

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

Financial Statements and  
Supplementary Information

Year Ended June 30, 2022



# 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
Notes to Financial Statements	28
Required Supplementary Information	
Other Postemployment Benefits	
Schedule of Changes in the School District's Total OPEB Liability and Related Ratios	59
New York State Teachers' Retirement System	
Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset)	60
Schedule of Contributions	60
New York State and Local Employees' Retirement System	
Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset)	61
Schedule of Contributions	61
Combining and Individual Fund Financial Statements and Schedules	
Major Governmental Funds	
General Fund	
Comparative Balance Sheet	62
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	63
Schedule of Revenues Compared to Budget	65
Schedule of Expenditures and Other Financing Uses Compared to Budget	67
Special Aid Fund	
Comparative Balance Sheet	71
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	72
Capital Projects Fund	
Comparative Balance Sheet	73
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	74
Project-Length Schedule	75

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

**Table of Contents (Concluded)**

---

	<u>Page No.</u>
Non-Major Governmental Funds	
Combining Balance Sheet	77
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	79
School Lunch Fund	
Comparative Balance Sheet	81
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	82
Special Purpose Fund	
Comparative Balance Sheet	83
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	84
Debt Service Fund	
Comparative Balance Sheet	85
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	86
Permanent Fund	
Comparative Balance Sheet	87
Comparative Statement of Revenues, Expenditures and Changes in Fund Balance	88
Supplementary Information	
Analysis of Change from Adopted Budget to Final Budget	89
Section 1318 of Real Property Tax Law Limit Calculation	89
Schedule of Net Investment in Capital Assets	90

## **Independent Auditors' Report**

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

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited 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, 2022, 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.

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

#### ***Basis for Opinions***

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

#### ***Emphasis of Matter***

We draw attention to Note 2D in the notes to financial statements which disclose the effects of the School District's adoption of the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 87, "Leases". Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

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

### ***Supplementary Information***

Our audit for the year ended June 30, 2022 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, 2022 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2022 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2022.

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, 2021 (not presented herein), and have issued our report thereon dated October 7, 2021 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, 2021 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 related directly to the underlying accounting and other records used to prepare the 2021 financial statements. The information was subjected to the audit procedures applied in the audit of the 2021 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 the auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole for the year ended June 30, 2021.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2022 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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  
October 12, 2022

(This page intentionally left blank)





**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, 2022, 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 October 12, 2022.

**Report on 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") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 or significant deficiencies may exist that were not identified.

## **Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of This Report**

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

October 12, 2022

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

**Management's Discussion and Analysis (MD&A)  
June 30, 2022**

---

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, 2022. 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 2021-2022**

Key financial highlights for fiscal year 2021-2022 are as follows:

- The School District's total fund balance within its General Fund was \$7,272,118 for the year ended June 30, 2022. 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 \$2,082,716, or 3.96%, and therefore under the statutory limit.
- As of the close of the 2021-2022 fiscal year, the School District's governmental fund financial statements report a combined total ending fund balance of \$12,108,769, a decrease of \$5,761,671 from the prior year's ending fund balance of \$17,870,440. The major factor driving the decrease in combined total fund balance is the reduction in the fund balance of the Capital Projects Fund of \$6,464,153 as spending continued on the voter approved \$50.7 million capital improvement projects. The original borrowing of \$44.7 million for the project occurred during the 2019-20 fiscal year. On December 21, 2021, the public authorized and the School District subsequently bonded an additional \$6 million. At June 30, 2022, \$3,878,690 was still available as construction was ongoing. The School District is confident that the capital project will be completed well within the increased authorization level.
- It is also noteworthy that the School District was able to increase resources in the restricted component of fund balance for worker's compensation benefits, future retirement expenditures, insurance and property loss. Also noteworthy about the total combined fund balance is that it includes an amount restricted for debt service of \$513,058, which may be used to help offset future debt service obligations.
- The General Fund's overall (total) fund balance increased by \$645,802 and the General Fund's unassigned fund balance of \$2,082,716, represents approximately 28.64% of its total fund balance. The decrease of \$787,558 in the unassigned balance reflects a decision by the School District to fund the various new restricted fund balance components described above and increase other existing restrictions, with a net increase of \$1,916,796 from the prior year.
- Of special note is the fact that the School District was able to budget \$2,604,649 as an appropriated surplus contribution to reduce the tax levy associated with the 2021-2022 budget, and \$1,797,841 for the same purpose with the 2022-2023 budget. Favorable School District financial operations have permitted these management actions in recent years, including COVID-19 restrictions and additional federal and state funding provided during the last two fiscal years.
- On the district-wide financial statements, the liabilities and deferred inflows of resources of the School District exceeded the assets and deferred outflows of resources at the close of its most recent fiscal year by \$50,859,272. This represented a decrease of \$2,275,306 for the year ended June 30, 2022, primarily due to a sharp decrease in both pension and other postemployment benefit liabilities.

- The School District is committed to provide postemployment benefits to its employees in the form of pensions and healthcare. As a result, the School District has recognized substantial liabilities in the district-wide financial statements for these benefits. As of June 30, 2022, the School District had liabilities of \$79,142,804 for other postemployment benefits recorded in accordance with the provisions of Governmental Accounting Standards Board ("GASB") Statement No. 75, "*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*" ("OPEB"). However, because of investment gains by the New York State pension plans, the School District also reported \$869,950 for its proportionate share of the net pension asset of the New York State and Local Employees' Retirement System ("ERS") and \$20,434,160 for its proportionate share of the net pension asset of the New York State Teachers' Retirement System ("TRS") recorded in accordance with the provisions of GASB Statement No. 68, "*Accounting and Financial Reporting for Pensions*". More detailed information about the School District's OPEB and pension reporting is presented in Note 3D in the notes to financial statements.
- During the current fiscal year, the School District issued \$5,535,000 in serial bonds (plus \$465,000 in bond premium for a total of \$6,000,000) to fund the balance of the voter authorized capital improvement plan. The School District also retired \$3,075,000 of bonded indebtedness, \$199,195 in obligations associated with its energy performance contract and \$42,969 of its installment purchase debt.
- The School District adopted the provisions of GASB Statement No. 87, "leases", for the year ended June 30, 2022. This statement established a single model for lease accounting based on the concept that leases are a financing of a "right-to-use" underlying asset. This statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset and a lessor to recognize a receivable and a deferred inflow of resources. Accordingly, the School District recognized a net cumulative effect of change in accounting principle of \$-0- to the opening net position, resulting from reflecting both an increase in a right-to-use capital asset of \$773,217 and an equal amount for a lease liability. More detailed information about the School District's lease reporting in accordance with the provisions of GASB statement No. 87 is presented in Note 3D in the notes to financial statements.

### **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 similar to a private-sector business.
  - The *statement of net position* presents information on all 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. Thus, expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (for example, earned but unused vacation leave, OPEB and net pension liabilities).
  - The *governmental activities* of the School District include instruction, pupil transportation, cost of food sales, other, 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, Capital Projects Fund, School Lunch Fund, Special Purpose Fund, Debt Service 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 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 budget.
- The *Fiduciary Funds* are used to account for assets held by the School District on behalf of others. In accordance with the provisions of GASB Statement No. 84, the School District had no such activity to report in this fund category.

The financial statements for the governmental 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 liabilities, 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 \$50,859,272 for the year ending June 30, 2022.

### Net Position

	June 30,	
	2022	2021
Current Assets	\$ 17,700,789	\$ 27,055,856
Net Pension Assets	21,304,110	-
Capital Assets, net	77,707,644	65,338,474
<b>Total Assets</b>	<b>116,712,543</b>	<b>92,394,330</b>
Deferred Outflows of Resources	33,529,265	37,752,387
Current Liabilities	5,937,247	9,511,171
Long-Term Liabilities	138,584,721	155,094,652
<b>Total Liabilities</b>	<b>144,521,968</b>	<b>164,605,823</b>
Deferred Inflows of Resources	56,579,112	18,675,472
<b>Net Position</b>		
Net Investment in Capital Assets	26,715,086	24,387,983
Restricted for		
Capital Projects	56,835	-
Debt Service	513,058	498,505
Tax Certiorari	42,259	42,176
Retirement Contributions - ERS	1,494,395	139,095
Retirement Contributions - TRS	418,679	-
Worker's Compensation Benefits	100,000	-
Insurance	33,000	-
Property Loss	15,000	-
Special Purposes	286,267	289,708
Permanent Fund	2,653	2,750
Unrestricted	(80,536,504)	(78,494,795)
<b>Total Net Position</b>	<b>\$ (50,859,272)</b>	<b>\$ (53,134,578)</b>

Total assets increased by \$24,318,213 from the prior year. Cash and equivalents and investments decreased by \$9,355,067 primarily for capital project expenditures. The net pension asset for ERS and TRS increased by \$21,304,110 due to investment gains by the retirement system their fiscal years ended March 31, 2022 for ERS and June 30, 2021 for TRS.

Long-term liabilities, which consist of general obligation bonds, energy performance contract debt, lease liability and OPEB liabilities, decreased by \$16,509,931 from the previous year. The OPEB liability decreased by \$16,523,906 primarily due to an increase in the discount rate. The net pension liabilities to ERS and TRS reported in the prior year became net pension assets in the current year due to investment gains by the pensions systems, thus reducing long-term liabilities by \$3,235,034. The School District retired \$3,075,000 in previously issued bonded indebtedness. These reductions were partly offset by the issuance of \$6,000,000 in general obligation bonds used to finance the balance of the capital improvements project.

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 \$2,962,146 of net position. There is a negative balance of unrestricted net position of \$80,536,504, 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 (\$390,934), retirement incentives (\$165,000) and OPEB liabilities (\$79,142,804) 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,	
	2022	2021
<b>REVENUES</b>		
Program Revenues		
Charges for Services	\$ 1,214,478	\$ 715,533
Operating Grants and Contributions	1,045,282	863,904
Capital Grants and Contributions	14,553	11,213
Total Program Revenues	<u>2,274,313</u>	<u>1,590,650</u>
General Revenues		
Real Property Taxes	43,003,921	42,670,765
Other Tax Items	1,038,332	1,351,328
Non-Property Taxes	655,045	601,198
Unrestricted Use of Money and Property	22,489	3,644
Sale of Property and Compensation for Loss	43,360	18,252
Unrestricted State Aid	3,481,412	3,656,285
Miscellaneous	113,895	193,805
Total General Revenues	<u>48,358,454</u>	<u>48,495,277</u>
Total Revenues	<u>50,632,767</u>	<u>50,085,927</u>
<b>PROGRAM EXPENSES</b>		
General Support	5,401,891	5,815,325
Instruction	39,330,561	46,735,222
Pupil Transportation	1,822,571	1,563,802
Cost of Food Sales	403,115	105,508
Other	130,848	68,151
Interest	1,268,475	1,280,564
Total Expenses	<u>48,357,461</u>	<u>55,568,572</u>
Change in Net Position	<u>2,275,306</u>	<u>(5,482,645)</u>
<b>NET POSITION</b>		
Beginning, as reported	(53,134,578)	(47,824,269)
Cumulative Effect of Change in Accounting Principle	<u>-</u>	<u>172,336</u>
Beginning, as restated	<u>(53,134,578)</u>	<u>(47,651,933)</u>
Ending	<u>\$ (50,859,272)</u>	<u>\$ (53,134,578)</u>



As seen above, governmental activities increased the School District's net position by \$2,275,306 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 below:

#### *Revenues*

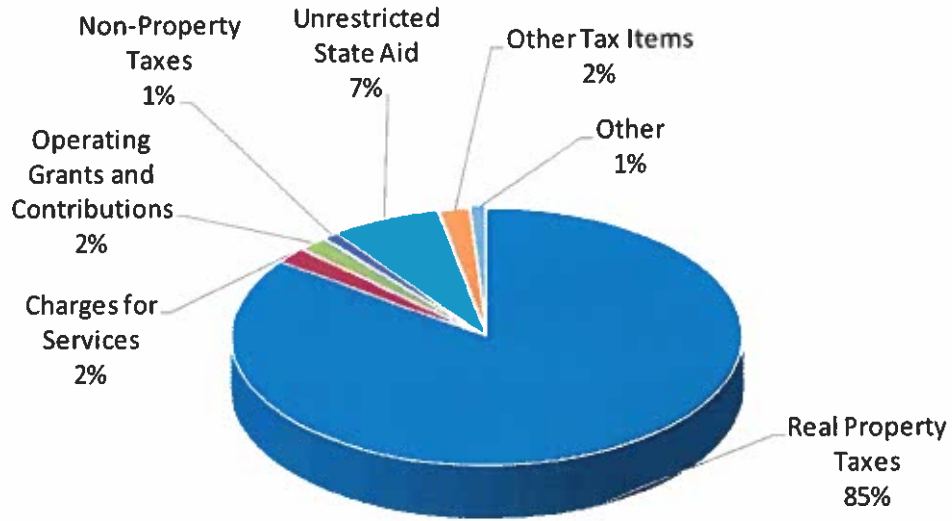
- Real property taxes (\$43,003,921) increased by \$333,156, or .78%. This was a result of appropriating \$2,604,649 of surplus to reduce the levy in the 2021-2022 fiscal year. It is noteworthy that the final calculated tax levy was under the maximum allowable limit associated with the NYS Real Property Tax Cap Legislation.
- Charges for services increased by \$498,945 primarily as a result of increases in school lunch sales returning to pre pandemic levels.
- The School District received \$22,489 in unrestricted interest earnings in 2021-2022, \$18,845 more than it received in the prior year because of increasing interest rates throughout the year.
- Non-property taxes (\$655,045) increased by \$53,847 from the prior year reflecting an increase in sales tax revenue received by the School District from Westchester County in 2021-2022. The extent of this increase is due to the continued recovery from pandemic effected sales tax collections and increased gross sales related to inflation in gas prices and other goods.
- Unrestricted State Aid allocated to the School District decreased by \$174,873 from prior year amounts because of a reduction in building aid related to the finalization of payments related to fully amortized building projects.

#### *Expenses*

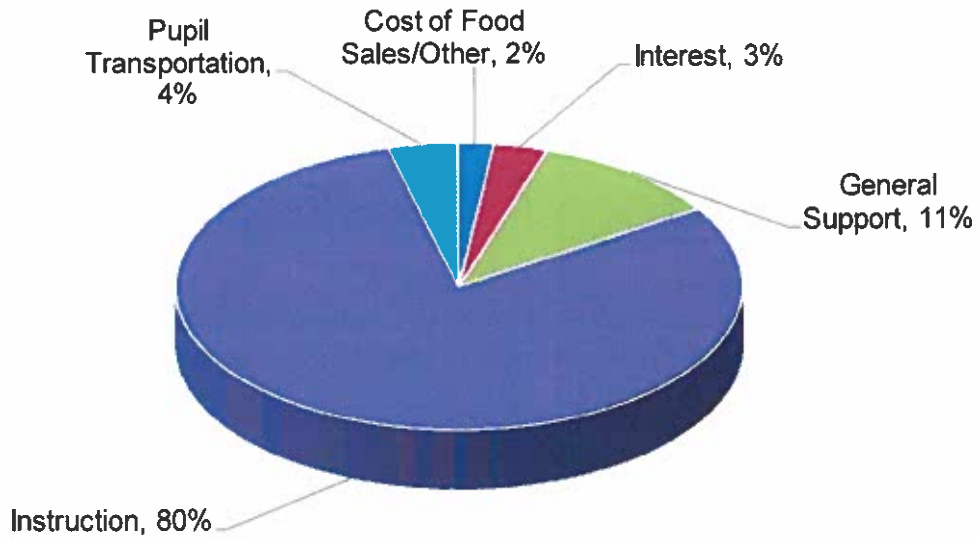
- General Support expenses decreased by \$413,434 in 2021-2022. The decrease was primarily due to decreased legal expenses, a reduction in salary expenses and the decrease in OPEB and pension liabilities.
- Instruction program expenses decreased by \$7,404,661 from the prior year primarily due to the decrease in pension and OPEB liabilities.
- Pupil transportation costs increased by \$258,769 from the prior year. This was related to increased costs in maintaining the School District's aging bus fleet and increased cost for out of district transportation and a return to more normal pre pandemic busing needs.
- Cost of food sales increased by \$297,607 as meal service returned to the MS/HS with the ending of remote and hybrid learning.

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 80% of its expenses.

**Sources of Revenue for Fiscal Year 2022  
Governmental Activities**



**Expenses for Fiscal Year 2022  
Governmental Activities**



## **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 \$12,108,769, a decrease of \$5,761,671 from the prior year's ending fund balance of \$17,870,440. As previously stated, the major factor driving this decrease was the reduction in the fund balance of the Capital Projects Fund of \$6,464,153 as spending continued on the voter approved \$50.7 million capital improvement projects. At June 30, 2022, \$3,878,690 was still available as construction remains in-progress. It is noteworthy that the General Fund's total unassigned fund balance decreased to \$2,082,716 or 3.96% of the 2022-2023 budget. Overall, this balance decreased by \$782,558 and is attributable to the increased funding of restricted fund balance amounts.

### **General Fund Budgetary Highlights**

The General Fund is the primary operating fund of the School District. The adopted budget for fiscal year 2021-2022 of \$51,169,419 was increased by \$177,384 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, 2022 was \$51,482,935.

During the 2021-2022 fiscal year, revenues and other financing sources exceeded expenditures and other financing uses by \$645,802. This was a result of a combination of expenditure savings and higher revenue receipts, particularly sales tax distributions from the County and additional state aid.

At the end of the fiscal year, the total fund balance of the General Fund was \$7,272,118 for the year ended June 30, 2022. 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 \$2,082,716, or 3.96%, and therefore under this statutory limit.

The following table outlines the various balances that comprise the total fund balance as of June 30, 2022 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 3G in the notes to financial statements.

### Total Fund Balance Classifications

<u>GASB Statement No. 54 Classification</u>	<u>Previous Classifications</u>	<u>Fund Balance</u>
Nonspendable Fund Balance	Reserved for Prepaid Expenditures	\$ 483,577
	Reserved for Inventories (School Lunch Fund)	6,710
	Reserved for Trust (Permanent Fund)	<u>1,000</u>
		<u>491,287</u>
Restricted Fund Balance	Reserved for Tax Certiorari	42,259
	Reserved for Employee Benefit Accrued Liability	363,153
	Reserved for Retirement Contributions-ERS	1,494,395
	Reserved for Retirement Contributions-TRS	418,679
	Reserved for Workers Compensation	100,000
	Reserved for Insurance	33,000
	Reserved for Property Loss	15,000
	Capital Projects	3,935,525
	Special Purposes	286,267
	Reserved for Debt Service (Debt Service Fund)	513,058
	Permanent Fund Unreserved Fund Balance	<u>1,653</u>
		<u>7,202,989</u>
Assigned Fund Balance	Reserved for Encumbrances:	
	General Government Support	163,289
	Instruction	277,269
	Transportation	940
	Appropriated Fund Balance – General Fund	1,797,841
	School Lunch Fund Unreserved Fund Balance	<u>92,438</u>
		<u>2,331,777</u>
Unassigned Fund Balance	Unreserved and Undesignated - General Fund	<u>2,082,716</u>
Total Fund Balance (as of 6/30/22)		<u>\$ 7,272,118</u>

### Capital Assets

On June 30, 2022, the School District had capital assets of \$77,707,644, net of accumulated depreciation/amortization, invested in a broad range of capital assets, including land, buildings and improvements, machinery and equipment, right-to-use leased equipment and construction-in-progress. The change in capital assets, net of accumulated depreciation, is as follows:

Class	June 30,	
	2022	2021 (restated)
Land	\$ 985,788	\$ 985,788
Construction-in-Progress	46,676,366	34,155,378
Buildings and Improvements	28,611,359	29,519,387
Machinery and Equipment	637,950	677,921
Right-to-Use Leased Equipment	796,181	773,217
Total Capital Assets, net of accumulated depreciation	<u>\$ 77,707,644</u>	<u>\$ 66,111,691</u>

The change in capital assets during the current fiscal year results from construction in-progress on the \$50.7 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,	
	2022	2021 (restated)
Bonds Payable	\$ 56,068,815	\$ 53,304,907
Energy Performance Contract Payable	1,886,983	2,086,178
Installment Purchase Debt	131,486	174,455
Leases Payable	798,699	773,217
Compensated Absences	390,934	407,368
Net Pension Liability - ERS	-	10,044
Net Pension Liability - TRS	-	3,224,990
Retirement Incentive Payable	165,000	220,000
Other Post Employment Benefit Liability	79,142,804	95,666,710
Total	<u>\$ 138,584,721</u>	<u>\$ 155,867,869</u>

During the 2021-2022 fiscal year, the School District issued \$5,535,000 in general obligation bonds and retired \$3,075,000 in general obligation serial bonds, \$199,195 in energy performance contract debt, \$42,969 in installment purchase debt and \$258,007 in lease liabilities. The School District recorded its reduction in the net pension liability to ERS and TRS and an increase in pension assets due to investment gains as required by the provisions of GASB Statement No. 68. The School District's other postemployment benefit liability was recorded in accordance with the provisions of GASB Statement No. 75. This liability is generally expected to grow overtime as at this time the School District is permitted by New York State only to fund its pay-as-you-go obligations for health insurance. However, a change in the assumed discount rate resulted in a decrease in this current period.

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

## **Conclusion**

The School District is financially sound; it maintains a credit rating of Aa2. Despite 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 2021-2022 budget was the first budget in over twenty years that had a 0% tax levy increase, achieving its goal of keeping the tax levy at or below the cap. The 2022-2023 tax levy also fell under the tax cap.

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 of \$7,272,118 for the year ended June 30, 2022 and the amount of unassigned fund balance totaling \$2,082,716, or 3.96% of the 2022-2023 budget. It has an additional \$2,239,339 in its assigned fund balances, of which \$1,797,841 has been appropriated to the 2022-2023 budget, and it has a restricted fund balance of \$2,466,486.

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, 2022.

### **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: Laurie Baum, Assistant Superintendent for Finance & Facilities  
390 North Ridge Street  
Rye Brook, New York 10573  
lbaum@blindbrook.org

(This page intentionally left blank)



**Blind Brook - Rye Union Free School District, New York**Statement of Net Position  
June 30, 2022

	Governmental Activities
<b>ASSETS</b>	
Cash and equivalents	\$ 2,358,827
Investments	13,878,254
Receivables	
Accounts	55,339
State and Federal aid	743,493
Due from other governments	174,589
Inventories	6,710
Prepaid expenses	483,577
Net pension asset - TRS	20,434,160
Net pension asset - ERS	869,950
Capital assets	
Not being depreciated	47,662,154
Being depreciated, net	30,045,490
<b>Total Assets</b>	<b>116,712,543</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding bonds	19,735
Pension related	13,771,745
OPEB related	19,737,785
<b>Total Deferred Outflows of Resources</b>	<b>33,529,265</b>
<b>LIABILITIES</b>	
Accounts payable	3,066,148
Accrued liabilities	101,268
Employee payroll deductions	257
Unearned revenues	55,763
Due to other governments	43,320
Due to retirement systems	2,325,264
Accrued interest payable	345,227
Non-current liabilities	
Due within one year	3,947,301
Due in more than one year	134,637,420
<b>Total Liabilities</b>	<b>144,521,968</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Pension related	25,743,401
OPEB related	30,835,711
<b>Total Deferred Inflows of Resources</b>	<b>56,579,112</b>
<b>NET POSITION</b>	
Net investment in capital assets	26,715,086
Restricted	
Capital projects	56,835
Debt service	513,058
Tax certiorari	42,259
Retirement contributions - ERS	1,494,395
Retirement contributions - TRS	418,679
Workers' compensation benefits	100,000
Insurance	33,000
Property loss	15,000
Special purposes	286,267
Permanent Fund	2,653
Unrestricted	(80,536,504)
<b>Total Net Position</b>	<b>\$ (50,859,272)</b>

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

(This page intentionally left blank)

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

Statement of Activities  
Year Ended June 30, 2022

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	\$ 5,401,891	\$ 42,385	\$ -	\$ -	\$ (5,359,506)
Instruction	39,330,561	705,838	896,631	-	(37,728,092)
Pupil transportation	1,822,571	40,547	-	-	(1,782,024)
Cost of food sales	403,115	425,708	174	-	22,767
Other	130,848	-	148,477	-	17,629
Interest	1,268,475	-	-	14,553	(1,253,922)
<b>Total Governmental Activities</b>	<b>\$ 48,357,461</b>	<b>\$ 1,214,478</b>	<b>\$ 1,045,282</b>	<b>\$ 14,553</b>	<b>(46,083,148)</b>
General revenues					
Real property taxes					43,003,921
Other tax items					
School tax relief reimbursement					1,038,332
Non-property taxes					
Non-property tax distribution from County					655,045
Unrestricted use of money and property					22,489
Sale of property and compensation for loss					43,360
Unrestricted State aid					3,481,412
Miscellaneous					113,895
<b>Total General Revenues</b>					<b>48,358,454</b>
Change in Net Position					2,275,306
Net Position - Beginning					(53,134,578)
Net Position - Ending					<b>\$ (50,859,272)</b>

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, 2022

	General	Special Aid	Capital Projects
<b>ASSETS</b>			
Cash and equivalents	\$ 1,434,252	\$ -	\$ 596,430
Investments	7,436,702	-	5,804,420
Receivables			
Accounts	55,339	-	-
State and Federal aid	416,660	326,833	-
Due from other governments	174,589	-	-
Due from other funds	301,310	-	-
Inventories	-	-	-
Prepaid expenditures	483,577	-	-
Total Assets	<u>\$ 10,302,429</u>	<u>\$ 326,833</u>	<u>\$ 6,400,850</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>Liabilities</b>			
Accounts payable	\$ 540,637	\$ 35,748	\$ 2,460,800
Accrued liabilities	101,268	-	-
Employee payroll deductions	257	-	-
Unearned revenues	19,565	2,660	-
Due to other funds	-	288,425	4,525
Due to other governments	43,320	-	-
Due to retirement systems	2,325,264	-	-
Total Liabilities	<u>3,030,311</u>	<u>326,833</u>	<u>2,465,325</u>
<b>Fund balances</b>			
Nonspendable	483,577	-	-
Restricted	2,466,486	-	3,935,525
Assigned	2,239,339	-	-
Unassigned	2,082,716	-	-
Total Fund Balances	<u>7,272,118</u>	<u>-</u>	<u>3,935,525</u>
Total Liabilities and Fund Balances	<u>\$ 10,302,429</u>	<u>\$ 326,833</u>	<u>\$ 6,400,850</u>

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

<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ 328,145	\$ 2,358,827
637,132	13,878,254
-	55,339
-	743,493
-	174,589
4,525	305,835
6,710	6,710
-	483,577
<u>\$ 976,512</u>	<u>\$ 18,006,624</u>

\$ 28,963	\$ 3,066,148
-	101,268
-	257
33,538	55,763
12,885	305,835
-	43,320
-	2,325,264
<u>75,386</u>	<u>5,897,855</u>

7,710	491,287
800,978	7,202,989
92,438	2,331,777
-	2,082,716
<u>901,126</u>	<u>12,108,769</u>

<u>\$ 976,512</u>	<u>\$ 18,006,624</u>
-------------------	----------------------

(This page intentionally left blank)

**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, 2022

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

Fund Balances - Total Governmental Funds	\$ 12,108,769
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets - non-depreciable	47,662,154
Capital assets - depreciable/amortizable	58,073,686
Accumulated depreciation/amortization	(28,028,196)
	<u>77,707,644</u>
Differences between expected and actual experiences,, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (pension and OPEB) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.	
Deferred outflows - pension related	13,771,745
Deferred outflows - OPEB related	19,737,785
Deferred inflows - pension related	(25,743,401)
Deferred inflows - OPEB related	(30,835,711)
	<u>(23,069,582)</u>
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	
Net pension assets - TRS	20,434,160
Net pension assets - ERS	869,950
	<u>21,304,110</u>
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(345,227)
General obligation bonds payable	(55,040,000)
Energy performance contract payable	(131,486)
Installment purchase	(1,886,983)
Leases payable	(798,699)
Compensated absences	(390,934)
Retirement incentive payable	(165,000)
Total OPEB Liability	(79,142,804)
	<u>(137,901,133)</u>
Governmental funds report the effect of premiums, discounts, and refundings similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Deferred amount on refunding	19,735
Premium on general obligation bonds	(1,028,815)
	<u>(1,009,080)</u>
Net Position of Governmental Activities	\$ <u>(50,859,272)</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  
 Governmental Funds  
 Year Ended June 30, 2022

	General	Special Aid	Capital Projects
<b>REVENUES</b>			
Real property taxes	\$ 43,003,921	\$ -	\$ -
Other tax items	1,038,332	-	-
Non-property taxes	655,045	-	-
Charges for services	746,385	-	-
Use of money and property	64,874	-	-
Sale of property and compensation for loss	43,360	-	-
State aid	3,526,324	89,685	-
Federal aid	-	635,590	-
Food sales	-	-	-
Miscellaneous	113,895	-	-
<b>Total Revenues</b>	<b>49,192,136</b>	<b>725,275</b>	<b>-</b>
<b>EXPENDITURES</b>			
Current			
General support	4,306,232	-	-
Instruction	27,454,161	754,310	-
Pupil transportation	1,492,393	-	-
Employee benefits	10,228,048	-	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	3,575,171	-	-
Interest	1,404,459	-	-
Capital outlay	-	-	12,804,477
<b>Total Expenditures</b>	<b>48,460,464</b>	<b>754,310</b>	<b>12,804,477</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>731,672</b>	<b>(29,035)</b>	<b>(12,804,477)</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
General obligation bonds issued	-	-	5,535,000
Issuance premium	-	-	465,000
Leases issued	-	-	283,489
Transfers in	-	29,035	56,835
Transfers out	(85,870)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(85,870)</b>	<b>29,035</b>	<b>6,340,324</b>
<b>Net Change in Fund Balances</b>	<b>645,802</b>	<b>-</b>	<b>(6,464,153)</b>
<b>FUND BALANCES</b>			
Beginning of Year	6,626,316	-	10,399,678
End of Year	<u>\$ 7,272,118</u>	<u>\$ -</u>	<u>\$ 3,935,525</u>

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



<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ 43,003,921
-	1,038,332
-	655,045
-	746,385
14,816	79,690
-	43,360
-	3,616,009
-	635,590
425,708	425,708
274,832	388,727
<u>715,356</u>	<u>50,632,767</u>
-	4,306,232
147,611	28,356,082
-	1,492,393
-	10,228,048
380,217	380,217
130,848	130,848
-	3,575,171
-	1,404,459
-	12,804,477
<u>658,676</u>	<u>62,677,927</u>
<u>56,680</u>	<u>(12,045,160)</u>
-	5,535,000
-	465,000
-	283,489
-	85,870
-	(85,870)
<u>-</u>	<u>6,283,489</u>
56,680	(5,761,671)
<u>844,446</u>	<u>17,870,440</u>
<u>\$ 901,126</u>	<u>\$ 12,108,769</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, 2022**

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (5,761,671)</u>
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/amortization expense.	
Capital outlay expenditures	12,927,432
Depreciation/amortization expense	<u>(1,331,479)</u>
	<u>11,595,953</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.	
General obligation bonds issued	(5,535,000)
Issuance premium	(465,000)
Leases issued	(283,489)
Principal paid on serial bonds	3,075,000
Principal paid on energy performance contract debt	199,195
Principal paid on leases	258,007
Principal paid on installment purchase debt	<u>42,969</u>
	<u>(2,708,318)</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	(19,472)
Compensated absences	16,434
Retirement incentive payable	55,000
Changes in pension liabilities and related deferred outflows and inflows of resources	3,513,126
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(4,571,202)
Amortization of loss on refunding bonds and issuance premium	<u>155,456</u>
	<u>(850,658)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 2,275,306</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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REVENUES</b>				
Real property taxes	\$ 43,003,921	\$ 43,003,921	\$ 43,003,921	\$ -
Other tax items	1,038,332	1,038,332	1,038,332	-
Non-property taxes	450,000	450,000	655,045	205,045
Charges for services	630,354	630,354	746,385	116,031
Use of money and property	5,000	5,000	64,874	59,874
Sale of property and compensation for loss	-	-	43,360	43,360
State aid	3,350,763	3,350,763	3,526,324	175,561
Miscellaneous	86,400	86,400	113,895	27,495
Total Revenues	48,564,770	48,564,770	49,192,136	627,366
<b>EXPENDITURES</b>				
Current				
General support	4,657,153	4,922,420	4,306,232	616,188
Instruction	29,181,665	28,995,704	27,454,161	1,541,543
Pupil transportation	1,655,339	1,655,330	1,492,393	162,937
Employee benefits	10,831,398	10,831,398	10,228,048	603,350
Debt service				
Principal	3,576,907	3,576,907	3,575,171	1,736
Interest	1,405,341	1,405,341	1,404,459	882
Total Expenditures	51,307,803	51,387,100	48,460,464	2,926,636
Excess (Deficiency) of Revenues Over Expenditures	(2,743,033)	(2,822,330)	731,672	3,554,002
<b>OTHER FINANCING USES</b>				
Transfers out	(39,000)	(95,835)	(85,870)	9,965
Net Change in Fund Balance	(2,782,033)	(2,918,165)	645,802	3,563,967
<b>FUND BALANCE</b>				
Beginning of Year	2,782,033	2,918,165	6,626,316	3,708,151
End of Year	\$ -	\$ -	\$ 7,272,118	\$ 7,272,118

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

(This page intentionally left blank)

**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 financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to 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 School District's significant accounting policies are described below:

**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.

While separate district-wide and fund financial statements are presented, they are interrelated. 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 used 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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

whole or in part with Federal or State funds. The major revenues of this fund are Federal and State aid.

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 grantor or contributor stipulations. Among the activities included in the Special Purpose Fund are extraclassroom activity funds.

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 on behalf of others. In accordance with the provisions of GASB Statement No. 84, "Fiduciary Activities," the School District had no such activity to report in this fund category.

**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*, as is the Fiduciary Fund. 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.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized when they have been earned and they are both measurable and available. Revenues are considered to be available when 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 and the amounts are expected to be collected within one year of the fiscal year end. 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 payable and other postemployment benefit liability are recognized later based on specific accounting rules applicable to each, generally when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under 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



**Note 1 - Summary of Significant Accounting Policies (Continued)**

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.

The School District participates in the Cooperative Liquid Assets Securities System ("CLASS"), a cooperative investment pool, established pursuant to Articles 3A and 5G of General Municipal Law of the State of New York. CLASS has designated Public Trust Advisors, LLC as its registered investment advisor. Public Trust Advisors, LLC is registered with the Securities and Exchange Commission ("SEC"), and is subject to all of the rules and regulations of an investment advisor handling public funds. As such, the SEC provides regulatory oversight of CLASS.

The pool is authorized to invest in various securities issued by the United States and its agencies, obligations of the State of New York and repurchase agreements. These investments are reported at fair value. CLASS issues separately available audited financial statements with a year end of June 30<sup>th</sup>.

The School District's position in the pool at June 30, 2022 is \$13,840,743 and is equal to the value of the pool shares. The maximum maturity for any specific investment in the portfolio is 397 days.

Additional information concerning the cooperative is presented in the annual report of CLASS, which may be obtained from Public Trust Advisors, LLC, 717 17<sup>th</sup> Street, Suite 1850, Denver, CO 80202.

The School District also participates in the New York Liquid Assets Fund ("NYLAF"), a cooperative investment pool, established pursuant to Articles 3A and 5G of General Municipal Law of the State of New York. The sponsoring agency of the pool is another governmental unit, which acting through the fiscal officer, is primarily responsible for executing the provisions of the cooperative agreement. NYLAF has designated RBC Global Asset Management, Inc. as its registered investment advisor.

The pool is authorized to invest in various securities issued by the United States and its agencies. The amounts represent the amortized cost of the cooperative shares and are considered to approximate fair value. The School District's position in the pool at June 30, 2022 is \$37,511 and is equal to the value of the pool shares.

Additional information concerning the NYLAF is presented in the annual report, which may be obtained from the Governing Board c/o PMA Financial Network, 2135 City Gate Lane, 7<sup>th</sup> Floor, Naperville, IL 60563.

CLASS and NYLAF are rated AAAm by Standard and Poor's Rating Service. Local government investment cooperatives in this rating category meet the highest standards for credit quality, conservative investment policies and safety of principal. CLASS and NYLAF invest in a high quality portfolio of investments legally permissible for municipalities and school districts in the State.

**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, 2022.

**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, 2022, 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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

are 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 are tangible and intangible assets, which include property, plant and equipment, and 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 (except intangible right-to-use lease assets, which is discussed in Note 3B) 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. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential on the date of the donation. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

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. The other tangible and intangible property, plant, equipment and right-to-use leased assets 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
Right-to-use leased equipment	5

The costs associated with the acquisition or construction of tangible and intangible 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 consist of revenue 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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

reported unearned revenues of \$19,565 in the General Fund for tuition paid in advance, \$2,660 in the Special Aid Fund for federal aid received in advance and \$33,538 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.

**Deferred Outflows/Inflows of Resources** - In addition to assets, the statement of financial position includes a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets 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 includes a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The School District reported deferred amounts on refunding bonds resulting from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is being deferred and amortized over the shorter of the life of the refunded or refunding debt.

The School District has also reported deferred outflows of resources and deferred inflows of resources in relation to its pension and other postemployment benefit liabilities in the district-wide financial statements. These amounts are detailed in the discussion of the School District's pension and other postemployment benefit liabilities in Note 3D.

**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 expensed 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.

**Leases** - The School District is a lessee for noncancellable leases of equipment. The School District recognizes a lease liability and an intangible right-to-use lease asset ("lease asset") in the district-wide financial statements. The School District recognizes lease liabilities with an initial, individual value of \$10,000 or more.

At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how the School District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the School District is reasonably certain to exercise. The School District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the Statement of Net Position.

**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.

**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 – An Amendment of GASB Statement No. 68"*.

**Other Postemployment Benefit Liability ("OPEB")** - In addition to providing pension benefits, the School District provides health care benefits for certain retired employees and their survivors. The financial reporting of these amounts are presented in accordance with the provisions of GASB Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other than Pensions"*.

**Net Position** - Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

*Net investment in capital assets* consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are also included in this component of net position.

*Restricted* net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Assets are reported as restricted when constraints are placed on asset 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.

**Note 1 - Summary of Significant Accounting Policies (Continued)**

Restricted net position for the School District includes restricted for debt service, tax certiorari, retirement contributions, workers' compensation benefits, insurance, property loss, special purposes and Permanent Fund.

*Unrestricted* net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that does not meet the definition of the two preceding categories.

**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 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

**Note 1 - Summary of Significant Accounting Policies (Continued)**

would report a positive unassigned fund balance. For all governmental funds other than the General Fund, any deficit fund balance is reported as unassigned.

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.

**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 October 12, 2022.

**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.

**Note 2 - Stewardship, Compliance and Accountability (Continued)**

- 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 since other means control the use of these resources (e.g., grant awards) and sometimes span a period of more than one fiscal year.
- 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.

**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.

**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



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

Notes to Financial Statements (Continued)  
June 30, 2022

---

### **Note 2 - Stewardship, Compliance and Accountability (Continued)**

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.

#### **D. Cumulative Effect of Change in Accounting Principle**

The School District implemented the provisions of GASB Statement No. 87, "Leases," for the year ended June 30, 2022, which established a single model for lease accounting based on the concept that leases are a financing of a "right-to-use" underlying asset. This statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset. As a result, the School District has reported a cumulative effect of change in accounting principle of \$773,217 for the right-to-use asset and a \$773,217 liability for lease payable for a net cumulative effect of \$0 to the June 30, 2022 net position of governmental activities.

#### **E. Reclassification of Prior Year Presentation**

Certain prior year amounts have been reclassified to conform with the current year presentation with respect to the classification of cash and equivalents and investments and certain capital asset categorization.

### **Note 3 - Detailed Notes on All Funds**

#### **A. Interfund Receivables/Payables**

The composition of due from/to other funds at June 30, 2022 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 301,310	\$ -
Special Aid	-	288,425
Capital Projects	-	4,525
Non-Major Governmental	4,525	12,885
	<u>\$ 305,835</u>	<u>\$ 305,835</u>

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

June 30, 2022

**Note 3 - Detailed Notes on All Funds (Continued)**

The outstanding balances between funds results 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) payments between funds are made.

**B. Capital Assets**

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

Class	Balance July 1, 2021, as restated*	Additions	Deletions	Balance June 30, 2022
Capital Assets, not being depreciated:				
Land	\$ 985,788	\$ -	\$ -	\$ 985,788
Construction-in-progress	34,155,378	12,520,988	-	46,676,366
Total Capital Assets, not being depreciated	<u>\$ 35,141,166</u>	<u>\$ 12,520,988</u>	<u>\$ -</u>	<u>\$ 47,662,154</u>
Capital Assets, being depreciated/amortized:				
Buildings and Improvements	\$ 54,594,287	\$ 46,060	\$ -	\$ 54,640,347
Machinery and Equipment	2,299,738	76,895	-	2,376,633
Right-to-use leased equipment	773,217	283,489	-	1,056,706
Total Capital Assets, being depreciated/amortized	<u>57,667,242</u>	<u>406,444</u>	<u>-</u>	<u>58,073,686</u>
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements	25,074,900	954,088	-	26,028,988
Machinery and Equipment	1,621,817	116,866	-	1,738,683
Right-to-use leased equipment	-	260,525	-	260,525
Total Accumulated Depreciation/Amortization	<u>26,696,717</u>	<u>1,331,479</u>	<u>-</u>	<u>28,028,196</u>
Total Capital Assets, being depreciated/amortized, net	<u>\$ 30,970,525</u>	<u>\$ (925,035)</u>	<u>\$ -</u>	<u>\$ 30,045,490</u>
Capital Assets, net	<u>\$ 66,111,691</u>	<u>\$ 11,595,953</u>	<u>\$ -</u>	<u>\$ 77,707,644</u>

\*See Note 2D.

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

General support	\$ 260,525
Instruction	1,021,414
Pupil transportation	<u>49,540</u>
Total Depreciation/Amortization Expense	<u>\$ 1,331,479</u>

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

Notes to Financial Statements (Continued)  
 June 30, 2022

**Note 3 - Detailed Notes on All Funds (Continued)****C. Accrued Liabilities**

Accrued liabilities at June 30, 2022 were as follows:

	<u>General Fund</u>
Payroll and Employee Benefits	<u>\$ 101,268</u>

**D. Long-Term Liabilities**

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2022:

	July 1, 2021 as restated*	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2022	Due Within One-Year
General Obligation Bonds Payable:					
Capital Construction	\$ 48,390,000	\$ 5,535,000	\$ 2,880,000	\$ 51,045,000	\$ 3,130,000
Judgments and Claims	4,190,000	-	195,000	3,995,000	200,000
	52,580,000	5,535,000	3,075,000	55,040,000	3,330,000
Plus - Unamortized Premium on Bonds	724,907	465,000	161,092	1,028,815	-
	53,304,907	6,000,000	3,236,092	56,068,815	3,330,000
Energy Performance Contract Payable	2,086,178	-	199,195	1,886,983	203,728
Installment Purchase Debt	174,455	-	42,969	131,486	43,396
Leases payable	773,217	283,489	258,007	798,699	276,177
Other Non-current Liabilities:					
Compensated Absences	407,368	24,566	41,000	390,934	39,000
Net Pension Liability - ERS	10,044	-	10,044	-	-
Net Pension Liability - TRS	3,224,990	-	3,224,990	-	-
Retirement Incentive Payable	220,000	-	55,000	165,000	55,000
Other Postemployment Benefit Liability	95,666,710	-	16,523,906	79,142,804	-
Total Other Non- Current Liabilities	99,529,112	24,566	19,854,940	79,698,738	94,000
Total Long-Term Liabilities	<u>\$ 155,867,869</u>	<u>\$ 6,308,055</u>	<u>\$ 23,591,203</u>	<u>\$ 138,584,721</u>	<u>\$ 3,947,301</u>

\*See Note 2D.

Each governmental fund's liability for general obligation bonds payable, energy performance contract payable, installment purchase debt, leases, compensated absences, net pension liability, retirement incentive payable and other postemployment benefit liability is liquidated by the General Fund.

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

Notes to Financial Statements (Continued)  
June 30, 2022

---

**Note 3 - Detailed Notes on All Funds (Continued)****General Obligation Bonds Payable**

General obligation bonds payable at June 30, 2022 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2022
Refunding Bonds	2014	\$ 10,085,000	November, 2025	5.000 %	\$ 4,260,000
Tax Certiorari	2018	4,752,354	February, 2038	3.000-3.250	3,995,000
District-Wide Reconstruction	2019	44,665,000	October, 2039	2.250-2.500	41,250,000
District-Wide Reconstruction	2022	5,535,000	March, 2042	3.000-5.000	5,535,000
					<u>\$ 55,040,000</u>

Interest expenditures of \$1,341,807 were recorded in the fund financial statements in the General Fund. Interest expense of \$1,208,736 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, 2022 was \$1,886,983.

Interest expenditures of \$46,086 were recorded in the fund financial statements in the General Fund. Interest expense of \$44,020 was recorded in the district-wide financial statements.

**Installment Purchase Debt**

The School District has entered into an agreement to acquire school buses under an installment purchase agreement for \$219,159. The annual payments include interest at 0.99%. The balance due at June 30, 2022 was \$131,486.

Interest expenditures of \$1,735 were recorded in the fund financial statements in the General Fund. Interest expense of \$888 was recorded in the district-wide financial statements.

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

Notes to Financial Statements (Continued)  
June 30, 2022

## Note 3 - Detailed Notes on All Funds (Continued)

### Leases Payable

Leases payable at June 30, 2022 are comprised of the following individual agreements:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2022
Equipment	2021	\$ 64,584	2023	0.00%	32,292
Equipment	2021	8,438	2023	0.00%	4,219
Computer Equipment	2021	329,790	2024	2.44%	231,067
Computer Equipment	2021	370,405	2025	2.38%	289,760
Computer Equipment	2022	90,675	2026	3.39%	80,682
Computer Equipment	2022	192,814	2026	0.00%	160,679
					<u>\$ 798,699</u>

Interest expenditures/expense of \$14,831 were recorded in the fund financial statements in the General Fund and in the district-wide financial statements.

### Payments to Maturity

The annual requirements to amortize all bonded, energy performance contract, installment purchase debt outstanding and leases as of June 30, 2022 including interest payments of \$13,172,986 are as follows:

Year Ending June 30,	General Obligation Bonds		Energy Performance Contract		Installment Purchase Debt		Leases		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 3,330,000	\$ 1,443,298	\$ 203,728	\$ 41,553	\$ 43,396	\$ 1,308	\$ 276,177	\$ 12,983	\$ 3,853,301	\$ 1,499,142
2024	3,425,000	1,334,225	208,364	36,917	43,828	876	244,744	7,905	3,921,936	1,379,923
2025	3,520,000	1,220,213	213,108	32,176	44,262	440	170,081	3,328	3,947,449	1,256,157
2026	3,615,000	1,102,375	217,955	27,326	-	-	94,635	803	3,927,590	1,130,504
2027	2,525,000	1,010,407	222,915	22,366	-	-	13,062	47	2,760,977	1,032,820
2028-2032	13,475,000	4,051,220	820,915	37,570	-	-	-	-	14,295,915	4,088,790
2033-2037	15,100,000	2,312,353	-	-	-	-	-	-	15,100,000	2,312,353
2038-2042	10,050,000	473,297	-	-	-	-	-	-	10,050,000	473,297
	<u>\$ 55,040,000</u>	<u>\$ 12,947,388</u>	<u>\$ 1,886,983</u>	<u>\$ 197,908</u>	<u>\$ 131,486</u>	<u>\$ 2,624</u>	<u>\$ 798,699</u>	<u>\$ 25,066</u>	<u>\$ 57,857,168</u>	<u>\$ 13,172,986</u>

The above general obligation bonds, energy performance contract, installment purchase debt and leases are direct borrowings 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.

### Legal Debt Margin

The School District is subject to legal limitations on the amount of debt that it may issue. The School District's legal debt margin is 10% of the most recent full valuation of taxable real property.

**Note 3 - Detailed Notes on All Funds (Continued)**

**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](http://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](http://www.nystrs.org) or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

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

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

Notes to Financial Statements (Continued)  
June 30, 2022

---

**Note 3 - Detailed Notes on All Funds (Continued)**

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 2022 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	4 A15	18.1 %
	5 A15	15.1
	6 A15	10.6
TRS	1-6	9.8 %

At June 30, 2022, the School District reported the following for its proportionate share of the net pension asset for ERS and TRS:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2022	June 30, 2021
Net pension asset	\$ (869,950)	\$ (20,434,160)
School Districts' proportion of the net pension asset	0.0106421 %	0.117919 %
Change in proportion since the prior measurement date	0.0005556 %	0.001210 %

The net pension asset was measured as of March 31, 2022 for ERS and June 30, 2021 for TRS and the total pension liability used to calculate the net pension asset were determined by actuarial valuations as of those dates. The School District's proportion of the net pension asset 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, 2022, the School District recognized its proportionate share of pension expense in the district-wide financial statements of (\$975,465), (\$117,309 for ERS and (\$1,092,774) for TRS). Pension expenditures for ERS of \$528,097 and \$2,009,564 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, 2022

**Note 3 - Detailed Notes on All Funds (Continued)**

At June 30, 2022, the School District reported its proportionate share of 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	\$ 65,883	\$ 85,453	\$ 2,816,632	\$ 106,164
Changes of assumptions	1,451,850	24,498	6,721,222	1,190,230
Net difference between projected and actual earnings on pension plan investments	-	2,848,723	-	21,386,463
Changes in proportion and differences between School District contributions and proportionate share of contributions	217,080	25,302	336,588	76,568
School District contributions subsequent to the measurement date	121,007	-	2,041,483	-
	<u>\$ 1,855,820</u>	<u>\$ 2,983,976</u>	<u>\$ 11,915,925</u>	<u>\$ 22,759,425</u>
	Total			
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 2,882,515	\$ 191,617		
Changes of assumptions	8,173,072	1,214,728		
Net difference between projected and actual earnings on pension plan investments	-	24,235,186		
Changes in proportion and differences between School District contributions and proportionate share of contributions	553,668	101,870		
School District contributions subsequent to the measurement date	2,162,490	-		
	<u>\$ 13,771,745</u>	<u>\$ 25,743,401</u>		

\$121,007 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 an increase of the net pension asset in the plan's year ended March 31, 2023. The \$2,041,483 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, 2022. 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:



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

Notes to Financial Statements (Continued)  
June 30, 2022

**Note 3 - Detailed Notes on All Funds (Continued)**

<u>Year Ended</u>	<u>March 31,</u> <u>ERS</u>	<u>June 30,</u> <u>TRS</u>
2022	\$ -	\$ (2,579,993)
2023	(158,139)	(3,022,048)
2024	(265,053)	(3,825,211)
2025	(699,118)	(5,111,127)
2026	(126,853)	976,676
Thereafter	-	676,720
	<u>\$ (1,249,163)</u>	<u>\$ (12,884,983)</u>

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:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2022	June 30, 2021
Actuarial valuation date	April 1, 2021	June 30, 2020
Investment rate of return	5.9% *	6.95% *
Salary scale	4.4%	1.95%-5.18%
Inflation rate	2.7%	2.4%
Cost of living adjustments	1.4%	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-2020. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020, 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, 2015 - March 31, 2020. The actuarial assumptions used in the TRS valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

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

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

## Notes to Financial Statements (Continued)

June 30, 2022

### Note 3 - Detailed Notes on All Funds (Continued)

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.

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, 2022		TRS June 30, 2021	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	32 %	3.30 %	33 %	6.8 %
International Equity	15	5.85	16	7.6
Private Equity	10	6.50	8	10.0
Real Estate	9	5.00	11	6.5
Domestic Fixed Income Securities	-	-	16	1.3
Global Bonds	-	-	2	0.8
High Yield Bonds	-	-	1	3.8
Global Equities	-	-	4	7.1
Private Debt	-	-	1	5.9
Real Estate Debt	-	-	7	3.3
Opportunistic/ARS Portfolio	3	4.10	-	-
Credit	4	3.78	-	-
Real Assets	3	5.80	-	-
Fixed Income	23	-	-	-
Cash	1	(1.00)	1	(0.2)
	<u>100 %</u>		<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.7% for ERS and 2.4% for TRS.

The discount rate used to calculate the total pension liability was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon 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 5.9% for ERS and 6.95% 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 (4.9% for ERS and 5.95% for TRS) or 1 percentage point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

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

Notes to Financial Statements (Continued)  
June 30, 2022

**Note 3 - Detailed Notes on All Funds (Continued)**

	1% Decrease (4.9%)	Current Discount Rate (5.9%)	1% Increase (6.9%)
School District's proportionate share of the ERS net pension liability (asset)	\$ 2,239,243	\$ (869,950)	\$ (3,470,641)
	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
School District's proportionate share of the TRS net pension asset	\$ (2,144,267)	\$ (20,434,160)	\$ (35,805,488)

The components of the collective net pension asset as of the March 31, 2022 ERS measurement date and the June 30, 2021 TRS measurement date were as follows:

	ERS	TRS
Total pension liability	\$ 223,874,888,000	\$ 130,819,415,417
Fiduciary net position	232,049,473,000	148,148,457,363
Employers' net pension liability	\$ (8,174,585,000)	\$ (17,329,041,946)
Fiduciary net position as a percentage of total pension liability	103.65%	113.25%

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period April 1, 2022 through June 30, 2022 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, 2022 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, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 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, 2022 were \$121,007 to ERS and \$2,204,257 to TRS (including employee contributions of \$162,774).

*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.

**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, 2022 is \$165,000.

**Other Postemployment Benefit Liability ("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 postemployment 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, 2022, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	114
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>209</u>
	<u>323</u>

The School District's total OPEB liability of \$79,142,804 was measured as of June 30, 2022 and was determined by an actuarial valuation as of June 30, 2020.

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

Salary increases	Varied by years of service and retirement system
Discount rate	3.54%
Healthcare cost trend rates	5.10% for 2023 decreasing to an ultimate rate of 4.04% 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-2020.

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

Notes to Financial Statements (Continued)  
 June 30, 2022

---

**Note 3 - Detailed Notes on All Funds (Continued)**

The School District's change in the total OPEB liability for the year ended June 30, 2022 is as follows:

Total OPEB Liability - Beginning of Year	\$ 95,666,710
Service cost	4,885,080
Interest	2,153,218
Changes of benefit terms	-
Differences between expected and actual experience	47,772
Changes of assumptions or other inputs	(21,869,143)
Benefit payments	<u>(1,740,833)</u>
Total OPEB Liability - End of Year	<u>\$ 79,142,804</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 (2.54%) or 1 percentage point higher (4.54%) than the current discount rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	<u>\$ 94,257,535</u>	<u>\$ 79,142,804</u>	<u>\$ 67,142,158</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 (4.10% decreasing to 3.04%) or 1 percentage point higher (6.10% decreasing to 5.04%) than the current healthcare cost trend rates:

	1% Decrease (4.10% decreasing to 3.04%)	Current Healthcare Cost Trend Rates (5.10% decreasing to 4.04%)	1% Increase (6.10% decreasing to 5.04%)
Total OPEB Liability	<u>\$ 64,048,612</u>	<u>\$ 79,142,804</u>	<u>\$ 99,172,588</u>

For the year ended June 30, 2022, the School District recognized OPEB expense of \$6,312,035 in the district-wide financial statements. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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

Notes to Financial Statements (Continued)  
 June 30, 2022

**Note 3 - Detailed Notes on All Funds (Continued)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions or other inputs	\$ 19,695,985	\$ 21,067,968
Differences between expected and actual experience	<u>41,800</u>	<u>9,767,743</u>
	<u><u>\$ 19,737,785</u></u>	<u><u>\$ 30,835,711</u></u>

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

<u>Year Ended June 30,</u>	
2023	\$ (726,263)
2024	(726,263)
2025	(726,263)
2026	(726,266)
2027	(2,411,428)
Thereafter	<u>(5,781,443)</u>
	<u><u>\$ (11,097,926)</u></u>

**E. 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.

	<u>Transfers In</u>		
<u>Transfers Out</u>	<u>Special Aid Fund</u>	<u>Capital Projects Fund</u>	<u>Total</u>
General Fund	<u><u>\$ 29,035</u></u>	<u><u>\$ 56,835</u></u>	<u><u>\$ 85,870</u></u>

Transfers are used to move amounts earmarked in the operating funds to fulfill commitments for Special Aid and Capital Projects funds expenditures.

**Note 3 - Detailed Notes on All Funds (Continued)**

**F. 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.

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

*Restricted for Workers' Compensation Benefits* - the component of net position that has been established to set aside funds to be used for a specific purpose in accordance with Section 6-j of the General Municipal Law of the State of New York.

*Restricted for Insurance* - the component of net position that has been established to set aside funds to repair assets funded by insurance recoveries pursuant to Education Law.

*Restricted for Property Loss* - the component of net position that has been established to set aside funds for property loss claims in accordance with Section 6-n of the General Municipal Law of the State of New York.

*Restricted for Special Purposes* - the component of net position that has been established to set aside funds to be used for extraclassroom activities and other purposes 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, 2022

### Note 3 - Detailed Notes on All Funds (Continued)

#### G. Fund Balances

	2022				2021			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
<b>Nonspendable:</b>								
Inventories	\$ -	\$ -	\$ 6,710	\$ 6,710	\$ -	\$ -	\$ 5,112	\$ 5,112
Prepaid expenditures	483,577	-	-	483,577	424,319	-	-	424,319
Permanent Fund	-	-	1,000	1,000	-	-	1,000	1,000
<b>Total Nonspendable</b>	<b>483,577</b>	<b>-</b>	<b>7,710</b>	<b>491,287</b>	<b>424,319</b>	<b>-</b>	<b>6,112</b>	<b>430,431</b>
<b>Restricted:</b>								
Tax certiorari	42,259	-	-	42,259	42,176	-	-	42,176
Employee benefit accrued liability	363,153	-	-	363,153	368,419	-	-	368,419
ERS retirement contributions	1,494,395	-	-	1,494,395	139,095	-	-	139,095
TRS retirement contributions	418,679	-	-	418,679	-	-	-	-
Workers compensation	100,000	-	-	100,000	-	-	-	-
Insurance	33,000	-	-	33,000	-	-	-	-
Property loss	15,000	-	-	15,000	-	-	-	-
Capital projects	-	3,935,525	-	3,935,525	-	10,399,678	-	10,399,678
Special purposes - other	-	-	203,861	203,861	-	-	224,939	224,939
Special purposes - extraclassroom activities	-	-	82,406	82,406	-	-	64,769	64,769
Debt service	-	-	513,058	513,058	-	-	498,505	498,505
Permanent fund	-	-	1,653	1,653	-	-	1,750	1,750
<b>Total Restricted</b>	<b>2,466,486</b>	<b>3,935,525</b>	<b>800,978</b>	<b>7,202,989</b>	<b>549,590</b>	<b>10,399,678</b>	<b>789,963</b>	<b>11,739,331</b>
<b>Assigned:</b>								
Purchases on order:								
General government support	163,289	-	-	163,289	7,337	-	-	7,337
Instruction	277,269	-	-	277,269	170,047	-	-	170,047
Transportation	940	-	-	940	-	-	-	-
<b>For subsequent year's expenditures -</b>	<b>441,498</b>	<b>-</b>	<b>-</b>	<b>441,498</b>	<b>177,384</b>	<b>-</b>	<b>-</b>	<b>177,384</b>
General Fund	1,797,841	-	-	1,797,841	2,604,649	-	-	2,604,649
School Lunch Fund	-	-	92,438	92,438	-	-	48,371	48,371
<b>Total Assigned</b>	<b>2,239,339</b>	<b>-</b>	<b>92,438</b>	<b>2,331,777</b>	<b>2,782,033</b>	<b>-</b>	<b>48,371</b>	<b>2,830,404</b>
<b>Unassigned</b>	<b>2,082,716</b>	<b>-</b>	<b>-</b>	<b>2,082,716</b>	<b>2,870,274</b>	<b>-</b>	<b>-</b>	<b>2,870,274</b>
<b>Total Fund Balances</b>	<b>\$ 7,272,118</b>	<b>\$ 3,935,525</b>	<b>\$ 901,126</b>	<b>\$ 12,108,769</b>	<b>\$ 6,626,316</b>	<b>\$ 10,399,678</b>	<b>\$ 844,446</b>	<b>\$ 17,870,440</b>



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

Notes to Financial Statements (Continued)  
June 30, 2022

---

**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, 2022, 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**

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the School District if existing assessment rolls are modified based on the outcome of the litigation proceedings. Counsel estimates these possible refunds can range from \$325,000 to \$535,000. Any payments resulting from adverse decisions will be funded in the year the payment is made.

The School District has received a notice of claim by its former construction management company which has demanded payment of approximately \$300,000. The School District has denied the claim and alleges it has overpaid by an amount in excess of the amount demanded. This matter is still pre-litigation. While the School District has a strong argument in support of its position, it is not possible to express an opinion as to the outcome of this matter.

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

Notes to Financial Statements (Continued)

June 30, 2022

---

### **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.

#### **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**

Notes to Financial Statements (Concluded)  
June 30, 2022

---

**Note 5 - Recently Issued GASB Pronouncements**

GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements*" provides guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users. This Statement defines a SBITA and establishes that a SBITA results in a right-to-use subscription asset (intangible asset) and a corresponding liability. The Statement also provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, as well as detailing the requirements for note disclosures regarding a SBITA. The requirements of this Statement are effective for reporting periods beginning after June 15, 2022.

This is not an all-inclusive list of recently issued GASB pronouncements but rather a listing of Statements that the School District believes will most impact its financial statements. The School District will evaluate the impact this and other pronouncements may have on its financial statements and will implement them as applicable and when material.

\* \* \* \* \*

(This page intentionally left blank)

# **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)

	2022	2021	2020	2019	2018
Total OPEB Liability:					
Service cost	\$ 4,885,080	\$ 5,101,442	\$ 3,931,264	\$ 2,233,299	\$ 2,317,944
Interest	2,153,218	2,142,948	2,933,472	2,503,173	2,236,290
Changes of benefit terms	-	-	-	(310,774)	-
Differences between expected and actual experience	47,772	(2,071,522)	(12,154,764)	(1,234,751)	-
Changes of assumptions or other inputs	(21,869,143)	(537,248)	19,109,345	15,505,292	(3,157,712)
Benefit payments	(1,740,833)	(1,657,854)	(1,534,367)	(1,466,908)	(1,376,099)
Net Change in Total OPEB Liability	(16,523,906)	2,977,766	12,284,950	17,229,331	20,423
Total OPEB Liability – Beginning of Year	95,666,710	92,688,944	80,403,994	63,174,663	63,154,240 (3)
Total OPEB Liability – End of Year	\$ 79,142,804	\$ 95,666,710	\$ 92,688,944	\$ 80,403,994	\$ 63,174,663
School District's covered-employee payroll	\$ 26,320,718	\$ 22,270,573	\$ 25,017,059	\$ 24,744,248	\$ 24,482,203
Total OPEB liability as a percentage of covered-employee payroll	300.69%	429.57%	370.50%	324.94%	258.04%
Discount Rate	3.54%	2.16%	2.21%	3.50%	3.50%

(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.

(4) Decrease due to increase in discount rate.

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)									
	2022 (4)	2021 (3)	2020	2019	2018	2017	2016	2015		
School District's proportion of the net pension liability (asset)	0.117919%	0.116709%	0.118068%	0.121176%	0.125340%	0.124916%	0.122283%	0.124797%		
School District's proportionate share of the net pension liability (asset)	\$ (20,434,160)	\$ 3,224,990	\$ (3,067,407)	\$ (2,191,185)	\$ (952,709)	\$ 1,337,899	\$ (12,701,354)	\$ (13,901,646)		
School District's covered payroll	\$ 20,579,827	\$ 20,055,687	\$ 19,858,267	\$ 19,615,220	\$ 19,788,608	\$ 19,509,451	\$ 18,719,625	\$ 18,434,511		
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(99.29%)	16.08%	(15.45%)	(11.17%)	(4.81%)	6.86%	(67.85%)	(75.41%)		
Plan fiduciary net position as a percentage of the total pension liability	113.20%	97.76%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%		
Discount Rate	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%		

Schedule of Contributions									
	2022	2021	2020	2019	2018	2017	2016	2015	
Contractually required contribution	\$ 2,041,483	\$ 1,961,258	\$ 1,776,934	\$ 2,108,948	\$ 1,922,292	\$ 2,319,225	\$ 2,586,952	\$ 3,281,550	
Contributions in relation to the contractually required contribution	(2,041,483)	(1,961,258)	(1,776,934)	(2,108,948)	(1,922,292)	(2,319,225)	(2,586,952)	(3,281,550)	
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
School District's covered payroll	\$ 20,831,463	\$ 20,579,827	\$ 20,055,687	\$ 19,858,267	\$ 19,615,220	\$ 19,788,608	\$ 19,509,451	\$ 18,719,625	
Contributions as a percentage of covered payroll	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	

- (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) Increase in the School District's proportionate share of net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses.  
 (4) Decrease in the School District's proportionate share of net pension liability mainly attributable to decrease in plan fiduciary net position due to investment gains.



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 (Asset) (2)									
	2022 (5)	2021 (4)	2020 (3)	2019	2018	2017	2016	2015	
School District's proportion of the net pension liability (asset)	0.0106421%	0.0100865%	0.0102358%	0.0104456%	0.0113619%	0.0108352%	0.0107325%	0.0115245%	
School District's proportionate share of the net pension liability (asset)	\$ (869,950)	\$ 10,044	\$ 2,710,508	\$ 740,105	\$ 366,698	\$ 1,018,104	\$ 1,722,595	\$ 389,326	
School District's covered payroll	\$ 3,930,407	\$ 3,685,860	\$ 3,732,188	\$ 3,540,471	\$ 3,520,857	\$ 3,610,534	\$ 3,589,864	\$ 3,494,258	
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(22.13%)	0.27%	72.63%	20.90%	10.42%	28.20%	47.98%	11.14%	
Plan fiduciary net position as a percentage of the total pension liability	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%	
Discount Rate	5.90%	5.90%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%	
Schedule of Contributions									
	2022	2021	2020	2019	2018	2017	2016	2015	
Contractually required contribution	\$ 567,666	\$ 502,632	483,800	\$ 485,598	\$ 515,077	\$ 521,470	\$ 575,684	\$ 581,395	
Contributions in relation to the contractually required contribution	(567,666)	(502,632)	(483,800)	(485,598)	(515,077)	(521,470)	(575,684)	(581,395)	
Contribution excess	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
School District's covered payroll	\$ 3,994,093	\$ 3,743,386	\$ 3,776,720	\$ 3,550,692	\$ 3,492,465	\$ 3,633,575	\$ 3,555,324	\$ 3,573,486	
Contributions as a percentage of covered payroll	14.21%	13.43%	12.81%	13.68%	14.75%	14.35%	16.19%	16.27%	

(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) Increase in the School District's proportionate share of the net pension liability mainly attributable to decrease in plan fiduciary net position due to investment losses.

(4)(5) Decrease in the School District's proportionate share of the net pension liability mainly attributable to increase in plan fiduciary net position due to investment gains.

See independent auditors' report.



(This page intentionally left blank)

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

General Fund  
Comparative Balance Sheet  
June 30,

	2022	2021
<b>ASSETS</b>		
Cash and equivalents	\$ 1,434,252	\$ 830,909
Investments	7,436,702	7,230,102
Receivables		
Accounts	55,339	67,454
State and Federal aid	416,660	672,562
Due from other governments	174,589	155,618
Due from other funds	301,310	582,453
	947,898	1,478,087
Prepaid expenditures	483,577	424,319
Total Assets	\$ 10,302,429	\$ 9,963,417
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 540,637	\$ 112,212
Accrued liabilities	101,268	130,023
Employee payroll deductions	257	506
Unearned revenues	19,565	14,452
Due to other funds	-	782,241
Due to other governments	43,320	43,010
Due to retirement systems	2,325,264	2,254,657
Total Liabilities	3,030,311	3,337,101
Fund balance		
Nonspendable	483,577	424,319
Restricted	2,466,486	549,690
Assigned	2,239,339	2,782,033
Unassigned	2,082,716	2,870,274
Total Fund Balance	7,272,118	6,626,316
Total Liabilities and Fund Balance	\$ 10,302,429	\$ 9,963,417

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.

	2022				
	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget
<b>REVENUES</b>					
Real property taxes	\$ 43,003,921	\$ 43,003,921	\$ 43,003,921	\$	\$ -
Other tax items	1,038,332	1,038,332	1,038,332		-
Non-property taxes	450,000	450,000	655,045		205,045
Charges for services	630,354	630,354	746,385		116,031
Use of money and property	5,000	5,000	64,874		59,874
Sale of property and compensation for loss	-	-	43,360		43,360
State aid	3,350,763	3,350,763	3,526,324		175,561
Federal aid	-	-	-		-
Miscellaneous	86,400	86,400	113,895		27,495
<b>Total Revenues</b>	<b>48,564,770</b>	<b>48,564,770</b>	<b>49,192,136</b>		<b>627,366</b>
<b>EXPENDITURES</b>					
<b>Current</b>					
General support					
Board of education	68,450	90,861	78,276	-	12,585
Central administration	372,503	490,373	477,113	-	13,260
Finance	665,758	746,704	693,052	37,450	16,202
Staff	425,247	464,013	303,566	-	160,447
Central services	2,446,287	2,451,909	2,207,175	125,839	118,895
Special items	678,908	678,560	547,050	-	131,510
<b>Total General Support</b>	<b>4,657,153</b>	<b>4,922,420</b>	<b>4,306,232</b>	<b>163,289</b>	<b>452,899</b>
Instruction					
Instruction, administration and improvement	2,144,555	1,995,821	1,783,409	7,619	204,793
Teaching - Regular school	15,026,861	14,938,935	14,456,836	129,151	352,948
Programs for students with disabilities	6,941,195	6,830,534	6,574,061	9,028	247,445
Instructional media	2,226,104	2,337,262	2,011,377	125,274	200,611
Pupil services	2,842,950	2,893,152	2,628,478	6,197	258,477
<b>Total Instruction</b>	<b>29,181,665</b>	<b>28,995,704</b>	<b>27,454,161</b>	<b>277,269</b>	<b>1,264,274</b>
Pupil transportation	1,655,339	1,655,330	1,492,393	940	161,997
Community services	-	-	-	-	-
Employee benefits	10,831,398	10,831,398	10,228,048	-	603,350
Debt service					
Principal	3,576,907	3,576,907	3,575,171	-	1,736
Interest	1,405,341	1,405,341	1,404,459	-	882
<b>Total Expenditures</b>	<b>51,307,803</b>	<b>51,387,100</b>	<b>48,460,464</b>	<b>441,498</b>	<b>2,485,138</b>
Excess (Deficiency) of Revenues Over Expenditures	(2,743,033)	(2,822,330)	731,672	(441,498)	3,112,504
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	(39,000)	(95,835)	(85,870)	-	9,965
<b>Total Other Financing Sources (Uses)</b>	<b>(39,000)</b>	<b>(95,835)</b>	<b>(85,870)</b>	<b>-</b>	<b>9,965</b>
<b>Net Change in Fund Balance</b>	<b>(2,782,033)</b>	<b>(2,918,165)</b>	<b>645,802</b>	<b>\$ (441,498)</b>	<b>\$ 3,122,469</b>
<b>FUND BALANCE</b>					
Beginning of Year	2,782,033	2,918,165	6,626,316		
End of Year	\$ -	\$ -	\$ 7,272,118		

See independent auditors' report.

2021				
Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget
\$ 42,690,925	\$ 42,690,925	\$ 42,670,765	\$	\$ (20,160)
1,351,328	1,351,328	1,351,328		-
450,000	450,000	601,198		151,198
765,000	765,000	620,068		(144,932)
257,500	257,500	4,765		(252,735)
-	-	18,252		18,252
2,999,764	2,999,764	3,766,801		767,037
-	-	42,101		42,101
91,500	91,500	193,805		102,305
<u>48,606,017</u>	<u>48,606,017</u>	<u>49,269,083</u>		<u>663,066</u>
47,491	77,990	43,977	-	34,013
370,250	367,168	360,858	200	6,110
716,933	774,479	740,908	1,380	32,191
219,067	377,779	351,759	-	26,020
2,317,126	2,799,362	2,593,215	5,757	200,390
537,352	558,352	545,043	-	13,309
<u>4,208,219</u>	<u>4,955,130</u>	<u>4,635,760</u>	<u>7,337</u>	<u>312,033</u>
2,817,096	2,888,132	2,755,267	-	132,865
14,543,821	14,597,787	14,030,062	45,030	522,695
6,896,432	6,732,514	6,325,936	-	406,578
1,767,214	1,843,982	1,665,193	122,017	56,772
2,703,840	2,509,522	2,215,028	3,000	291,494
<u>28,728,403</u>	<u>28,571,937</u>	<u>26,991,486</u>	<u>170,047</u>	<u>1,410,404</u>
1,561,759	1,406,192	1,322,827	-	83,365
1,000	1,000	-	-	1,000
10,290,245	9,907,645	9,830,708	-	76,937
3,617,548	3,619,468	3,619,467	-	1
2,042,874	2,040,954	2,038,671	-	2,283
<u>50,450,048</u>	<u>50,502,326</u>	<u>48,438,919</u>	<u>177,384</u>	<u>1,886,023</u>
<u>(1,844,031)</u>	<u>(1,896,309)</u>	<u>830,164</u>	<u>(177,384)</u>	<u>2,549,089</u>
200,000	200,000	200,000	-	-
(39,020)	(39,020)	(21,420)	-	17,600
160,980	160,980	178,580	-	17,600
(1,683,051)	(1,735,329)	1,008,744	\$ (177,384)	\$ 2,566,689
<u>1,683,051</u>	<u>1,735,329</u>	<u>5,617,572</u>		
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,626,316</u>		

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

**General Fund  
Schedule of Revenues Compared to Budget  
Year Ended June 30, 2022**

	Original Budget	Final Budget	Actual	Variance with Final Budget
<b>REAL PROPERTY TAXES</b>	\$ 43,003,921	\$ 43,003,921	\$ 43,003,921	\$ -
<b>OTHER TAX ITEMS</b>	1,038,332	1,038,332	1,038,332	-
School tax relief reimbursement				
<b>NON-PROPERTY TAXES</b>	450,000	450,000	655,045	205,045
Non-property tax distribution from County				
<b>CHARGES FOR SERVICES</b>	317,354	317,354	420,379	103,025
Day school tuition	300,000	300,000	285,459	(14,541)
Other services for other districts and other governments	13,000	13,000	40,547	27,547
Transportation for other districts				
<b>USE OF MONEY AND PROPERTY</b>	630,354	630,354	746,385	116,031
Earnings on investments	5,000	5,000	22,489	17,489
Rental of real property	-	-	42,385	42,385
<b>SALE OF PROPERTY AND COMPENSATION FOR LOSS</b>	5,000	5,000	64,874	59,874
Insurance recoveries	-	-	37,620	37,620
Other	-	-	5,740	5,740
	-	-	43,360	43,360

**STATE AID**

Basic formula	2,900,763	2,900,763	2,779,681	(121,082)
Lottery	-	-	94,047	94,047
BOCES	330,000	330,000	607,684	277,684
Textbooks	87,000	87,000	23,558	(63,442)
Computer software	24,000	24,000	20,029	(3,971)
Library materials	9,000	9,000	1,325	(7,675)

**MISCELLANEOUS**

Refund of prior year's expenditures	55,900	55,900	90,467	34,567
Other	30,500	30,500	23,428	(7,072)

**TOTAL REVENUES**

	3,350,763	3,350,763	3,526,324	175,561
	86,400	86,400	113,895	27,495
	<u>\$ 48,564,770</u>	<u>\$ 48,564,770</u>	<u>\$ 49,192,136</u>	<u>\$ 627,366</u>

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, 2022**

	Original Budget	Final Budget	Actual	Encumbrances	Variance with Final Budget
<b>GENERAL SUPPORT</b>					
<b>BOARD OF EDUCATION</b>					
Board of education	\$ 39,650	\$ 43,053	\$ 34,835	\$ -	\$ 8,218
District clerk	12,700	12,700	12,570	-	130
District meeting	16,100	35,108	30,871	-	4,237
Total Board of Education	68,450	90,861	78,276	-	12,585
<b>CENTRAL ADMINISTRATION</b>					
Chief school administrator	372,503	490,373	477,113	-	13,260
<b>FINANCE</b>					
Business administration	503,758	539,654	524,732	700	14,222
Auditing	36,000	77,750	40,000	36,750	1,000
Treasurer	121,000	125,000	124,165	-	835
Purchasing	5,000	4,300	4,155	-	145
Total Finance	665,758	746,704	693,052	37,450	16,202
<b>STAFF</b>					
Legal	350,000	350,000	194,538	-	155,462
Personnel	26,380	12,446	11,807	-	639
Public information and services	48,867	101,567	97,221	-	4,346
Total Staff	425,247	464,013	303,566	-	160,447
<b>CENTRAL SERVICES</b>					
Operation and maintenance of plant	2,433,706	2,439,328	2,199,789	125,839	113,700
Central printing and mailing	12,581	12,581	7,386	-	5,195
Total Central Services	2,446,287	2,451,909	2,207,175	125,839	118,895

**SPECIAL ITEMS**

Unallocated insurance  
 Assessments on school property  
 Refund of real property taxes  
 Administrative charge - BOCES  
 Other

223,199	223,199	209,957	-	13,242
33,000	33,000	22,451	-	10,549
98,377	98,377	-	-	98,377
255,922	255,922	255,922	-	-
68,410	68,062	58,720	-	9,342

Total Special Items

678,908	678,560	547,050	-	131,510
---------	---------	---------	---	---------

Total General Support

4,657,153	4,922,420	4,306,232	163,289	452,899
-----------	-----------	-----------	---------	---------

**INSTRUCTION****INSTRUCTION, ADMINISTRATION  
AND IMPROVEMENT**

Curriculum development and supervision  
 Supervision - Regular school  
 In-service training - Instruction

363,941	269,951	254,303	-	15,648
1,643,939	1,589,195	1,469,731	-	119,464
136,675	136,675	59,375	7,619	69,681

Total Instruction, Administration  
 and Improvement

2,144,555	1,995,821	1,783,409	7,619	204,793
-----------	-----------	-----------	-------	---------

**TEACHING - REGULAR SCHOOL****PROGRAMS FOR STUDENTS  
WITH DISABILITIES**

15,026,861	14,938,935	14,456,836	129,151	352,948
------------	------------	------------	---------	---------

**INSTRUCTIONAL MEDIA**  
 School library and audiovisual  
 Computer assisted instruction

6,941,195	6,830,534	6,574,061	9,028	247,445
327,938	360,438	339,857	1,381	19,200
1,898,166	1,976,824	1,671,520	123,893	181,411

Total Instructional Media

2,226,104	2,337,262	2,011,377	125,274	200,611
-----------	-----------	-----------	---------	---------

(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, 2022**

<b>INSTRUCTION (Continued)</b>	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Encumbrances</b>	<b>Variance with Final Budget</b>
<b>PUPIL SERVICES</b>					
Guidance - Regular school	\$ 1,064,810	\$ 1,060,795	\$ 992,481	\$ -	\$ 68,314
Health and diagnostic services - Regular school	350,354	395,354	335,701	-	59,653
Psychological services - Regular school	300,333	285,633	275,350	-	10,283
Social work services - Regular school	96,074	101,074	100,610	-	464
Co-curricular activities - Regular school	278,360	275,228	223,143	-	52,085
Interscholastic athletics - Regular school	753,019	775,068	701,193	6,197	67,678
<b>Total Pupil Services</b>	<b>2,842,950</b>	<b>2,893,152</b>	<b>2,628,478</b>	<b>6,197</b>	<b>258,477</b>
<b>Total Instruction</b>	<b>29,181,665</b>	<b>28,995,704</b>	<b>27,454,161</b>	<b>277,269</b>	<b>1,264,274</b>
<b>PUPIL TRANSPORTATION</b>					
District transportation services	727,923	725,424	653,808	940	70,676
Contract transportation and garage building	927,416	929,906	838,585	-	91,321
<b>Total Pupil Transportation</b>	<b>1,655,339</b>	<b>1,655,330</b>	<b>1,492,393</b>	<b>940</b>	<b>161,997</b>
<b>EMPLOYEE BENEFITS</b>					
State retirement	605,000	605,000	528,097	-	76,903
Teachers' retirement	2,042,072	2,042,072	2,009,564	-	32,508
Social security	2,020,177	2,020,177	1,909,304	-	110,873
Hospital, medical and dental insurance	5,592,988	5,586,588	5,255,394	-	331,194
Workers' compensation	162,761	162,761	156,406	-	6,355
Unemployment benefits	50,000	50,000	6,083	-	43,917
Union welfare benefits	358,400	364,800	363,200	-	1,600
<b>Total Employee Benefits</b>	<b>10,831,398</b>	<b>10,831,398</b>	<b>10,228,048</b>	<b>-</b>	<b>603,350</b>

**DEBT SERVICE****Principal**

Serial bonds  
 Energy performance contract  
 Leases  
 Installment purchase debt

3,075,000	3,075,000	3,075,000	-	-
199,196	199,196	199,195	-	1
258,007	258,007	258,007	-	-
44,704	44,704	42,969	-	1,735

**Interest**

Serial bonds  
 Energy performance contract  
 Leases  
 Installment purchase debt

3,576,907	3,576,907	3,575,171	-	1,736
1,341,807	1,341,807	1,341,807	-	-
46,087	46,087	46,086	-	1
14,831	14,831	14,831	-	-
2,616	2,616	1,735	-	881

Total Debt Service

1,405,341	1,405,341	1,404,459	-	882
4,982,248	4,982,248	4,979,630	-	2,618

**TOTAL EXPENDITURES**

51,307,803	51,387,100	48,460,464	441,498	2,485,138
------------	------------	------------	---------	-----------

**OTHER FINANCING USES**

Transfers out  
 Special Aid Fund  
 Capital Projects Fund

39,000	39,000	29,035	-	9,965
-	56,835	56,835	-	-

**TOTAL OTHER FINANCING USES**

39,000	95,835	85,870	-	9,965
--------	--------	--------	---	-------

**TOTAL EXPENDITURES AND  
 OTHER FINANCING USES**

\$ 51,346,803	\$ 51,482,935	\$ 48,546,334	\$ 441,498	\$ 2,495,103
---------------	---------------	---------------	------------	--------------

See independent auditors' report.

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

Special Aid Fund  
Comparative Balance Sheet  
June 30,

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and equivalents	\$ -	\$ 391,293
State and Federal aid receivable	<u>326,833</u>	<u>192,976</u>
<b>Total Assets</b>	<u><u>\$ 326,833</u></u>	<u><u>\$ 584,269</u></u>
<b>LIABILITIES</b>		
Accounts payable	\$ 35,748	\$ 5,541
Unearned revenues	2,660	5,575
Due to other funds	<u>288,425</u>	<u>573,153</u>
<b>Total Liabilities</b>	<u><u>\$ 326,833</u></u>	<u><u>\$ 584,269</u></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,**

	<u>2022</u>	<u>2021</u>
<b>REVENUES</b>		
State aid	\$ 89,685	\$ 85,681
Federal aid	<u>635,590</u>	<u>437,047</u>
Total Revenues	725,275	522,728
<b>EXPENDITURES</b>		
Current		
Instruction	<u>754,310</u>	<u>544,148</u>
Deficiency of Revenues Over Expenditures	(29,035)	(21,420)
<b>OTHER FINANCING SOURCES</b>		
Transfers in	<u>29,035</u>	<u>21,420</u>
Net Change in Fund Balance	-	-
<b>FUND BALANCE</b>		
Beginning of Year	<u>-</u>	<u>-</u>
End of Year	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

See independent auditors' report.

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

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 596,430	\$ 887,331
Investments	5,804,420	15,300,535
Due from other funds	-	782,241
Total Assets	<u>\$ 6,400,850</u>	<u>\$ 16,970,107</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 2,460,800	\$ 6,568,945
Due to other funds	4,525	1,484
Total Liabilities	2,465,325	6,570,429
Fund balance		
Restricted	<u>3,935,525</u>	<u>10,399,678</u>
Total Liabilities and Fund Balance	<u>\$ 6,400,850</u>	<u>\$ 16,970,107</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>2022</u>	<u>2021</u>
<b>REVENUES</b>	\$ -	\$ -
<b>EXPENDITURES</b>		
Capital outlay	<u>12,804,477</u>	<u>19,621,396</u>
Deficiency of Revenues Over Expenditures	<u>(12,804,477)</u>	<u>(19,621,396)</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
General obligation bonds issued	5,535,000	-
Issuance premium	465,000	-
Installment purchase debt issued	-	219,159
Leases issued	283,489	-
Transfers in	<u>56,835</u>	<u>-</u>
Total Other Financing Sources	<u>6,340,324</u>	<u>219,159</u>
Net Change in Fund Balance	(6,464,153)	(19,402,237)
<b>FUND BALANCE</b>		
Beginning of Year	<u>10,399,678</u>	<u>29,801,915</u>
End of Year	<u>\$ 3,935,525</u>	<u>\$ 10,399,678</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, 2022

PROJECT	Authorization	Expenditures and Transfers to Date		
		Prior Years	Current Year	Total
<b>2017 and 2021 Bond Propositions</b>				
District-Wide Improvements	\$ 44,168,415	\$ 33,963,081	\$ 10,205,334	\$ 44,168,415
RSS Enrichment Center	531,585	337,241	-	337,241
District-wide Improvements Supplemental	6,000,000	-	2,315,654	2,315,654
Total 2017 and 2021 Bond Propositions	50,700,000	34,300,322	12,520,988	46,821,310
Bus Purchase	56,835	-	-	-
Computer Equipment Leases	283,489	-	283,489	283,489
	<u>\$ 51,040,324</u>	<u>\$ 34,300,322</u>	<u>\$ 12,804,477</u>	<u>\$ 47,104,799</u>

See independent auditors' report.

Unexpended Balance	Methods of Financing			Fund Balance at June 30, 2022
	Proceeds of Obligations	Transfers In	Total	
\$ -	\$ 44,168,415	\$ -	\$ 44,168,415	\$ -
194,344	531,585	-	531,585	194,344
3,684,346	6,000,000	-	6,000,000	3,684,346
3,878,690	50,700,000	-	50,700,000	3,878,690
56,835	-	56,835	56,835	56,835
-	283,489	-	283,489	-
<u>\$ 3,935,525</u>	<u>\$ 50,983,489</u>	<u>\$ 56,835</u>	<u>\$ 51,040,324</u>	<u>\$ 3,935,525</u>

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

Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2022  
(With Comparative Totals for 2021)

---

	School Lunch	Special Purpose	Debt Service
<b>ASSETS</b>			
Cash and equivalents	\$ 78,387	\$ 249,758	\$ -
Investments	89,437	36,509	508,533
Due from other funds	-	-	4,525
Inventories	6,710	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total Assets	<u>\$ 174,534</u>	<u>\$ 286,267</u>	<u>\$ 513,058</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities			
Accounts payable	\$ 28,963	\$ -	\$ -
Unearned revenues	33,538	-	-
Due to other funds	12,885	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total Liabilities	<u>75,386</u>	<u>-</u>	<u>-</u>
Fund balances			
Nonspendable	6,710	-	-
Restricted	-	286,267	513,058
Assigned	92,438	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total Fund Balances	<u>99,148</u>	<u>286,267</u>	<u>513,058</u>
Total Liabilities and Fund Balances	<u>\$ 174,534</u>	<u>\$ 286,267</u>	<u>\$ 513,058</u>

See independent auditors' report.

Total Non-Major Governmental Funds		
Permanent	2022	2021
\$ -	\$ 328,145	\$ 261,977
2,653	637,132	635,668
-	4,525	1,484
-	6,710	5,112
<u>\$ 2,653</u>	<u>\$ 976,512</u>	<u>\$ 904,241</u>
\$ -	\$ 28,963	\$ 14,034
-	33,538	36,461
-	12,885	9,300
<u>-</u>	<u>75,386</u>	<u>59,795</u>
1,000	7,710	6,112
1,653	800,978	789,963
-	92,438	48,371
<u>2,653</u>	<u>901,126</u>	<u>844,446</u>
<u>\$ 2,653</u>	<u>\$ 976,512</u>	<u>\$ 904,241</u>

**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, 2022  
(With Comparative Totals for 2021)

---

	School Lunch	Special Purpose	Debt Service
<b>REVENUES</b>			
Use of money and property	\$ 174	\$ 86	\$ 14,553
Food sales	425,708	-	-
Miscellaneous	-	274,832	-
	<u>425,882</u>	<u>274,918</u>	<u>14,553</u>
<b>EXPENDITURES</b>			
Current			
Instruction	-	147,511	-
Cost of food sales	380,217	-	-
Other	-	130,848	-
	<u>380,217</u>	<u>278,359</u>	<u>-</u>
Total Expenditures			
	<u>380,217</u>	<u>278,359</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	45,665	(3,441)	14,553
<b>OTHER FINANCING USES</b>			
Transfers out	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	45,665	(3,441)	14,553
<b>FUND BALANCES</b>			
Beginning of Year	53,483	289,708	498,505
	<u>53,483</u>	<u>289,708</u>	<u>498,505</u>
End of Year	\$ 99,148	\$ 286,267	\$ 513,058
	<u>\$ 99,148</u>	<u>\$ 286,267</u>	<u>\$ 513,058</u>

See independent auditors' report.

<u>Permanent</u>	<u>Total Non-Major Governmental Funds</u>	
	<u>2022</u>	<u>2021</u>
\$ 3	\$ 14,816	\$ 11,317
-	425,708	94,364
-	274,832	188,435
3	715,356	294,116
100	147,611	93,928
-	380,217	105,508
-	130,848	68,151
100	658,676	267,587
(97)	56,680	26,529
-	-	(200,000)
(97)	56,680	(173,471)
2,750	844,446	1,017,917
<u>\$ 2,653</u>	<u>\$ 901,126</u>	<u>\$ 844,446</u>

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

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 78,387	\$ 8,725
Investments	89,437	99,216
Inventories	<u>6,710</u>	<u>5,112</u>
<b>Total Assets</b>	<u><u>\$ 174,534</u></u>	<u><u>\$ 113,053</u></u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Accounts payable	\$ 28,963	\$ 14,034
Unearned revenues	33,538	36,461
Due to other funds	<u>12,885</u>	<u>9,075</u>
<b>Total Liabilities</b>	<u>75,386</u>	<u>59,570</u>
Fund balance		
Nonspendable	6,710	5,112
Assigned	<u>92,438</u>	<u>48,371</u>
<b>Total Fund Balance</b>	<u>99,148</u>	<u>53,483</u>
<b>Total Liabilities and Fund Balance</b>	<u><u>\$ 174,534</u></u>	<u><u>\$ 113,053</u></u>

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>2022</u>	<u>2021</u>
<b>REVENUES</b>		
Use of money and property	\$ 174	\$ 48
Food sales	<u>425,708</u>	<u>94,364</u>
Total Revenues	425,882	94,412
<b>EXPENDITURES</b>		
Current		
Cost of food sales	<u>380,217</u>	<u>105,508</u>
Excess (Deficiency) of Revenues Over Expenditures	45,665	(11,096)
<b>FUND BALANCE</b>		
Beginning of Year	<u>53,483</u>	<u>64,579</u>
End of Year	<u>\$ 99,148</u>	<u>\$ 53,483</u>

See independent auditors' report.



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

Special Purpose Fund  
Comparative Balance Sheet  
June 30,

---

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Cash and equivalents	\$ 249,758	\$ 253,252
Investments	<u>36,509</u>	<u>36,456</u>
Total Assets	<u>\$ 286,267</u>	<u>\$ 289,708</u>
<b>FUND BALANCE</b>		
Restricted	<u>\$ 286,267</u>	<u>\$ 289,708</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>2022</u>	<u>2021</u>
<b>REVENUES</b>		
Use of money and property	\$ 86	\$ 56
Miscellaneous	<u>274,832</u>	<u>188,435</u>
Total Revenues	<u>274,918</u>	<u>188,491</u>
<b>EXPENDITURES</b>		
Current		
Instruction	147,511	93,878
Other	<u>130,848</u>	<u>68,151</u>
Total Expenditures	<u>278,359</u>	<u>162,029</u>
Excess (Deficiency) of Revenues Over Expenditures	(3,441)	26,462
<b>FUND BALANCE</b>		
Beginning of Year	<u>289,708</u>	<u>263,246</u>
End of Year	<u>\$ 286,267</u>	<u>\$ 289,708</u>

See independent auditors' report.

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

Debt Service Fund  
Comparative Balance Sheet  
June 30,

---

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Investments	\$ 508,533	\$ 497,021
Due from other funds	<u>4,525</u>	<u>1,484</u>
Total Assets	<u>\$ 513,058</u>	<u>\$ 498,505</u>
<b>FUND BALANCE</b>		
Restricted	<u>\$ 513,058</u>	<u>\$ 498,505</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>2022</u>	<u>2021</u>
<b>REVENUES</b>		
Use of money and property	\$ 14,553	\$ 11,213
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>
Excess of Revenues Over Expenditures	14,553	11,213
<b>OTHER FINANCING USES</b>		
Transfers out	<u>-</u>	<u>(200,000)</u>
Net Change in Fund Balance	14,553	(188,787)
<b>FUND BALANCE</b>		
Beginning of Year	<u>498,505</u>	<u>687,292</u>
End of Year	<u>\$ 513,058</u>	<u>\$ 498,505</u>

See independent auditors' report.

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

Permanent Fund  
Comparative Balance Sheet  
June 30,

	2022	2021
<b>ASSETS</b>		
Investments	<u>\$ 2,653</u>	<u>\$ 2,975</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities		
Due to other funds	<u>\$ -</u>	<u>\$ 225</u>
Fund balance		
Nonspendable	1,000	1,000
Restricted	<u>1,653</u>	<u>1,750</u>
Total Fund Balance	<u>2,653</u>	<u>2,750</u>
Total Liabilities and Fund Balance	<u>\$ 2,653</u>	<u>\$ 2,975</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>2022</u>	<u>2021</u>
<b>REVENUES</b>		
Use of money and property	\$ 3	\$ -
<b>EXPENDITURES</b>		
Current		
Instruction	<u>100</u>	<u>50</u>
Deficiency of Revenues Over Expenditures	(97)	(50)
<b>FUND BALANCE</b>		
Beginning of Year	<u>2,750</u>	<u>2,800</u>
End of Year	<u>\$ 2,653</u>	<u>\$ 2,750</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, 2022

Adopted Budget	\$ 51,169,419
Additions - Encumbrances	<u>177,384</u>
Original Budget	51,346,803
Budget Amendments	<u>136,132</u>
Final Budget	<u><u>\$ 51,482,935</u></u>

## General Fund

## Section 1318 of Real Property Tax Law Limit Calculation

Year Ended June 30, 2022

2022-2023 Expenditure Budget	\$ 52,567,594
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted fund balance	
Assigned fund balance	\$ 2,239,339
Unassigned fund balance	<u>2,082,716</u>
Total Unrestricted Fund Balance	<u>4,322,055</u>
Less	
Appropriated for subsequent year's budget	1,797,841
Encumbrances	<u>441,498</u>
Total Adjustments	<u>2,239,339</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 2,082,716</u></u>
Actual Percentage	<u><u>3.96%</u></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, 2022**

Capital Assets, net		\$ 77,707,644
Plus		
Unamortized portion of loss on refunding bonds	\$ 19,735	
Unexpended bond proceeds	<u>3,878,690</u>	3,898,425
Less		
General obligation bonds payable - capital construction	(51,045,000)	
Unamortized portion of premium on bonds	(1,028,815)	
Energy performance contract payable	(1,886,983)	
Installment purchase debt	(131,486)	
Leases payable	<u>(798,699)</u>	<u>(54,890,983)</u>
Net Investment in Capital Assets		<u>\$ 26,715,086</u>

See independent auditors' report.



**BLIND BROOK - RYE UNION FREE SCHOOL  
DISTRICT, NEW YORK**

Report to Those Charged with Governance

June 30, 2022

October 14, 2022

Prepared by

Scott Oling, CPA

Partner

[soling@pkfod.com](mailto:soling@pkfod.com)



**KNOW  
GREATER  
VALUE**



October 14, 2022

Members of 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, 2022 and have issued our report thereon dated October 12, 2021.

Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated April 9, 2021. Professional standards also require that we communicate to you the following information related to our audit.

We are pleased to be of service to you and the School District 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 Those Charged with Governance and management of the School District 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

(This page intentionally left blank)

## Contents

Status of the Audit .....	4
Required Communications and Other Matters.....	5
Internal Control Over Financial Reporting .....	10
On the Horizon.....	12

## Appendices

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

(This page intentionally left blank)

## 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
<b>Auditor's responsibility under professional standards and planned scope and timing of the audit</b>	<p>We have communicated such information in our engagement letter to you dated April 9, 2021. Generally, these responsibilities include:</p> <ul style="list-style-type: none"> <li>• Forming and expressing an opinion on the financial statements.</li> <li>• Obtaining <i>reasonable assurance</i> that the financial statements are <i>free of material misstatements</i>, whether caused by error or fraud.</li> <li>• Accumulating and communicating uncorrected misstatements to Those Charged with Governance ("TCWG").</li> <li>• Maintaining professional skepticism.</li> <li>• Communicating audit related matters that are, in our professional judgment, significant to TCWG.</li> </ul>
<b>Supplementary information accompanying the financial statements</b>	<p>Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.</p>



Required Item	Comments
<b>Required supplementary information accompanying the financial statements</b>	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.
<b>Other information in documents containing audited financial statements</b>	Our responsibility as auditors for other information in documents containing the audited financial statements does not extend beyond the financial information identified in the auditors' report, and we are not required to perform any procedures to determine that such other information is properly stated.
<b>Our responsibilities under the Yellow Book</b>	In connection with our audit, we performed tests of the School District'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.
<b>Responsibilities of management and TCWG</b>	<p>Management's responsibilities include:</p> <ul style="list-style-type: none"> <li>• The fair presentation of the financial statements, including the selection of appropriate accounting policies.</li> <li>• Establishing and maintaining effective internal control.</li> <li>• Complying with laws, regulations, grants and contracts.</li> <li>• Providing the auditors with all financial records and related information and a signed representation letter.</li> <li>• Evaluate if there are any conditions or events, considered in the aggregate that raise substantial doubt about the School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.</li> <li>• Setting the proper tone at the top.</li> <li>• Designing and implementing policies and controls to prevent and detect fraud.</li> </ul> <p>TCWG are responsible for communicating with the auditors and overseeing the financial reporting process.</p>

Required Item	Comments
<b>Qualitative aspects of accounting practices - Accounting Policies</b>	<p>Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except for the adoption of the provisions of Governmental Accounting Standards Board Statement No. 87, "Leases".</p> <p>The accounting policies of the School District conform to U.S. generally accepted accounting principles as applicable to state and local governments. The School District's reports are based on all applicable GASB pronouncements.</p> <p>All significant transactions have been recognized in the financial statements in the proper period.</p>
<b>Qualitative aspects of accounting practices – Significant Unusual Transactions</b>	<p>No matters have come to our attention that would require us to inform you about the methods used to account for significant unusual transactions.</p>
<b>Qualitative aspects of accounting practices - Accounting Estimates and Management's Judgment</b>	<p>Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events.</p> <p>Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the School District's financial statements were:</p> <ul style="list-style-type: none"> <li>• Actuarial assumptions related to the Other Postemployment Benefit Liability ("OPEB")</li> <li>• Actuarial assumptions and proportionate share calculations related to pension liabilities</li> <li>• Asset lives for depreciable capital assets</li> <li>• Estimates of certain receivable balances and allowances for uncollectible amounts</li> <li>• Estimates for certain operating and long-term liabilities</li> </ul>

Required Item	Comments
<b>Qualitative aspects of accounting practices - Financial Statement Disclosures</b>	<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"> <li>• Other postemployment benefit liabilities payable</li> <li>• Pension plan information</li> <li>• Outstanding bonded indebtedness</li> <li>• Fund balances</li> <li>• Capital projects fund commitments</li> </ul> <p>The financial statement disclosures are neutral, consistent, and clear.</p>
<b>Going concern</b>	<p>The auditor is required to communicate with TCWG events or conditions that, when considered in the aggregate, indicate a substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.</p> <p>We concur with management's assessment that the School District will continue as a going concern for one year from the balance sheet date.</p>
<b>Significant risks</b>	<p>We have identified the following significant risks in connection with our audit:</p> <p>Management override of internal controls</p> <p>Improper revenue recognition due to fraud</p> <p>The audit procedures applied as a result of the aforementioned significant risks were designed to and have reduced the risk of material misstatement to low.</p>
<b>Difficulties encountered in performing the audit</b>	<p>We encountered no significant difficulties in dealing with management relating to the performance of our audit.</p>
<b>Corrected and uncorrected misstatements</b>	<p>Professional standards require us to accumulate all known and likely misstatements identified during the audit, (including passed adjustments and omitted financial statement disclosures), other than those that we believe are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.</p> <p>No such misstatements were detected as a result of our audit procedures.</p>

Required Item	Comments
<b>Disagreements with management</b>	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. We are pleased to report that no such disagreements arose during the course of the audit.
<b>Management representations</b>	We have requested certain representations from management that are included in the management representation letter (see Appendix 1).
<b>Management's consultations with other accountants</b>	In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the School District's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.
<b>Auditor independence</b>	We affirm that PKF O'Connor Davies, LLP is independent with respect to the School District in accordance with relevant professional standards.
<b>Significant issues discussed with management prior to retention</b>	We generally discuss with management each year prior to retention as the School District's auditor. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

## 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 "School District") 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 School District'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  
October 14, 2022

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

**Control Deficiencies**

- **Segregation of Duties**

Segregation of duties within an entity is a key factor in the assurance of sustainable risk management and internal controls. The basis for this principal is to share the responsibilities of processes in a way so that the critical function of that process is dispersed amongst more than one person or department.

*Payroll and Human Resources Functions*

The Payroll Clerk for the School District also functions as the Human Resources representative. This adds a significant responsibility to a single employee that already administers the payroll for the School District. A good system of internal control would have these separate responsibilities performed by different employees.

***Recommendation***

We recommend that the School District consider separating these responsibilities to both create a better workflow and improve internal control over how additions, separations, salaries and deductions are authorized and processed.

*Bank Reconciliations*

During the audit, it was noted that the Treasurer's responsibilities include entering cash, preparing bank reconciliations, and maintaining the books and records.

***Recommendation***

To minimize the risk of loss, these functions should be segregated to the extent possible.



## On the Horizon

### **GASB Statement No. 96 – Subscription-Based Information Technology Arrangements (“SBITA”)**

A SBITA is defined as a contract that conveys control of the right to use another party's information technology (“IT”) software, alone or in combination with tangible capital assets (the underlying IT assets), as specific in the contract for a period of time in an exchange or exchange-like transaction. The subscription term not only includes the period during which a government has a noncancellable right to use the asset, but also include periods covered by an option to extend or terminate.

Under this Statement, a government generally should recognize the right-to-use subscription asset as an intangible asset and a corresponding subscription liability. The liability should be recognized at the commencement of the subscription term, which is when the subscription asset is placed into service. The liability should be initially measured at the present value of the subscription payments expected to be made during the subscription term. Any future payments should be discounted using the interest rate charged, or if not readily determinable, the government's incremental borrowing rate should be used.

The subscription asset will be measured as the sum of the liability amount, payments made to the vendor prior to commencing the subscription term and any implementation costs, offset by any incentives received from the vendor. The amortization of the subscription asset would then be reported as an outflow of resources over the subscription term.

The Statement does provide an exception for short-term SBITAs, which have maximum contractual terms of 12 months or less, including any option to extend regardless of their probability of being exercised. Any payments for these short-term SBITAs would be recognized as outflows of resources.

Further, the Statement provides for additional disclosure requirements detailing descriptive information about the SBITA, including but not limited to the amount of the subscription asset, accumulated amortization, other payments not included in the measurement liability, principal and interest requirements and any other essential information.

Governments should review this standard early to anticipate what changes might need to be made to policies, accounting procedures, laws and regulations. The provisions of this Statement are **effective for fiscal years beginning after June 15, 2022 (i.e., the School District's financial statements for the year ended June 30, 2023).**

(This page intentionally left blank)



## **Appendix 1**

### **Management Representation Letter**





**BLIND BROOK PUBLIC SCHOOLS**  
BLIND BROOK-RYE UNION FREE SCHOOL DISTRICT  
390 NORTH RIDGE STREET  
RYE BROOK, NY 10573-1105  
(914) 937-3600 Ext. 1003  
Email: lbaum@blindbrook.org

**Colin Byrne, DPS**  
SUPERINTENDENT OF SCHOOLS

**Laurie Baum**  
ASSISTANT SUPERINTENDENT OF FINANCE & FACILITIES

October 14, 2022

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 basic financial statements of the School District of 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, 2022, and the respective changes in financial position for the year then ended, and the disclosures (collectively, 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, 2022 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 as set forth in the terms of the engagement letter dated April 9, 2021 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 required by generally accepted accounting principles to be included in the financial reporting

- entity. The individual fund financial statements have been prepared and presented in conformity with the accounting principles used to prepare the basic financial statements.
- 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) In regard to the financial statement preparation non-attest services performed by you, we have:
- a) Assumed all management responsibilities.
  - b) Designated individuals within senior management, who have suitable skill, knowledge, or experience to oversee the services.
  - c) Evaluated the adequacy and results of the services performed.
  - d) Accepted responsibility for the result of the services.
- 4) 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 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**

- 5) 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.
- 6) Significant assumptions we used in making accounting estimates, including those measured at fair value, are reasonable.
- 7) 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.
- 8) We have evaluated events subsequent to the date of the financial statements through the date of this letter, and except as discussed in Note 6 to the financial statements, no such events have occurred which would require adjustment 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.
- 9) We are in agreement with the adjusting journal entries you have proposed, and they have been posted to the School District's accounts.

#### **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 (including information obtained from outside of the general and subsidiary ledgers), 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.
  - f) All significant contracts and agreements.
  - g) All documents and records provided electronically are accurate and complete reproductions of the original documents and records.
- 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. Based on our assessment, we did not identify any fraud risks that we believe would result in a material misstatement of the financial statements.
- 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 School District 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 waste 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**

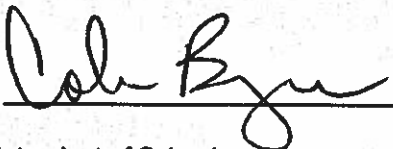
- 18) We have taken timely and appropriate steps to remedy identified and suspected fraud or noncompliance with provisions of laws, regulations, contracts, and grant agreements that you have reported to us.
- 19) We have a process to track the status of audit findings and recommendations.
- 20) We have identified to you any previous audits, attestation engagements, and other studies related to the objectives of the audit and whether related recommendations have been implemented.
- 21) We have identified to you any investigations or legal proceedings that have been initiated with respect to the period under audit.
- 22) We have provided our views on reported findings, conclusions, and recommendations, as well as our planned corrective actions, for the report.
- 23) 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 and fund balance or net position.
- 24) 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.
- 25) We have identified and disclosed to you all instances of identified and suspected fraud and noncompliance with provisions of laws, regulations, contracts and grant agreements that we believe have a material effect on the financial statements.
- 26) There are no violations or possible violations of budget ordinances/resolutions, 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.
- 27) As part of your audit, you assisted with preparation of the financial statements and disclosures. 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 disclosures.



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.

- 28) 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.
- 29) 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.
- 30) We have followed all applicable laws and regulations in adopting, approving, and amending budgets.
- 31) The financial statements include all component units, appropriately present majority equity interests in legally separate organizations and joint ventures with an equity interest, and properly disclose all other joint ventures and other related organizations.
- 32) The financial statements include all fiduciary activities required by GASB Statement No. 84.
- 33) The financial statements properly classify all funds and activities in accordance with GASB Statement No. 34, as amended.
- 34) 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.
- 35) 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.
- 36) Investments, derivative instruments, and land and other real estate held by endowments are properly valued.
- 37) 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.
- 38) Provisions for uncollectible receivables have been properly identified and recorded.
- 39) 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.
- 40) 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.
- 41) 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.

- 42) 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.
- 43) Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
- 44) Deposits and investment securities and derivative instruments are properly classified as to risk and are properly disclosed.
- 45) Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
- 46) 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.
- 47) 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.
- 48) We are following GASB Statement No. 54, paragraph 18, to determine the fund balance classifications for financial reporting purposes.
- 49) 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.
- 50) Tax abatement agreements have been properly disclosed in the notes to the financial statements, including the names of all governments involved, the gross amount and specific taxes abated, and additional commitments.
- 51) Lease agreements have been appropriately accounted for and disclosed in accordance with the requirements of GASB Statement No. 87, "Leases". The School District made available all relevant information related to its leases.
- 52) Expenditures of federal awards were below the \$750,000 threshold for the year ended June 30, 2022, 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:  \_\_\_\_\_

Title: Superintendent of Schools

Signature:  \_\_\_\_\_

Title: Assist Superintendent for Finance & Facilities



## **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 26 on *Accounting Today's* 2022 "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 26 of "2022's Top 100 Firms"**  
– *Accounting Today*, 2022
- **Ranked 6 of the "Top Firms in the Mid-Atlantic"**  
– *Accounting Today*, 2022
- **"America's Best Tax and Accounting Firms"**  
– *Forbes*, 2022
- **"Best Business Consulting Firm for Family Offices"**  
– *Private Asset Management Awards*, 2022
- **"Best Accountancy Advisor"**  
– *Family Wealth Report Awards*, 2022
- **"Best Family Office Management Consultancy"**  
– *Family Wealth Report Awards*, 2022
- **"Best Accounting Firms to Work For"**  
– *Accounting Today*, 2021
- **"Best Places to Work in New Jersey"**  
– *NJBIZ*, 2021
- **Ranked #2 "Best Accounting Internship"**  
– *Vault*, 2021
- **Ranked 15 of the 50 "Best Accounting Employers to Work for in North America"**  
– *Vault*, 2022

**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

### Investment Banking Services

- Acquisition Advisory
- Exit Readiness and Transaction Planning
- Sell-Side Advisory

### 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
- Family Advisory Services
- Forensic, Litigation and Valuation Services
- Matrimonial Services
- Management Advisory Services
- PPP Loan Forgiveness 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
- Virtual Chief Information Security Officer 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



Bethesda, MD | Boston, MA | Stamford, CT | Harrison, NY | Hempstead, NY | Middletown, NY |  
Blanchard, India | New York, NY | Westbury, NY (two locations) | Palm Beach Gardens, FL |  
Poughkeepsie, NY | Providence, RI | Shelton, CT | Stamford, CT | Westfield, CT | Welles, MA |  
Woodhill Lake, RI

[www.pkfod.com](http://www.pkfod.com)

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

Extraclassroom Activity Funds

Statement of Cash Receipts, Cash Disbursements  
and Cash Balances

Year Ended June 30, 2022

## **Independent Auditors' Report**

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

### **Report on the Audit of the Financial Statement**

#### ***Qualified Opinion***

We have audited the statement of cash receipts, cash disbursements and cash balances of the Extraclassroom Activity Funds of the Blind Brook – Rye Union Free School District, New York, as of and for the year ended June 30, 2022, and the related note to the financial statement.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statement referred to above presents fairly, in all material respects, the cash receipts, cash disbursements and cash balances of the Extraclassroom Activity Funds of the Blind Brook – Rye Union Free School District, New York as of June 30, 2022, and for the year then ended in accordance with the cash basis of accounting described in Note 1.

#### ***Basis for Qualified Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Blind Brook – Rye Union Free School District, New York, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

#### ***Matter Giving Rise to Qualified Opinion***

Controls over cash receipts during the time period between when receipts are first received by student club members and when such receipts are given to Blind Brook – Rye Union Free School District, New York personnel for initial entry in the accounting records are not sufficient to enable us to extend our audit procedures beyond the receipts recorded. Accordingly, we were unable to form an opinion with respect to the completeness of cash receipts.

#### ***Emphasis of Matter – Basis of Accounting***

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

### ***Responsibilities of Management for the Financial Statement***

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

### ***Auditors' Responsibilities for the Audit of the Financial Statement***

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

In performing an audit in accordance with GAAS, we:

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

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

### ***Restriction on Use***

This report is intended solely for the information and use of the Board of Education, the State Education Department and management and is not intended to be and should not be used by anyone other than these specified parties.

*PKF O'Connor Davies, LLP*  
**PKF O'Connor Davies, LLP**  
Harrison, New York  
October 12, 2022

**Blind Brook - Rye Union Free School District, New York****Extraclassroom Activity Funds****Statement of Cash Receipts, Cash Disbursements and Cash Balances****Year Ended June 30, 2022**

	<u>Cash Balances Beginning</u>	<u>Receipts</u>	<u>Disburse- ments</u>	<u>Cash Balances Ending</u>
Class of 2021	\$ 8,683	\$ -	\$ 8,683	\$ -
Class of 2022	2,405	30,529	21,637	11,297
Class of 2023	3,113	6,956	3,570	6,499
Class of 2024	2,096	4,556	2,690	3,962
Class of 2025	-	1,781	-	1,781
Focus Newspaper Club	737	-	480	257
High School Community Service	2,010	-	-	2,010
High School Student Senate	16,829	6,216	11,130	11,915
High School Yearbook	7,659	480	-	8,139
Human Relations	144	-	100	44
Instrumental Music	1,761	71,145	67,875	5,031
Little Wishes Club	-	133	-	133
Middle School Government	3,721	770	980	3,511
Middle School Yearbook	1,761	91	-	1,852
Midnight Run	3,643	5,068	1,426	7,285
Model UN	3,297	630	2,930	997
Robotics Club	4,464	15,200	7,459	12,205
Computer Club	500	-	-	500
HS Debate Team	1,676	4,420	1,175	4,921
Sales Tax	270	510	713	67
	<u>\$ 64,769</u>	<u>\$ 148,485</u>	<u>\$ 130,848</u>	<u>\$ 82,406</u>
Total	<u>\$ 64,769</u>	<u>\$ 148,485</u>	<u>\$ 130,848</u>	<u>\$ 82,406</u>

The accompanying note is an integral part of the financial statement.



**Note 1 - Summary of Significant Accounting Policies**

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Blind Brook - Rye Union Free School District, New York ("School District"). These funds are reflected in the financial statements of the School District within the Special Purpose Fund.

**A. Basis of Accounting**

The financial statement was prepared on the basis of cash receipts and cash disbursements in conformity with the accounting principles prescribed by the New York State Department of Education, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed.

**B. 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 Extraclassroom Activity Funds deposits and investment policies follow the School District's policies. 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 that 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 Governmental Accounting Standards Board ("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, 2022.

**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.

\*\*\*\*\*



**BLIND BROOK PUBLIC SCHOOLS**  
**BLIND BROOK-RYE UNION FREE SCHOOL DISTRICT**  
390 NORTH RIDGE STREET  
RYE BROOK, NY 10573-1105  
(914) 937-3600 Ext. 1003  
Email: lbaum@blindbrook.org

**Colin Byrne, DPS**  
SUPERINTENDENT OF SCHOOLS

**Laurie Baum**  
ASSISTANT SUPERINTENDENT OF FINANCE & FACILITIES

November 9, 2022

Office of the State Comptroller  
Division of Local Government Service & Economic Development  
Data Management Unit, 12<sup>th</sup> Floor  
110 State Street  
Albany, NY 12236

Re: Audit Reports, Fiscal Year Ended June 30, 2022

Dear Sir or Madam:

In regards to the year-end audit comments and recommendations found within the PKF O'Conner Davies, LLP Management Letter dated October 14, 2022, please find the Blind Brook-Rye Union Free School District's Response to Management Letter comments:

Segregation of Duties

Payroll and Human Resources Function

Comment: The Payroll Clerk for the School District also functions as the Human Resources representative. This adds a significant responsibility to a single employee that already administers the payroll for the School District. A good system of internal control would have these separate responsibilities performed by different employees.

We recommend that the School District consider separating these responsibilities to create a better workflow and improve internal control over how additions, separations, salaries and deductions are authorized and processed,

Response: The District, is planning to include an appropriation in the upcoming fiscal year 2023-2034 during the budget process for an HR staff member in the Business Office. This staff member will allow for separation of duties within the payroll and human resource functions and overall better internal control.

### Bank Reconciliations

Comment: During the audit, it was noted the Treasurer's responsibilities include entering cash, preparing bank reconciliations and maintaining the books and record.

To minimize the risk of loss, these functions should be segregated to the extent possible.

Response: Planned mitigating controls have not been implemented as the Business Office has faced challenges this year due to staff turnover . We have recently hired a permanent replacement for the accounts payable position and expect that once they are fully trained, we will be able to further segregate duties. We anticipate the planned addition of an staff member for human resources will also allow mitigating controls. The District also notes that the Assistant Superintendent of Finance & Facilities provides oversight by reviewing all monthly bank reconciliations and monthly Treasurer reports.