taxes Forgone
ARCFEWTRNY	3/1/2015	20%	\$ 4,909,500	\$ 981,900	18.509	\$ 18,174
Avaigen of North America	3/1/2016	75%	954,000	715,500	18.509	13,243
					Total	\$ 31,418

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2022

NOTE 19 – RESTATEMENT OF NET POSITION

Due to the District’s implementation of GASB Statement No. 87, *Leases*, a one-time prior-period adjustment must be made to Capital Assets, Net on the Statement of Net Position to reflect the transition to GASB 87.

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

Net Position - Beginning of Year, as Previously Stated	\$ (40,323,281)
Increase due to Adoption of GASB 87, <i>Leases</i>	<u>28,000</u>
Net Position - Beginning of Year, as Restated	<u><u>\$ (40,295,281)</u></u>

GENERAL BROWN CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FIVE FISCAL YEARS

Ended June 30, 2022

Total OPEB Liability	2022	2021	2020	2019	2018
Service Cost	\$ 2,719,287	\$ 3,215,278	\$ 2,472,170	\$ 2,145,886	\$ 2,519,186
Interest	1,711,121	1,668,493	1,874,005	2,181,720	1,916,945
Changes of Benefit Terms	-	-	-	-	-
Difference between Expected and Actual Experience	-	-	-	-	-
Changes in Assumptions or Other Inputs	3,887,002	10,248,668	5,999,759	(2,324,460)	(7,209,409)
Benefit Payments	(1,643,390)	(1,639,616)	(1,653,915)	(1,265,756)	(1,170,192)
Net Change in Total OPEB Liability	<u>6,674,020</u>	<u>13,492,823</u>	<u>8,692,019</u>	<u>737,390</u>	<u>(3,943,470)</u>
Total OPEB Liability - Beginning	<u>82,693,491</u>	<u>69,200,668</u>	<u>60,508,649</u>	<u>59,771,259</u>	<u>63,714,729</u>
Total OPEB Liability - Ending	<u>\$ 89,367,511</u>	<u>\$ 82,693,491</u>	<u>\$ 69,200,668</u>	<u>\$ 60,508,649</u>	<u>\$ 59,771,259</u>
Covered Payroll	\$ 10,114,454	\$ 9,510,318	\$ 9,510,318	\$ 10,085,638	\$ 9,562,514
Total OPEB Liability as a Percentage of Covered Payroll	883.56%	869.51%	727.64%	599.95%	625.06%

10 years of historical information was not 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.

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

Year Ended June 30, 2022

	Original Budget	Final Budget
REVENUES		
Local Sources		
Real Property Taxes	\$ 8,599,810	\$ 8,599,810
Other Tax Items	60,000	60,000
Charges for Services	3,100	3,100
Use of Money and Property	15,000	15,000
Sale of Property and Compensation for Loss	1,800	1,800
Miscellaneous	127,000	127,000
Total Local Sources	<u>8,806,710</u>	<u>8,806,710</u>
State Sources	15,364,882	15,364,882
Federal Sources	40,000	40,000
Medicaid Reimbursement	25,000	25,000
Total Revenues	<u>24,236,592</u>	<u>24,236,592</u>
OTHER FINANCING SOURCES AND APPROPRIATED RESERVES		
Operating Transfers In	8,000	8,000
Appropriated Reserves	10,000	10,000
Total Revenue, Other Financing Sources, and Appropriated Reserves	<u>24,254,592</u>	<u>24,254,592</u>
EXPENDITURES		
General Support		
Board of Education	30,050	26,557
Central Administration	238,100	254,438
Finance	358,221	375,522
Staff	176,500	161,978
Central Services	1,615,382	1,654,416
Special Items	461,400	461,400
Total General Support	<u>2,879,653</u>	<u>2,934,311</u>
Instruction		
Instruction, Administration and Improvement	848,400	852,037
Teaching-Regular School	6,923,897	7,273,563
Programs for Children with Handicapping Conditions	2,867,722	2,346,740
Occupational Education	768,300	768,300
Instructional Media	861,093	884,663
Pupil Services	825,202	884,290
Total Instruction	<u>13,094,614</u>	<u>13,009,593</u>
Pupil Transportation	1,186,967	1,345,039
Employee Benefits	5,884,936	5,757,227
Debt Service	1,919,356	1,919,356
Total Expenditures	<u>24,965,526</u>	<u>24,965,526</u>
OTHER FINANCING USES		
Transfers to Other Funds	555,000	555,000
Total Expenditures and Other Financing Uses	<u>25,520,526</u>	<u>25,520,526</u>
Net Change in Fund Balance	(1,265,934)	(1,265,934)
Fund Balance - Beginning	9,382,966	9,382,966
Fund Balance - Ending	<u>\$ 8,117,032</u>	<u>\$ 8,117,032</u>

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

GENERAL BROWN CENTRAL SCHOOL DISTRICT

Actual	Final Budget Variance With Actual
\$ 7,892,006	\$ (707,804)
807,193	747,193
21,733	18,633
62,310	47,310
9,788	7,988
144,034	17,034
<u>8,937,064</u>	<u>130,354</u>
15,260,707	(104,175)
14,231	(25,769)
2,936	(22,064)
<u>24,214,938</u>	<u>(21,654)</u>
8,000	-
<u>-</u>	<u>(10,000)</u>
<u>24,222,938</u>	<u>\$ (31,654)</u>

	Year-End Encumbrances	Final Budget Variance with Actual And Encumbrances
16,887	\$ 315	\$ 9,355
248,152	759	5,527
374,846	-	676
122,398	-	39,580
1,320,738	66,420	267,258
432,633	-	28,767
<u>2,515,654</u>	<u>67,494</u>	<u>351,163</u>
742,724	100	109,213
6,318,084	414,316	541,163
2,002,155	5,067	339,518
721,130	-	47,170
741,638	20,232	122,793
755,081	49,421	79,788
<u>11,280,812</u>	<u>489,136</u>	<u>1,239,645</u>
1,120,727	3,627	220,685
5,109,473	-	647,754
1,881,386	-	37,970
<u>21,908,052</u>	<u>560,257</u>	<u>2,497,217</u>
522,803	-	32,197
<u>22,430,855</u>	<u>\$ 560,257</u>	<u>\$ 2,529,414</u>
1,792,083		
9,382,966		
<u>\$ 11,175,049</u>		

principles generally accepted in the United States of America.

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

GENERAL BROWN CENTRAL SCHOOL DISTRICT

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

Ended June 30, 2022

Teachers' Retirement System (TRS)

	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Asset (Liability)	0.044739%	0.044474%	0.043674%	0.043262%	0.043112%	0.043536%	0.041567%	0.042664%
District's Proportionate Share of the Net Pension Asset (Liability)	\$ 7,752,818	\$ (1,228,939)	\$ 1,134,660	\$ 782,299	\$ 327,694	\$ (466,287)	\$ 4,317,520	\$ 4,752,508
District's Covered Payroll	\$ 7,781,812	\$ 7,753,814	\$ 7,450,159	\$ 7,223,708	\$ 6,996,232	\$ 6,469,904	\$ 6,338,829	\$ 6,705,272
District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	<u>99.63%</u>	<u>15.85%</u>	<u>15.23%</u>	<u>10.83%</u>	<u>4.68%</u>	<u>7.21%</u>	<u>68.11%</u>	<u>70.88%</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset) Liability	113.25%	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)	0.0080771%	0.0075316%	0.0077471%	0.0080377%	0.0083045%	0.0078591%	0.0078141%	0.0082311%
District's Proportionate Share of the Net Pension Asset (Liability)	\$ 660,267	\$ (7,500)	\$ (2,051,473)	\$ (569,499)	\$ (268,022)	\$ (738,454)	\$ (1,254,183)	\$ (278,066)
District's Covered Payroll	\$ 2,531,279	\$ 2,317,559	\$ 2,471,795	\$ 2,318,406	\$ 2,272,407	\$ 2,046,302	\$ 1,980,145	\$ 2,059,208
District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	<u>26.08%</u>	<u>0.32%</u>	<u>83.00%</u>	<u>24.56%</u>	<u>11.79%</u>	<u>36.09%</u>	<u>63.34%</u>	<u>13.50%</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset) Liability	103.65%	99.95%	86.39%	92.27%	98.24%	94.70%	90.68%	97.95%

10 years of historical information was not 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 schedule included in independent auditor's report.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S CONTRIBUTIONS – NYSLRS PENSION PLAN

LAST EIGHT FISCAL YEARS

Ended June 30, 2022

Teachers' Retirement System (TRS)								
	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	\$ 723,672	\$ 668,811	\$ 774,192	\$ 690,603	\$ 800,692	\$ 890,810	\$ 1,094,569	\$ 1,024,098
Contributions in Relation to the Contractually Required Contribution	<u>723,672</u>	<u>668,811</u>	<u>774,192</u>	<u>690,603</u>	<u>800,692</u>	<u>890,810</u>	<u>1,094,569</u>	<u>1,024,098</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 7,781,812	\$ 7,753,814	\$ 7,450,159	\$ 7,223,708	\$ 6,996,232	\$ 6,469,904	\$ 6,338,829	\$ 6,705,272
Contributions as a Percentage of Covered Payroll	9.3%	8.6%	10.4%	9.6%	11.4%	13.8%	17.3%	15.3%
Employees' Retirement System (ERS)								
Contractually Required Contribution	\$ 382,341	\$ 320,098	\$ 346,594	\$ 334,679	\$ 341,119	\$ 316,581	\$ 346,976	\$ 411,477
Contributions in Relation to the Contractually Required Contribution	<u>382,341</u>	<u>320,098</u>	<u>346,594</u>	<u>334,679</u>	<u>341,119</u>	<u>316,581</u>	<u>346,976</u>	<u>411,477</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$ 2,531,279	\$ 2,317,559	\$ 2,471,795	\$ 2,318,406	\$ 2,272,407	\$ 2,046,302	\$ 1,980,145	\$ 2,059,208
Contributions as a Percentage of Covered Payroll	15.1%	13.8%	14.0%	14.4%	15.0%	15.5%	17.5%	20.0%

10 years of historical information was not 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 schedule included in independent auditor's report.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

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

June 30, 2022

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 25,454,592
Add: Prior Year's Encumbrances	<u>65,934</u>
Original Budget	25,520,526
Budget Revision	<u>-</u>
Final Budget	<u><u>\$ 25,520,526</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2022-23 Voter Approved Expenditure Budget	<u>\$ 25,994,591</u>
Maximum Allowed 4% of 2022 - 2023 Budget	<u>1,039,784</u>

General Fund Balance Subject to Section 1318 of Real Property Tax Law

Unrestricted Fund Balance:	
Assigned Fund Balance	\$ 1,760,257
Unassigned Fund Balance	<u>2,833,907</u>
Total Unrestricted Fund Balance	<u>4,594,164</u>

Less:	
Appropriated Fund Balance	1,200,000
Encumbrances Included in Assigned Fund Balance	<u>560,257</u>
Total Adjustments	<u>1,760,257</u>

General Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 2,833,907</u></u>
Actual Percentage	<u><u>10.90%</u></u>

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

GENERAL BROWN CENTRAL SCHOOL DISTRICT

SCHEDULE OF CAPITAL PROJECTS FUND – PROJECT EXPENDITURES AND FINANCING RESOURCES

Year Ended June 30, 2022

PROJECT TITLE	Expenditures					Methods of Financing				Fund Balance 6/30/2022	
	Original Appropriation	Revised Appropriation	Prior Year	Current Year	Total	Unexpended Balance	Proceeds Of Obligations	State Aid	Local Sources		Total
Buses	\$ 365,000	\$ 365,000	\$ -	\$ 351,215	\$ 351,215	\$ 13,785	\$ -	\$ -	\$ 351,215	\$ 351,215	\$ -
Total	\$ 365,000	\$ 365,000	\$ -	\$ 351,215	\$ 351,215	\$ 13,785	\$ -	\$ -	\$ 351,215	\$ 351,215	\$ -

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

COMBINED BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2022

	School Food Service	Capital Project - Bus Purchases
	<u> </u>	<u> </u>
ASSETS		
Cash and Cash Equivalents		
Unrestricted	\$ 43,007	\$ -
Restricted	-	-
Receivables		
State and Federal Aid	166,146	-
Other	15,257	-
Inventories	19,458	-
	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 243,868</u></u>	<u><u>\$ -</u></u>
LIABILITIES		
Payables		
Accounts Payable	\$ 95	\$ -
Accrued Liabilities	9,136	-
Due to Other Governments	108	-
Due to Other Funds	148,741	-
Total Liabilities	<u>158,080</u>	<u>-</u>
FUND BALANCES		
Nonspendable	19,458	-
Restricted	-	-
Assigned	66,330	-
Total Fund Balances	<u>85,788</u>	<u>-</u>
	<u> </u>	<u> </u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 243,868</u></u>	<u><u>\$ -</u></u>

GENERAL BROWN CENTRAL SCHOOL DISTRICT

Extra Classroom Activity	Debt Service	Total Non-Major Funds
\$ -	\$ -	\$ 43,007
90,425	471,031	561,456
-	-	166,146
-	-	15,257
-	-	19,458
<u>\$ 90,425</u>	<u>\$ 471,031</u>	<u>\$ 805,324</u>
\$ -	\$ -	\$ 95
-	-	9,136
-	-	108
-	-	148,741
<u>-</u>	<u>-</u>	<u>158,080</u>
-	-	19,458
90,425	471,031	561,456
-	-	66,330
<u>90,425</u>	<u>471,031</u>	<u>647,244</u>
<u>\$ 90,425</u>	<u>\$ 471,031</u>	<u>\$ 805,324</u>

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

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

Year Ended June 30, 2022

	School Food Service	Capital Project - Bus Purchases
REVENUES		
Use of Money and Property	\$ 4	\$ -
Miscellaneous	88	-
State Sources	14,494	-
Federal Sources	805,909	-
Surplus Food	56,516	-
Sales (School Food Service)	69,006	-
Total Revenues	<u>946,017</u>	<u>-</u>
EXPENDITURES		
General Support	322,992	-
Employee Benefits	189,468	-
Cost of Sales	394,961	-
Other Expenditures	-	-
Capital Outlay	-	351,215
Total Expenditures	<u>907,421</u>	<u>351,215</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>38,596</u>	<u>(351,215)</u>
OTHER FINANCING SOURCES AND (USES)		
Operating Transfers In	160,000	351,215
Operating Transfers (Out)	-	-
Total Other Financing Sources and (Uses)	<u>160,000</u>	<u>351,215</u>
Net Change in Fund Balances (Deficits)	198,596	-
Fund Balances (Deficits) - Beginning of Year	<u>(112,808)</u>	<u>-</u>
Fund Balances - End of Year	<u>\$ 85,788</u>	<u>\$ -</u>

GENERAL BROWN CENTRAL SCHOOL DISTRICT

Extra Classroom Activity	Debt Service	Total Non-Major Funds
\$ -	\$ 171	\$ 175
56,596	-	56,684
-	-	14,494
-	-	805,909
-	-	56,516
-	-	69,006
<u>56,596</u>	<u>171</u>	<u>1,002,784</u>
-	-	322,992
-	-	189,468
-	-	394,961
53,187	-	53,187
-	-	351,215
<u>53,187</u>	<u>-</u>	<u>1,311,823</u>
<u>3,409</u>	<u>171</u>	<u>(309,039)</u>
-	-	511,215
-	(8,000)	(8,000)
-	(8,000)	503,215
3,409	(7,829)	194,176
<u>87,016</u>	<u>478,860</u>	<u>453,068</u>
<u>\$ 90,425</u>	<u>\$ 471,031</u>	<u>\$ 647,244</u>

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

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NET INVESTMENT IN CAPITAL ASSETS

Year Ended June 30, 2022

Capital Assets, Net		\$ 34,040,415
Add:		
Deferred Charge on Bond Refunding		232,891
Deduct:		
Premium on Bonds Payable	\$ 395,277	
Short-Term Portion of Bonds Payable	1,490,000	
Short-Term Portion of Installment Purchase Debt	121,870	
Long-Term Portion of Bonds Payable	9,320,000	
Long-Term Portion of Installment Purchase Debt	1,244,861	
Short-Term Portion of Lease Liability	33,921	
	<hr/>	<hr/>
Net Investment in Capital Assets		<u>\$ 21,667,377</u>

See paragraph on supplementary schedule 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

**TO THE BOARD OF EDUCATION
GENERAL BROWN 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 General Brown Central School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the General Brown Central School District's basic financial statements and have issued our report thereon dated September 21, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered General Brown 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 General Brown Central School District's internal control. Accordingly, we do not express an opinion of the effectiveness of General Brown 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 reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

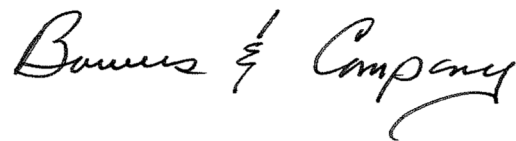
As part of obtaining reasonable assurance about whether General Brown Central School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could 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 2022-001.

General Brown Central School District's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on General Brown Central School District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. General Brown 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 the response.

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.

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Watertown, New York
September 21, 2022



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

**TO THE BOARD OF EDUCATION
GENERAL BROWN CENTRAL SCHOOL DISTRICT**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited General Brown 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 General Brown Central School District's major federal programs for the year ended June 30, 2022. General Brown 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.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of General Brown Central School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of General Brown Central School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

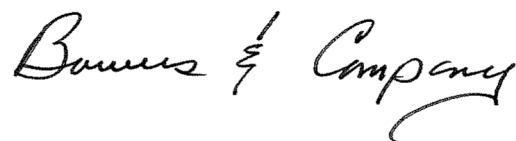
Report on Internal Control over Compliance

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

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

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

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

The image shows 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 date and location text.

Watertown, New York
September 21, 2022

GENERAL BROWN CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2022

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR</u> <u>PROGRAM TITLE</u>	<u>Assistance</u> <u>Listing</u>	<u>Agency or</u> <u>Pass-through</u> <u>Number</u>	<u>Total</u> <u>Federal</u> <u>Expenditures</u>
<u>U. S. Department of Education</u>			
Passed Through New York State Education Department:			
Title I Grants to Local Educational Agencies	84.010	0021-22-1170	\$ 603,263
Special Education Cluster:			
Special Education- Grants to States (IDEA, Part B)	84.027A	0032-22-0317	357,577
COVID-19: Special Education- Grants to States (IDEA, Part B)	84.027X	5532-22-0317	13,740
Special Education- Preschool Grants (IDEA Preschool)	84.173A	0033-22-0317	8,167
COVID-19: Special Education- Preschool Grants (IDEA Preschool)	84.173X	5533-22-0317	6,713
Total Special Education Cluster			<u>386,197</u>
Supporting Effective Instruction State Grants	84.367	0147-22-1170	<u>75,733</u>
Student Support and Academic Enrichment Program	84.424	0204-22-1170	<u>21,364</u>
Education Stabilization Fund:			
COVID-19: American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	5880-21-1170	1,028,520
COVID-19: American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	5883-21-1170	26,661
COVID-19: American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	5884-21-1170	100,652
COVID-19: American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	5882-21-1170	32,527
COVID-19: Elementary and Secondary School Emergency Relief Fund	84.425D	5896-21-1170	57,372
COVID-19: Elementary and Secondary School Emergency Relief Fund	84.425D	5891-21-1170	587,226
Total Education Stabilization Fund			<u>1,832,958</u>
Total Passed Through New York State Education Department			<u>2,919,515</u>
Direct Program:			
Impact Aid	84.041		<u>14,231</u>
Total Direct Program from U.S. Department of Education			<u>14,231</u>
Total U.S. Department of Education			<u>2,933,746</u>
Subtotal to Next Page			\$ <u>2,933,746</u>

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

GENERAL BROWN CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED

Year Ended June 30, 2022

Subtotal from Previous Page		<u>\$ 2,933,746</u>
<u>U. S. Department of Agriculture</u>		
Passed Through New York State Education Department:		
COVID-19: Pandemic EBT Administrative Costs	10.649	<u>2,404</u>
Child Nutrition Cluster:		
Non-Cash Assistance (Food Distribution)		
Fresh Fruit and Vegetable Program	10.582	16,442
National School Lunch Program	10.555	<u>40,074</u>
Non-Cash Assistance Subtotal		<u>56,516</u>
Cash Assistance		
School Breakfast Program	10.553	139,385
National School Lunch Program	10.555	636,296
Summer Food Service Program for Children	10.559	<u>27,824</u>
Cash Assistance Subtotal		803,505
Total Child Nutrition Cluster		<u>860,021</u>
Total Passed Through New York State Education Department		<u>862,425</u>
Total U.S. Department of Agriculture		<u>862,425</u>
Total Federal Assistance		<u>\$ 3,796,171</u>

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

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2022

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 District 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, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source of the data presented. The District has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

NOTE 2 – 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.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2022

NOTE 3 - NON-MONETARY FEDERAL PROGRAM

The District is the recipient of federal award programs that do not result in cash receipts or disbursements. The District was granted \$40,074 of commodities under the National School Lunch Program for Children (Assistance Listing 10.555) and \$16,442 of commodities under the Fresh Fruit and Vegetable Program (Assistance Listing 10.582).

At June 30, 2022, the District had food commodities totaling \$9,706 in inventory.

NOTE 4 – SUBRECIPIENTS

No amounts were provided to subrecipients.

NOTE 5 – SCOPE OF AUDIT

The District is an independent municipal corporation. All federal grant operations of the District are included in the scope of the single audit.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2022

NOTE A – SUMMARY OF AUDITOR’S RESULTS

1. The auditor’s report expresses an unmodified opinion on the basic financial statements of General Brown Central School District.
2. No significant deficiencies were disclosed during the audit of the basic financial statements of General Brown Central School District.
3. One instance of noncompliance material to the financial statements of General Brown Central School District, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major programs were disclosed during the audit of the major federal award programs of General Brown Central School District.
5. The auditor’s report on compliance for the major federal award programs for General Brown Central School District expresses an unmodified opinion on the 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 General Brown Central School District.
7. The Programs tested as major programs includes:

U.S. Department of Education

Passed Through New York State Education Department:

Education Stabilization Fund:

COVID-19: Elementary and Secondary School Emergency Relief Fund	84.425D
COVID-19: American Rescue Plan – Elementary and Secondary School Emergency Relief	84.425U

U.S. Department of Agriculture

Passed Through New York State Education Department:

Child Nutrition Cluster:

School Breakfast Program	10.553
National School Lunch Program	10.555
Summer Food Service Program for Children	10.559
Fresh Fruit and Vegetable Program	10.582

8. The threshold for distinguishing between Types A and B programs was \$750,000.
9. General Brown Central School District qualifies as a low-risk auditee.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED

June 30, 2022

NOTE B – FINDINGS - FINANCIAL STATEMENT AUDIT

Finding Control Number: 2022-001

Instances of Noncompliance with Laws or Regulations

Surplus Unexpended Funds in Excess of 4% Limitation

Criteria

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

Condition

The District exceeded the 4% limitation of unexpended surplus funds within the General Fund by \$1,794,123 during the fiscal year.

Context

During our audit test of compliance - §1318 Real Property Tax, it was noted that the unassigned fund balances of \$2,833,907 had exceeded maximum allowed unexpended balance of \$1,039,784 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, 2022.

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.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS – CONTINUED

June 30, 2022

NOTE B - FINDINGS - FINANCIAL STATEMENT AUDIT -

Continued

Finding Control Number: 2022-001 – 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 has maintained a higher than typical fund balance to protect its programs and services for students from future financial challenges. NYS has hinted at a funding cliff in 2025 when the federal stimulus monies are gone. The District finds it necessary to protect itself from unexpected revenue shortfalls. The District’s Board of Education understands and supports the District's stance. The Board of Education continues implementing a long-range plan of utilizing fund balance to help prevent significant financial hardship due to unexpected financial events. The District will utilize some excessive fund balance by June 30, 2023, by considering the funding of reserves, the future economic climate, and the stabilization of the taxpayer portion without compromising the future financial health of the District.

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

There were no findings to report.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2022

NOTE A - FINDINGS - FINANCIAL STATEMENT AUDIT

Finding Control Number: 2021-001

Instances of Noncompliance with Laws or Regulations

Surplus Unexpended Funds in Excess of 4% Limitation

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.

The District exceeded the 4% limitation of unexpended surplus funds within the General Fund by \$1,954,243 during the previous fiscal year.

Views of Responsible Officials and Corrective Actions

The District's Board of Education understands and supports the District's stance. The Board of Education continues implementing a long-range plan of utilizing fund balance to help prevent significant financial hardship due to unexpected financial events.

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

There were no prior audit findings to report.

EXTRA CLASSROOM ACTIVITY FUNDS



**BOWERS & COMPANY
CPAs PLLC**

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON EXTRA CLASSROOM ACTIVITY FUNDS

**TO THE BOARD OF EDUCATION
GENERAL BROWN CENTRAL SCHOOL DISTRICT**

Opinion

We have audited the accompanying statement of cash receipts and disbursements of the Extra Classroom Activity Funds of General Brown Central School District for the year ended June 30, 2022, and the related note to the financial statement.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the statement of cash receipts and disbursements of Extra Classroom Activity Funds of General Brown Central School District for the year ended June 30, 2022, in accordance with the cash basis of accounting described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of General Brown Central School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter - 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.

Responsibilities of Management for the Financial Statements

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.

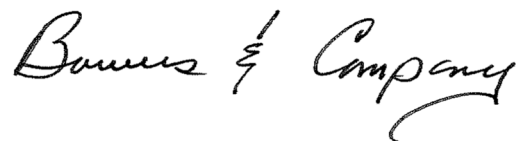
Auditor's Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance 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, we:

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

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

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Watertown, New York
September 21, 2022

GENERAL BROWN CENTRAL SCHOOL DISTRICT

EXTRA CLASSROOM ACTIVITY FUNDS – STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Year Ended June 30, 2022

Account Name	Cash Balances July 1, 2021	Cash Receipts	Cash Disbursements	Cash Balances June 30, 2022
Class of:				
2021	\$ 1,482	\$ -	\$ 1,482	\$ -
2022	782	12,596	11,743	1,635
2023	3,227	4,085	611	6,701
2024	507	1,801	425	1,883
2025	-	5,847	1,251	4,596
2026	498	-	-	498
2027	-	224	-	224
Dance Co	-	1,631	1,048	583
FCCLA	2,470	3,027	4,092	1,405
Honor Society:				
High School	4,938	310	1,529	3,719
Jr. High School	2,256	-	-	2,256
International Club	16	4,958	3,027	1,947
Key Club - High School	3,475	591	1,611	2,455
Teen Advisory Group	1,086	-	18	1,068
Robotics Club	-	795	540	255
Performing Arts	10,395	-	267	10,128
SADD	867	-	-	867
Student Council	6,978	3,030	6,077	3,931
Yearbook	48,039	17,701	19,466	46,274
Total	\$ 87,016	\$ 56,596	\$ 53,187	\$ 90,425

See note to financial statement.

GENERAL BROWN CENTRAL SCHOOL DISTRICT

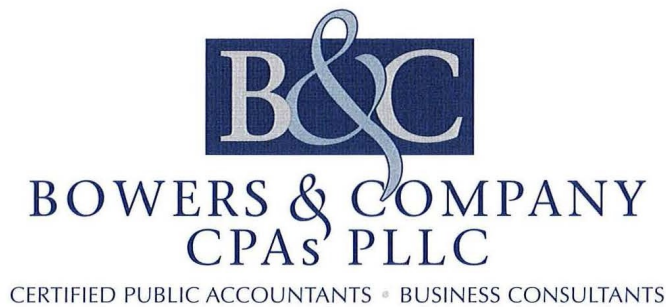
EXTRA CLASSROOM ACTIVITY FUNDS – NOTE TO FINANCIAL STATEMENT

June 30, 2022

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

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

The accounts of the Extra Classroom Activity Funds of the General Brown 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.



September 21, 2022

To the President and Members of the Board of Education
General Brown Central School District

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of General Brown Central School District for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 1, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by General Brown Central School District are described in Note 1 to the financial statements. As described in Note 3 to the financial statements, the General Brown Central School District changed accounting policies related to leases by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 87, *Leases*, in 2022. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in Note 19 of the financial statements. We noted no transactions entered into by General Brown Central School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

Management's estimate of present value of right to use leased assets, lease receivables, and lease liability is based on the discount rate or implicit interest rate within the agreements in accordance with GASB Statement No. 87, *Leases*.

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

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

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

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 21, 2022.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

During our audit test of compliance - §1318 Real Property Tax, it was noted that the District exceeded the 4% limitation of unexpended surplus funds within the General Fund and the District was not in compliance with the limitation requirements of the Real Property Tax Law §1318 for the fiscal year ended June 30, 2022. The finding was disclosed as a material instance of noncompliance on the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards.

Other Matters

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

We were engaged to report on *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 Fund, and Net Investment in Capital Assets*, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

President and Board of Education
General Brown Central School District
September 21, 2022
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Restriction on Use

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

Very truly yours,

Bowers & Company

Attached Material Misstatements Corrected by Management:

Governmental Activities

Long-Term Liabilities:

Adjusting Journal Entries JE # 2			
To adjust OPEB accounts to actual			
W00129	Total Non-Current Governmental Liabilities	5,408,070.00	
W00697.1	Deferred Inflow, OPEB	1,265,950.00	
W00683	OPEB		6,674,020.00
Total		<u>6,674,020.00</u>	<u>6,674,020.00</u>

Adjusting Journal Entries JE # 3			
To adjust bonds payable to actual			
W00628	Bonds Payable	1,465,000.00	
W00129	Total Non-Current Governmental Liabilities		1,465,000.00
Total		<u>1,465,000.00</u>	<u>1,465,000.00</u>

Adjusting Journal Entries JE # 5			
To adjust Pension accounts to actual from GASB 68 ERS & TRS letters			
W00129	Total Non-Current Governmental Liabilities	6,783,611.00	
W00638	Net Pension Liability	1,236,439.00	
W00697	Deferred Inflow, Pensions		8,020,050.00
Total		<u>8,020,050.00</u>	<u>8,020,050.00</u>

Long-Term Assets:

Adjusting Journal Entries JE # 1			
To adjust fixed assets to actual			
K00104	Equipment	55,982.00	
K00105	Construction in Progress	560,990.00	
K00159	Total Non-Current Governmental Assets	829,981.00	
K00112	Accumulated Depreciation - Buildings		1,039,055.00
K00114	Accumulated Depreciation - Equipment		407,898.00
Total		<u>1,446,953.00</u>	<u>1,446,953.00</u>

Long- Term Assets – Continued:

Adjusting Journal Entries JE # 2			
To adjust OPEB deferred outflow to actual			
K00496.1	Deferred Outflow - OPEB	1,266,086.00	
K00159	Total Non-Current Governmental Assets		1,266,086.00
Total		1,266,086.00	1,266,086.00

Adjusting Journal Entries JE # 3			
To adjust pension amounts to actual for ERS & TRS			
K00108	Net Pension Asset	8,413,085.00	
K00159	Total Non-Current Governmental Assets		8,410,278.00
K00496	Deferred Outflow of Resources - Pensions		2,807.00
Total		8,413,085.00	8,413,085.00

Governmental Funds

General Fund:

Adjusting Journal Entries JE # 6			
To record lease receivable, cell tower lease in accordance with GASB 87			
A454	Lease Receivable	362,568.00	
A691	Deferred Inflow (Leases)		362,568.00
Total		362,568.00	362,568.00

Special Aid Fund:

Adjusting Journal Entries JE # 1			
To move Fiberdyne Labs invoice to Special Aid fund as budgeted for			
B 1621.400-00-61	CRRSA ESSER 2 - CONTRACTUAL	26,236.00	
B410	STATE & FEDERAL AID RECEIVABLE	26,236.00	
B 4289.61	CRRSA ESSER 2		26,236.00
B630	DUE TO OTHER FUNDS		26,236.00
Total		52,472.00	52,472.00

Custodial Fund:

Adjusting Journal Entries JE # 1			
To record library tax levy collected for other governments			
TC1989.400-00-0000	Public Libraries	53,500.00	
TC01001	Library Tax		53,500.00
Total		53,500.00	53,500.00



BOWERS & COMPANY
CPAs PLLC

CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

To the Board of Education
General Brown Central School District

In planning and performing our audit of the financial statements of General Brown Central School District as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of a certain matter that is an opportunity for strengthening internal controls and operating efficiency. The following summarizes our comment and recommendation regarding the matter. This letter does not affect our report dated September 21, 2022, on the financial statements of General Brown Central School District.

Condition: Capital Asset Policy

During the year ended June 30, 2022, the District was required to adopt GASB 87, Leases. It was found that the current District policy for accounting of fixed assets does not reflect necessary information and capitalization thresholds for right to use leased assets.

Recommendation

We recommend the District amend the current Accounting of Fixed Assets Policy to include verbiage on right to use leased assets and that they follow the same threshold for capitalization as other assets.

Management's Response

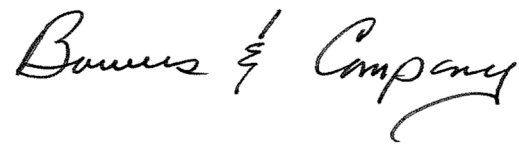
The District verbally approved to use the threshold of \$5,000 for capitalization of right to use leased assets for adoption of GASB 87, and consequently will update the Capital Asset Policy to reflect the threshold for leased assets.

Board of Education
General Brown Central School District
September 21, 2022
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We will review the status of the comment during our next audit engagement. We have already discussed the comment and suggestion with various District personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of the matter, or to assist you in implementing the recommendation.

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

Sincerely,

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 word "Sincerely,".

Watertown, New York
September 21, 2022