
**Blind Brook–Rye Union Free School District
School Business Office
390 North Ridge Street
Rye Brook, NY 10573**

TO: Dr. Patrick Brimstein
FROM: Jonathan Ross
RE: **Corrective Action Plan/Response to External Auditors' Management Letter:
For the Year Ending on June 30, 2020**
DATE: 9/18/20

Enclosed herewith for your review is a copy of the "draft" management letter that corresponds to the 2020 Financial Statement/Auditors' Report (sent via email on 9/17/20), submitted by the District's auditing firm, PKF O'Connor Davies LLP (PKFOD).

The following salient points were contained in the management letter:

1. The auditors issued an unmodified report on the financial statements.
2. The financial statement disclosures are consistent and clear.
3. The auditors encountered no significant difficulties in dealing with management relating to the performance of their audit.
4. There was no material corrected financial statement misstatements.
5. No disagreements arose with management during the audit.
6. The auditors did not identify any deficiencies in internal control that they consider to be material weaknesses.

The auditors did not find any deficiencies per se with our general fund, capital fund, special aid fund, school lunch fund, permanent fund, special purpose fund, permanent fund, or debt service fund operations for the period reported on. The PKFOD management letter recommends one corrective action relative to the amount of funds in the General Fund's unassigned fund balance. I have carefully considered this recommendation as set forth in the management letter and address it below with the following corrective action plan.

GENERAL FUND

Unassigned Fund Balance

New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds (unassigned fund balance) a school district can retain to no more than 4% of the subsequent year's budgetary appropriations. Our audit of the General Fund disclosed that the School District's unassigned fund balance was in excess of this statutory amount on June 30, 2020.

Recommendation:

Although this surplus was the direct result of unanticipated savings resulting from the school closure in March 2020 due to the COVID-19 pandemic, the Board of Education and management should develop a short-term and long-term plan for the use of these funds which will create a path for the School District to return to compliance with the provisions of this law.

District Response

The District acknowledges that on June 30, 2020, the unassigned fund balance of the General Fund was \$2,972,892, or 5.9%, and therefore over the statutory limit. This overage was a direct result of the 2020 Coronavirus pandemic's effect on the District's financial operations. The Blind Brook-Rye UFSD Board of Education has chosen to maintain this unassigned fund balance to offset expected losses in NY State education aid in the 2020-2021 school year and, to use it for additional unforeseen operating expenses as it reopens its schools during the ongoing pandemic and provides District students with a hybrid program of education. The Board's intentions are to protect the interests of the public educational program at Blind Brook and are not meant to disregard or otherwise not comply with statutory requirements as pertaining to unassigned fund balance retention.

Other Salient Matters

In their management letter, the PKFOD auditors once again this year reviewed GASB Statement No. 84 – *Fiduciary Activities*, which establishes criteria for identifying fiduciary activities, and GASB Statement No. 87 – *Leases*, noting that nearly all leases will be considered capital leases after 12/15/19. For reporting purposes, these new requirements have been considered, as appropriate, beginning with the District's financial statements for the year ended 6/30/20.

The auditors also noted the postponement of implementation of GASB Statement No. 95 – *Postponement of the Effective Date of Certain Authoritative Guidance*, to June 30, 2022.

These were included in the management letter for informational purposes.

In summary, I believe the financial statements and audit report prepared by PKFOD for the year ending 6/30/20 represent that the District is in satisfactory financial condition and that it has effective internal controls in place in its business office. A copy of this memo and management letter will be forwarded to members of the Audit Committee and a meeting of the Committee is scheduled for 9/30/20 at 8:45 am, to discuss the report with Scott Oling. For now, Scott is scheduled to attend the 10/20/20 Board Meeting to discuss the audit report with the Board in public session.

If you have any questions or suggestions that might help our business office function with greater operating efficiency, please let me know. Please share this memo and management letter with the Board of Education.

Enclosure

Copy to: Members of the BBRUFSD Audit Committee



BLIND BROOK - RYE UNION FREE SCHOOL DISTRICT, NEW YORK

Report to Those Charged with Governance

June 30, 2020

September 22, 2020

Prepared by

Scott Oling, CPA

Partner

soling@pkfod.com



**KNOW
GREATER
VALUE**



September 22, 2020

The Board of Education
Blind Brook - Rye Union Free School District
390 North Ridge Street
Rye Brook, New York 10573

We have audited the financial statements of the Blind Brook - Rye Union Free School District, New York as of and for the year ended June 30, 2020 and have issued our report thereon dated September 22, 2020. Professional standards require us to communicate with you regarding audit matters that are, in our professional judgment, significant and relevant to those charged with governance ("TCWG") in overseeing the financial reporting process. This communication is intended to provide you with these required communications as well as other findings and information regarding our audit.

We are pleased to be of service to you and the Blind Brook - Rye Union Free School District, New York and appreciate the opportunity to present our audit findings to you. We are also pleased to discuss other matters which may be of interest to you and to answer any questions you may have.

This information is intended solely for the information and use of TCWG and management of the Blind Brook - Rye Union Free School District, New York and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

PKF O'Connor Davies, LLP
PKF O'Connor Davies, LLP



Contents

Status of the Audit	4
Required Communications and Other Matters	5
Internal Control Over Financial Reporting	9
On the Horizon	11

Appendices

- 1 – Management Representation Letter
- 2 – About PKF O'Connor Davies, LLP



Status of the Audit

Audit of Financial Statements

- Audit fieldwork is complete.
- The financial statements have been reviewed by management and issued.
- We have issued an unmodified report on the financial statements.

Required Communications and Other Matters

Required Item	Comments
Auditor's responsibility under professional standards and planned scope and timing of the audit	<p>We have communicated such information in our engagement letter to you dated February 11, 2016. Generally, these responsibilities include:</p> <ul style="list-style-type: none"> • Forming and expressing an opinion on the financial statements. • Obtaining reasonable assurance that the financial statements are free of material misstatements, whether caused by error or fraud. • Accumulating and communicating uncorrected misstatements to Those Charged with Governance ("TCWG"). • Maintaining professional skepticism. • Communicating audit related matters that are, in our professional judgment, significant to TCWG.
Supplementary information accompanying the financial statements	<p>Our responsibility for the supplementary information accompanying the financial statements is to evaluate the presentation of the supplementary information in relation to the financial statements as a whole and to report on whether the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.</p> <p>With respect to such supplementary information, we made certain inquiries of members of management and evaluated the form, content and methods of preparing the information to determine that the information complies with US GAAP, the method of preparing it has not changed from the prior period 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.</p>
Other information in documents containing audited financial statements	<p>Our responsibility as auditors for other information in documents containing the audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to determine that such other information is properly stated.</p>

Required Item	Comments
Our responsibilities under the Yellow Book	In connection with our audit, we performed tests of the Entity's compliance with certain provisions of laws, regulations, contracts and grants. However, the objective of our tests was not to provide an opinion on compliance with such provisions.
Responsibilities of management and TCWG	<p>Management's responsibilities include:</p> <ul style="list-style-type: none"> • The fair presentation of the financial statements, including the selection of appropriate accounting policies. • Establishing and maintaining effective internal control. • Complying with laws, regulations, grants and contracts. • Providing the auditors with all financial records and related information and a signed representation letter. <p>TCWG are responsible for communicating with the auditors and overseeing the financial reporting process.</p> <p>Both management and TCWG are responsible for:</p> <ul style="list-style-type: none"> • Setting the proper tone at the top. • Designing and implementing policies and controls to prevent and detect fraud.
Qualitative aspects of accounting practices - Accounting Policies	<p>The significant accounting policies are described in Note 1 to the financial statements. There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during the reporting period that had a significant impact on the financial statements.</p> <p>The accounting policies of the Entity conform to U.S. generally accepted accounting principles as applicable to state and local governments. The Entity's reports are based on all applicable GASB pronouncements.</p>
Qualitative aspects of accounting practices – Significant Unusual Transactions	No matters have come to our attention that would require us to inform you about the methods used to account for significant unusual transactions.

Required Item	Comments
Qualitative aspects of accounting practices - <i>Accounting Estimates and Management's Judgment</i>	<p>Accounting estimates made by management are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Actual results could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic and the mitigation responses, and such differences may be material.</p> <p>Certain accounting estimates are particularly sensitive because of their significance to financial statements and their susceptibility to change. The most sensitive estimates affecting the financial statements are:</p> <ul style="list-style-type: none"> • Actuarial assumptions related to the Other Post Employment Benefit Obligations ("OPEB") • Actuarial assumptions and proportionate share calculations related to pension obligations • Asset lives for depreciable capital assets • Estimates of certain receivable balances and allowances for uncollectible amounts • Estimates for certain operating and long-term liabilities <p>Management believes that the estimates used and assumptions made are adequate based on the information currently available. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements as a whole.</p>
Qualitative aspects of accounting practices - <i>Financial Statement Disclosures</i>	<p>Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements are:</p> <ul style="list-style-type: none"> • Other post employment benefit obligations payable • Pension plan information • Outstanding bonded indebtedness • Fund balances <p>The financial statement disclosures are consistent and clear.</p>
Difficulties encountered in performing the audit	<p>We encountered no significant difficulties in dealing with management relating to the performance of our audit.</p>

Required Item	Comments
Corrected and uncorrected misstatements	<p>Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management.</p> <p>We are required to communicate to you misstatements that remain uncorrected, including any related to prior periods, and the effect, if any, that they may have on the opinion in our report, and request their correction. There are no such financial statement misstatements that remain uncorrected.</p> <p>In addition, we are required to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. There were no such material corrected misstatements.</p>
Disagreements with management	<p>For purposes of this communication, a disagreement with management is a matter, whether or not resolved to our satisfaction, concerning financial accounting, reporting, or auditing, which could be significant to the financial statements or the auditors' report. No such disagreements arose during the course of the audit.</p>
Management representations	<p>We have requested certain representations from management that are included in the management representation letter (see Appendix 1).</p>
Management's consultations with other accountants	<p>In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no such consultations with other accountants.</p>
Auditor independence	<p>We affirm that PKF O'Connor Davies, LLP is independent with respect to the Entity in accordance with relevant professional standards.</p>
Significant issues discussed with management prior to retention	<p>We generally discuss with management a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the Entity and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed and our responses thereto were a condition to our retention as auditors.</p>

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Blind Brook - Rye Union Free School District, New York's (the "Entity") 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control. Accordingly, we express no such opinion.

Professional standards require that we communicate to you, in writing, all significant deficiencies and/or material weaknesses in internal control that we identify in performing our audit. For this purpose, deficiencies in internal control are categorized as follows:

- 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.
- A **significant deficiency** is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified.

We did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined above.

However, we share for your consideration on the following pages other observations about the internal control and operations.

This communication is intended solely for the information and use of management and others charged with governance and is not intended to be and should not be used by anyone other than these specified parties. We will be pleased to discuss these communications and comments in further detail at your convenience, or to assist you in implementing the recommendations.

PKF O'Connor Davies, LLP
Harrison, New York
September 22, 2020

Blind Brook - Rye Union Free School District, New York

Other Matters

- **General Fund**

Unassigned Fund Balance

New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds (unassigned fund balance) a school district can retain to no more than 4 percent of the subsequent year's budgetary appropriations. Our audit of the General Fund disclosed that the School District's unassigned fund balance was in excess of this statutory amount at June 30, 2020.

Recommendation

Although this surplus was the direct result of unanticipated savings resulting from the school closure in March 2020 due to the COVID -19 pandemic, the Board of Education and management should develop a short-term and long-term plan for the use of these funds which will create a path for the School District to return to compliance with the provisions of this law.

On the Horizon

GASB Statement No. 84 – *Fiduciary Activities*

In January 2017, GASB issued Statement No. 84 "*Fiduciary Activities*". The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Previously issued guidance lacked the necessary clarity to determine when a government had fiduciary responsibility for a certain activity. This lack of clarity has resulted in a divergence in practice among financial statement preparers and auditors.

GASB Statement No. 84 establishes criteria for identifying fiduciary activities. The focus of the criteria is on (a) whether a government *controls* the assets of the fiduciary activity and (b) the *beneficiaries* with whom a fiduciary relationship exists. A government is considered in control of the assets if the government holds the assets or has the ability to direct the use of the assets in a manner that provides benefits to the specified or intended recipients. The assets also cannot be derived from the government's own source revenues (or from government-mandated or voluntary non-exchange transactions) and must also have one or more of the following characteristics related to whom the assets will benefit:

- 1) Be administered through a trust
- 2) The government itself is not the beneficiary
- 3) Dedicated to providing benefits in accordance with the benefit terms
- 4) Legally protected from the government's creditors for the benefit of individuals and the government has no administrative or direct financial involvement with the asset
- 5) For the benefit of individuals and government has no administrative or direct financial involvement with the assets

An activity meeting the above criteria should be reported in the basic financial statements in one of the following four fiduciary funds, as applicable:

- 1) Pension (and other employee benefit) trust funds
- 2) Investment trust funds
- 3) Private-purpose trust funds
- 4) Custodial funds

Custodial funds should report fiduciary activities that are not reported in one of the first three fiduciary funds noted above. The use of **Agency funds has been eliminated with this Statement and replaced with custodial funds.**

Governments with activities meeting the above criteria will present a Statement of Fiduciary Net Position (i.e., assets, deferred outflows of resources, liabilities, deferred inflows of resources and fiduciary net position) and a Statement of Changes in Fiduciary Net Position (i.e., additions and deductions) for each fiduciary fund type. Previous guidance for agency funds only required the presentation of assets and liabilities, whereas the custodial funds require the same elements as the other fiduciary funds, including net position.

GASB Statement No. 95, "*Postponement of the Effective Dates of Certain Authoritative Guidance*", postponed by one year the effective date of this statement. Accordingly, the provisions of this Statement are now effective for fiscal years beginning after December 15, 2019 (i.e., the School District's financial statements for the year ended June 30, 2021).

GASB Statement No. 87 – Leases

Potentially pervasive changes are coming to lease accounting. Under the provisions of GASB Statement No. 87, nearly every lease will be considered a capital lease. While local governments and school districts would most likely be lessees in these kinds of transactions, some might also be involved in transactions where they are the lessor of these assets.

Under this standard, lessees will now be required to recognize in their entity-wide Statement of Net Position a lease liability and an intangible right-to-use lease asset when the lease begins. The intangible asset will be similar to other capital assets by requiring amortization over the life of the lease term, similar to depreciation of tangible capital assets. Also similar to other capital assets, leases will need to be assessed for impairment.

Lessors will do the opposite. Lessors will recognize a lease receivable and a deferred inflow of resources at the start of a lease. The receivable will be reduced and revenue recognized as lease payments are received each year. The lessor will continue to report the capital asset on its own Statement of Net Position.

Governments should review this standard early to anticipate what changes might need to be made to policies, accounting procedures, laws and regulations. **GASB Statement No. 95 postponed by eighteen months the effective date of this statement. Accordingly, the provisions of this Statement are effective for fiscal years beginning after June 15, 2021 (i.e., the School District's financial statements for the year ended June 30, 2022) with earlier application encouraged.**



Appendix 1

Management Representation Letter



BLIND BROOK-RYE UNION FREE SCHOOL DISTRICT

390 NORTH RIDGE STREET
RYE BROOK, NEW YORK 10573-1105
(914) 937-3600
(914) 937-5871

September 21, 2020

PKF O'Connor Davies, LLP
500 Mamaroneck Avenue, Suite 301
Harrison, New York 10528

This representation letter is provided in connection with your audit of the financial statements of the Blind Brook-Rye Union Free School District, New York ("School District"), which comprise the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information as of June 30, 2020, and the respective changes in financial position the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions as to whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

This representation letter is also provided in connection with your audit of the financial statements of the Extraclassroom Activity Funds of the School District, which comprise the statement of cash receipts, cash disbursements and cash balances as of June 30, 2020 and for the year then ended, for the purpose of expressing an opinion as to whether the financial statements are presented fairly, in all material respects, in accordance with the basis of accounting prescribed by the New York State Department of Education.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

We confirm, to the best of our knowledge and belief, (having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves) as of the date of this letter, the following representations made to you during your audit.

Our Responsibilities

- 1) We acknowledge that we have fulfilled our responsibilities for:
 - a) The preparation and fair presentation of the financial statements in accordance with US GAAP and include all properly classified funds and other financial information of the primary government and all component units required by generally accepted accounting principles to be included in the financial reporting entity.
 - b) The preparation and fair presentation of the financial statements of the School District's Extraclassroom Activity Funds in conformity with the accounting principles prescribed by the New York State Department of Education, which is a comprehensive basis of accounting other than US GAAP.

- c) 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; and
 - d) The design, implementation, and maintenance of internal control to prevent and detect fraud.
- 2) We understand that the term "fraud" refers to intentional acts by one or more individuals among management, those charged with governance, employees, or third parties, involving the use of deception that results in a misstatement in financial statements. Two types of intentional misstatements are relevant to your audit – misstatements resulting from fraudulent financial reporting and misstatements resulting from misappropriation of assets. Fraudulent financial reporting involves intentional misstatements, including omissions of amounts or disclosures in financial statements to deceive financial statement users. Misappropriation of assets involves the theft of an entity's assets.
- 3) We acknowledge our responsibility for presenting the combining and individual fund financial statements and schedules in accordance with US GAAP, and we believe the combining and individual fund financial statements and schedules, including its form and content, is fairly presented in accordance with US GAAP. The methods of measurement and presentation of the combining and individual fund financial statements and schedules have not changed from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.

Financial Statements

- 4) The financial statements referred to above are fairly presented in conformity with US GAAP and include all disclosures necessary for such fair presentation. In that connection, we specifically confirm that:
- a) The School District's accounting policies, and the practices and methods followed in applying them, are appropriate and are as disclosed in the financial statements.
 - b) There have been no changes during the period audited in the School District's accounting policies and practices.
 - c) All material transactions have been recorded in the accounting records and are reflected in the financial statements.
- 5) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 6) The following, where they exist, have been appropriately disclosed to you and accounted for and/or disclosed in the financial statements in accordance with the requirements of US GAAP:
- a) The identity of all related parties and related party relationships and transactions including revenues, expenditures/expenses, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to related parties.
 - b) Guarantees, whether written or oral, under which the School District is contingently liable, if any.
 - c) The effects of all known actual, possible, pending or threatened litigation, claims, and assessments.
 - d) The identity of the School District's related parties and all the related party relationships and transactions of which we are aware.

- 7) We have evaluated events subsequent to the date of the financial statements through the date of this letter, and no such events have occurred which would require adjustment or disclosure in the financial statements. have been made for all events, including instances of noncompliance, subsequent to the date of the financial statements that would require adjustment to or disclosure in the financial statements. No events, including instances of noncompliance, have occurred subsequent to the balance sheet date and through the date of this letter that would require adjustment to or disclosure in the aforementioned financial statements.
- 8) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the School District's accounts.
- 9) The School District has disclosed a contingency note to describe the effects of COVID-19 on the School District's finances and operations. Given this level of uncertainty, management cannot reasonably estimate the actual impact on the School District's future financial position at this time. The management of the School District does not believe that the effects of COVID-19 will affect the School District's ability to operate as a going concern.

Information Provided

- 10) We have provided you with:
 - a) Access to all information, of which we are aware, that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, and other matters.
 - b) Communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices, if applicable.
 - c) Additional information that you have requested from us for the purpose of the audit.
 - d) Unrestricted access to persons within the School District from whom you determined it necessary to obtain audit evidence.
 - e) Completeness and availability of all minutes of the meetings of the Board of Education or summaries of actions of recent meetings for which minutes have not yet been prepared.
- 11) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- 12) There are no deficiencies in the design or operation of internal control over financial reporting that are reasonably likely to adversely affect the School District's ability to initiate, authorize, record, process, and report financial data reliably in accordance with US GAAP.
- 13) We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
 - a) Management,
 - b) Employees who have significant roles in internal control, or
 - c) Others where the fraud could have a material effect on the financial statements.
- 14) We have no knowledge of any allegations of fraud or suspected fraud affecting the School District's financial statements communicated by employees, former employees, regulators, or others.

- 15) We have no knowledge of instances of noncompliance or suspected noncompliance with provisions of laws, regulations, contracts, or grant agreements, or abuse, whose effects should be considered when preparing financial statements.

Hosting Services

- 16) We acknowledge that electronic portals used during the audit are only a method of transferring data and the data may be deleted by you at any time.
- 17) We are responsible for maintaining our financial and non-financial information, licensing and hosting of any applications, and downloading and retaining anything you uploaded to such portal in a timely manner.

Government—specific

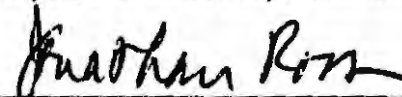
- 18) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- 19) The School District has no plans or intentions that may materially affect the carrying value or classification of assets, deferred outflows of resources, liabilities, deferred inflows of resources or fund balance or net position.
- 20) We are responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to us, including tax or debt limits and debt contracts, and legal and contractual provisions for reporting specific activities in separate funds.
- 21) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that we believe have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
- 22) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that we believe have a material effect on the determination of financial statement amounts or other financial data significant to the audit objectives.
- 23) We have identified and disclosed to you all instances that have occurred or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements or other financial data significant to the audit objectives.
- 24) There are no violations or possible violations of budget ordinances, laws and regulations (including those pertaining to adopting, approving, and amending budgets), provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for disclosure in the financial statements, or as a basis for recording a loss contingency, or for reporting on noncompliance.
- 25) As part of your audit, you assisted with preparation of the financial statements and related notes. We acknowledge our responsibility as it relates to those nonaudit

services, including that we assume all management responsibilities; oversee the services by designating an individual, preferably with senior management, who possesses suitable skill, knowledge, or experience; evaluate the adequacy and results of the services performed; and accept responsibility for the results of the services We have reviewed, approved, and accepted responsibility for those financial statements and related notes. We also understand that as part of your audit, you prepared various adjusting journal entries, both on the fund and entity-wide level, and acknowledge that we have reviewed and approved those entries and accepted responsibility for them.

- 26) The School District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral.
- 27) The School District has complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
- 28) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 29) There are no component units or joint ventures with an equity interest or any other related organizations.
- 30) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34.
- 31) All funds that meet the quantitative criteria in GASB Statement Nos. 34 and 37 for presentation as major are identified and presented as such and all other funds that are presented as major are particularly important to financial statement users.
- 32) Components of net position (net investment in capital assets; restricted; and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
- 33) Investments and land are properly valued.
- 34) Receivables recorded in the financial statements represent valid claims against debtors for transactions arising on or before the balance sheet date and have been reduced to their estimated net realizable value.
- 35) Provisions for uncollectible receivables have been properly identified and recorded.
- 36) Expenses have been appropriately classified in or allocated to functions and programs in the statement of activities, and allocations have been made on a reasonable basis.
- 37) We agree with the findings of specialists in evaluating the other postemployment benefit obligation and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to the specialist with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialist.

- 38) We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- 39) Revenues are appropriately classified in the statement of activities within program revenues, general revenues, contributions to term or permanent endowments, or contributions to permanent fund principal.
- 40) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 41) There were no special or extraordinary items that occurred during the fiscal year.
- 42) Deposits and investment securities are properly classified as to risk and are properly disclosed.
- 43) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 44) Capital assets, including intangible assets, have been evaluated for impairment as a result of significant and unexpected decline in service utility. Impairment loss and insurance recoveries have been properly recorded.
- 45) We have appropriately disclosed the School District's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available and have determined that net position is properly recognized under the policy.
- 46) We are following GASB Statement No. 54, paragraph 18, to determine the fund balance classifications for financial reporting purposes.
- 47) We acknowledge our responsibility for the required supplementary information (RSI). The RSI is measured and presented within prescribed guidelines and the methods of measurement and presentation have not changed from those used in the prior period. We have disclosed to you any significant assumptions and interpretations underlying the measurement and presentation of the RSI.
- 48) There were no taxes abated during the School District's fiscal year.
- 49) Expenditures of federal awards were below the \$750,000 threshold for the year ended June 30, 2020, and we were not required to have an audit in accordance with Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* ("Uniform Guidance").

Signature:



Dr. Jonathan Ross

Assistant Superintendent for
Finance and Facilities

Signature:



Dr. Patrick Brimstein

Superintendent of Schools

Appendix 2

About PKF O'Connor Davies, LLP

FIRM OVERVIEW

Founded in 1891, PKF O'Connor Davies has evolved from an accounting firm to a corps of high-caliber professionals that delivers to a global and growing client base a complete range of audit, tax and advisory services as well as insights and expertise at the highest level. As our business has grown, our commitment to active value creation has allowed us to connect our clients to sound business advice, key players and resources across diverse industries.

An Acknowledged Global Leader

Not only are we one of the nation's most rapidly growing accounting and advisory firms, we are also the lead North American firm in the growing PKF global network of independent accounting and advisory firms. This enables us to provide clients with preferred access to top-tier experts and firms in over 400 locations, in 150 countries around the world. It also establishes us as the primary referral point for international businesses with needs in North America, an advantage for our domestic clients seeking connections outside the U.S.

Active Partner Involvement Dedicated Engagement Teams

We have built strong relationships with our clients by being proactive, thorough and efficient. Firm partners are involved in the day-to-day management of engagements, ensuring a high degree of client service and cost effectiveness. Multi-disciplinary teams ensure solutions are customized to address specific needs and integrated for greater efficiency.

A Higher Standard: Beyond Passive Value Calculation to Active Value Creation

Our focus on value has driven our growth, propelling PKF O'Connor Davies to the Top 27 on *Accounting Today's* 2020 "Top 100 Firms" list and gaining us acclaim as one of the country's fastest-growing firms. With unmatched client focus, we unlock genuine value hidden at key connection points in every engagement within regional, national and international arenas. Through these connections, our team of specialists continually drives efficiencies, uncovers opportunities and manages risk – delivering value where others can't.

Industry Recognition

- **Ranked 27 of "2020's Top 100 Firms"**
– *Accounting Today*, 2020
- **Ranked 7 of the "Top Firms in the Mid-Atlantic"**
– *Accounting Today*, 2020
- **Ranked 10 of "New Jersey's Top Accounting Firms"**
– *NJBIZ*, 2019
- **"Best Multi-Family Office – Over \$10 Billion"**
– *Private Asset Management Awards*, 2020
- **"Tax Advice Award"**
– *Family Wealth Report Awards*, 2018
- **"Best Places to Work in New Jersey"**
– *NJBIZ*, 2019
- **Ranked #1 Best Accounting Internship**
– *Vault*, 2020
- **Ranked 13 of the 50 "Best Accounting Employers to Work for in North America"**
– *Vault*, 2021

KNOW GREATER VALUE™

Agility, Responsiveness and Recognition

Since our founding, PKF O'Connor Davies has maintained its commitment to gaining a deep understanding of each client's operations and financial history in order to help meet their every challenge and objective. We fulfill this mission by providing resources that match those of larger firms in scope – but with the agility only a mid-sized firm such as ours can demonstrate....and yet, we still rank among them. Our services include:

Accounting and Assurance Services

- Accounting Outsourcing
- Agreed-Upon Procedures (AUPs)
- Audits, Reviews and Compilations
- Elite Accounting Services
- Employee Benefit Plans
- Endowment Fund Accounting
- International Financial Reporting Standards (IFRS)
- IT Audit & Cybersecurity Reviews
- Public Company Accounting Oversight Board (PCAOB)
- Public Sector Audits & Compliance

International Services

- China Desk
- General Data Protection Regulation (GDPR)
- German Desk
- Transfer Pricing

Tax Compliance and Planning Services

- Employee Benefit Planning & Tax Compliance
- International Tax Services
- IRS Representation & Tax Controversies
- Personal Financial Planning
- Private Foundation Services
- State and Local Tax (SALT)
- Tax Compliance & Reporting
- Tax Research and Strategic Planning
- Tax-Exempt Organizations
- Trust and Estate Planning

Advisory Services

- Bankruptcy & Restructuring
- Cybersecurity & Privacy Advisory Services
- Dark Web Monitoring Services
- Digital Forensic Services
- Forensic, Litigation and Valuation Services
- Matrimonial Services
- Management Advisory Services
- Risk Advisory Services
- Specialty Industry Advisory Services
 - Business Solutions
 - Employee Benefit Plan Services
 - Healthcare Advisory Services
 - Hospitality Advisory Services
 - Medical and Dental Advisory Services
 - Public Sector Advisory Services
- Transaction & Financial Advisory Services
- Wealth Services

Family Office Services

- Accounting & Reporting
- Advisory
- Charitable Giving
- Family Advisory Services
- Investment Monitoring & Oversight
- Lifestyle Support
- Personal Financial Management
- Tax Planning
- Wealth Planning

We offer an exceptional breadth of advisory services across diverse industries and sectors.



Bethesda, MD | Cranford, NJ | Harrison, NY | Livingston, NJ | New York, NY | Newburgh, NY (Fostertown Road & 2nd Route 1/K) | Providence, RI | Shelton, CT | Stamford, CT | Wethersfield, CT | Woodcliff Lake, NJ

www.pkfod.com

**Blind Brook - Rye Union Free
School District, New York**

**Financial Statements and
Supplementary Information**

Year Ended June 30, 2020



Blind Brook - Rye Union Free School District, New York

Table of Contents

	<u>Page No.</u>
Independent Auditors' Report	1
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	4
Management's Discussion and Analysis	6
Basic Financial Statements	
District-Wide Financial Statements	
Statement of Net Position	19
Statement of Activities	20
Fund Financial Statements	
Balance Sheet - Governmental Funds	21
Reconciliation of Governmental Funds Balance Sheet to the District-Wide Statement of Net Position	23
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	24
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	26
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	27
Statement of Assets and Liabilities - Fiduciary Fund	28
Notes to Financial Statements	29
Required Supplementary Information	
Other Postemployment Benefits	
Schedule of Changes in the School District's Total OPEB Liability and Related Ratios	57
New York State Teachers' Retirement System	
Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset)	58
Schedule of Contributions	58
New York State and Local Employees' Retirement System	
Schedule of the School District's Proportionate Share of the Net Pension Liability	59
Schedule of Contributions	59
Combining and Individual Fund Financial Statements and Schedules	
Major Governmental Funds	
General Fund	
Comparative Balance Sheet	60
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	61
Schedule of Revenues and Other Financing Sources Compared to Budget	63
Schedule of Expenditures and Other Financing Uses Compared to Budget	65
Special Aid Fund	
Comparative Balance Sheet	69
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	70

Blind Brook - Rye Union Free School District, New York

Table of Contents (Concluded)

	<u>Page No.</u>
Capital Projects Fund	
Comparative Balance Sheet	71
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	72
Project-Length Schedule	73
Non-Major Governmental Funds	
Combining Balance Sheet	75
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	77
School Lunch Fund	
Comparative Balance Sheet	79
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	80
Special Purpose Fund	
Comparative Balance Sheet	81
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	82
Debt Service Fund	
Comparative Balance Sheet	83
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	84
Permanent Fund	
Comparative Balance Sheet	85
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	86
Supplementary Information	
Analysis of Change from Adopted Budget to Final Budget	87
Section 1318 of Real Property Tax Law Limit Calculation	87
Schedule of Net Investment in Capital Assets	88

Independent Auditors' Report

**The Board of Education of the
Blind Brook - Rye Union Free School District, New York**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Blind Brook - Rye Union Free School District, New York ("School District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Emphasis of Matter

As discussed in Note 4B in the notes to financial statements, on March 11, 2020, the World Health Organization declared a global pandemic as a result of the spread of COVID-19 ("Coronavirus"). Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit for the year ended June 30, 2020 was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The combining and individual fund financial statements and schedules for the year ended June 30, 2020 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2020 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2020.

We also previously audited, 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, the basic financial statements of the School District as of and for the year ended June 30, 2019 (not presented herein), and have issued our report thereon dated September 11, 2019 which contained unmodified opinions on the respective financial statements of the governmental activities, each major fund and the aggregate remaining fund information. The combining and individual fund financial statements and schedules for the year ended June 30, 2019 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 relate directly to the underlying accounting and other records used to prepare the 2019 financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied in the audit of the 2019 basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare those financial statements or to those financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2019.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2020 on our consideration of the 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 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 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 the School District's internal control over financial reporting and compliance.

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

September 22, 2020

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**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**

Independent Auditors' Report

**The Board of Education of the
Blind Brook - Rye Union Free School District, New York**

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 Blind Brook - Rye Union Free School District, New York ("School District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 22, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

PKF O'Connor Davies, LLP

PKF O'Connor Davies, LLP

Harrison, New York

September 22, 2020

**Blind Brook - Rye Union Free School District
Rye Brook, New York**

**Management's Discussion and Analysis (MD&A)
June 30, 2020**

This discussion and analysis of the Blind Brook - Rye Union Free School District, New York's ("School District") financial performance provides an overview of the School District's financial activities for the year ended June 30, 2020. It should be read in conjunction with the basic financial statements, which immediately follow this section, to enhance understanding of the School District's financial performance.

Financial Highlights for FY 2019-2020

Key financial highlights for fiscal year 2019-2020 are as follows:

- The School District's total fund balance within its General Fund was \$5,617,572 for the year ended June 30, 2020. The amount of unassigned fund balance that can be retained by the General Fund is limited to no more than 4% of the ensuing year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$2,972,892, or 5.9%, and therefore over the statutory limit. This overage is acknowledged and was a direct result of the 2020 Coronavirus pandemic's effect on the School District's financial operations.
- As of the close of the 2019-2020 fiscal year, the School District's governmental fund financial statements report a combined total ending fund balance of \$36,265,068, an increase of \$33,430,234 from the prior year's ending fund balance of \$2,834,834. The major factor driving the increase in combined total fund balance is the \$29,801,915 fund balance in the Capital Projects Fund, and the \$5,617,572 fund balance in the General Fund. During the fiscal year, serial bonds of \$44,665,000 were sold in October 2019 to finance payment of the remaining bond anticipation note debt (BAN) due of \$4,100,000, and to finance the balance of the costs of construction of the District-wide Improvements capital project. On June 30, 2020, \$29,801,915 was still available as construction remains in-progress. It is also noteworthy that the School District was still able to maintain resources in the restricted component of fund balance for tax certiorari claims, future retirement expenditures, and compensated absences. Also noteworthy about the total combined fund balance is that it includes an amount restricted for debt service of \$687,292, which may be used to help offset future debt service obligations (of which \$200,000 was utilized for this purpose in the 2020-2021 fiscal year).
- Within the governmental fund financial statements, the combined total ending fund balance increased by \$33,430,234. The General Fund's overall (total) fund balance increased by \$1,247,962 and the General Fund's unassigned fund balance of \$2,972,892, represents about 52.9% of its total fund balance, increasing by \$1,121,309 from the prior year.
- Of special note is the fact that the School District was able to budget \$1,381,497 as an appropriated surplus contribution to reduce the tax levy associated with the 2019-2020 budget, and \$1,850,000 (\$200,000 of which is to be transferred from the debt service fund) for the same purpose with the 2020-2021 budget. Favorable School District financial operations have permitted these management actions in recent years.
- On the district-wide financial statements, the liabilities and deferred inflows of resources of the School District exceeded the assets and deferred outflows at the close of its most recent fiscal year by \$47,824,269. The School District's total net position decreased by \$7,801,961 for the year ended June 30, 2020. The district-wide financial statements must report certain items in accordance with the pronouncements of the Governmental Accounting Standards Board ("GASB"). The GASB is charged

with developing the accounting rules that apply to governments, including school districts and BOCES. One of the most significant of these standards, GASB Statement No. 75 "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*", requires the School District to recognize the financial impact associated with other postemployment benefit ("OPEB") obligations. These obligations include any benefits provided to retirees, other than a pension, including health insurance, life insurance, vision, dental, etc. This standard requires the School District to report the *total*, rather than *net*, OPEB liability related to its employees, since New York State has not authorized the establishment of an irrevocable trust to set aside assets for this purpose. As a result of the provisions of GASB Statement No. 75, the School District's *total* OPEB liability as of June 30, 2020 is \$92,688,944, compared to \$80,403,994 in the prior year. The OPEB liability is reflected on the district-wide Statement of Net Position and impacts the total net position calculation. More detailed information about the School District's OPEB obligations reported in accordance with the provisions of GASB Statement No. 75 is presented in note 3E in the notes to financial statements. Also noteworthy is that this standard parallels the pension standard under the provisions of GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*", presented in note 3E as well.

- During the current fiscal year, the School District added \$44,665,000 in new debt, and retired \$1,860,000 of bonded indebtedness and \$190,430 in obligations associated with its energy performance contract.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements comprise three components: (1) district-wide financial statements, (2) fund financial statements and (3) notes to financial statements. This report also contains combining and individual fund financial statements and schedules in addition to the basic financial statements.

District-Wide Financial Statements

- The *district-wide financial statements* are designed to provide readers with a broad overview of the School District's finances, in a manner like a private-sector business.
 - The *statement of net position* presents information on all of the School District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.
 - The *statement of activities* presents information showing how the School District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
 - The *governmental* activities of the School District include instruction, pupil transportation, cost of food sales, interest, and general administrative support.

The district-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

Fund Financial Statements

- A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local

governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.

- *Governmental funds* are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.
- Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.
- The School District maintains seven individual governmental funds; General Fund, Special Aid Fund, School Lunch Fund, Special Purpose Fund, Debt Service Fund, Capital Projects Fund and Permanent Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General, Special Aid and the Capital Projects funds, which are considered to be major funds. Data for the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.
- The School District adopts an annual budget for its General Fund. A budgetary comparison statement has been provided within the basic financial statements to demonstrate compliance with the respective budget.
- The *Fiduciary Funds* are used to account for assets held by the School District in an agency capacity on behalf of others. Fiduciary funds are not reflected in the district-wide financial statement because the resources of these funds are not available to support the School District's programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statements section of this report.

Notes to Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to financial statements can be found following the basic financial statements section of this report.

Other Information

Additional statements and schedules can be found immediately following the notes to the financial statements. These include the required supplementary information for the School District's other postemployment and pension benefit obligations, the combining statements for the non-major governmental funds and schedules of budget to actual comparisons.

District-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the School District's financial position. This MD&A includes a summary of two district-wide statements that focus on operations of the School District as a whole. These statements measure inputs and outflows using an economic resources measurement focus and use the accrual basis of accounting. Activities that are fiduciary in nature are not included in these statements.

In the case of the School District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$47,824,269 for the year ending June 30, 2020.

Net Position

	June 30,	
	2020	2019
Current Assets	\$ 45,132,255	\$ 11,927,289
Capital Assets, net	46,600,352	34,661,763
Total Assets	91,732,607	46,589,052
Deferred Outflows of Resources	40,407,827	26,000,361
Current Liabilities	6,673,834	7,126,471
Long-Term Liabilities	155,260,924	98,756,595
Total Liabilities	161,934,758	105,883,066
Deferred Inflows of Resources	18,029,945	6,728,655
Net Position		
Net Investment in Capital Assets	21,631,982	20,308,911
Restricted for		
Capital Projects	-	19,064
Debt Service	687,292	413,908
Tax Certiorari	42,155	41,894
Retirement Contributions	239,095	289,095
Special Purposes	90,910	89,489
Permanent Fund	2,800	2,820
Unrestricted	(70,518,503)	(61,187,489)
Total Net Position	\$ (47,824,269)	\$ (40,022,308)

The largest component 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 these capital assets to provide services to the students and 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. Those assets subject to external restrictions

constitute \$1,062,252 of net position. There is a negative balance of unrestricted net position in the amount of \$70,518,503, primarily the result of the recognition of the OPEB liabilities.

This deficit does not mean that the School District does not have resources available to meet its obligations in the ensuing year. Rather, it is the result of having long-term commitments, including compensated absences (\$387,187), net pension liabilities (\$2,710,508), retirement incentives (\$275,000) and OPEB obligations (\$92,688,944) that are greater than currently available resources. Payments for these liabilities will be budgeted in the years that the actual payments will be made.

Changes in Net Position

	June 30,	
	2020	2019
REVENUES		
Program Revenues		
Charges for Services	\$ 1,185,910	\$ 1,530,182
Operating Grants and Contributions	700,953	832,030
Capital Grants and Contributions	308,384	49,610
Total Program Revenues	<u>2,195,247</u>	<u>2,411,822</u>
General Revenues		
Real Property Taxes	38,601,271	36,931,986
Other Tax Items	1,420,380	1,940,559
Non-Property Taxes	494,116	373,122
Unrestricted Use of Money and Property	125,766	246,641
Forfeitures	40,245	1,764
Unrestricted State Aid	3,096,545	3,086,670
Miscellaneous	89,253	168,609
Total General Revenues	<u>43,867,576</u>	<u>42,749,351</u>
Total Revenues	<u>46,062,823</u>	<u>45,161,173</u>
PROGRAM EXPENSES		
General Support	5,070,971	4,252,529
Instruction	45,969,031	40,723,182
Pupil Transportation	1,353,058	1,554,864
Cost of Food Sales	343,660	573,776
Interest	1,128,064	540,476
Total Expenses	<u>53,864,784</u>	<u>47,644,827</u>
Change in Net Position	(7,801,961)	(2,483,654)
NET POSITION		
Beginning	<u>(40,022,308)</u>	<u>(37,538,654)</u>
Ending	<u>\$ (47,824,269)</u>	<u>\$ (40,022,308)</u>

As seen above, governmental activities decreased the School District's net position by \$7,801,961 during the current fiscal year. Noteworthy is the impact on this schedule of the requirements of recognizing OPEB

and pension expenses in accordance with applicable pronouncements. Other changes in these activities are described on the next page.

Revenues

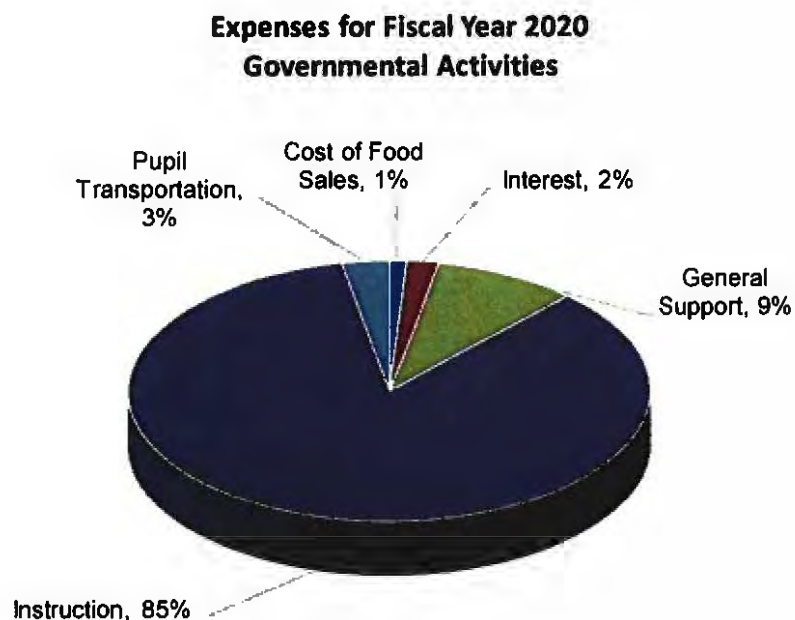
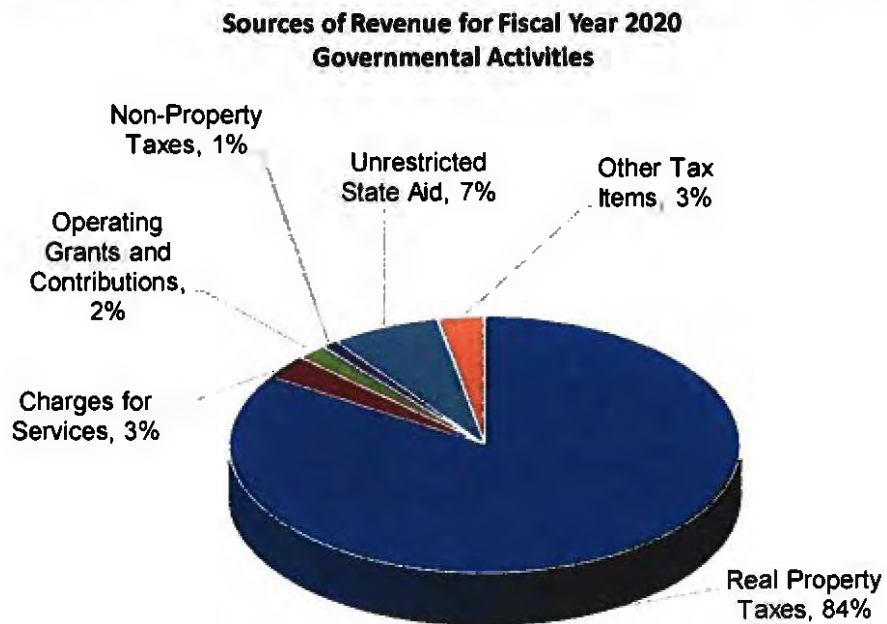
- Real property taxes (\$38,601,271) increased by \$1,669,285. Although this was a result of a higher tax levy in the 2019-2020 fiscal year, it is noteworthy that the final calculated tax levy was under the maximum allowable limit associated with the NYS Real Property Tax Cap Legislation.
- Other tax items include reimbursements received from the School Tax Relief Reimbursement Program ("STAR"). STAR payments to the School District decreased significantly from the prior year, from \$1,940,559 to \$1,420,380. This was caused by a new state law that resulted in homeowners earning between \$250,000 and \$500,000 a year, receiving a check for their STAR rebates rather than receiving an upfront savings directly in their school tax bills. Therefore, the 2019-2020 STAR payment to the School District was reduced by the aggregate amount of payments NYS made directly to local homeowners (which totaled \$520,179).
- The School District received \$126,027 in unrestricted interest earnings in 2019-2020, \$122,950 less than it received in the prior year because of falling interest rates throughout the year.
- Non-property taxes (\$494,116) increased by \$120,994 from the prior year reflecting an increase in sales tax revenue received by the School District from Westchester County in 2019-2020. The extent of this increase was due to the recently enacted Westchester County sales tax increase that went into effect in 2019.
- Unrestricted State Aid allocated to the School District increased by \$10,266 from prior year amounts because of changes to the final Legislative enacted budget and a special legislative grant-in-aid payment of \$100,000. Overall, the School District received slightly more than \$3.2 million in unrestricted State aid during this fiscal year. The additional \$100,000 grant-in-aid payment helped offset the 20% reduction in Excess Cost Aid and BOCES Aid payments at the end of the school year. These reductions caused a loss to the School District's total Unrestricted State Aid in the amount of \$48,627.

Expenses

- General Support expenses increased by \$818,442 in 2019-2020. The increase was primarily due to an increase in long-term pension and OPEB liabilities partially offset by a reduction in operations and maintenance costs brought about by the closure of all Blind Brook schools from mid-March through June because of the Coronavirus pandemic.
- Instruction program expenses increased by only \$5,245,849 from the prior year. The increase was primarily due to an increase in long-term pension and OPEB liabilities. Typically, the increase would also be significantly larger due to mandates imposed on the School District as a result of existing collective bargaining agreements and the Triborough Amendment to the Taylor Law (as they relate to salaries and benefits paid to employees). But with the closure of all Blind Brook schools from mid-March through June because of the Coronavirus pandemic, instructional costs were less than budgeted.
- Pupil transportation costs decreased by \$201,806 from the prior year. With the closure of all schools in New York State from mid-March through June, the School District did not transport students to out-of-district schools using private contract buses. As a result, its contract transportation costs were significantly less than budgeted. As a matter of law, the School District is mandated to transport resident students attending private and special education schools located outside the School District's borders who meet the School District's mileage eligibility criteria and the NYS maximum of 15 miles from home.

- Interest and principal paid on total outstanding debt in 2019-2020 was as expected. Total debt service paid in 2019-2020 was \$2,740,843. Overall, debt service interest expense increased by \$587,588 from the prior year as a result of accrued interest on the bonds issued in October 2019.

As indicated on the charts located below, the School District relies upon real property taxes as its primary revenue source. The School District's instruction costs account for 86% of its expenses.



Fund Balance Reporting

GASB issued Statement No. 54, "*Fund Balance Reporting and Governmental Fund Type Definitions*", in February 2009. The requirements of GASB Statement No. 54 became effective for financial statements beginning with the period ending June 30, 2011. GASB Statement No. 54 abandoned the reserved and unreserved classifications of fund balance and replaced them with five new classifications: nonspendable, restricted, committed, assigned and unassigned. An explanation of these classifications follows below.

Nonspendable – consists of assets that are inherently nonspendable in the current period either because of their form or because they must be maintained intact, including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and principal of endowments.

Restricted – consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation.

Committed – consists of amounts that are subject to a purpose constraint imposed by a formal action of the government's highest level of decision-making authority before the end of the fiscal year, and that require the same level of formal action to remove the constraint.

Note: According to the Office of the State Comptroller, school districts in New York will not have committed fund balance to report.

Assigned – consists of amounts that are subject to a purpose constraint that represents an intended use established by the government's highest level of decision-making authority, or by their designated body or official. The purpose of the assignment 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.

Unassigned – represents the residual classification for the government's General Fund and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should be used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

These changes were made to reflect spending constraints on resources, rather than availability for appropriations and to bring greater clarity and consistency to fund balance reporting. According to GASB, this pronouncement should result in an improvement in the usefulness of fund balance information.

Financial Analysis of the School District's Funds

As noted earlier, the School District uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds

The focus of the School District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the School District's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of a School District's net resources available for discretionary use as it represents the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the School District itself, or an individual that has been delegated authority to assign resources for use for particular purposes by the Board of Education.

As of the end of the current fiscal year, the School District's governmental fund financial statements report a combined total ending fund balance of \$36,265,068, an increase of \$33,430,234 from the prior year's ending fund balance of \$2,834,834. As previously stated, the major factor driving this increase was the sale of serial bonds of \$44,665,000 in October 2019 to finance payment of the remaining bond anticipation note debt (BAN) due of \$4,100,000, and to finance the balance of the costs of construction of the District-wide Improvements capital project. On June 30, 2020, \$29,801,915 was still available as construction remains in-progress. It is noteworthy that the General Fund's total unassigned fund balance rose to \$2,972,892 or 5.9% of the 2020-2021 budget. Overall, this balance increased by \$1,247,962 and is attributed to a reduction in operating costs during the mid-March through June closure of all Blind Brook schools because of the Coronavirus pandemic.

General Fund Budgetary Highlights

The General Fund is the primary operating fund of the School District. The adopted budget for fiscal year 2019-2020 of \$46,289,618 was increased by \$334,925 because of the rollover of prior year encumbrances and the appropriation of fund balance restricted for employee benefit accrued liability. As is typical during the fiscal year, appropriation transfers within the budget were made to address the operational needs of the School District. The final adjusted budget for the fiscal year ending June 30, 2020 was \$46,624,543.

During the 2019-2020 fiscal year, revenues exceeded expenditures by \$1,247,962. This is an atypical event. As mentioned in this report, the expenditure savings are a direct result of the reduction in operating costs during the mid-March through June closure of all Blind Brook schools.

At the end of the fiscal year, the total fund balance of the General Fund was \$5,617,572 for the year ended June 30, 2020. The amount of unassigned fund balance that can be retained by the General Fund is limited to no more than 4% of the ensuing year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$2,972,892, or 5.9%, and therefore over this statutory limit. This overage is acknowledged and was a direct result of the 2020 Coronavirus pandemic's effect on the School District's financial operations during the 2019-2020 school year.

The Board of Education has chosen to maintain this unassigned fund balance to offset expected losses in New York State education aid in the 2020-2021 school year, and to use it for unforeseen expenditures as it reopens its schools and provides students with a hybrid program of education. The Board's intentions are to protect the interests of the public educational program at Blind Brook and are not meant to disregard or otherwise not comply with statutory requirements as pertaining to unassigned fund balance retention.

The table on the following page outlines the various balances that comprise the total fund balance as of June 30, 2020 according to their GASB Statement No. 54 classifications along with what the former classifications would have been. More detailed information about the School District's fund balance is presented in note 3H in the notes to financial statements.

Total Fund Balance Classifications

GASB Statement No. 54 Classification	<u>Previous Classifications</u>	<u>Fund Balance</u>
Nonspendable Fund Balance	Reserved for Prepaid Expenditures	\$ 420,707
	Reserved for Inventories (School Lunch Fund)	8,717
	Reserved for Trust (Permanent Fund)	<u>1,000</u>
		<u>430,424</u>
Restricted Fund Balance	Reserved for Tax Certiorari	42,155
	Reserved for Employee Benefit Accrued Liability	359,672
	Reserved for Retirement Contributions	139,095
	Reserved for Retirement Contributions for subsequent years' expenditures	100,000
	Capital Projects	29,801,915
	Special Purposes	90,910
	Reserved for Debt Service (Debt Service Fund)	487,292
	Debt Service for subsequent years' expenditures	200,000
	Permanent Fund Unreserved Fund Balance	<u>1,800</u>
		<u>31,222,839</u>
Assigned Fund Balance	Reserved for Encumbrances:	
	General Government Support	10,593
	Instruction	22,458
	Appropriated Fund Balance – General Fund	1,550,000
	School Lunch Fund Unreserved Fund Balance	<u>55,862</u>
		<u>1,638,913</u>
Unassigned Fund Balance	Unreserved and Undesignated - General Fund	<u>2,972,892</u>
Total Fund Balance (as of 6/30/20)		<u>\$ 36,265,068</u>

Capital Assets

On June 30, 2020, the School District had capital assets of \$46,600,352, net of accumulated depreciation, invested in a broad range of capital assets, including land, buildings and improvements, machinery and equipment and construction-in-progress. The change in capital assets, net of accumulated depreciation, is delineated on the next page and provides comparative balances from the prior year.

Class	June 30,	
	2020	2019
Land	\$ 985,788	\$ 985,788
Construction-in-progress	14,416,380	2,026,472
Buildings and Improvements	30,768,788	31,412,622
Machinery and Equipment	429,396	236,881
Total Capital Assets, net of accumulated depreciation	\$ 46,600,352	\$ 34,661,763

The change in capital assets during the current fiscal year results from construction completed during the fiscal year and construction in-progress on the \$44.7 million District-Wide Capital Improvement project.

More detailed information about the School District's capital assets is presented in note 3B in the notes to financial statements.

Long-Term Debt

The School District had general obligation and other long-term debt outstanding as follows:

	June 30,	
	2020	2019
Bonds Payable	\$ 56,918,344	\$ 14,348,636
Energy Performance		
Contract Payable	2,280,941	2,471,371
Compensated Absences	387,187	430,989
Net Pension Liability	2,710,508	740,105
Retirement Incentive Payable	275,000	361,500
Other Post Employment		
Benefit Obligations	92,688,944	80,403,994
Total	\$ 155,260,924	\$ 98,756,595

During the 2019-2020 fiscal year, the School District issued \$44,665,000 in new construction bonds to pay off an outstanding \$4,100,000 bond anticipation note and to finance the cost of large-scale construction projects at the Bruno M. Ponterio Ridge Street School and Blind Brook Middle/High School.

The School District's long-term obligations increased by \$56,504,329 in 2019-2020. The increase is by and large a result of the \$44,665,000 in new construction debt service and the effects of the provisions of GASB Statement No. 75 with respect to the reporting of other postemployment benefit obligations. Under this GASB standard, the School District is required to report the total OPEB liability, rather than amortizing the cost over a period not to exceed thirty years as previously reported under GASB Statement No. 45.

More detailed information about the School District's long-term liabilities is presented in note 3E in the notes to financial statements.

Conclusion

The School District is financially sound; it maintains a credit rating of Aa2. Despite ongoing pandemic concerns, uncertain economic times, rising personnel costs, additional State Education Department mandates, and particularly ambitious educational goals, the School District is prepared to meet future challenges. It has positioned the educational, financial, and human resources necessary to remain a stable and strong municipal entity ready to serve all school-aged children of the Blind Brook community with an educational plan that provides academic rigor and high standards. But perhaps most relevant and important is the support for public education that the Blind Brook community has always demonstrated since the School District was established 50 years ago. The Blind Brook Public Schools are truly the cornerstone of this community.

From an operational standpoint, there are clear school board policies guiding fiscal and budgetary matters. Effective internal controls are in place in the School District's business office and a prudent budget process occurs whereby spending is always computed based on what is best for students. Annual budgets are approved by the School Board and resident voters each year, without fail. Over the past 50 years, annual budget votes and periodic bond votes have always been approved by resident voters, and by large margins.

The School District heavily depends on its real property taxes, which represent approximately 80% of its revenue, exclusive of STAR funds. Although there are many unfunded mandates imposed on it, the School District requested a tax rate increase that is below its allowable tax levy increase limit for the 2020-2021 fiscal year. At the same time, the School District's share of State Aid is not expected to rise concurrently with the inflation index, and it may in fact, decrease as the effects of the pandemic continue to impact state government revenues.

The challenge of presenting a fiscally responsible budget while meeting the needs of children will continue to require effective and efficient management of School District operations now and in future years. This is especially true considering the property tax cap law, enacted in Chapter 97 of the Laws of 2011, and extended by Chapter 20 of the Laws of 2015, is now a permanent cap which restricts tax levy increases for New York State local governments including public school districts.

Despite all of the uncertainty facing the School District, a clear and present silver lining is the total fund balance within its General Fund verified at \$5,617,572 for the year ended June 30, 2020 and the amount of unassigned fund balance totaling \$2,972,892, or 5.9% of the 2020-2021 budget. It has an additional \$1,583,051 in its assigned fund balances, of which \$1,550,000 has been appropriated to the 2020-2021 budget, and it has a restricted fund balance of \$640,922.

Importantly, this School District and Board monitor its fiscal health through analyses of monthly financial reports and the utilization of various audits. These analyses and audits assist in identifying areas of potential financial stress, developing realistic budgets that serve the academic and emotional needs of students, as well as, in making timely decisions when faced with important financial decisions. There are four types of auditors that assist in the School District setting: claims auditor, internal auditor, external auditor, and NY State auditors. Each has a very important role in ensuring that the School District is financially solvent and that the School Board upholds its fiduciary responsibilities to its community. Each audit that has been performed over the past 20 years, has informed that the School District's financial operations are executed in accordance with state laws and/or existing School Board policies and administrative regulations.

The audited financial statements that follow capture relevant data thus, validating the overall financial position of the School District for the year ending June 30, 2020.

Requests for Information

This financial report is designed to provide a general overview of the School District's finances for all those with an interest in the School District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

**Blind Brook-Rye Union Free School District
Attention: Jonathan Ross, Ed.D.
Assistant Superintendent for Finance & Facilities
390 North Ridge Street
Rye Brook, New York 10573
jross@blindbrook.org**

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Blind Brook - Rye Union Free School District, New York**Statement of Net Position**

June 30, 2020

	<u>Governmental Activities</u>
ASSETS	
Cash and equivalents	\$ 40,963,505
Receivables	
Accounts	24,084
State and Federal aid	545,407
Due from other governments	102,428
Inventories	8,717
Prepaid expenses	420,707
Net pension asset	3,067,407
Capital assets	
Not being depreciated	15,402,168
Being depreciated, net	<u>31,198,184</u>
 Total Assets	 <u>91,732,607</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>40,407,827</u>
LIABILITIES	
Accounts payable	3,543,440
Accrued liabilities	82,609
Unearned revenues	100,930
Due to other governments	43,010
Due to retirement systems	2,029,791
Accrued interest payable	874,054
Non-current liabilities	
Due within one year	3,668,763
Due in more than one year	<u>151,592,161</u>
 Total Liabilities	 <u>161,934,758</u>
DEFERRED INFLOWS OF RESOURCES	<u>18,029,945</u>
NET POSITION	
Net investment in capital assets	21,631,982
Restricted	
Debt service	687,292
Tax certiorari	42,155
Retirement contributions	239,095
Special purposes	90,910
Permanent Fund	2,800
Unrestricted	<u>(70,518,503)</u>
 Total Net Position	 <u>\$ (47,824,269)</u>

The notes to financial statements are an integral part of this statement.

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Blind Brook - Rye Union Free School District, New York

**Statement of Activities
Year Ended June 30, 2020**

Functions/Programs:	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
General support	\$ 5,070,971	\$ 133,900	\$ 261	\$ -	\$ (4,936,810)
Instruction	45,969,031	737,792	698,786	-	(44,532,453)
Pupil transportation	1,353,058	12,593	-	-	(1,340,465)
Cost of food sales	343,660	301,625	1,906	-	(40,129)
Interest	1,128,064	-	-	308,384	(819,680)
Total Governmental Activities	\$ 53,864,784	\$ 1,185,910	\$ 700,953	\$ 308,384	(51,669,537)
General revenues					
Real property taxes					38,601,271
Other tax items					
School tax relief reimbursement					1,420,380
Non-property taxes					
Non-property tax distribution from County					494,116
Unrestricted use of money and property					125,766
Sale of property and compensation for loss					40,245
Unrestricted State aid					3,096,545
Miscellaneous					89,253
Total General Revenues					43,867,576
Change in Net Position					(7,801,961)
Net Position - Beginning					(40,022,308)
Net Position - Ending					\$ (47,824,269)

The notes to financial statements are an integral part of this statement.

Blind Brook - Rye Union Free School District, New York

Balance Sheet
Governmental Funds
June 30, 2020

	General	Special Aid	Capital Projects
ASSETS			
Cash and equivalents	\$ 6,614,757	\$ 54,360	\$ 33,700,629
Receivables			
Accounts	24,084	-	-
State and Federal aid	292,036	253,371	-
Due from other governments	102,428	-	-
Due from other funds	552,834	-	-
Inventories	-	-	-
Prepaid expenditures	420,707	-	-
Total Assets	<u>\$ 8,006,846</u>	<u>\$ 307,731</u>	<u>\$ 33,700,629</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 198,639	\$ 8,324	\$ 3,336,354
Accrued liabilities	82,609	-	-
Unearned revenues	35,225	24,746	-
Due to other governments	43,010	-	-
Due to other funds	-	274,661	562,360
Due to retirement systems	2,029,791	-	-
Total Liabilities	<u>2,389,274</u>	<u>307,731</u>	<u>3,898,714</u>
Fund balances			
Nonspendable	420,707	-	-
Restricted	640,922	-	29,801,915
Assigned	1,583,051	-	-
Unassigned	2,972,892	-	-
Total Fund Balances	<u>5,617,572</u>	<u>-</u>	<u>29,801,915</u>
Total Liabilities and Fund Balances	<u>\$ 8,006,846</u>	<u>\$ 307,731</u>	<u>\$ 33,700,629</u>

The notes to the financial statements are an integral part of this statement.

<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ 593,759	\$ 40,963,505
-	24,084
-	545,407
-	102,428
289,807	842,641
8,717	8,717
-	420,707
<u>\$ 892,283</u>	<u>\$ 42,907,489</u>

\$ 123	\$ 3,543,440
-	82,609
40,959	100,930
-	43,010
5,620	842,641
-	2,029,791
<u>46,702</u>	<u>6,642,421</u>

9,717	430,424
780,002	31,222,839
55,862	1,638,913
-	2,972,892
<u>845,581</u>	<u>36,265,068</u>
<u>\$ 892,283</u>	<u>\$ 42,907,489</u>

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Blind Brook - Rye Union Free School District, New York

**Reconciliation of Governmental Funds Balance Sheet to
the District-Wide Statement of Net Position
June 30, 2020**

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because

Fund Balances - Total Governmental Funds	\$ 36,265,068
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	46,600,352
Governmental funds do not report the effect of losses on refunding bonds and assets or liabilities related to net pension and post employment benefit obligations whereas these amounts are deferred and amortized in the statement of activities.	
Deferred loss on refunding bonds	49,000
Deferred amounts on net pension assets (liabilities)	7,721,522
Deferred amounts on other postemployment benefit obligations	14,607,360
	22,377,882
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Net pension assets	3,067,407
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(874,054)
Bonds payable	(56,918,344)
Energy performance contract payable	(2,280,941)
Compensated absences	(387,187)
Net pension obligation	(2,710,508)
Retirement incentive payable	(275,000)
Other post employment benefit obligations payable	(92,688,944)
	(156,134,978)
Net Position of Governmental Activities	\$ (47,824,269)

The notes to financial statements are an integral part of this statement.

Blind Brook - Rye Union Free School District, New York

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2020

	General	Special Aid	Capital Projects
REVENUES			
Real property taxes	\$ 38,601,271	\$ -	\$ -
Other tax items	1,420,380	-	-
Non-property taxes	494,116	-	-
Charges for services	750,385	-	-
Use of money and property	259,927	-	-
Sale of property and compensation for loss	40,245	-	-
State aid	3,217,614	95,990	-
Federal aid	-	450,709	-
Food sales	-	-	-
Miscellaneous	89,253	-	-
Total Revenues	44,873,191	546,699	-
EXPENDITURES			
Current			
General support	3,617,403	-	-
Instruction	26,468,777	570,697	-
Pupil transportation	1,099,261	-	-
Employee benefits	9,479,167	-	-
Cost of food sales	-	-	-
Capital outlay	-	-	12,941,994
Debt service			
Principal	2,050,430	-	-
Interest	690,413	-	-
Total Expenditures	43,405,451	570,697	12,941,994
Excess (Deficiency) of Revenues Over Expenditures	1,467,740	(23,998)	(12,941,994)
OTHER FINANCING SOURCES (USES)			
Bonds issued	-	-	44,665,000
Transfers in	54,064	23,998	249,844
Transfers out	(273,842)	-	(19,064)
Total Other Financing Sources (Uses)	(219,778)	23,998	44,895,780
Net Change in Fund Balances	1,247,962	-	31,953,786
FUND BALANCES (DEFICITS)			
Beginning of Year	4,369,610	-	(2,151,871)
End of Year	\$ 5,617,572	\$ -	\$ 29,801,915

The notes to financial statements are an integral part of this statement.

<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ 38,601,271
-	1,420,380
-	494,116
-	750,385
310,586	570,513
-	40,245
-	3,313,604
-	450,709
301,625	301,625
30,722	119,975
<u>642,933</u>	<u>46,062,823</u>
-	3,617,403
29,617	27,069,091
-	1,099,261
-	9,479,167
349,830	349,830
-	12,941,994
-	2,050,430
-	690,413
<u>379,447</u>	<u>57,297,589</u>
<u>263,486</u>	<u>(11,234,766)</u>
-	44,665,000
-	327,906
<u>(35,000)</u>	<u>(327,906)</u>
<u>(35,000)</u>	<u>44,665,000</u>
228,486	33,430,234
<u>617,095</u>	<u>2,834,834</u>
<u>\$ 845,581</u>	<u>\$ 36,265,068</u>

Blind Brook - Rye Union Free School District, New York

**Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Year Ended June 30, 2020**

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because

Net Change in Fund Balances - Total Governmental Funds	\$ 33,430,234
 Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay expenditures	13,025,861
Depreciation expense	<u>(1,087,272)</u>
	<u>11,938,589</u>
 Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Bonds issued	(44,665,000)
Principal paid on serial bonds	1,860,000
Principal paid on energy performance contract debt	190,430
Amortization of loss on refunding bonds and issuance premium	<u>211,202</u>
	<u>(42,403,368)</u>
 Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Accrued interest	(648,853)
Compensated absences	43,802
Retirement incentive payable	86,500
Pension assets (obligations)	(2,590,992)
Other post employment benefit obligations payable	<u>(7,657,873)</u>
	<u>(10,767,416)</u>
 Change in Net Position of Governmental Activities	 <u><u>\$ (7,801,961)</u></u>

The notes to financial statements are an integral part of this statement.

Blind Brook - Rye Union Free School District, New York

Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual
 General Fund
 Year Ended June 30, 2020

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
REVENUES				
Real property taxes	\$ 38,601,271	\$ 38,601,271	\$ 38,601,271	\$ -
Other tax items	1,420,380	1,420,380	1,420,380	-
Non-property taxes	370,000	370,000	494,116	124,116
Charges for services	767,271	767,271	750,385	(16,886)
Use of money and property	385,000	385,000	259,927	(125,073)
Sale of property and compensation for loss	-	-	40,245	40,245
State aid	3,241,799	3,241,799	3,217,614	(24,185)
Miscellaneous	122,400	122,400	89,253	(33,147)
Total Revenues	44,908,121	44,908,121	44,873,191	(34,930)
EXPENDITURES				
Current				
General support	4,056,871	4,082,850	3,617,403	465,447
Instruction	27,855,701	27,905,155	26,468,777	1,436,378
Pupil transportation	1,494,408	1,504,685	1,099,261	405,424
Community services	1,000	1,000	-	1,000
Employee benefits	10,107,443	10,099,943	9,479,167	620,776
Debt service				
Principal	2,091,430	2,050,430	2,050,430	-
Interest	670,998	690,413	690,413	-
Total Expenditures	46,277,851	46,334,476	43,405,451	2,929,025
Excess (Deficiency) of Revenues Over Expenditures	(1,369,730)	(1,426,355)	1,467,740	2,894,095
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	50,000	54,064	4,064
Transfers out	(40,223)	(290,067)	(273,842)	16,225
Total Other Financing Sources (Uses)	9,777	(240,067)	(219,778)	20,289
Net Change in Fund Balance	(1,359,953)	(1,666,422)	1,247,962	2,914,384
FUND BALANCE				
Beginning of Year	1,359,953	1,666,422	4,369,610	2,703,188
End of Year	\$ -	\$ -	\$ 5,617,572	\$ 5,617,572

The notes to financial statements are an integral part of this statement.

Blind Brook - Rye Union Free School District, New York

Statement of Assets and Liabilities

Fiduciary Fund

June 30, 2020

	<u>Agency Fund</u>
ASSETS	
Cash and equivalents	\$ 171,628
Accounts receivable	<u>708</u>
Total Assets	<u><u>\$ 172,336</u></u>
LIABILITIES	
Deposits payable	\$ 114,367
Student activity funds	<u>57,969</u>
Total Liabilities	<u><u>\$ 172,336</u></u>

The notes to financial statements are an integral part of this statement.

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements
June 30, 2020

Note 1 - Summary of Significant Accounting Policies

The Blind Brook - Rye Union Free School District, New York ("School District"), as presently constituted, was established in 1950 and operates in accordance with the provisions of the Education Law of the State of New York. The Board of Education is the legislative body responsible for overall operation of the School District and is elected by the voters of the School District. The Superintendent serves as the chief executive officer. The School District's primary function is to provide education for its pupils. Services such as transportation of pupils, administration, finance and plant maintenance support the primary function.

The accounting policies of the School District conform to generally accepted accounting principles for local governmental units and the Uniform System of Accounts as prescribed by the State of New York. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the School District's more significant accounting policies:

A. Financial Reporting Entity

The financial reporting entity consists of a) the primary government, which is the School District, b) organizations for which the School District is financially accountable and c) other organizations for which the nature and significance of their relationship with the School District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete as set forth by GASB.

In evaluating how to define the School District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the School District's reporting entity was made by applying the criteria set forth by GASB, including legal standing, fiscal dependency and financial accountability. Based upon the application of these criteria, there are no other entities which would be included in the financial statements.

The School District participates in the Southern Westchester Board of Cooperative Educational Services ("BOCES"), a jointly governed entity. BOCES is a voluntary cooperative association of school districts in a geographic area that share planning, services and programs, which provide educational and support services. BOCES' governing board is elected based on the vote of members of the participating district's governing boards. BOCES' budget is comprised of separate budgets for administrative, program and capital costs. BOCES charges the districts for program costs based on participation and for administrative and capital costs. Each component school district's share of administrative and capital costs is determined by resident public school enrollment as defined in Education Law. Copies of BOCES' financial statement can be requested from Southern Westchester BOCES, 17 Berkley Drive, Rye Brook, New York 10573.

B. District-Wide Financial Statements

The district-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the School District as a whole. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used.

The Statement of Net Position presents the financial position of the School District at the end of its fiscal year. The Statement of Activities demonstrates the degree to which direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are

Note 1 - Summary of Significant Accounting Policies (Continued)

clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods or services, or privileges provided by a given function or segment, (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment and (3) interest earned on grants that is required to be used to support a particular program. Taxes and other items not identified as program revenues are reported as general revenues. The School District does not allocate indirect expenses to functions in the Statement of Activities.

Separate financial statements are provided for governmental and fiduciary funds, even though the latter is excluded from the district-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Fund Financial Statements

The accounts of the School District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts which comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The School District maintains the minimum number of funds consistent with legal and managerial requirements. The focus of governmental fund financial statements is on major funds as that term is defined in professional pronouncements. Each major fund is to be presented in a separate column, with non-major funds, if any, aggregated and presented in a single column. Fiduciary funds are reported by type. Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the district-wide statements' governmental activities column, a reconciliation is presented on the pages following, which briefly explain the adjustments necessary to transform the fund based financial statements into the governmental activities column of the district-wide presentation. The School District's resources are reflected in the fund financial statements in two broad fund categories, in accordance with generally accepted accounting principles as follows:

Fund Categories

- a. **Governmental Funds** - Governmental Funds are those through which most general government functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The following represents the School District's major governmental funds.

General Fund - The General Fund constitutes the primary fund of the School District and is used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds - Special revenue funds are established to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The major special revenue fund of the School District is the Special Aid Fund. The Special Aid Fund is used to account for special projects or programs supported in whole or in part with Federal or State funds. The major revenues of this fund are Federal and State aid.

Note 1 - Summary of Significant Accounting Policies (Continued)

Capital Projects Fund - The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for capital outlays, including the acquisition or construction of major capital facilities and other capital assets.

The School District also reports the following non-major governmental funds:

Special Revenue Funds:

School Lunch Fund - The School Lunch Fund is used to record the operations of the lunch program of the School District.

Special Purpose Fund - The Special Purpose Fund is used to account for assets held by the School District in accordance with the terms of a trust agreement.

Debt Service Fund - The Debt Service Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditures for principal and interest, and for financial resources that are being accumulated for principal and interest maturing in future years.

Permanent Fund - The Permanent Fund is used to account for assets that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the School District's programs.

- b. Fiduciary Fund (Not Included in District-Wide Financial Statements) - The Fiduciary Funds are used to account for assets held by the School District in an agency capacity on behalf of others. Among the activities included in the Agency Fund are the student activity funds. The Agency Fund is also utilized to account for deposits that are payable to other jurisdictions.

D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The 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 (current assets less current liabilities) or economic resources (all assets and liabilities). The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The district-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Agency Fund has no measurement focus but utilizes the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when

Note 1 - Summary of Significant Accounting Policies (Continued)

they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes are considered to be available if collected within sixty days of the fiscal year end. If expenditures are the prime factor for determining eligibility, revenues from Federal and State grants are recognized as revenues when the expenditure is made. A ninety day availability period is generally used for revenue recognition for most other governmental fund revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, net pension liabilities, retirement incentives and other post employment benefit obligations are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position or Fund Balances

Cash and Equivalents, Investments and Risk Disclosure

Cash and Equivalents - Cash and equivalents consist of funds deposited in demand deposit accounts, time deposit accounts and short-term investments with original maturities of less than three months from the date of acquisition.

The School District's deposits and investment policies are governed by State statutes. The School District has adopted its own written investment policy which provides for the deposit of funds in FDIC insured commercial banks or trust companies located within the State. The School District is authorized to use demand deposit accounts, time deposit accounts and certificates of deposit.

Collateral is required for demand deposit accounts, time deposit accounts and certificates of deposit at 100% of all deposits not covered by Federal deposit insurance. The School District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Such obligations include, among other instruments, obligations of the United States and its agencies and obligations of the State and its municipal and school district subdivisions.

Investments - Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its political subdivisions.

The School District follows the provisions of GASB Statement No. 72, "*Fair Value Measurement and Application*", which defines fair value and establishes a fair value hierarchy organized into three levels based upon the input assumptions used in pricing assets. Level 1 inputs have the highest reliability and are related to assets with unadjusted quoted prices in active markets. Level 2 inputs relate to assets with other than quoted prices in active markets which may include quoted prices for similar assets or liabilities or other inputs which can be corroborated by observable market data. Level 3 inputs are unobservable inputs and are used to the extent that observable inputs do not exist.

Note 1 - Summary of Significant Accounting Policies (Continued)

Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The School District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the School District does not invest in any long-term investment obligations.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. GASB Statement No. 40, *"Deposit and Investment Risk Disclosures – an amendment of GASB Statement No. 3"*, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the School District's name. The School District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2020.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The School District does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The School District's investment policy limits the amount on deposit at each of its banking institutions.

Property Taxes Receivable - Real property taxes attach as an enforceable lien on real property as of July 1st and are payable in two installments in September and January. The Town of Rye, New York ("Town") is responsible for the billing and collection of the taxes. The Town guarantees the full payment of the School District warrant and assumes responsibility for uncollected taxes.

Other Receivables - Other receivables include amounts due from other governments and individuals for services provided by the School District. Receivables are recorded and revenues recognized as earned or as specific program expenses/expenditures are incurred. Allowances are recorded when appropriate.

Due From/To Other Funds - During the course of its operations, the School District has numerous transactions between funds to finance operations, provide services and construct assets. To the extent that certain transactions between funds had not been paid or received as of June 30, 2020, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Inventories - Inventories in the School Lunch Fund consist of surplus food and supplies and are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at a stated value which approximates market. These inventories consist primarily of items held for consumption. The cost is recorded as inventory at the time individual inventory items are purchased. The School District uses the consumption method to relieve inventory. In the fund financial statements, reported amounts are

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2020

Note 1 - Summary of Significant Accounting Policies (Continued)

equally offset by nonspendable fund balance, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Prepaid Expenses/Expenditures - Certain payments to vendors reflect costs applicable to future accounting periods, and are recorded as prepaid items using the consumption method in both the district-wide and fund financial statements. Prepaid expenses/expenditures consists of insurance costs and other charges for services, which have been satisfied prior to the end of the fiscal year, but represent items which have been provided for in the subsequent years budget and will benefit such periods. Reported amounts are equally offset by nonspendable fund balance in the fund financial statements, which indicates that these amounts do not constitute "available spendable resources" even though they are a component of current assets.

Capital Assets - Capital assets, which include property, plant and equipment, are reported in the governmental activities column in the district-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

Major outlays for capital assets and improvements are capitalized as projects are constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Land and construction-in-progress are not depreciated. Property, plant and equipment of the School District are depreciated using the straight line method over the following estimated useful lives.

<u>Class</u>	<u>Life in Years</u>
Buildings and Improvements	20-50
Machinery and Equipment	5-15

The costs associated with the acquisition or construction of capital assets are shown as capital outlay expenditures on the governmental fund financial statements. Capital assets are not shown on the governmental fund balance sheet.

Unearned Revenues - Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. In the district-wide financial statements, unearned revenues consists of amounts received in advance and/or grants received before the eligibility requirements have been met.

Unearned revenues in the fund financial statements are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. The School District has reported unearned in Special Aid Fund \$24,746, unearned revenues of \$35,225 in the General Fund for tuition paid in advance and \$40,959 for meal purchases paid in advance in the School Lunch Fund. Such amounts have been deemed to be measurable but not "available" pursuant to generally accepted accounting principles.

Note 1 - Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element 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.

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

Deferred outflows and inflows of resources have been reported on the district-wide Statement of Net Position for the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
New York State and Local Employees' Retirement System	\$ 1,914,266	\$ 87,514
New York State Teachers' Retirement System	10,094,916	4,200,146
Other postemployment benefit obligations	28,349,645	13,742,285
Deferred loss on refunding bonds	49,000	-
	<u>\$ 40,407,827</u>	<u>\$ 18,029,945</u>

The amount reported for the deferred loss on refunding bonds results from the difference in the carrying value of the 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 amounts reported as deferred outflows of resources and deferred inflows of resources in relation to the School District's pension and other postemployment benefit obligations are detailed in Note 3E.

Long-Term Liabilities - In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are expended as incurred.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, 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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as Capital Projects Fund expenditures.

Compensated Absences - The various collective bargaining agreements provide for the payment of accumulated vacation leave upon separation from service. The liability for such accumulated leave is reflected in the district-wide Statement of Net Position as current and long-term liabilities. A liability for these amounts is reported in the governmental funds only if the liability has matured through employee resignation or retirement. The liability for compensated absences includes salary related payments, where applicable.

Note 1 - Summary of Significant Accounting Policies (Continued)

Net Pension Liability (Asset) - The net pension liability (asset) represents the School District's proportionate share of the net pension liability (asset) of the New York State and Local Employees' Retirement System and the New York State Teachers' Retirement System. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 68, *"Accounting and Financial Reporting for Pensions"* and GASB Statement No. 71, *"Pension Transition for Contributions Made Subsequent to the Measurement Date"*.

Net Position - Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position on the Statement of Net Position includes net investment in capital assets, restricted for debt service, tax certiorari, retirement contributions, special purposes and Permanent Fund. The balance is classified as unrestricted.

Fund Balance - Generally, fund balance represents the difference between current assets and deferred outflows of resources and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the School District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Under this standard, the fund balance classifications are as follows:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in the General Municipal Law or the Education Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision making authority. The Board of Education is the highest level of decision making authority for the School District that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the School District removes or changes the purpose by taking the same action that was used to establish the commitment. This classification includes certain amounts established and approved by the Board of Education.

Assigned fund balance, in the General Fund, represents amounts constrained either by policies of the Board of Education for amounts assigned for balancing the subsequent year's budget or the Assistant Superintendent of Finance and Facilities for the amounts assigned for encumbrances. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of

Note 1 - Summary of Significant Accounting Policies (Continued)

an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all funds except the General Fund includes all remaining amounts, except for negative balances, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned fund balance, in the General Fund, represents amounts not classified as nonspendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as nonspendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

In order to calculate the amounts to report as restricted and unrestricted fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the School District's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the School District's policy to use fund balance in the following order: committed, assigned and unassigned.

F. Encumbrances

In governmental funds, encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is generally employed as an extension of formal budgetary integration in the General Fund. Encumbrances outstanding at year-end are reported as assigned fund balance since they do not constitute expenditures or liabilities.

G. Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual result could differ from those estimates, particularly given the significant social and economic disruptions and uncertainties associated with the ongoing COVID-19 ("Coronavirus") pandemic and the mitigation responses, and such differences may be material. (See Note 4B).

H. Subsequent Events Evaluation by Management

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through the date that the financial statements were available to be issued, which date is September 22, 2020.

Note 2 - Stewardship, Compliance and Accountability

A. Budgetary Data

The School District generally follows the procedures enumerated below in establishing the budgetary data reflected in the fund financial statements:

- a) At least seven days prior to the budget hearing, a copy of the budget is made available to the voters.
- b) At the budget hearing, the voters may raise questions concerning the items contained in the budget.
- c) The Board of Education establishes a date for the annual meeting, which by law will be held on the third Tuesday in May.
- d) The voters are permitted to vote upon the General Fund budget at the annual meeting.
- e) If the original proposed budget is not approved by the voters, the Board of Education has the option of either resubmitting the original or revising the budget for voter approval at a special meeting held at a later date; or the Board of Education may, at that point, adopt a contingency budget. If the Board of Education decides to submit either the original or a revised budget to the voters for a second time, and the voters do not approve the second budget submittal, the Board of Education must adopt a contingency budget and the tax levy cannot exceed the total tax levy of the prior year (0% levy growth). In addition, the administrative component of the contingency budget shall not comprise a greater percentage of the contingency budget exclusive of the capital component than the lesser of either 1) the percentage the administrative component had comprised in the prior year budget exclusive of the capital component; or 2) the percentage the administrative component had comprised in the last proposed defeated budget exclusive of the capital component.
- f) Formal budgetary integration is employed during the year as a management control device for the General Fund.
- g) The budget for the General Fund is legally adopted annually on a basis consistent with generally accepted accounting principles. The Capital Projects Fund is budgeted on a project basis. The Board of Education does not adopt an annual budget for the Special Aid, School Lunch, Special Purpose, Debt Service or Permanent funds.
- h) The Board of Education has established legal control of the budget at the function level of expenditures. Transfers between appropriation accounts, at the function level, require approval by the Board of Education. Any modification to appropriations resulting from increases in revenue estimates or supplemental reserve appropriations also require a majority vote by the Board.
- i) Appropriations in the General Fund lapse at the end of the fiscal year, except that outstanding encumbrances are reappropriated in the succeeding year pursuant to the Uniform System of Accounts promulgated by the Office of the State Comptroller.

Budgeted amounts are as originally adopted or as amended by the Board of Education.

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2020

Note 2 - Stewardship, Compliance and Accountability (Continued)**B. Limitation on Fund Balance**

The School District is limited to the amount of committed, assigned and unassigned fund balance, with certain exceptions, that can be retained. New York State law limits this amount of fund balance to 4% of the ensuing year's budget. The School District is currently in excess of this limit.

C. Property Tax Limitation

Chapter 97 of the Laws of 2011, as amended ("Tax Levy Limitation Law"), modified previous law by imposing a limit on the amount of real property taxes that a school district may levy. Prior to its enactment, there was no statutory limitation on the amount of real property taxes that a school district could levy if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to adopt a contingency budget. Under a contingency budget, school budget increases were limited to the lesser of 4% of the prior year's budget or 120% of the consumer price index ("CPI").

Under the Tax Levy Limitation Law, there is now a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the CPI subject to certain exclusions. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

The Tax Levy Limitation Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Tax Levy Limitation Law. However, such exclusion does not apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments.

Note 3 - Detailed Notes on All Funds**A. Due From/To Other Funds**

The composition of interfund balances at June 30, 2020 is as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 552,834	\$ -
Special Aid	-	274,661
Capital Projects	-	562,360
Non-Major Governmental	289,807	5,620
	<u>\$ 842,641</u>	<u>\$ 842,641</u>

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)
 June 30, 2020

Note 3 - Detailed Notes on All Funds (Continued)

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system, and 3) payment between funds are made.

B. Capital Assets

Changes in the School District's capital assets are as follows:

Class	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital Assets, not being depreciated:				
Land	\$ 985,788	\$ -	\$ -	\$ 985,788
Construction-in-progress	<u>2,026,472</u>	<u>12,726,667</u>	<u>336,759</u>	<u>14,416,380</u>
Total Capital Assets, not being depreciated	<u>\$ 3,012,260</u>	<u>\$ 12,726,667</u>	<u>\$ 336,759</u>	<u>\$ 15,402,168</u>
Capital Assets, being depreciated:				
Buildings and Improvements	\$ 54,441,577	\$ 377,177	\$ -	\$ 54,818,754
Machinery and Equipment	<u>1,940,987</u>	<u>258,776</u>	<u>34,219</u>	<u>2,165,544</u>
Total Capital Assets, being depreciated	<u>56,382,564</u>	<u>635,953</u>	<u>34,219</u>	<u>56,984,298</u>
Less Accumulated Depreciation for:				
Buildings and Improvements	23,028,955	1,021,011	-	24,049,966
Machinery and Equipment	<u>1,704,106</u>	<u>66,261</u>	<u>34,219</u>	<u>1,736,148</u>
Total Accumulated Depreciation	<u>24,733,061</u>	<u>1,087,272</u>	<u>34,219</u>	<u>25,786,114</u>
Total Capital Assets, being depreciated, net	<u>\$ 31,649,503</u>	<u>\$ (451,319)</u>	<u>\$ -</u>	<u>\$ 31,198,184</u>
Capital Assets, net	<u>\$ 34,661,763</u>	<u>\$ 12,275,348</u>	<u>\$ 336,759</u>	<u>\$ 46,600,352</u>

Depreciation expense was charged to School District functions and programs as follows:

General support	\$ 7,972
Instruction	1,026,109
Pupil transportation	<u>53,191</u>
Total Depreciation Expense	<u>\$ 1,087,272</u>

C. Accrued Liabilities

Accrued liabilities at June 30, 2020 were as follows:

	<u>General Fund</u>
Payroll and Employee Benefits	<u>\$ 82,609</u>

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)
 June 30, 2020

Note 3 - Detailed Notes on All Funds (Continued)**D. Short-Term Capital Borrowings – Bond Anticipation Notes**

The schedule below details the changes in short-term capital borrowings:

Purpose	Year of Original Issue	Interest Rate	Balance July 1, 2019	New Issues	Redemptions	Balance June 30, 2020
District-wide Improvements	2018	- %	<u>\$ 4,100,000</u>	<u>\$ -</u>	<u>\$ 4,100,000</u>	<u>\$ -</u>

Interest expenditures of \$91,567 were recorded in the General Fund. Interest expense of \$35,192 was recorded in the district-wide financial statements.

Liabilities for bond anticipation notes are generally accounted for in the Capital Projects Fund. Principal payments on bond anticipation notes must be made annually. State law requires that bond anticipation notes issued for capital purposes must be converted to long-term obligations generally within seven years after the original issue date. However, bond anticipation notes issued for assessable improvement projects may be renewed for periods equivalent to the maximum life of the permanent financing, provided that stipulated annual payments of principal are made.

E. Long-Term Liabilities

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2020:

	Balance, July 2019	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2020	Due Within One-Year
General Obligation Bonds Payable:					
Capital Construction	\$ 8,590,000	\$ 44,665,000	\$ 1,675,000	\$ 51,580,000	\$ 3,190,000
Judgments and Claims	4,565,000	-	185,000	4,380,000	190,000
	13,155,000	44,665,000	1,660,000	55,960,000	3,380,000
Plus - Unamortized Premium on Bonds					
	1,193,636	-	235,292	958,344	-
	14,348,636	44,665,000	2,095,292	56,918,344	3,380,000
Energy Performance Contract Payable	2,471,371	-	190,430	2,280,941	194,763
Other Non-current Liabilities:					
Compensated Absences	430,989	-	43,802	387,187	39,000
Net Pension Liability	740,105	1,970,403	-	2,710,508	-
Retirement Incentive Payable	381,500	-	86,500	275,000	55,000
Other Post Employment Benefit Obligations	80,403,994	13,819,317	1,534,367	92,688,944	-
Total Other Non-Current Liabilities	81,936,588	15,789,720	1,664,669	96,061,639	94,000
Total Long-Term Liabilities	<u>\$ 98,756,595</u>	<u>\$ 60,454,720</u>	<u>\$ 3,950,391</u>	<u>\$ 155,260,924</u>	<u>\$ 3,668,763</u>

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)
 June 30, 2020

Note 3 - Detailed Notes on All Funds (Continued)

Each governmental fund's liability for general obligation bonds payable, energy performance contract payable, compensated absences, net pension liability, retirement incentive payable and other post employment benefit obligations is liquidated by the General Fund.

General Obligation Bonds Payable

General obligation bonds payable at June 30, 2020 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2020
Refunding Bonds	2011	\$ 8,405,000	February, 2021	5.00%	\$ 810,000
Refunding Bonds	2014	10,085,000	November, 2025	5.00%	6,105,000
Tax Certiorari	2018	4,752,354	February, 2038	3.00-3.250%	4,380,000
District-Wide Reconstruction	2019	44,665,000	October, 2039	2.250-2.50%	44,665,000
					<u>\$ 55,960,000</u>

Interest expenditures of \$543,994 were recorded in the fund financial statements in the General Fund. Interest expense of \$1,039,995 was recorded in the district-wide financial statements.

Energy Performance Contract Payable

The School District, in January 2015, entered into a \$3,070,767 contractual agreement to install energy savings equipment and/or to upgrade existing facilities to enhance performance. The terms of the contract provide for repayment over fifteen years, with semi-annual installments of \$122,641, including interest, through July 2030. Payments include interest at 2.26%. The contract further provides that the savings in energy costs resulting from this modernization will equal or exceed the lease payment terms. The balance due at June 30, 2020 was \$2,280,941.

Interest expenditures of \$54,852 were recorded in the fund financial statements in the General Fund. Interest expense of \$52,877 was recorded in the district-wide financial statements.

Payments to Maturity

The annual requirements to amortize all bonded and energy performance contract debt outstanding as of June 30, 2020 including interest payments of \$14,466,376 are as follows:

Year Ending June 30,	General Obligation Bonds		Energy Performance Contract		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 3,380,000	\$ 1,988,153	\$ 194,763	\$ 50,518	\$ 3,574,763	\$ 2,038,671
2022	3,075,000	1,341,807	199,195	46,086	3,274,195	1,387,693
2023	3,150,000	1,243,763	203,728	41,553	3,353,728	1,285,316
2024	3,235,000	1,142,575	208,364	36,917	3,443,364	1,179,492
2025	3,320,000	1,038,063	213,106	32,176	3,533,106	1,070,239
2026-2030	12,880,000	3,997,858	1,140,517	85,890	14,020,517	4,083,748
2031-2035	12,995,000	2,537,714	121,268	1,372	13,116,268	2,539,086
2036-2040	13,925,000	881,931	-	-	13,925,000	881,931
	<u>\$ 55,960,000</u>	<u>\$ 14,171,864</u>	<u>\$ 2,280,941</u>	<u>\$ 294,512</u>	<u>\$ 58,240,941</u>	<u>\$ 14,466,376</u>

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2020

Note 3 - Detailed Notes on All Funds (Continued)

The above general obligation bonds and energy performance contract debt are direct obligations of the School District for which its full faith and credit are pledged and are payable from taxes levied on all taxable real property within the School District.

Compensated Absences

Under the terms of existing collective bargaining agreements, the School District is required to compensate its employees for accumulated vacation and sick time which does not exceed limits stated in the respective agreements. The value of the compensated absences has been reflected in the district-wide financial statements.

Pension Plans

New York State and Local Retirement System and Teachers' Retirement System

The School District participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all assets and record changes in fiduciary net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, 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 School District also participates in the Public Employees' Group Life Insurance Plan, which provides death benefits in the form of life insurance. The ERS 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/about_us/financial_statements_index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The School District also participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the TRS, 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 TRS issues a stand-alone financial report which may be found at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)
 June 30, 2020

Note 3 - Detailed Notes on All Funds (Continued)

ERS and TRS are noncontributory for employees who joined the systems before July 27, 1976. Employees who joined the systems after July 27, 1976 and before January 1, 2010 contribute 3% of their salary for the first ten years of membership. Employees who joined the systems after January 1, 2010 generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees. The employer contribution rates for the plans' year ending in 2020 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	3 A14	16.1 %
	4 A15	16.1
	5 A15	13.4
	6 A15	9.6
TRS	1-6	8.86 %

At June 30, 2020, the School District reported the following for its proportionate share of the net pension liability (asset) for ERS and TRS:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2020	June 30, 2019
Net pension liability (asset)	\$ 2,710,508	\$ (3,067,407)
School Districts' proportion of the net pension liability (asset)	0.0102358 %	0.118068 %
Change in proportion since the prior measurement date	(0.0002098) %	(0.003108) %

The net pension liability (asset) was measured as of March 31, 2020 for ERS and June 30, 2019 for TRS and the total pension liability used to calculate the net pension liability (asset) were determined by actuarial valuations as of those dates. The School District's proportion of the net pension liability for ERS was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. The School District's proportion of the net pension asset for TRS was based on the School District's contributions to the pension plan relative to the contributions of all participating members.

For the year ended June 30, 2020, the School District recognized pension expense in the district-wide financial statements of \$4,834,437 (\$996,113 for ERS and \$3,838,324 for TRS). Pension expenditures for ERS of \$484,289 and \$1,759,156 for TRS were recorded in the fund financial statements in the General Fund.

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2020

Note 3 - Detailed Notes on All Funds (Continued)

At June 30, 2020, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	ERS		TRS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 159,524	\$ -	\$ 2,078,704	\$ 228,098
Changes of assumptions	54,577	47,126	5,794,743	1,412,922
Net difference between projected and actual earnings on pension plan investments	1,389,538	-	-	2,459,902
Changes in proportion and differences between School District contributions and proportionate share of contributions	171,332	40,388	444,535	99,224
School District contributions subsequent to the measurement date	139,295	-	1,776,934	-
	<u>\$ 1,914,266</u>	<u>\$ 87,514</u>	<u>\$ 10,094,916</u>	<u>\$ 4,200,146</u>
Total				
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 2,238,228	\$ 228,098		
Changes of assumptions	5,849,320	1,460,048		
Net difference between projected and actual earnings on pension plan investments	1,389,538	2,459,902		
Changes in proportion and differences between School District contributions and proportionate share of contributions	615,867	139,612		
School District contributions subsequent to the measurement date	1,916,229	-		
	<u>\$ 12,009,182</u>	<u>\$ 4,287,660</u>		

\$139,295 reported as deferred outflows of resources related to ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the plan's year ended March 31, 2021. The \$1,776,934 reported as deferred outflows of resources related to TRS will be recognized as an increase of the net pension asset in the plan's year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and TRS will be recognized in pension expense as follows:

Year Ended	March 31,	June 30,
	ERS	TRS
2020	\$ -	\$ 1,436,800
2021	319,375	137,117
2022	428,977	1,431,770
2023	521,081	989,131
2024	418,024	184,948
Thereafter	-	(61,930)

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)

June 30, 2020

Note 3 - Detailed Notes on All Funds (Continued)

The total pension liability for the ERS and TRS measurement dates were determined by using actuarial valuation dates as noted below, with update procedures used to roll forward the total pension liabilities to those measurement dates. Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	March 31, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Investment rate of return	6.8% *	7.1% *
Salary scale	4.2%	1.90%-4.72%
Inflation rate	2.5%	2.2%
Cost of living adjustments	1.3%	1.3%

*Compounded annually, net of pension plan investment expenses, including inflation.

For ERS, annuitant mortality rates are based on the ERS's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2018. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2018, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions used in the ERS valuation were based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015. The actuarial assumptions used in the TRS valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014.

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

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

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2020

Note 3 - Detailed Notes on All Funds (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation is summarized in the following table:

Asset Type	ERS March 31, 2020		TRS June 30, 2019	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	36 %	4.05 %	33 %	6.3 %
International Equity	14	6.15	16	7.8
Private Equity	10	6.75	8	9.9
Real Estate	10	4.95	11	4.6
Domestic Fixed Income Securities	-	-	16	1.3
Global Fixed Income Securities	-	-	2	0.9
High Yield Fixed Income Securities	-	-	1	3.6
Global Equities	-	-	4	7.2
Private Debt	-	-	1	6.5
Real Estate Debt	-	-	7	2.9
Absolute Return Strategies	2	3.25	-	-
Opportunistic Portfolio	3	4.65	-	-
Real Assets	3	5.95	-	-
Bonds and Mortgages	17	0.75	-	-
Cash	1	-	1	0.3
Inflation Indexed Bonds	4	0.50	-	-
	<u>100 %</u>		<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.5% for ERS and 2.2% for TRS.

The discount rate used to calculate the total pension liability was 6.8% for ERS and 7.1% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 6.8% for ERS and 7.1% for TRS, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.8% for ERS and 6.1% for TRS) or 1 percentage point higher (7.8% for ERS and 8.1% for TRS) than the current rate:

Blind Brook - Rye Union Free School District, New York**Notes to Financial Statements (Continued)**

June 30, 2020

Note 3 - Detailed Notes on All Funds (Continued)

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
School District's proportionate share of the ERS net pension liability	<u>\$ 4,974,548</u>	<u>\$ 2,710,508</u>	<u>\$ 625,318</u>
	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
School District's proportionate share of the TRS net pension liability (asset)	<u>\$ 13,845,956</u>	<u>\$ (3,067,407)</u>	<u>\$ (17,255,811)</u>

The components of the collective net pension liability (asset) as of the March 31, 2020 ERS measurement date and the June 30, 2019 TRS measurement date were as follows:

	ERS	TRS
Total pension liability	\$ 194,596,261,000	\$ 119,879,473,882
Fiduciary net position	<u>168,115,682,000</u>	<u>122,477,480,654</u>
Employers' net pension liability (asset)	<u>\$ 26,480,579,000</u>	<u>\$ (2,598,006,772)</u>
Fiduciary net position as a percentage of total pension liability	<u>86.39%</u>	<u>102.17%</u>

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly.

Employer and employee contributions for the year ended June 30, 2020 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the School District to TRS. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid TRS wages multiplied by the employers' contribution rate plus employee contributions for the fiscal year as reported to TRS.

Accrued retirement contributions as of June 30, 2020 were \$139,295 to ERS and \$1,890,496 to TRS (including employee contributions of \$113,562).

Voluntary Defined Contribution Plan

The School District can offer a defined contribution plan to all non-union employees hired on or after July 1, 2013 and earning at the annual full-time salary rate of \$75,000 or more. The employee contribution is between 3% and 6% depending on salary and the School District will contribute 8%. Employer contributions vest after 366 days of service. No current employees participated in this program.

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2020

Note 3 - Detailed Notes on All Funds (Continued)

Retirement Incentive Payable

In a prior year, the School District entered into a retirement incentive agreement with an employee. The School District agreed to provide for forty quarterly payments of \$13,750 commencing in July, 2015. The balance due at June 30, 2020 is \$275,000.

Other Post Employment Benefit Obligations ("OPEB")

In addition to providing pension benefits, the School District provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the School District may vary according to length of service. The cost of providing post employment health care benefits is shared between the School District and the retired employee as noted below. Substantially all of the School District's employees may become eligible for those benefits if they reach normal retirement age while working for the School District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

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

Inactive employees currently receiving benefit payments	103
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>210</u>
	<u>313</u>

The School District's total OPEB liability of \$92,688,944 was measured as of June 30, 2020 and was determined by an actuarial valuation as of July 1, 2018.

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.20%
Salary increases	Varied by years of service and retirement system
Discount rate	2.21%
Healthcare cost trend rates	5.4% for 2020 decreasing to an ultimate rate of 3.84% by 2075
Retirees' share of benefit-related costs	Varies from 0% to 100%, depending on applicable retirement year and bargaining unit

The discount rate was set equal to the yield or index rate for 20 year tax exempt general obligation municipal bonds with an average rating of AA or higher.

Mortality rates were based on Pub-2010 Teachers and General Employees Headcount-Weighted table projections fully generationally using MP-2019.

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2020

Note 3 - Detailed Notes on All Funds (Continued)

The School District's change in the total OPEB liability for the year ended June 30, 2020 is as follows:

Total OPEB Liability - Beginning of Year	\$ 80,403,994
Service cost	3,931,264
Interest	2,933,472
Changes of benefit terms	-
Differences between expected and actual experience	(12,154,764)
Changes of assumptions or other inputs	19,109,345
Benefit payments	(1,534,367)
Total OPEB Liability - End of Year	<u>\$ 92,688,944</u>

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

	1% Decrease (1.21%)	Current Assumption (2.21%)	1% Increase (3.21%)
Total OPEB Liability	<u>\$ 112,088,207</u>	<u>\$ 92,688,944</u>	<u>\$ 77,483,769</u>

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (4.40% decreasing to 2.84%) or 1 percentage point higher (6.40% decreasing to 4.84%) than the current healthcare cost trend rates:

	1% Decrease (4.40% decreasing to 2.84%)	Healthcare Cost Trend Rates (5.40% decreasing to 3.84%)	1% Increase (6.40% decreasing to 4.84%)
Total OPEB Liability	<u>\$ 73,324,802</u>	<u>\$ 92,688,944</u>	<u>\$ 119,006,876</u>

For the year ended June 30, 2020, the School District recognized OPEB expense of \$9,192,240 in the district-wide financial statements. At June 30, 2020, the School 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	\$ 28,349,645	\$ 2,180,804
Differences between expected and actual experience	-	11,561,481
	<u>\$ 28,349,645</u>	<u>\$ 13,742,285</u>

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)
 June 30, 2020

Note 3 - Detailed Notes on All Funds (Continued)

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

Year Ended June 30,	
2021	\$ 2,327,504
2022	2,327,504
2023	2,327,504
2024	2,327,504
2025	2,327,504
Thereafter	2,969,840

F. Revenues and Expenditures**Interfund Transfers**

Interfund transfers are defined as the flow of assets, such as cash or goods and services, without equivalent flows of assets in return. The interfund transfers reflected below have been reported as transfers.

Transfers Out	Transfers In			Total
	General Fund	Special Aid Fund	Capital Projects Fund	
General Fund	\$ -	\$ 23,998	\$ 249,844	\$ 273,842
Capital Projects Fund	19,064	-	-	19,064
Non-Major Governmental	35,000	-	-	35,000
	<u>\$ 54,064</u>	<u>\$ 23,998</u>	<u>\$ 249,844</u>	<u>\$ 327,906</u>

Transfers are used to 1) move amounts earmarked in the operating funds to fulfill commitments for Special Aid and Capital Projects funds expenditures, 2) move unexpended monies from the Capital Projects Fund to the General Fund and 3) move funds from the Debt Service Fund to the General Fund to satisfy unanticipated debt service obligations.

G. Net Position

The components of net position are detailed below:

Net Investment in Capital Assets - the component of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, excluding unexpended proceeds, that is directly attributable to the acquisition, construction or improvement of those assets.

Restricted for Debt Service - the component of net position that reports the difference between assets and liabilities of the Debt Service Fund with constraints placed on their use by Local Finance Law.

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2020

Note 3 - Detailed Notes on All Funds (Continued)

Restricted for Tax Certiorari - the component of net position that has been established in accordance with the Education Law of the State of New York to provide funding for court ordered tax refunds which are currently in process.

Restricted for Retirement Contributions - the component of net position that reports the amounts set aside to be used for ERS retirement costs in accordance with Section 6-r of the General Municipal Law of the State of New York.

Restricted for Special Purposes - the component of net position that reports the difference between assets and liabilities with constraints placed on their use by either external parties and/or statute.

Restricted for Permanent Fund - the component of net position that reports the difference between assets and liabilities of the non-expendable trust with constraints placed on their use by external parties.

Unrestricted - all other amounts that do not meet the definition of "restricted" or "net investment in capital assets".

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2020

Note 3 - Detailed Notes on All Funds (Continued)

H. Fund Balances

	2020				2019			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable:								
Inventories	\$ -	\$ -	\$ 8,717	\$ 8,717	\$ -	\$ -	\$ 3,411	\$ 3,411
Prepaid expenditures	420,707	-	-	420,707	426,723	-	-	426,723
Permanent Fund	-	-	1,000	1,000	-	-	1,000	1,000
Total Nonspendable	420,707	-	9,717	430,424	426,723	-	4,411	431,134
Restricted:								
Tax certiorari	42,155	-	-	42,155	41,894	-	-	41,894
Employee benefit accrued liability	359,672	-	-	359,672	400,362	-	-	400,362
Retirement contributions	139,095	-	-	139,095	239,095	-	-	239,095
Retirement contributions - for subsequent year's expenditures	100,000	-	-	100,000	50,000	-	-	50,000
Capital projects	-	29,801,915	-	29,801,915	-	-	-	-
Special purposes	-	-	90,910	90,910	-	-	89,489	89,489
Debt service	-	-	487,292	487,292	-	-	413,908	413,908
Debt service - for subsequent years' expenditures	-	-	200,000	200,000	-	-	-	-
Permanent fund	-	-	1,800	1,800	-	-	1,820	1,820
Total Restricted	640,922	29,801,915	780,002	31,222,839	731,351	-	505,217	1,236,568
Assigned:								
Purchases on order:								
General government support	10,593	-	-	10,593	4,310	-	-	4,310
Instruction	22,458	-	-	22,458	24,146	-	-	24,146
	33,051	-	-	33,051	28,456	-	-	28,456
For subsequent year's expenditures -								
General Fund	1,550,000	-	-	1,550,000	1,331,497	-	-	1,331,497
School Lunch Fund	-	-	55,862	55,862	-	-	107,467	107,467
Total Assigned	1,583,051	-	55,862	1,638,913	1,359,953	-	107,467	1,467,420
Unassigned	2,972,892	-	-	2,972,892	1,851,583	(2,151,871)	-	(300,288)
Total Fund Balances (Deficits)	\$ 5,617,572	\$ 29,801,915	\$ 845,581	\$ 36,265,068	\$ 4,369,610	\$ (2,151,871)	\$ 617,095	\$ 2,834,834

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2020

Note 3 - Detailed Notes on All Funds (Continued)

Certain elements of fund balance are described above. Those additional elements, which are not reflected in the Statement of Net Position but are reported in the governmental funds balance sheet are described below.

Inventories in the School Lunch Fund have been classified as nonspendable to indicate that a portion of fund balance is not "available" for expenditure because the asset is in the form of commodities and the School District anticipates utilizing them in the normal course of operations.

Prepaid Expenditures represents health insurance payments made in advance. The amount is classified as nonspendable to indicate that funds are not "available" for appropriation or expenditure even though they are a component of current assets.

The corpus of the Permanent Fund has been classified as nonspendable to indicate the portion of the trust with constraints placed on its use by external parties.

Employee Benefit Accrued Liability - the component of fund balance that has been restricted pursuant to Section 6-p of the General Municipal Law of the State of New York to provide funds for the payment of unused sick time and other forms of payment for accrued leave time granted upon termination or separation from service.

Purchases on order are assigned and represent the School District's intention to honor the contracts in process at year-end. The subsequent year's appropriation will be amended to provide authority to complete the transactions.

Subsequent year's expenditures represent that at June 30, 2020, the Board of Education has assigned the above amounts to be appropriated for the ensuing year's budget.

Assigned for School Lunch Fund represents the component of fund balance that reports the difference between assets and liabilities in the School Lunch Fund.

Unassigned fund balance in the General Fund represents amounts not classified as nonspendable, restricted, committed or assigned.

Note 4 - Summary Disclosure of Significant Contingencies

A. Litigation

The School District is a defendant in actions in which, on occasion, parents seek reimbursement for tuition paid by them to private schools where they have unilaterally placed (enrolled) their children. If the parents' were successful in the claim, they could receive reimbursement for both tuition and attorney's fees. The School District vigorously contests any liability for these claims, as it feels: a) it had provided an appropriate placement for the children at issue; and b) the parents' unilateral placement are not consistent with the Individuals with Educational Disabilities Act. As mentioned above, the School District is contesting that any and all cases should be dismissed. However, it is not possible to express an opinion on the outcome of these matters.

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2020

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

B. Contingencies

The School District participates in various Federal grant programs. These programs are subject to program compliance audits pursuant to the Uniform Guidance. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

The School District is subject to audits of State aid by the New York State Education Department. The amount of aid previously paid to the School District which may be disallowed cannot be determined at this time, although the School District anticipates such amounts, if any, to be immaterial.

Coronavirus

On March 11, 2020, the World Health Organization declared a global pandemic as a result of the spread of Coronavirus. This was followed by the President of the United States declaring the outbreak of Coronavirus a national emergency on March 13, 2020.

Preceding these announcements, the Governor of the State of New York declared a state of emergency on March 7, 2020 and has since issued multiple Executive Orders regarding the pandemic. Furthermore, the Enacted 2020-21 New York State budget granted the Budget Director the authority to reduce state aid payments to local governments and school districts by any amount needed to achieve a balanced budget. The Budget Director is authorized, under Section 1(f) of Chapter 53 of the Laws of 2020, to withhold all or some of specific local aid payments during state fiscal year 2020-21, that began on April 1, 2020, if the budget is deemed unbalanced and if the Budget Director further determines that such withholding is necessary to respond to the direct and indirect economic financial and social effects of the Coronavirus pandemic ("Reduction Authority").

The ultimate size of any permanent reductions would depend in part on the availability of unrestricted Federal aid. The Federal government has not reached a consensus on additional recovery legislation at this time. Therefore, in the interim, without assurance of Federal aid, New York State has begun withholding a minimum of 20% of most municipal and school district aid payments to achieve the cash flow savings anticipated in the Executive Budget Financial Plan as updated for the Governor's amendments and forecast revisions pursuant to the Reduction Authority. Such measures have already impacted the state aid revenues reported by the School District for the year ended June 30, 2020.

In addition to these New York State actions, the School District's economically sensitive revenues (i.e., sales tax distributions, interest earnings, charges for services) are being negatively impacted. Meanwhile, the School District's expenditures on health and safety measures (personal protective equipment, sanitizing supplies, custodial overtime, technology acquisitions to support remote work and remote learning, additional bus runs to lower capacity) will increase significantly.

The outbreak of the Coronavirus and the dramatic steps taken by the Federal government and New York State to address it will continue to negatively affect New York State and its local economies. The full impact of the Coronavirus on New York State's operations and financial

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Concluded)
June 30, 2020

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

condition is not expected to be known for some time. Similarly, the degree of the impact on the School District's future operations and finances as a result of the Coronavirus is extremely difficult to predict due to uncertainties relating to its duration and severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including New York State, to contain or mitigate its effects. The spread of the outbreak or reemergence later in the year could have a material adverse financial effect on New York State and local municipalities, including the School District. The School District is continuously monitoring the situation and will take such proactive measures as may be required to maintain operations and meet its obligations. Given this level of uncertainty, management cannot reasonably estimate the actual impact on the School District's future financial position at this time.

C. Risk Management

The School District and other school districts have formed a reciprocal insurance company to be owned by these districts. This Company operates under an agreement effective July 1, 1989. The purpose of the Company is to provide general liability, auto liability, all risk building and contents and auto physical damage coverage. In addition, as part of the reciprocal program, excess insurance, school board legal liability, equipment floaters, boilers and machinery and crime and bond coverages will be purchased from commercial carriers and be available to the subscriber districts. The Company retains a management company which is responsible for the overall supervision and management of the reciprocal. The reciprocal is managed by a Board of Governors and an Attorney-in-fact, which is comprised of employees of the subscriber districts. The subscribers have elected those who sit on the board and each subscriber has a single vote. The Company is an "assessable" insurance company, in that, the subscribers are severally liable for any financial shortfall of the Company and can be assessed their proportionate share by the State Insurance Department if the funds of the Company are less than what is required to satisfy its liabilities. The subscriber districts are required to pay premiums as well as a minimal capital contribution.

The School District purchases various insurance coverages to reduce its exposure to loss. The School District maintains a general liability insurance policy with coverage up to \$1 million, an umbrella liability policy with coverage of \$15 million and liability coverage for school board members up to \$1 million.

The School District and neighboring school districts in Southern Westchester County, participate in the Southern Westchester Schools Cooperative Self-Insurance Plan for Workers' Compensation. The purpose of the Plan is to provide efficient and economical evaluation, processing, administration, defense and payment of claims against plan members for workers' compensation and to provide for risk management to reduce future liability for workers' compensation and employers' liability payments. The Plan is managed and governed by a Board of Trustees comprised of a representative from each district. Billings are based upon participants' experience rating and payroll reported for the prior year. The School District has transferred all related risk to the Plan.

Health benefits are provided to employees through the New York State Health Insurance Program. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Blind Brook - Rye Union Free School District, New York

Required Supplementary Information - Schedule of Changes in the School District's Total OPEB Liability and Related Ratios Last Ten Fiscal Years (1) (2)

	2020	2019	2018
Total OPEB Liability:			
Service cost	\$ 3,931,264	\$ 2,233,299	\$ 2,317,944
Interest	2,933,472	2,503,173	2,236,290
Changes of benefit terms	-	(310,774)	-
Differences between expected and actual experience	(12,154,764)	(1,234,751)	-
Changes of assumptions or other inputs	19,109,345	15,505,292	(3,157,712)
Benefit payments	(1,534,367)	(1,466,908)	(1,376,099)
Net Change in Total OPEB Liability	12,284,950	17,229,331	20,423
Total OPEB Liability – Beginning of Year	80,403,994	63,174,663	63,154,240 (3)
Total OPEB Liability – End of Year	<u>\$ 92,688,944</u>	<u>\$ 80,403,994</u>	<u>\$ 63,174,663</u>
School District's covered-employee payroll	<u>\$ 25,017,059</u>	<u>\$ 24,744,248</u>	<u>\$ 24,482,203</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>370.50%</u>	<u>324.94%</u>	<u>258.04%</u>

(1) Data not available prior to fiscal year 2018 implementation of Governmental Accounting Standards Board Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions".

(2) No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

(3) Restated for the implementation of the provisions of GASB Statement No. 75.

See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

Required Supplementary Information
New York State Teachers' Retirement System
Last Ten Fiscal Years (1)

Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) (2)

	2020 (5)	2019	2018 (4)	2017 (3)	2016	2015
School District's proportion of the net pension liability (asset)	<u>0.118068%</u>	<u>0.121176%</u>	<u>0.125340%</u>	<u>0.124916%</u>	<u>0.122283%</u>	<u>0.124797%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ (3,067,407)</u>	<u>\$ (2,191,185)</u>	<u>\$ (952,709)</u>	<u>\$ 1,337,899</u>	<u>\$ (12,701,354)</u>	<u>\$ (13,901,646)</u>
School District's covered payroll	<u>19,858,267</u>	<u>\$ 19,615,220</u>	<u>\$ 19,788,608</u>	<u>\$ 19,509,451</u>	<u>\$ 18,719,625</u>	<u>\$ 18,434,511</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>(15.45%)</u>	<u>(11.17%)</u>	<u>(4.81%)</u>	<u>6.86%</u>	<u>(67.85%)</u>	<u>(75.41%)</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>102.20%</u>	<u>101.53%</u>	<u>100.66%</u>	<u>99.01%</u>	<u>110.46%</u>	<u>111.48%</u>

Schedule of Contributions

	2020	2019	2018	2017	2016	2015
Contractually required contribution	<u>\$ 1,776,934</u>	<u>\$ 2,108,948</u>	<u>\$ 1,922,292</u>	<u>\$ 2,319,225</u>	<u>\$ 2,586,952</u>	<u>\$ 3,281,550</u>
Contributions in relation to the contractually required contribution	<u>(1,776,934)</u>	<u>(2,108,948)</u>	<u>(1,922,292)</u>	<u>(2,319,225)</u>	<u>(2,586,952)</u>	<u>(3,281,550)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	<u>\$ 20,055,687</u>	<u>\$ 19,858,267</u>	<u>\$ 19,615,220</u>	<u>\$ 19,788,608</u>	<u>\$ 19,509,451</u>	<u>\$ 18,719,625</u>
Contributions as a percentage of covered payroll	<u>8.86%</u>	<u>10.62%</u>	<u>9.80%</u>	<u>11.72%</u>	<u>13.26%</u>	<u>17.53%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".

(2) The amounts presented for each fiscal year were determined as of the June 30 measurement date of the prior fiscal year.

(3) The discount rate used to calculate the total pension liability was decreased from 8.0% to 7.5% effective with the June 30, 2016 measurement date.

(4) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.25% effective with the June 30, 2017 measurement date.

(5) The discount rate used to calculate the total pension liability was decreased from 7.25% to 7.1% effective with the June 30, 2019 measurement date.

See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

Required Supplementary Information
New York State and Local Employees' Retirement System
Last Ten Fiscal Years (1)

Schedule of the School District's Proportionate Share of the Net Pension Liability (2)

	2020 (4)	2019	2018	2017	2016 (3)	2015
School District's proportion of the net pension liability	<u>0.0102358%</u>	<u>0.0104456%</u>	<u>0.0113619%</u>	<u>0.0108352%</u>	<u>0.0107325%</u>	<u>0.0115245%</u>
School District's proportionate share of the net pension liability	<u>\$ 2,710,508</u>	<u>\$ 740,105</u>	<u>\$ 366,698</u>	<u>\$ 1,018,104</u>	<u>\$ 1,722,595</u>	<u>\$ 389,326</u>
School District's covered payroll	<u>\$ 3,732,188</u>	<u>\$ 3,540,471</u>	<u>\$ 3,520,857</u>	<u>\$ 3,610,534</u>	<u>\$ 3,589,864</u>	<u>\$ 3,494,258</u>
School District's proportionate share of the net pension liability as a percentage of its covered payroll	<u>72.63%</u>	<u>20.90%</u>	<u>10.42%</u>	<u>28.20%</u>	<u>47.98%</u>	<u>11.14%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>86.39%</u>	<u>96.27%</u>	<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>

Schedule of Contributions

	2020	2019	2018	2017	2016	2015
Contractually required contribution	<u>\$ 483,800</u>	<u>\$ 485,598</u>	<u>\$ 515,077</u>	<u>\$ 521,470</u>	<u>\$ 575,684</u>	<u>\$ 581,395</u>
Contributions in relation to the contractually required contribution	<u>(483,800)</u>	<u>(485,598)</u>	<u>(515,077)</u>	<u>(521,470)</u>	<u>(575,684)</u>	<u>(581,395)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	<u>\$ 3,776,720</u>	<u>\$ 3,550,692</u>	<u>\$ 3,492,465</u>	<u>\$ 3,633,575</u>	<u>\$ 3,555,324</u>	<u>\$ 3,573,486</u>
Contributions as a percentage of covered payroll	<u>12.81%</u>	<u>13.68%</u>	<u>14.75%</u>	<u>14.35%</u>	<u>16.19%</u>	<u>16.27%</u>

(1) Data not available prior to fiscal year 2015 implementation of Governmental Accounting Standards Board Statement No. 68, "Accounting and Financial Reporting for Pensions".

(2) The amounts presented for each fiscal year were determined as of the March 31 measurement date within the current fiscal year.

(3) The discount rate used to calculate the total pension liability was decreased from 7.5% to 7.0% effective with the March 31, 2016 measurement date.

(4) The discount rate used to calculate the total pension liability was decreased from 7.0% to 6.8% effective with the March 31, 2020 measurement date.

See independent auditors' report.

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Blind Brook - Rye Union Free School District, New York**General Fund
Comparative Balance Sheet
June 30,**

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and equivalents	<u>\$ 6,614,757</u>	<u>\$ 5,588,314</u>
Receivables		
Accounts	24,084	63,492
State and Federal aid	292,036	328,987
Due from other governments	102,428	99,412
Due from other funds	<u>552,834</u>	<u>483,644</u>
	<u>971,382</u>	<u>975,535</u>
Prepaid expenditures	<u>420,707</u>	<u>426,723</u>
Total Assets	<u><u>\$ 8,006,846</u></u>	<u><u>\$ 6,990,572</u></u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 198,639	\$ 82,504
Accrued liabilities	82,609	118,549
Unearned revenues	35,225	38,306
Due to other governments	43,010	-
Due to retirement systems	<u>2,029,791</u>	<u>2,381,603</u>
Total Liabilities	<u>2,389,274</u>	<u>2,620,962</u>
Fund balance		
Nonspendable	420,707	426,723
Restricted	640,922	731,351
Assigned	1,583,051	1,359,953
Unassigned	<u>2,972,892</u>	<u>1,851,583</u>
Total Fund Balance	<u>5,617,572</u>	<u>4,369,610</u>
Total Liabilities and Fund Balance	<u><u>\$ 8,006,846</u></u>	<u><u>\$ 6,990,572</u></u>

See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

General Fund
Comparative Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Years Ended June 30,

	2020				Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	Encumbr- ances	
REVENUES					
Real property taxes	\$ 38,601,271	\$ 38,601,271	\$ 38,601,271	\$	\$ -
Other tax items	1,420,380	1,420,380	1,420,380		-
Non-property taxes	370,000	370,000	494,116		124,116
Charges for services	767,271	767,271	750,385		(16,886)
Use of money and property	385,000	385,000	259,927		(125,073)
Sale of property and compensation for loss	-	-	40,245		40,245
State aid	3,241,799	3,241,799	3,217,614		(24,185)
Miscellaneous	122,400	122,400	89,253		(33,147)
Total Revenues	44,908,121	44,908,121	44,873,191		(34,930)
EXPENDITURES					
Current					
General support					
Board of education	37,450	50,349	44,001	390	5,958
Central administration	343,999	340,292	324,491	-	15,801
Finance	701,730	701,425	669,166	1,340	30,919
Staff	226,721	223,209	163,603	-	59,606
Central services	2,222,295	2,242,899	1,905,156	8,863	328,880
Special items	524,676	524,676	510,986	-	13,690
Total General Support	4,056,871	4,082,850	3,617,403	10,593	454,854
Instruction					
Instruction, administration and improvement	2,646,785	2,653,851	2,462,391	1,174	190,286
Teaching - Regular school	14,508,868	14,533,564	14,054,195	8,886	470,483
Programs for students with disabilities	6,480,167	6,469,847	6,308,359	4,643	176,845
Instructional media	1,596,237	1,596,749	1,515,027	1,542	80,180
Pupil services	2,623,644	2,631,144	2,128,805	6,213	498,126
Total Instruction	27,855,701	27,905,155	26,468,777	22,458	1,413,920
Pupil transportation	1,494,408	1,504,685	1,099,261	-	405,424
Community services	1,000	1,000	-	-	1,000
Employee benefits	10,107,443	10,099,943	9,479,167	-	620,776
Debt service					
Principal	2,091,430	2,050,430	2,050,430	-	-
Interest	670,998	690,413	690,413	-	-
Total Expenditures	46,277,851	46,334,476	43,405,451	33,051	2,895,974
Excess (Deficiency) of Revenues Over Expenditures	(1,369,730)	(1,426,355)	1,467,740	(33,051)	2,861,044
OTHER FINANCING SOURCES (USES)					
Transfers in	50,000	50,000	54,064	-	4,064
Transfers out	(40,223)	(290,067)	(273,842)	-	16,225
Total Other Financing Sources (Uses)	9,777	(240,067)	(219,778)	-	20,289
Net Change in Fund Balance	(1,359,953)	(1,666,422)	1,247,962	\$ (33,051)	\$ 2,881,333
FUND BALANCE					
Beginning of Year	1,359,953	1,666,422	4,369,610		
End of Year	\$ -	\$ -	\$ 5,617,572		

See independent auditors' report.

2019				
Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
\$ 36,931,986	\$ 36,931,986	\$ 36,931,986	\$	\$ -
1,940,559	1,940,559	1,940,559		-
370,000	370,000	373,122		3,122
747,476	747,476	812,297		64,821
335,000	335,000	447,272		112,272
-	-	1,764		1,764
3,175,757	3,175,757	3,207,348		31,591
122,400	209,900	168,609		(41,291)
<u>43,623,178</u>	<u>43,710,678</u>	<u>43,882,957</u>		<u>172,279</u>
38,145	41,112	38,194	-	2,918
387,775	388,365	380,730	-	7,635
408,664	398,599	386,699	1,310	10,590
198,000	176,217	120,622	-	55,595
2,148,111	2,141,624	2,053,260	3,000	85,364
497,250	818,879	814,904	-	3,975
<u>3,677,945</u>	<u>3,964,796</u>	<u>3,794,409</u>	<u>4,310</u>	<u>166,077</u>
2,615,508	2,585,754	2,499,683	-	86,071
14,394,391	14,434,601	14,051,887	12,841	369,873
6,144,017	6,440,093	6,382,634	11,305	46,154
1,255,361	1,219,037	1,171,963	-	47,074
2,499,246	2,422,315	2,250,030	-	172,285
<u>26,908,523</u>	<u>27,101,800</u>	<u>26,356,197</u>	<u>24,146</u>	<u>721,457</u>
1,396,809	1,396,809	1,319,837	-	76,972
1,000	1,000	-	-	1,000
10,497,427	10,480,112	9,757,446	-	722,666
2,013,547	2,013,547	2,013,547	-	-
715,388	715,388	715,387	-	1
<u>45,210,639</u>	<u>45,673,452</u>	<u>43,956,823</u>	<u>28,456</u>	<u>1,688,173</u>
<u>(1,587,461)</u>	<u>(1,962,774)</u>	<u>(73,866)</u>	<u>(28,456)</u>	<u>1,860,452</u>
-	-	-	-	-
<u>(40,656)</u>	<u>(352,656)</u>	<u>(346,114)</u>	<u>-</u>	<u>6,542</u>
<u>(40,656)</u>	<u>(352,656)</u>	<u>(346,114)</u>	<u>-</u>	<u>6,542</u>
<u>(1,628,117)</u>	<u>(2,315,430)</u>	<u>(419,980)</u>	<u>\$ (28,456)</u>	<u>\$ 1,866,994</u>
<u>1,628,117</u>	<u>2,315,430</u>	<u>4,789,590</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,369,610</u>		

Blind Brook - Rye Union Free School District, New York

General Fund

Schedule of Revenues and Other Financing Sources Compared to Budget

Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
REAL PROPERTY TAXES	<u>\$ 38,601,271</u>	<u>\$ 38,601,271</u>	<u>\$ 38,601,271</u>	<u>\$ -</u>
OTHER TAX ITEMS				
School tax relief reimbursement	<u>1,420,380</u>	<u>1,420,380</u>	<u>1,420,380</u>	<u>-</u>
NON-PROPERTY TAXES				
Non-property tax distribution from County	<u>370,000</u>	<u>370,000</u>	<u>494,116</u>	<u>124,116</u>
CHARGES FOR SERVICES				
Day school tuition	<u>452,271</u>	<u>452,271</u>	<u>441,403</u>	<u>(10,868)</u>
Other services for other districts and other governments	<u>300,000</u>	<u>300,000</u>	<u>296,389</u>	<u>(3,611)</u>
Transportation for other districts	<u>15,000</u>	<u>15,000</u>	<u>12,593</u>	<u>(2,407)</u>
	<u>767,271</u>	<u>767,271</u>	<u>750,385</u>	<u>(16,886)</u>
USE OF MONEY AND PROPERTY				
Earnings on investments	<u>190,000</u>	<u>190,000</u>	<u>126,027</u>	<u>(63,973)</u>
Rental of real property	<u>195,000</u>	<u>195,000</u>	<u>133,900</u>	<u>(61,100)</u>
	<u>385,000</u>	<u>385,000</u>	<u>259,927</u>	<u>(125,073)</u>
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Insurance recoveries	<u>-</u>	<u>-</u>	<u>1,840</u>	<u>1,840</u>
Other	<u>-</u>	<u>-</u>	<u>38,405</u>	<u>38,405</u>
	<u>-</u>	<u>-</u>	<u>40,245</u>	<u>40,245</u>

STATE AID

Basic formula	2,798,955	2,798,955	2,576,779	(222,176)
Lottery	-	-	112,632	112,632
BOCES	325,095	325,095	307,134	(17,961)
Textbooks	117,749	117,749	87,434	(30,315)
Computer software	-	-	24,710	24,710
Library materials	-	-	8,925	8,925
Legislative grant	-	-	100,000	100,000
	<u>3,241,799</u>	<u>3,241,799</u>	<u>3,217,614</u>	<u>(24,185)</u>

MISCELLANEOUS

Refund of prior year's expenditures	71,900	71,900	49,950	(21,950)
Other	<u>50,500</u>	<u>50,500</u>	<u>39,303</u>	<u>(11,197)</u>
	<u>122,400</u>	<u>122,400</u>	<u>89,253</u>	<u>(33,147)</u>

TOTAL REVENUES

<u>44,908,121</u>	<u>44,908,121</u>	<u>44,873,191</u>	<u>(34,930)</u>
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OTHER FINANCING SOURCES

Transfers in

Capital Projects Fund	-	-	19,064	19,064
Debt Service Fund	<u>50,000</u>	<u>50,000</u>	<u>35,000</u>	<u>(15,000)</u>

Total Other Financing Sources

<u>50,000</u>	<u>50,000</u>	<u>54,064</u>	<u>4,064</u>
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**TOTAL REVENUES AND
OTHER FINANCING SOURCES**

<u>\$ 44,958,121</u>	<u>\$ 44,958,121</u>	<u>\$ 44,908,191</u>	<u>\$ (49,930)</u>
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See independent auditors' report.

Blind Brook - Rye Union Free School District, New York**General Fund****Schedule of Expenditures and Other Financing Uses Compared to Budget****Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbr- ances</u>	<u>Variance with Final Budget Positive (Negative)</u>
GENERAL SUPPORT					
<i>BOARD OF EDUCATION</i>					
Board of education	\$ 18,750	\$ 19,074	\$ 18,669	\$ 260	\$ 145
District clerk	7,700	12,775	12,575	-	200
District meeting	11,000	18,500	12,757	130	5,613
Total Board of Education	37,450	50,349	44,001	390	5,958
<i>CENTRAL ADMINISTRATION</i>					
Chief school administrator	343,999	340,292	324,491	-	15,801
<i>FINANCE</i>					
Business administration	537,230	536,925	522,892	1,340	12,693
Auditing	43,500	43,500	34,500	-	9,000
Treasurer	115,000	115,000	107,774	-	7,226
Purchasing	6,000	6,000	4,000	-	2,000
Total Finance	701,730	701,425	669,166	1,340	30,919
<i>STAFF</i>					
Legal	150,000	150,000	115,997	-	34,003
Personnel	28,000	25,000	4,744	-	20,256
Public information and services	48,721	48,209	42,862	-	5,347
Total Staff	226,721	223,209	163,603	-	59,606

CENTRAL SERVICES

Operation and maintenance of plant	2,203,795	2,224,399	1,890,788	8,863	324,748
Central printing and mailing	18,500	18,500	14,368	-	4,132

Total Central Services	2,222,295	2,242,899	1,905,156	8,863	328,880
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SPECIAL ITEMS

Unallocated insurance	209,476	209,476	202,760	-	6,716
Assessments on school property	33,627	33,627	26,653	-	6,974
Administrative charge - BOCES	226,573	226,573	226,573	-	-
Other	55,000	55,000	55,000	-	-

Total Special Items	524,676	524,676	510,986	-	13,690
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Total General Support	4,056,871	4,082,850	3,617,403	10,593	454,854
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INSTRUCTION**INSTRUCTION, ADMINISTRATION
AND IMPROVEMENT**

Curriculum development and supervision	232,728	162,972	137,841	-	25,131
Supervision - Regular school	2,288,807	2,370,234	2,272,221	1,174	96,839
In-service training - Instruction	125,250	120,645	52,329	-	68,316

Total Instruction, Administration and Improvement	2,646,785	2,653,851	2,462,391	1,174	190,286
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TEACHING - REGULAR SCHOOL	14,508,868	14,533,564	14,054,195	8,886	470,483
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PROGRAMS FOR STUDENTS WITH DISABILITIES	6,480,167	6,489,847	6,308,359	4,643	176,845
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(Continued)

Blind Brook - Rye Union Free School District, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget (Continued)

Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget Positive (Negative)
INSTRUCTION (Continued)					
INSTRUCTIONAL MEDIA					
School library and audiovisual	\$ 312,941	\$ 312,941	\$ 278,835	\$ -	\$ 34,106
Computer assisted instruction	1,283,296	1,283,808	1,236,192	1,542	46,074
Total Instructional Media	1,596,237	1,596,749	1,515,027	1,542	80,180
PUPIL SERVICES					
Guidance - Regular school	1,021,540	1,021,540	1,000,489	-	21,051
Health and diagnostic services - Regular school	356,354	356,354	226,018	-	130,336
Psychological services - Regular school	206,607	276,607	227,906	-	48,701
Social work services - Regular school	161,706	91,706	86,460	-	5,246
Co-curricular activities - Regular school	277,466	277,466	222,905	-	54,561
Interscholastic athletics - Regular school	599,971	607,471	365,027	6,213	236,231
Total Pupil Services	2,623,644	2,631,144	2,128,805	6,213	496,126
Total Instruction	27,855,701	27,905,155	26,468,777	22,458	1,413,920
PUPIL TRANSPORTATION					
District transportation services	624,274	654,551	557,113	-	97,438
Contract transportation and garage building	870,134	850,134	542,148	-	307,986
Total Pupil Transportation	1,494,408	1,504,685	1,099,261	-	405,424
COMMUNITY SERVICES					
Civic activities	1,000	1,000	-	-	1,000

EMPLOYEE BENEFITS

State retirement	543,424	543,424	484,289	-	59,135
Teachers' retirement	1,823,853	1,823,853	1,759,156	-	64,697
Social security	1,875,213	1,874,584	1,782,772	-	91,812
Hospital, medical and dental insurance	5,303,925	5,276,425	4,884,552	-	391,873
Workers' compensation	154,228	154,228	152,919	-	1,309
Unemployment benefits	25,000	47,629	47,629	-	-
Union welfare benefits	350,300	348,300	336,350	-	11,950
Retirement incentive	31,500	31,500	31,500	-	-

Total Employee Benefits

10,107,443	10,099,943	9,479,167	-	620,776
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DEBT SERVICE**Principal**

Serial bonds	1,860,000	1,860,000	1,860,000	-	-
Energy performance contract	231,430	190,430	190,430	-	-

2,091,430	2,050,430	2,050,430	-	-
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Interest

Serial bonds	543,994	543,994	543,994	-	-
Energy performance contract	63,852	54,852	54,852	-	-
Bond anticipation notes	63,152	91,567	91,567	-	-

670,998	690,413	690,413	-	-
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Total Debt Service

2,762,428	2,740,843	2,740,843	-	-
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TOTAL EXPENDITURES

46,277,851	46,334,476	43,405,451	33,051	2,895,974
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OTHER FINANCING USES**Transfers out**

Special Aid Fund	40,223	40,223	23,998	-	16,225
Capital Projects Fund	-	249,844	249,844	-	-

TOTAL OTHER FINANCING USES

40,223	290,067	273,842	-	16,225
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**TOTAL EXPENDITURES AND
OTHER FINANCING USES**

\$ 46,318,074	\$ 46,624,543	\$ 43,679,293	\$ 33,051	\$ 2,912,199
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See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

Special Aid Fund
Comparative Balance Sheet
June 30,

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and equivalents	\$ 54,360	\$ -
State and Federal aid receivable	<u>253,371</u>	<u>231,744</u>
Total Assets	<u>\$ 307,731</u>	<u>\$ 231,744</u>
LIABILITIES		
Accounts payable	\$ 8,324	\$ 631
Unearned revenues	24,746	-
Due to other funds	<u>274,661</u>	<u>231,113</u>
Total Liabilities	<u>\$ 307,731</u>	<u>\$ 231,744</u>

See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

Special Aid Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended June 30,

	2020	2019
REVENUES		
State aid	\$ 95,990	\$ 113,684
Federal aid	450,709	508,177
Total Revenues	546,699	621,861
EXPENDITURES		
Current		
Instruction	570,697	655,975
Deficiency of Revenues Over Expenditures	(23,998)	(34,114)
OTHER FINANCING SOURCES		
Transfers in	23,998	34,114
Net Change in Fund Balance	-	-
FUND BALANCE		
Beginning of Year	-	-
End of Year	\$ -	\$ -

See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

Capital Projects Fund
Comparative Balance Sheet
June 30,

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and equivalents	<u>\$ 33,700,629</u>	<u>\$ 2,315,030</u>
LIABILITIES AND FUND BALANCE (DEFICIT)		
Liabilities		
Accounts payable	\$ 3,336,354	\$ 102,421
Bond anticipation notes payable	-	4,100,000
Due to other funds	<u>562,360</u>	<u>264,480</u>
Total Liabilities	<u>3,898,714</u>	<u>4,466,901</u>
Fund balance (deficit)		
Restricted	29,801,915	-
Unassigned	<u>-</u>	<u>(2,151,871)</u>
Total Fund Balance (Deficit)	<u>29,801,915</u>	<u>(2,151,871)</u>
Total Liabilities and Fund Balance (Deficit)	<u>\$ 33,700,629</u>	<u>\$ 2,315,030</u>

See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

Capital Projects Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended June 30,

	<u>2020</u>	<u>2019</u>
REVENUES	\$ -	\$ -
EXPENDITURES		
Capital outlay	<u>12,941,994</u>	<u>1,603,249</u>
Deficiency of Revenues Over Expenditures	<u>(12,941,994)</u>	<u>(1,603,249)</u>
OTHER FINANCING SOURCES (USES)		
Bonds issued	44,665,000	-
Transfers in	249,844	312,000
Transfers out	<u>(19,064)</u>	<u>-</u>
Total Other Financing Sources	<u>44,895,780</u>	<u>312,000</u>
Net Change in Fund Balance	31,953,786	(1,291,249)
FUND BALANCE (DEFICIT)		
Beginning of Year	<u>(2,151,871)</u>	<u>(860,622)</u>
End of Year	<u>\$ 29,801,915</u>	<u>\$ (2,151,871)</u>

See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

Capital Projects Fund

Project-Length Schedule

Inception of Project Through June 30, 2020

PROJECT	Authorization	Expenditures and Transfers to Date			Unexpended Balance
		Prior Years	Current Year	Total	
2017 Bond Proposition					
District-wide Improvements	\$ 44,362,759	\$ 1,834,176	\$ 12,726,668	\$ 14,560,844	\$ 29,801,915
Ridge Street Enrichment Center	337,241	336,759	482	337,241	-
	44,700,000	2,170,935	12,727,150	14,898,085	29,801,915
Completed Projects					
Ridge Street Capital Improvements	972,376	961,202	11,174	972,376	-
High School Track Repairs	312,000	304,110	7,890	312,000	-
Bus Purchase	214,844	-	214,844	214,844	-
	<u>\$ 46,199,220</u>	<u>\$ 3,436,247</u>	<u>\$ 12,961,058</u>	<u>\$ 16,397,305</u>	<u>\$ 29,801,915</u>

See independent auditors' report.

Proceeds of Obligations	Methods of Financing			Fund Balance at June 30, 2020
	State Aid	Transfers	Total	
\$ 44,362,759	\$ -	\$ -	\$ 44,362,759	\$ 29,801,915
337,241	-	-	337,241	-
44,700,000	-	-	44,700,000	29,801,915
-	467,871	504,505	972,376	-
-	-	312,000	312,000	-
-	-	214,844	214,844	-
<u>\$ 44,700,000</u>	<u>\$ 467,871</u>	<u>\$ 1,031,349</u>	<u>\$ 46,199,220</u>	<u>\$ 29,801,915</u>

Blind Brook - Rye Union Free School District, New York

Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2020
(With Comparative Totals for 2019)

	School Lunch	Special Purpose	Debt Service
ASSETS			
Cash and equivalents	\$ 102,389	\$ 90,910	\$ 397,485
Receivables			
Accounts	-	-	-
State and Federal aid	-	-	-
Due from other funds	-	-	289,807
	-	-	289,807
Inventories	8,717	-	-
Total Assets	\$ 111,106	\$ 90,910	\$ 687,292
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 123	\$ -	\$ -
Unearned revenues	40,959	-	-
Due to other funds	5,445	-	-
Total Liabilities	46,527	-	-
Fund balances			
Nonspendable	8,717	-	-
Restricted	-	90,910	687,292
Assigned	55,862	-	-
Total Fund Balances	64,579	90,910	687,292
Total Liabilities and Fund Balances	\$ 111,106	\$ 90,910	\$ 687,292

See independent auditors' report.

	Total Non-Major Governmental Funds	
Permanent	2020	2019
\$ 2,975	\$ 593,759	\$ 673,353
-	-	60
-	-	5,578
-	289,807	12,074
-	289,807	17,712
-	8,717	3,411
\$ 2,975	\$ 892,283	\$ 694,476
\$ -	\$ 123	\$ 37,492
-	40,959	39,764
175	5,620	125
175	46,702	77,381
1,000	9,717	4,411
1,800	780,002	505,217
-	55,862	107,467
2,800	845,581	617,095
\$ 2,975	\$ 892,283	\$ 694,476

Blind Brook - Rye Union Free School District, New York

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances
Non-Major Governmental Funds
Year Ended June 30, 2020
(With Comparative Totals for 2019)

	<u>School Lunch</u>	<u>Special Purpose</u>	<u>Debt Service</u>
REVENUES			
Use of money and property	\$ 1,751	\$ 421	\$ 308,384
State aid	-	-	-
Federal aid	-	-	-
Food sales	301,625	-	-
Miscellaneous	155	30,567	-
	<u>303,531</u>	<u>30,988</u>	<u>308,384</u>
Total Revenues			
	<u>303,531</u>	<u>30,988</u>	<u>308,384</u>
EXPENDITURES			
Current			
Instruction	-	29,567	-
Cost of food sales	349,830	-	-
	<u>349,830</u>	<u>-</u>	<u>-</u>
Total Expenditures			
	<u>349,830</u>	<u>29,567</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	(46,299)	1,421	308,384
OTHER FINANCING USES			
Transfers out	-	-	(35,000)
	<u>-</u>	<u>-</u>	<u>(35,000)</u>
Net Change in Fund Balance	(46,299)	1,421	273,384
FUND BALANCES			
Beginning of Year	110,878	89,489	413,908
	<u>110,878</u>	<u>89,489</u>	<u>413,908</u>
End of Year	\$ 64,579	\$ 90,910	\$ 687,292
	<u>\$ 64,579</u>	<u>\$ 90,910</u>	<u>\$ 687,292</u>

See independent auditors' report.

Permanent	Total Non-Major Governmental Funds	
	2020	2019
\$ 30	\$ 310,586	\$ 52,364
-	-	3,323
-	-	42,654
-	301,625	519,590
-	30,722	38,424
30	642,933	656,355
50	29,617	41,836
-	349,830	567,163
50	379,447	608,999
(20)	263,486	47,356
-	(35,000)	-
(20)	228,486	47,356
2,820	617,095	569,739
<u>\$ 2,800</u>	<u>\$ 845,581</u>	<u>\$ 617,095</u>

Blind Brook - Rye Union Free School District, New York

School Lunch Fund
Comparative Balance Sheet
June 30,

	2020	2019
ASSETS		
Cash and equivalents	\$ 102,389	\$ 178,002
Receivables		
Accounts	-	60
State and Federal aid	-	5,578
Due from other funds	-	1,083
	-	6,721
Inventories	8,717	3,411
Total Assets	\$ 111,106	\$ 188,134
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 123	\$ 37,492
Unearned revenues	40,959	39,764
Due to other funds	5,445	-
Total Liabilities	46,527	77,256
Fund balance		
Nonspendable	8,717	3,411
Assigned	55,862	107,467
Total Fund Balance	64,579	110,878
Total Liabilities and Fund Balance	\$ 111,106	\$ 188,134

See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

School Lunch Fund

Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance

Years Ended June 30,

	<u>2020</u>	<u>2019</u>
REVENUES		
Use of money and property	\$ 1,751	\$ 2,504
State aid	-	3,323
Federal aid	-	42,654
Food sales	301,625	519,590
Miscellaneous	<u>155</u>	<u>1,637</u>
Total Revenues	303,531	569,708
EXPENDITURES		
Current		
Cost of food sales	<u>349,830</u>	<u>567,163</u>
Excess (Deficiency) of Revenues Over Expenditures	(46,299)	2,545
FUND BALANCE		
Beginning of Year	<u>110,878</u>	<u>108,333</u>
End of Year	<u>\$ 64,579</u>	<u>\$ 110,878</u>

See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

Special Purpose Fund
Comparative Balance Sheet
June 30,

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and equivalents	<u>\$ 90,910</u>	<u>\$ 89,489</u>
FUND BALANCE		
Restricted	<u>\$ 90,910</u>	<u>\$ 89,489</u>

See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

Special Purpose Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended June 30,

	<u>2020</u>	<u>2019</u>
REVENUES		
Use of money and property	\$ 421	\$ 239
Miscellaneous	<u>30,567</u>	<u>36,787</u>
Total Revenues	30,988	37,026
EXPENDITURES		
Current		
Instruction	<u>29,567</u>	<u>41,791</u>
Excess (Deficiency) of Revenues Over Expenditures	1,421	(4,765)
FUND BALANCE		
Beginning of Year	<u>89,489</u>	<u>94,254</u>
End of Year	<u>\$ 90,910</u>	<u>\$ 89,489</u>

See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

Debt Service Fund
Comparative Balance Sheet
June 30,

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and equivalents	\$ 397,485	\$ 402,917
Due from other funds	<u>289,807</u>	<u>10,991</u>
Total Assets	<u>\$ 687,292</u>	<u>\$ 413,908</u>
FUND BALANCE		
Restricted	<u>\$ 687,292</u>	<u>\$ 413,908</u>

See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

Debt Service Fund

Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance

Years Ended June 30,

	<u>2020</u>	<u>2019</u>
REVENUES		
Use of money and property	\$ 308,384	\$ 49,610
EXPENDITURES	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	308,384	49,610
OTHER FINANCING USES		
Transfers out	<u>(35,000)</u>	<u>-</u>
Net Change in Fund Balance	273,384	49,610
FUND BALANCE		
Beginning of Year	<u>413,908</u>	<u>364,298</u>
End of Year	<u>\$ 687,292</u>	<u>\$ 413,908</u>

See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

Permanent Fund
Comparative Balance Sheet
June 30,

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and equivalents	<u>\$ 2,975</u>	<u>\$ 2,945</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Due to other funds	<u>\$ 175</u>	<u>\$ 125</u>
Fund balance		
Nonspendable	1,000	1,000
Restricted	<u>1,800</u>	<u>1,820</u>
Total Fund Balance	<u>2,800</u>	<u>2,820</u>
Total Liabilities and Fund Balance	<u>\$ 2,975</u>	<u>\$ 2,945</u>

See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

Permanent Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balance
Years Ended June 30,

	<u>2020</u>	<u>2019</u>
REVENUES		
Use of money and property	\$ 30	\$ 11
EXPENDITURES		
Current		
Instruction	<u>50</u>	<u>45</u>
Deficiency of Revenues Over Expenditures	(20)	(34)
FUND BALANCE		
Beginning of Year	<u>2,820</u>	<u>2,854</u>
End of Year	<u>\$ 2,800</u>	<u>\$ 2,820</u>

See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

General Fund

**Analysis of Change from Adopted Budget to Final Budget
Year Ended June 30, 2020**

Adopted Budget	\$ 46,289,618
Additions - Encumbrances	<u>28,456</u>
Original Budget	46,318,074
Budget Amendments	<u>306,469</u>
Final Budget	<u>\$ 46,624,543</u>

General Fund

**Section 1318 of Real Property Tax Law Limit Calculation
Year Ended June 30, 2020**

2020-2021 Expenditure Budget	\$ 50,456,017
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted fund balance	
Assigned fund balance	1,583,051
Unassigned fund balance	<u>2,972,892</u>
Total Unrestricted Fund Balance	<u>4,555,943</u>
Less	
Appropriated for subsequent year's budget	1,550,000
Encumbrances	<u>33,051</u>
Total Adjustments	<u>1,583,051</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u>\$ 2,972,892</u>
Actual Percentage	<u>5.89%</u>

See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

Schedule of Net Investment in Capital Assets
Year Ended June 30, 2020

Capital Assets, net		\$ 46,600,352
Plus		
Unamortized portion of loss on refunding bonds	49,000	
Unexpended bond proceeds	<u>29,801,915</u>	29,850,915
Less		
General obligation bonds payable - capital construction	(51,580,000)	
Unamortized portion of premium on bonds	(958,344)	
Energy performance contract payable	<u>(2,280,941)</u>	<u>(54,819,285)</u>
Net Investment in Capital Assets		<u>\$ 21,631,982</u>

See independent auditors' report.