

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

Financial Statements and
Supplementary Information

Year Ended June 30, 2023

Blind Brook - Rye Union Free School District, New York

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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, 2023, 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, 2023, 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.

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 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2023 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 10, 2023

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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Blind Brook - Rye Union Free School District, New York ("School District") as of and for the year ended June 30, 2023, 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 10, 2023.

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 School District'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 10, 2023

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

Management's Discussion and Analysis (MD&A)
June 30, 2023

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, 2023. 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 2022-2023

Key financial highlights for fiscal year 2022-2023 are as follows:

- The School District's total fund balance within its General Fund was \$7,703,703 for the year ended June 30, 2023. 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 \$2,283,154, or 4.00%, and therefore at the statutory limit.
- As of the close of the 2022-2023 fiscal year, the School District's governmental fund financial statements report a combined total ending fund balance of \$9,633,029, a decrease of \$2,475,740 from the prior year's ending fund balance of \$12,108,769. The major factor driving the decrease in combined total fund balance is the reduction in the fund balance of the Capital Projects Fund of \$3,020,501 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, 2023, \$915,024 was still available as construction was ongoing. The School District is confident that the capital project will be completed within the increased authorization level.
- It is also noteworthy that the School District was able to fund its initial contribution to the restricted component of fund balance in the General Fund for future capital projects in the amount of \$515,847. On May 16, 2023, the voters approved the establishment of a "Capital Reserve Fund 2022" for the purpose of providing for future capital improvements for buildings and other improvement projects. The voters authorized that the maximum amount that could be contributed for this purpose would be \$15 million, plus interest, over a ten-year period. Any amounts to be spent from this resource will also require future voter approval. Also noteworthy about the total combined fund balance is that it includes an amount restricted for debt service of \$513,058, which will be used to help offset debt service obligations in the 2023-2024 fiscal year.
- The General Fund's overall (total) fund balance increased by \$431,585 and the General Fund's unassigned fund balance of \$2,283,154, represents approximately 29.64% of its total fund balance. The increase of \$200,438 in the unassigned balance reflects a decision by the School District to fund the unassigned fund balance up to the legally permitted 4% of the ensuing years budget.
- Of special note is the fact that the School District was able to budget \$1,000,000 as an appropriated surplus contribution to reduce the tax levy associated with the 2023-2024 budget compared to \$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 additional federal and state funding provided during the last several 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 \$52,090,361. This represented an increase of \$1,231,089 for the year ended June 30, 2023, primarily due to a sharp increase in both pension and other postemployment benefit liabilities and related deferred inflows/outflows of resources.
- 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, 2023, the School District had liabilities of \$83,919,126 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"). The School District also reported \$2,181,595 for its proportionate share of the net pension liability of the New York State and Local Employees' Retirement System ("ERS") and \$2,224,224 for its proportionate share of the net pension liability 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.
- The School District retired \$3,330,000 of bonded indebtedness, \$203,728 in obligations associated with its energy performance contract, \$43,396 of its installment purchase debt and \$470,033 of its commitments under various leases. The School District also entered into new lease agreements for equipment and buses aggregating \$1,046,166.
- The School District reviewed the provisions of GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements*" (SBITA's) and its impact on the School District's financial statements for the fiscal year ended June 30, 2023. Upon review of the School District's SBITA's, we have determined that none meet the criteria for accounting in accordance with the requirements of GASB Statement No. 96.

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, "*Fiduciary Activities*", 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. In the case of the School District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$52,090,361 for the year ending June 30, 2023.

Net Position

	June 30,	
	2023	2022
Current Assets	\$ 14,124,837	\$ 17,700,789
Net Pension Assets	-	21,304,110
Capital Assets, net	80,551,129	77,707,644
Total Assets	94,675,966	116,712,543
Deferred Outflows of Resources	35,042,293	33,529,265
Current Liabilities	4,823,154	5,937,247
Long-Term Liabilities	144,524,093	138,584,721
Total Liabilities	149,347,247	144,521,968
Deferred Inflows of Resources	32,461,373	56,579,112
Net Position		
Net Investment in Capital Assets	29,574,602	26,715,086
Restricted for		
Capital Projects	-	56,835
Future Capital Projects	515,847	-
Debt Service	652,585	513,058
Tax Certiorari	43,858	42,259
Retirement Contributions - ERS	1,550,778	1,494,395
Retirement Contributions - TRS	434,527	418,679
Worker's Compensation Benefits	103,785	100,000
Insurance	34,245	33,000
Property Loss	15,566	15,000
Special Purposes	285,954	286,267
Permanent Fund	2,690	2,653
Unrestricted	(85,304,798)	(80,536,504)
Total Net Position	\$ (52,090,361)	\$ (50,859,272)

Total assets decreased by \$22,036,577 from the prior year. Cash and equivalents and investments decreased by \$3,645,734 primarily for capital project expenditures. The net pension asset for ERS and TRS decreased by \$21,304,110 (and became net pension liabilities) due to investment losses of the retirement systems for their fiscal years ended March 31, 2023 for ERS and June 30, 2022 for TRS.

Long-term liabilities, which consist of general obligation bonds, energy performance contract debt, lease liability, net pension liabilities for ERS and TRS, and OPEB liabilities, increased by \$5,939,372 from the previous year. The OPEB liability increased by \$4,776,322 primarily due to an increase in the discount rate. The ERS and TRS net pension assets reported in the prior year became net pension liabilities in the current year as noted above, thus eliminating net pension assets reported in the prior year and increasing long-term liabilities by \$4,405,819. The School District retired \$3,330,000 in previously issued general obligation bonded indebtedness, \$203,728 in energy performance contract debt, \$43,396 of installment purchase debt and \$470,033 in lease liabilities. These reductions were partly offset by the issuance of obligations in the amount of \$1,046,166 for new leases of equipment and buses.

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 \$3,639,835 of net position. There is a negative balance of unrestricted net position of \$85,304,798, primarily the result of the recognition of the OPEB and pension 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 (\$388,498), retirement incentives (\$110,000), net pension liabilities for ERS and TRS (\$2,181,595 and \$2,224,224, respectively) and OPEB liabilities (\$83,919,126) 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,	
	2023	2022
REVENUES		
Program Revenues		
Charges for Services	\$ 1,198,260	\$ 1,214,478
Operating Grants and Contributions	1,280,517	1,045,282
Capital Grants and Contributions	139,527	14,553
Total Program Revenues	<u>2,618,304</u>	<u>2,274,313</u>
General Revenues		
Real Property Taxes	44,856,945	43,003,921
Other Tax Items	952,629	1,038,332
Non-Property Taxes	701,505	655,045
Unrestricted Use of Money and Property	415,482	22,489
Sale of Property and Compensation for Loss	8,476	43,360
Unrestricted State Aid	3,900,736	3,481,412
Miscellaneous	200,953	113,895
Total General Revenues	<u>51,036,726</u>	<u>48,358,454</u>
Total Revenues	<u>53,655,030</u>	<u>50,632,767</u>
PROGRAM EXPENSES		
General Support	5,591,820	5,401,891
Instruction	45,283,122	39,330,561
Pupil Transportation	1,924,134	1,822,571
Cost of Food Sales	566,966	403,115
Other	208,736	130,848
Interest	1,311,341	1,268,475
Total Expenses	<u>54,886,119</u>	<u>48,357,461</u>
Change in Net Position	(1,231,089)	2,275,306
NET POSITION		
Beginning	<u>(50,859,272)</u>	<u>(53,134,578)</u>
Ending	<u>\$ (52,090,361)</u>	<u>\$ (50,859,272)</u>

As seen above, governmental activities decreased the School District's net position by \$1,231,089 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

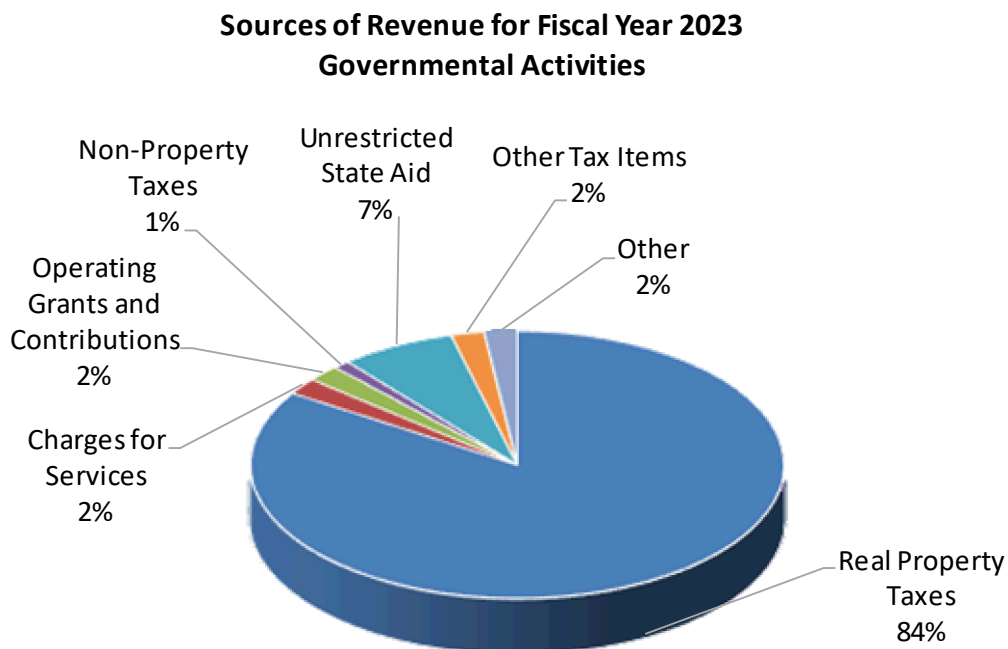
- Real property taxes (\$44,856,945) increased by \$1,853,024, or 4.31%. This was a result of appropriating \$1,797,841 of surplus to reduce the levy in the 2022-2023 fiscal year. It is noteworthy that the final calculated tax levy was under the maximum allowable limit associated with the NYS Real Property Tax Cap Legislation.

- The School District received \$415,482 in unrestricted interest earnings in 2022-2023, \$392,993 more than it received in the prior year because of increasing interest rates throughout the year.
- Non-property taxes (\$701,505) increased by \$46,460 from the prior year reflecting an increase in sales tax revenue received by the School District from Westchester County in 2022-2023. The extent of this increase is likely due to increased gross sales related to inflation in gas prices and other goods.
- Unrestricted State Aid allocated to the School District increased by \$419,324 from prior year amounts mainly because of an increase in foundation aid (\$363,068).

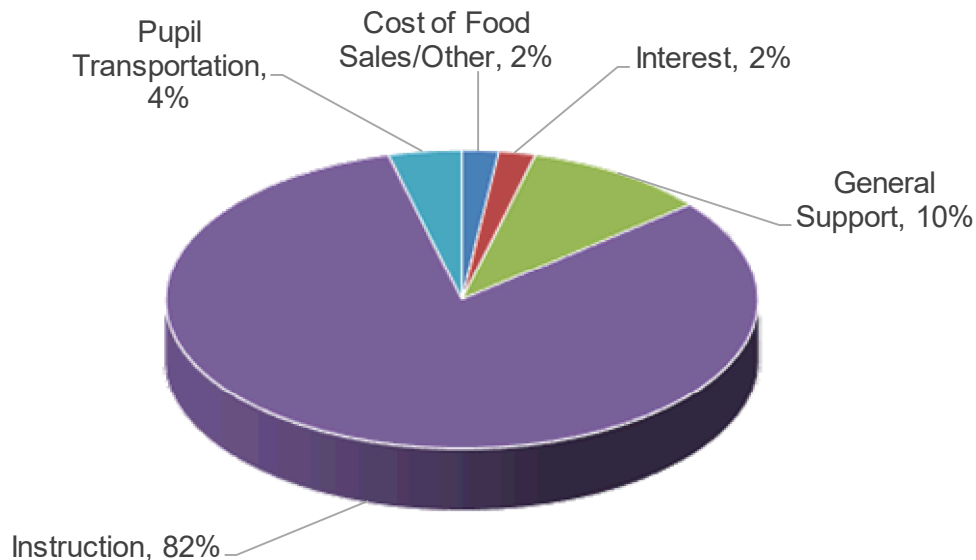
Expenses

- General Support expenses increased by \$189,929 in 2022-2023. The increase was primarily due to increased utility costs for a larger elementary building footprint, increases in salary expenses and the increase in OPEB and pension liabilities.
- Instruction program expenses increased by \$5,952,561 from the prior year primarily due to the increase in pension and OPEB liabilities, along with contractual salary increases.
- Pupil transportation costs increased by \$101,563 from the prior year. This was related to increased costs for out of district transportation and sports and field trips.
- Cost of food sales increased by \$163,851 as meal service returned to the elementary school with the opening of the new cafetorium.

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 82% of its expenses.



Expenses for Fiscal Year 2023 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 spending at the end of the fiscal year.

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 \$9,633,029 a decrease of \$2,475,740 from the prior year's ending fund balance of \$12,108,769. As previously stated, the major factor driving this decrease was the reduction in the fund balance of the Capital Projects Fund of \$3,020,501 as spending continued on the voter approved \$50.7 million capital improvement projects. At June 30, 2023, \$915,024 was still available as construction remains in-progress. It is noteworthy that the General Fund's total unassigned fund balance increased to \$2,283,154 or 4.0 % of the 2022-2023 budget. Overall, this balance increased by \$200,438 and is attributable to the decreased reliance on the use of fund balance in balancing the subsequent year's budget.

General Fund Budgetary Highlights

The General Fund is the primary operating fund of the School District. The adopted budget for fiscal year 2022-2023 of \$52,567,594 was increased by \$493,280 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, 2023 was \$53,060,874.

During the 2022-2023 fiscal year, revenues exceeded expenditures and other financing uses by \$431,585. This was a result of a combination of expenditure savings and higher revenue receipts, particularly sales tax distributions from the County and interest earnings.

At the end of the fiscal year, the total fund balance of the General Fund was \$7,703,703. 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 \$2,283,154 or 4.0%, and therefore at this statutory limit.

The following table outlines the various balances that comprise the total fund balance as of June 30, 2023 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 Reserved for Inventories (School Lunch Fund) Reserved for Trust (Permanent Fund)	\$ 513,844 11,111 <u>1,000</u>
		<u>525,955</u>
Restricted Fund Balance	Reserved for Tax Certiorari Reserved for Employee Benefit Accrued Liability Reserved for Retirement Contributions-ERS Reserved for Retirement Contributions-TRS Reserved for Workers Compensation Reserved for Insurance Reserved for Property Loss Capital Projects (Capital Projects Fund) Future Capital Projects Special Purposes Reserved for Debt Service (Debt Service Fund) Reserved for Debt Service – Subsequent Year Permanent Fund Unreserved Fund Balance	43,858 360,890 1,550,778 434,527 103,785 34,245 15,566 915,024 515,847 285,954 139,527 513,058 <u>1,690</u>
		<u>4,914,749</u>
Assigned Fund Balance	Reserved for Encumbrances: General Government Support Instruction Appropriated Fund Balance – General Fund School Lunch Fund Unreserved Fund Balance	408,499 438,710 1,000,000 <u>61,962</u>
		<u>1,909,171</u>
Unassigned Fund Balance	Unreserved and Undesignated - General Fund	<u>2,283,154</u>
Total Fund Balance (as of 6/30/23)		<u>\$ 9,633,029</u>

Capital Assets

At June 30, 2023, the School District had capital assets of \$80,551,129, 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/amortization, is as follows:

Class	June 30,	
	2023	2022
Land	\$ 985,788	\$ 985,788
Construction-in-Progress	43,694,188	46,676,366
Buildings and Improvements	33,655,883	28,611,359
Machinery and Equipment	739,177	637,950
Right-to-Use Leased Equipment	1,476,093	796,181
Total Capital Assets, net of accumulated depreciation	<u>\$ 80,551,129</u>	<u>\$ 77,707,644</u>

The change in capital assets during the current fiscal year results from the winding down of construction 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,	
	2023	2022
Bonds Payable	\$ 52,554,473	\$ 56,068,815
Energy Performance Contract Payable	1,683,255	1,886,983
Installment Purchase Debt	88,090	131,486
Leases Payable	1,374,832	798,699
Compensated Absences	388,498	390,934
Net Pension Liability - ERS	2,181,595	-
Net Pension Liability - TRS	2,224,224	-
Retirement Incentive Payable	110,000	165,000
Other Post Employment Benefit Liability	83,919,126	79,142,804
Total	<u>\$ 144,524,093</u>	<u>\$ 138,584,721</u>

During the 2022-2023 fiscal year, the School District retired \$3,330,000 in general obligation serial bonds, \$203,728 in energy performance contract debt, \$43,396 in installment purchase debt and \$470,033 in lease liabilities. The School District issued \$1,046,166 in lease payable obligations primarily for IT purchases and four school buses. The School District recorded its increase in the net pension liability to ERS and TRS 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. 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.

The School District heavily depends on its real property taxes, which represent approximately 82% of its revenue, exclusive of STAR funds. The 2023-2024 tax levy exceeded the cap by 6.93% and passed on its second vote with a 72.2% majority. 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 \$7,703,703 for the year ended June 30, 2023 and the amount of unassigned fund balance totaling \$2,283,154, or 4.0% of the 2023-2024 budget. It has an additional \$1,847,209 in its assigned fund balances, of which \$1,000,000 has been appropriated to the 2023-2024 budget, and it has a restricted fund balance of \$3,059,496.

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, 2023.

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

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Blind Brook - Rye Union Free School District, New YorkStatement of Net Position
June 30, 2023

	Governmental Activities
ASSETS	
Cash and equivalents	\$ 1,058,530
Investments	11,532,817
Receivables	
Accounts	17,794
State and Federal aid	811,846
Due from other governments	178,895
Inventories	11,111
Prepaid expenses	513,844
Capital assets	
Not being depreciated	44,679,976
Being depreciated, net	35,871,153
 Total Assets	 94,675,966
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding bonds	14,099
Pension related	13,807,219
OPEB related	21,220,975
 Total Deferred Outflows of Resources	 35,042,293
LIABILITIES	
Accounts payable	1,619,874
Accrued liabilities	155,293
Employee payroll deductions	257
Unearned revenues	44,751
Due to other governments	46,325
Due to retirement systems	2,625,308
Accrued interest payable	331,346
Non-current liabilities	
Due within one year	4,213,575
Due in more than one year	140,310,518
 Total Liabilities	 149,347,247
DEFERRED INFLOWS OF RESOURCES	
Pension related	1,096,278
OPEB related	31,365,095
 Total Deferred Inflows of Resources	 32,461,373
NET POSITION	
Net investment in capital assets	29,574,602
Restricted	
Future capital projects	515,847
Debt service	652,585
Tax certiorari	43,858
Retirement contributions - ERS	1,550,778
Retirement contributions - TRS	434,527
Workers' compensation benefits	103,785
Insurance	34,245
Property loss	15,566
Special purposes	285,954
Permanent Fund	2,690
Unrestricted	(85,304,798)
 Total Net Position	 \$ (52,090,361)

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

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Blind Brook - Rye Union Free School District, New York

Statement of Activities Year Ended June 30, 2023

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	\$ 5,591,820	\$ 50,584	\$ 93,127	\$ -	\$ (5,448,109)
Instruction	45,283,122	631,864	985,712	-	(43,665,546)
Pupil transportation	1,924,134	8,958	-	-	(1,915,176)
Cost of food sales	566,966	506,854	3,851	-	(56,261)
Other	208,736	-	197,827	-	(10,909)
Interest	1,311,341	-	-	139,527	(1,171,814)
Total Governmental Activities	\$ 54,886,119	\$ 1,198,260	\$ 1,280,517	\$ 139,527	(52,267,815)
General revenues					
Real property taxes					44,856,945
Other tax items					
School tax relief reimbursement					952,629
Non-property taxes					
Non-property tax distribution from County					701,505
Unrestricted use of money and property					415,482
Sale of property and compensation for loss					8,476
Unrestricted State aid					3,900,736
Miscellaneous					200,953
Total General Revenues					51,036,726
Change in Net Position					(1,231,089)
Net Position - Beginning					(50,859,272)
Net Position - Ending					\$ (52,090,361)

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, 2023

	General	Special Aid	Capital Projects
ASSETS			
Cash and equivalents	\$ 454,634	\$ 64,645	\$ 6,429
Investments	8,841,293	-	1,923,838
Receivables			
Accounts	17,794	-	-
State and Federal aid	477,342	334,504	-
Due from other governments	178,895	-	-
Due from other funds	376,220	-	-
Inventories	-	-	-
Prepaid expenditures	513,844	-	-
Total Assets	<u>\$ 10,860,022</u>	<u>\$ 399,149</u>	<u>\$ 1,930,267</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 315,293	\$ 38,567	\$ 998,144
Accrued liabilities	155,293	-	-
Employee payroll deductions	257	-	-
Unearned revenues	13,843	1,737	-
Due to other funds	-	358,845	17,099
Due to other governments	46,325	-	-
Due to retirement systems	2,625,308	-	-
Total Liabilities	<u>3,156,319</u>	<u>399,149</u>	<u>1,015,243</u>
Fund balances			
Nonspendable	513,844	-	-
Restricted	3,059,496	-	915,024
Assigned	1,847,209	-	-
Unassigned	2,283,154	-	-
Total Fund Balances	<u>7,703,703</u>	<u>-</u>	<u>915,024</u>
Total Liabilities and Fund Balances	<u>\$ 10,860,022</u>	<u>\$ 399,149</u>	<u>\$ 1,930,267</u>

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

<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ 532,822	\$ 1,058,530
767,686	11,532,817
-	17,794
-	811,846
-	178,895
17,099	393,319
11,111	11,111
-	513,844
<u>\$ 1,328,718</u>	<u>\$ 14,518,156</u>
\$ 267,870	\$ 1,619,874
-	155,293
-	257
29,171	44,751
17,375	393,319
-	46,325
-	2,625,308
<u>314,416</u>	<u>4,885,127</u>
12,111	525,955
940,229	4,914,749
61,962	1,909,171
-	2,283,154
<u>1,014,302</u>	<u>9,633,029</u>
<u>\$ 1,328,718</u>	<u>\$ 14,518,156</u>

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Blind Brook - Rye Union Free School District, New YorkReconciliation of Governmental Funds Balance Sheet to
the District-Wide Statement of Net Position
June 30, 2023

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

Fund Balances - Total Governmental Funds	\$ 9,633,029
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	
Capital assets - non-depreciable	44,679,976
Capital assets - depreciable/amortizable	64,723,015
Accumulated depreciation/amortization	<u>(28,851,862)</u>
	80,551,129
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	13,807,219
Deferred outflows - OPEB related	21,220,975
Deferred inflows - pension related	(1,096,278)
Deferred inflows - OPEB related	<u>(31,365,095)</u>
	2,566,821
Long-term liabilities that are not due and payable in the current period and, therefore, are not reported in the funds.	
Accrued interest payable	(331,346)
General obligation bonds payable	(51,710,000)
Energy performance contract payable	(1,683,255)
Installment purchase	(88,090)
Leases payable	(1,374,832)
Compensated absences	(388,498)
Net pension liability - ERS	(2,181,595)
Net pension liability - TRS	(2,224,224)
Retirement incentive payable	(110,000)
Total OPEB Liability	<u>(83,919,126)</u>
	(144,010,966)
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	14,099
Premium on general obligation bonds	<u>(844,473)</u>
	(830,374)
Net Position of Governmental Activities	<u>\$ (52,090,361)</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, 2023

	General	Special Aid	Capital Projects
REVENUES			
Real property taxes	\$ 44,856,945	\$ -	\$ -
Other tax items	952,629	-	-
Non-property taxes	701,505	-	-
Charges for services	640,822	-	-
Use of money and property	559,193	-	-
Sale of property and compensation for loss	8,476	-	-
State aid	4,006,030	120,945	-
Federal aid	-	635,785	-
Food sales	-	-	-
Miscellaneous	200,953	-	-
Total Revenues	<u>51,926,553</u>	<u>756,730</u>	<u>-</u>
EXPENDITURES			
Current			
General support	4,486,728	-	-
Instruction	28,718,926	795,840	-
Pupil transportation	1,573,703	-	-
Employee benefits	11,125,416	-	-
Cost of food sales	-	-	-
Other	-	-	-
Debt service			
Principal	4,047,157	-	-
Interest	1,503,928	-	-
Capital outlay	-	-	4,066,667
Total Expenditures	<u>51,455,858</u>	<u>795,840</u>	<u>4,066,667</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>470,695</u>	<u>(39,110)</u>	<u>(4,066,667)</u>
OTHER FINANCING SOURCES (USES)			
Leases issued	-	-	1,046,166
Transfers in	-	39,110	-
Transfers out	(39,110)	-	-
Total Other Financing Sources (Uses)	<u>(39,110)</u>	<u>39,110</u>	<u>1,046,166</u>
Net Change in Fund Balances	431,585	-	(3,020,501)
FUND BALANCES			
Beginning of Year	<u>7,272,118</u>	<u>-</u>	<u>3,935,525</u>
End of Year	<u>\$ 7,703,703</u>	<u>\$ -</u>	<u>\$ 915,024</u>

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

<u>Non-Major Governmental</u>	<u>Total Governmental Funds</u>
\$ -	\$ 44,856,945
-	952,629
-	701,505
-	640,822
145,224	704,417
-	8,476
-	4,126,975
-	635,785
506,539	506,539
319,984	520,937
<u>971,747</u>	<u>53,655,030</u>
-	4,486,728
113,055	29,627,821
-	1,573,703
-	11,125,416
536,780	536,780
208,736	208,736
-	4,047,157
-	1,503,928
-	4,066,667
<u>858,571</u>	<u>57,176,936</u>
<u>113,176</u>	<u>(3,521,906)</u>
-	1,046,166
-	39,110
-	(39,110)
<u>-</u>	<u>1,046,166</u>
113,176	(2,475,740)
<u>901,126</u>	<u>12,108,769</u>
<u>\$ 1,014,302</u>	<u>\$ 9,633,029</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, 2023

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

Net Change in Fund Balances - Total Governmental Funds	<u>\$ (2,475,740)</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	4,246,105
Depreciation/amortization expense	<u>(1,402,620)</u>
	<u>2,843,485</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.	
Leases issued	(1,046,166)
Principal paid on serial bonds	3,330,000
Principal paid on energy performance contract debt	203,728
Principal paid on leases	470,033
Principal paid on installment purchase debt	<u>43,396</u>
	<u>3,000,991</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	13,881
Compensated absences	2,436
Retirement incentive payable	55,000
Changes in pension liabilities and related deferred outflows and inflows of resources	(1,027,332)
Changes in OPEB liabilities and related deferred outflows and inflows of resources	(3,822,516)
Amortization of loss on refunding bonds and issuance premium	<u>178,706</u>
	<u>(4,599,825)</u>
Change in Net Position of Governmental Activities	<u><u>\$ (1,231,089)</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, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Real property taxes	\$ 44,856,945	\$ 44,856,945	\$ 44,856,945	\$ -
Other tax items	952,629	952,629	952,629	-
Non-property taxes	450,000	450,000	701,505	251,505
Charges for services	539,506	539,506	640,822	101,316
Use of money and property	2,000	2,000	559,193	557,193
Sale of property and compensation for loss	-	-	8,476	8,476
State aid	3,925,142	3,925,142	4,006,030	80,888
Miscellaneous	43,531	43,531	200,953	157,422
Total Revenues	<u>50,769,753</u>	<u>50,769,753</u>	<u>51,926,553</u>	<u>1,156,800</u>
EXPENDITURES				
Current				
General support	5,195,201	5,027,157	4,486,728	540,429
Instruction	29,891,815	29,457,490	28,718,926	738,564
Pupil transportation	1,663,807	1,631,878	1,573,703	58,175
Employee benefits	10,660,991	11,346,921	11,125,416	221,505
Debt service				
Principal	4,054,348	4,054,348	4,047,157	7,191
Interest	1,503,930	1,503,930	1,503,928	2
Total Expenditures	<u>52,970,092</u>	<u>53,021,724</u>	<u>51,455,858</u>	<u>1,565,866</u>
Excess (Deficiency) of Revenues Over Expenditures	(2,200,339)	(2,251,971)	470,695	2,722,666
OTHER FINANCING USES				
Transfers out	<u>(39,000)</u>	<u>(39,150)</u>	<u>(39,110)</u>	<u>40</u>
Net Change in Fund Balance	(2,239,339)	(2,291,121)	431,585	2,722,706
FUND BALANCE				
Beginning of Year	<u>2,239,339</u>	<u>2,291,121</u>	<u>7,272,118</u>	<u>4,980,997</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,703,703</u>	<u>\$ 7,703,703</u>

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

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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. Issuances of long-term debt 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 30th.

The School District's position in the pool at June 30, 2023 is \$11,492,254 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 17th 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 PMA Asset Management, LLC 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, 2023 is \$40,563 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, LLC, 300 Westage Business Center Drive, Fishkill, NY 12524.

CLASS and NYLAF are rated AAA 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, 2023.

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 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, 2023, 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 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 assets of the School District are depreciated/amortized 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 Assets	5-10

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 \$13,843 in the General Fund for tuition paid in advance, \$1,737 in the Special Aid Fund for federal aid received in advance and \$29,171 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 and vehicles. 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 leases and will remeasure the lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liability.

Right-to-use leased assets are reported with other capital assets and right-to-use 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 and deferred outflows of resources 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

Note 1 - Summary of Significant Accounting Policies (Continued)

regulations of other governments. Restricted net position for the School District includes restricted for future capital projects, 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 10, 2023.

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.

Note 2 - Stewardship, Compliance and Accountability (Continued)**C. Property Tax Limitation**

Chapter 97 of the Laws of 2011, as amended ("Tax Levy Limitation Law"), modified previous law by imposing 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. New Accounting Pronouncement

GASB Statement No. 96, "*Subscription-Based Information Technology Arrangements (SBITA's)*", established a single model for SBITA accounting based on the concept that SBITA's are a financing of a "right-to-use" underlying asset. This statement requires a subscriber to recognize a subscription liability and an intangible right-to-use subscription asset. The requirements of GASB Statement No. 96 are effective for the School District's fiscal year ended June 30, 2023. The School District has completed its evaluation of the financial impact of GASB Statement No. 96 and determined that the implementation of this standard was not required as it did not have a material impact on its financial statements.

Note 3 - Detailed Notes on All Funds**A. Interfund Receivables/Payables**

The composition of due from/to other funds at June 30, 2023 were as follows:

<u>Fund</u>	<u>Due From</u>	<u>Due To</u>
General	\$ 376,220	\$ -
Special Aid	-	358,845
Capital Projects	-	17,099
Non-Major Governmental	17,099	17,375
	<u>\$ 393,319</u>	<u>\$ 393,319</u>

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)
 June 30, 2023

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, 2022	Additions	Deletions	Balance June 30, 2023
Capital Assets, not being depreciated:				
Land	\$ 985,788	\$ -	\$ -	\$ 985,788
Construction-in-progress	46,676,366	2,879,141	5,861,319	43,694,188
Total Capital Assets, not being depreciated	<u>\$ 47,662,154</u>	<u>\$ 2,879,141</u>	<u>\$ 5,861,319</u>	<u>\$ 44,679,976</u>
Capital Assets, being depreciated/amortized:				
Buildings and Improvements	\$ 54,640,347	\$ 5,945,843	\$ -	\$ 60,586,190
Machinery and Equipment	2,376,633	236,274	505,932	2,106,975
Right-to-Use Leased Assets	1,056,706	1,046,166	73,022	2,029,850
Total Capital Assets, being depreciated/amortized	<u>58,073,686</u>	<u>7,228,283</u>	<u>578,954</u>	<u>64,723,015</u>
Less Accumulated Depreciation/Amortization for:				
Buildings and Improvements	26,028,988	901,319	-	26,930,307
Machinery and Equipment	1,738,683	135,047	505,932	1,367,798
Right-to-Use Leased Assets	260,525	366,254	73,022	553,757
Total Accumulated Depreciation/Amortization	<u>28,028,196</u>	<u>1,402,620</u>	<u>578,954</u>	<u>28,851,862</u>
Total Capital Assets, being depreciated/amortized, net	<u>\$ 30,045,490</u>	<u>\$ 5,825,663</u>	<u>\$ -</u>	<u>\$ 35,871,153</u>
Capital Assets, net	<u>\$ 77,707,644</u>	<u>\$ 8,704,804</u>	<u>\$ 5,861,319</u>	<u>\$ 80,551,129</u>

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

Instruction	\$ 1,296,988
Pupil transportation	55,223
Cost of food sales	<u>50,409</u>
Total Depreciation/Amortization Expense	<u>\$ 1,402,620</u>

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)

June 30, 2023

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

Accrued liabilities at June 30, 2023 were as follows:

	<u>General Fund</u>
Payroll and Employee Benefits	<u>\$ 155,293</u>

D. Long-Term Liabilities

The following table summarizes changes in the School District's long-term liabilities for the year ended June 30, 2023:

	Balance July 1, 2022	New Issues/ Additions	Maturities and/or Payments	Balance June 30, 2023	Due Within One-Year
General Obligation Bonds Payable:					
Capital Construction	\$ 51,045,000	\$ -	\$ 3,130,000	\$ 47,915,000	\$ 3,220,000
Judgments and Claims	3,995,000	-	200,000	3,795,000	205,000
	55,040,000	-	3,330,000	51,710,000	3,425,000
Plus - Unamortized Premium on Bonds	1,028,815	-	184,342	844,473	-
	56,068,815	-	3,514,342	52,554,473	3,425,000
Energy Performance Contract Payable	1,886,983	-	203,728	1,683,255	208,364
Installment Purchase Debt	131,486	-	43,396	88,090	43,828
Leases Payable	798,699	1,046,166	470,033	1,374,832	442,383
Other Non-current Liabilities:					
Compensated Absences	390,934	-	2,436	388,498	39,000
Net Pension Liability - ERS	-	2,181,595	-	2,181,595	-
Net Pension Liability - TRS	-	2,224,224	-	2,224,224	-
Retirement Incentive Payable	165,000	-	55,000	110,000	55,000
Other Postemployment Benefit Liability	79,142,804	6,570,545	1,794,223	83,919,126	-
Total Other Non- Current Liabilities	79,698,738	10,976,364	1,851,659	88,823,443	94,000
Total Long-Term Liabilities	<u>\$ 138,584,721</u>	<u>\$ 12,022,530</u>	<u>\$ 6,083,158</u>	<u>\$ 144,524,093</u>	<u>\$ 4,213,575</u>

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, 2023

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

General obligation bonds payable at June 30, 2023 are comprised of the following individual issues:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2023
Refunding Bonds	2014	\$ 10,085,000	November, 2025	5.000 %	\$ 3,270,000
Tax Certiorari	2018	4,752,354	February, 2038	3.000-3.250	3,795,000
District-Wide Reconstruction	2019	44,665,000	October, 2039	2.250-2.500	39,290,000
District-Wide Reconstruction	2022	5,535,000	March, 2042	3.000-5.000	5,355,000
					<u>\$ 51,710,000</u>

Interest expenditures of \$1,443,298 were recorded in the fund financial statements in the General Fund. Interest expense of \$1,252,949 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, 2023 was \$1,683,255.

Interest expenditures of \$41,553 were recorded in the fund financial statements in the General Fund. Interest expense of \$39,441 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, 2023 was \$88,090.

Interest expenditures of \$1,308 were recorded in the fund financial statements in the General Fund. Interest expense of \$1,182 was recorded in the district-wide financial statements.

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)

June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

Leases Payable

Leases payable at June 30, 2023 are comprised of the following individual agreements:

Purpose	Year of Issue	Original Issue Amount	Final Maturity	Interest Rates	Amount Outstanding at June 30, 2023
Computer Equipment	2021	\$ 329,790	2024	2.4400%	\$ 129,933
Computer Equipment	2021	370,405	2025	2.3800%	207,375
Computer Equipment	2022	90,675	2026	3.3900%	63,099
Computer Equipment	2022	192,814	2026	0.0000%	122,116
Computer Equipment	2023	454,750	2027	0.5706%	372,169
Computer Equipment	2023	113,084	2027	5.3000%	100,925
Buses	2023	478,332	2028	4.6400%	379,215
					<u>\$ 1,374,832</u>

Interest expenditures/expense of \$17,769 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, 2023 including interest payments of \$11,679,529 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
2024	\$ 3,425,000	\$ 1,334,225	\$ 208,364	\$ 36,917	\$ 43,828	\$ 876	\$ 129,933	\$ 4,517	\$ 3,807,125	\$ 1,376,535
2025	3,520,000	1,220,213	213,106	32,176	44,262	440	207,375	6,001	3,984,743	1,258,830
2026	3,615,000	1,102,375	217,955	27,326	-	-	185,215	2,464	4,018,170	1,132,165
2027	2,525,000	1,010,407	222,915	22,366	-	-	473,094	4,787	3,221,009	1,037,560
2028	2,575,000	945,501	227,988	17,293	-	-	379,215	-	3,182,203	962,794
2029-2033	10,900,000	3,105,719	592,927	20,276	-	-	-	-	11,492,927	3,125,995
2034-2038	15,100,000	2,312,353	-	-	-	-	-	-	15,100,000	2,312,353
2039-2042	10,050,000	473,297	-	-	-	-	-	-	10,050,000	473,297
	<u>\$ 51,710,000</u>	<u>\$ 11,504,090</u>	<u>\$ 1,683,255</u>	<u>\$ 156,354</u>	<u>\$ 88,090</u>	<u>\$ 1,316</u>	<u>\$ 1,374,832</u>	<u>\$ 17,769</u>	<u>\$ 54,856,177</u>	<u>\$ 11,679,529</u>

The above general obligation bonds 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 or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The School District also participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The TRS issues a stand-alone financial report which may be found at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

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, 2023

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 2023 are as follows:

	<u>Tier/Plan</u>	<u>Rate</u>
ERS	4 A15	13.0 %
	5 A15	11.1
	6 A15	8.2
TRS	1-6	10.29 %

At June 30, 2023, the School District reported the following for its proportionate share of the net pension liability for ERS and TRS:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
Net pension liability	\$ 2,181,595	\$ 2,224,224
School Districts' proportion of the net pension liability	0.0101734 %	0.115912 %
Change in proportion since the prior measurement date	(0.0004687) %	(0.002007) %

The net pension liability was measured as of March 31, 2023 for ERS and June 30, 1899 for TRS and the total pension liability used to calculate the net pension liability were determined by actuarial valuations as of those dates. The School District's proportion of the net pension liability for ERS was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. The School District's proportion of the net pension liability 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, 2023, the School District recognized its proportionate share of pension expense in the district-wide financial statements of \$3,746,942, (\$841,722 for ERS and \$2,905,220 for TRS). Pension expenditures for ERS of \$507,352 and \$2,212,258 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, 2023

Note 3 - Detailed Notes on All Funds (Continued)

At June 30, 2023, 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	\$ 232,357	\$ 61,267	\$ 2,330,705	\$ 44,570
Changes of assumptions	1,059,523	11,710	4,314,619	895,980
Net difference between projected and actual earnings on pension plan investments	-	12,817	2,873,909	-
Changes in proportion and differences between School District contributions and proportionate share of contributions	223,155	29,457	348,509	40,477
School District contributions subsequent to the measurement date	189,235	-	2,235,207	-
	<u>\$ 1,704,270</u>	<u>\$ 115,251</u>	<u>\$ 12,102,949</u>	<u>\$ 981,027</u>
Total				
	Deferred Outflows of Resources	Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 2,563,062	\$ 105,837		
Changes of assumptions	5,374,142	907,690		
Net difference between projected and actual earnings on pension plan investments	2,873,909	12,817		
Changes in proportion and differences between School District contributions and proportionate share of contributions	571,664	69,934		
School District contributions subsequent to the measurement date	2,424,442	-		
	<u>\$ 13,807,219</u>	<u>\$ 1,096,278</u>		

\$189,235 reported as deferred outflows of resources related to ERS resulting from the School District's accrued contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the plan's year ended March 31, 2024. The \$2,235,207 reported as deferred outflows of resources related to TRS will be recognized as a decrease of the net pension liability in the plan's year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and TRS will be recognized in pension expense as follows:

Year Ended	March 31,	June 30,
	ERS	TRS
2023	\$ -	\$ 1,753,805
2024	358,414	964,370
2025	(57,147)	(300,352)
2026	489,244	5,683,298
2027	609,273	740,423
Thereafter	-	45,171
	<u>\$ 1,399,784</u>	<u>\$ 8,886,715</u>

Note 3 - Detailed Notes on All Funds (Continued)

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

	ERS	TRS
Measurement date	March 31, 2023	June 30, 2022
Actuarial valuation date	April 1, 2022	June 30, 2021
Investment rate of return	5.9% *	6.95% *
Salary scale	4.4%	1.95%-5.18%
Inflation rate	2.9%	2.4%
Cost of living adjustments	1.5%	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-2021. For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021, 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 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:

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)
June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

Asset Type	ERS March 31, 2023		TRS June 30, 2022	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	32 %	4.30 %	33 %	6.5 %
International Equity	15	6.85	16	7.2
Private Equity	10	7.50	8	9.9
Real Estate	9	4.60	11	6.2
Domestic Fixed Income Securities	-	-	16	1.1
Global Bonds	-	-	2	0.6
High Yield Bonds	-	-	1	3.3
Global Equities	-	-	4	6.9
Private Debt	-	-	2	5.3
Real Estate Debt	-	-	6	2.4
Opportunistic/ARS Portfolio	3	5.38	-	-
Credit	4	5.43	-	-
Real Assets	3	5.84	-	-
Fixed Income	23	1.50	-	-
Cash	1	-	1	(0.3)
	<u>100 %</u>		<u>100 %</u>	

The real rate of return is net of the long-term inflation assumption of 2.9% 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 (asset) 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, 2023

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)	<u>\$ 5,271,980</u>	<u>\$ 2,181,595</u>	<u>\$ (400,781)</u>
	1% Decrease (5.95%)	Current Discount Rate (6.95%)	1% Increase (7.95%)
School District's proportionate share of the TRS net pension liability (asset)	<u>\$ 20,508,390</u>	<u>\$ 2,224,224</u>	<u>\$ (13,152,639)</u>

The components of the collective net pension liability as of the March 31, 2023 ERS measurement date and the June 30, 2022 TRS measurement date were as follows:

	ERS	TRS
Total pension liability	\$ 232,627,259,000	\$ 133,883,473,797
Fiduciary net position	<u>211,183,223,000</u>	<u>131,964,582,107</u>
Employers' net pension liability	<u>\$ 21,444,036,000</u>	<u>\$ 1,918,891,690</u>
Fiduciary net position as a percentage of total pension liability	<u>90.78%</u>	<u>98.57%</u>

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period April 1, 2023 through June 30, 2023 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, 2023 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, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 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, 2023 were \$189,235 to ERS and \$2,436,073 to TRS (including employee contributions of \$200,866).

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, 2023 is \$110,000.

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, 2023, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefit payments	117
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>205</u>
	<u><u>322</u></u>

The School District's total OPEB liability of \$83,919,126 was measured as of June 30, 2023 and was determined by an actuarial valuation as of June 30, 2022.

The total OPEB liability in the June 30, 2022 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	4.13%
Healthcare cost trend rates	6.50% for 2024 decreasing to an ultimate rate of 4.14% by 2076
Retirees' share of benefit-related costs	Varies from 0% to 100%, depending on applicable retirement year and bargaining unit

The discount rate was based on the S&P Municipal Bond 20-Year High Grade Index.

Mortality rates were based on Pub-2010 Teachers and General Employees Headcount-Weighted table projections fully generationally using MP-2021.

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Continued)

June 30, 2023

Note 3 - Detailed Notes on All Funds (Continued)

The School District's change in the total OPEB liability for the year ended June 30, 2023 is as follows:

Total OPEB Liability - Beginning of Year	\$ 79,142,804
Service cost	3,419,281
Interest	2,891,216
Changes of benefit terms	-
Differences between expected and actual experience	6,646,848
Changes of assumptions or other inputs	(6,386,800)
Benefit payments	<u>(1,794,223)</u>
Total OPEB Liability - End of Year	<u>\$ 83,919,126</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 (3.13%) or 1 percentage point higher (5.13%) than the current discount rate:

	1% Decrease (3.13%)	Current Discount Rate (4.13%)	1% Increase (5.13%)
Total OPEB Liability	<u>\$ 98,701,523</u>	<u>\$ 83,919,126</u>	<u>\$ 72,060,565</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 (5.50% decreasing to 3.14%) or 1 percentage point higher (7.50% decreasing to 5.14%) than the current healthcare cost trend rates:

	1% Decrease (5.50% decreasing to 3.14%)	Current Healthcare Cost Trend Rates (6.50% decreasing to 4.14%)	1% Increase (7.50% decreasing to 5.14%)
Total OPEB Liability	<u>\$ 69,723,735</u>	<u>\$ 83,919,126</u>	<u>\$ 102,338,981</u>

For the year ended June 30, 2023, the School District recognized OPEB expense of \$5,616,739 in the district-wide financial statements. At June 30, 2023, 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, 2023

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	\$ 15,369,155	\$ 23,529,982
Differences between expected and actual experience	<u>5,851,820</u>	<u>7,835,113</u>
	<u><u>\$ 21,220,975</u></u>	<u><u>\$ 31,365,095</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>	
2024	\$ (693,757)
2025	(693,757)
2026	(693,760)
2027	(2,378,922)
2028	(3,021,263)
Thereafter	<u>(2,662,661)</u>
	<u><u>\$ (10,144,120)</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 Out</u>	<u>Transfers in Special Aid Fund</u>
General Fund	<u><u>\$ 39,110</u></u>

Transfers are used to move amounts earmarked in the operating funds to fulfill commitments for Special Aid Fund 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 Future Capital Projects - the component of net position that has been established in accordance with the Education Law of the State of New York to set aside funds to be used for future capital projects.

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 reports 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, 2023

Note 3 - Detailed Notes on All Funds (Continued)

G. Fund Balances

	2023				2022			
	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total
Nonspendable:								
Inventories	\$ -	\$ -	\$ 11,111	\$ 11,111	\$ -	\$ -	\$ 6,710	\$ 6,710
Prepaid expenditures	513,844	-	-	513,844	483,577	-	-	483,577
Permanent Fund	-	-	1,000	1,000	-	-	1,000	1,000
Total Nonspendable	513,844	-	12,111	525,955	483,577	-	7,710	491,287
Restricted:								
Tax certiorari	43,858	-	-	43,858	42,259	-	-	42,259
Employee benefit accrued liability	360,890	-	-	360,890	363,153	-	-	363,153
ERS retirement contributions	1,550,778	-	-	1,550,778	1,494,395	-	-	1,494,395
TRS retirement contributions	434,527	-	-	434,527	418,679	-	-	418,679
Workers compensation	103,785	-	-	103,785	100,000	-	-	100,000
Insurance	34,245	-	-	34,245	33,000	-	-	33,000
Property loss	15,566	-	-	15,566	15,000	-	-	15,000
Capital projects	-	915,024	-	915,024	-	3,935,525	-	3,935,525
Future capital projects	515,847	-	-	515,847	-	-	-	-
Special purposes - other	-	-	214,457	214,457	-	-	203,861	203,861
Special purposes - extraclassroom activities	-	-	71,497	71,497	-	-	82,406	82,406
Debt service	-	-	139,527	139,527	-	-	513,058	513,058
Debt service - for subsequent years' expenditures	-	-	513,058	513,058	-	-	-	-
Permanent fund	-	-	1,690	1,690	-	-	1,653	1,653
Total Restricted	3,059,496	915,024	940,229	4,914,749	2,466,486	3,935,525	800,978	7,202,989
Assigned:								
Purchases on order:								
General government support	408,499	-	-	408,499	163,289	-	-	163,289
Instruction	438,710	-	-	438,710	277,269	-	-	277,269
Transportation	-	-	-	-	940	-	-	940
	847,209	-	-	847,209	441,498	-	-	441,498
For subsequent year's expenditures -								
General Fund	1,000,000	-	-	1,000,000	1,797,841	-	-	1,797,841
School Lunch Fund	-	-	61,962	61,962	-	-	92,438	92,438
Total Assigned	1,847,209	-	61,962	1,909,171	2,239,339	-	92,438	2,331,777
Unassigned	2,283,154	-	-	2,283,154	2,082,716	-	-	2,082,716
Total Fund Balances	\$ 7,703,703	\$ 915,024	\$ 1,014,302	\$ 9,633,029	\$ 7,272,118	\$ 3,935,525	\$ 901,126	\$ 12,108,769

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, 2023, 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 \$310,000 to \$508,000. 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 in pre-litigation mediation. 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, 2023

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

The School District has received a notice of claim from a former contractor who performed plumbing and heating work on the capital improvement project. The contractor demands payment of approximately \$65,000 for work at Ridge Street Elementary School and an additional \$440,000 for delay damages. The matter is currently in non-binding mediation and counsel is not able to express an opinion as to the outcome of this matter.

The School District has filed for mediation against its former architects and engineers with respect to their errors and omissions on the capital improvement project. In response, the architects filed counterclaims against the School District claiming approximately \$1.9 million in delay damages and \$360,000 for additional, out-of-contract, work performed. The School District argues that the contract specifically precludes a delayed damages claim and that the alleged out-of-contract work was within the scope of the contract. The matter is currently in non-binding mediation and counsel is not able to express an opinion as to the outcome of this matter.

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.

Blind Brook - Rye Union Free School District, New York

Notes to Financial Statements (Concluded)

June 30, 2023

Note 4 - Summary Disclosure of Significant Contingencies (Continued)

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.

Note 5 - Recently Issued GASB Pronouncements

GASB Statement No. 101, "*Compensated Absences*", provides guidance on the accounting and financial reporting for compensated absences. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2023.

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.

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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)

	2023	2022	2021	2020	2019	2018
Total OPEB Liability:						
Service cost	\$ 3,419,281	\$ 4,885,080	\$ 5,101,442	\$ 3,931,264	\$ 2,233,299	\$ 2,317,944
Interest	2,891,216	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	6,646,848	47,772	(2,071,522)	(12,154,764)	(1,234,751)	-
Changes of assumptions or other inputs	(6,386,800)	(21,869,143)	(537,248)	19,109,345	15,505,292	(3,157,712)
Benefit payments	(1,794,223)	(1,740,833)	(1,657,854)	(1,534,367)	(1,466,908)	(1,376,099)
Net Change in Total OPEB Liability	4,776,322	(16,523,906)	2,977,766	12,284,950	17,229,331	20,423
Total OPEB Liability – Beginning of Year	79,142,804	95,666,710	92,688,944	80,403,994	63,174,663	63,154,240 (3)
Total OPEB Liability – End of Year	<u>\$ 83,919,126</u>	<u>\$ 79,142,804</u>	<u>\$ 95,666,710</u>	<u>\$ 92,688,944</u>	<u>\$ 80,403,994</u>	<u>\$ 63,174,663</u>
School District's covered-employee payroll	<u>\$ 27,711,839</u>	<u>\$ 26,320,718</u>	<u>\$ 22,270,573</u>	<u>\$ 25,017,059</u>	<u>\$ 24,744,248</u>	<u>\$ 24,482,203</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>302.83%</u>	<u>300.69%</u>	<u>429.57%</u>	<u>370.50%</u>	<u>324.94%</u>	<u>258.04%</u>
Discount Rate	<u>4.13%</u>	<u>3.54%</u>	<u>2.16%</u>	<u>2.21%</u>	<u>3.50%</u>	<u>3.50%</u>

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

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

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

See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

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

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

	2023 (3)	2022 (4)	2021 (3)	2020	2019	2018	2017	2016	2015
School District's proportion of the net pension liability (asset)	0.115912%	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)	\$ 2,224,224	\$ (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	\$ 20,831,463	\$ 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	10.68%	(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	98.57%	113.20%	97.76%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%
Discount Rate	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%

Schedule of Contributions

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 2,235,207	\$ 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	(2,235,207)	(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	\$ 21,722,131	\$ 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	10.29%	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.

See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

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

Schedule of the School District's Proportionate Share of the Net Pension Liability (Asset) (2)									
	2023 (3)	2022 (4)	2021 (4)	2020 (3)	2019	2018	2017	2016	2015
School District's proportion of the net pension liability (asset)	<u>0.0101734%</u>	<u>0.0106421%</u>	<u>0.0100865%</u>	<u>0.0102358%</u>	<u>0.0104456%</u>	<u>0.0113619%</u>	<u>0.0108352%</u>	<u>0.0107325%</u>	<u>0.0115245%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ 2,181,595</u>	<u>\$ (869,950)</u>	<u>\$ 10,044</u>	<u>\$ 2,710,508</u>	<u>\$ 740,105</u>	<u>\$ 366,698</u>	<u>\$ 1,018,104</u>	<u>\$ 1,722,595</u>	<u>\$ 389,326</u>
School District's covered payroll	<u>\$ 4,482,485</u>	<u>\$ 3,930,407</u>	<u>\$ 3,685,860</u>	<u>\$ 3,732,188</u>	<u>\$ 3,540,471</u>	<u>\$ 3,520,857</u>	<u>\$ 3,610,534</u>	<u>\$ 3,589,864</u>	<u>\$ 3,494,258</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>48.67%</u>	<u>(22.13%)</u>	<u>0.27%</u>	<u>72.63%</u>	<u>20.90%</u>	<u>10.42%</u>	<u>28.20%</u>	<u>47.98%</u>	<u>11.14%</u>
Plan fiduciary net position as a percentage of the total pension liability	<u>90.78%</u>	<u>103.65%</u>	<u>99.95%</u>	<u>86.39%</u>	<u>96.27%</u>	<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>
Discount Rate	<u>5.90%</u>	<u>5.90%</u>	<u>5.90%</u>	<u>6.80%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.00%</u>	<u>7.50%</u>
Schedule of Contributions									
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	<u>\$ 440,979</u>	<u>\$ 567,666</u>	<u>\$ 502,632</u>	<u>483,800</u>	<u>\$ 485,598</u>	<u>\$ 515,077</u>	<u>\$ 521,470</u>	<u>\$ 575,684</u>	<u>\$ 581,395</u>
Contributions in relation to the contractually required contribution	<u>(440,979)</u>	<u>(567,666)</u>	<u>(502,632)</u>	<u>(483,800)</u>	<u>(485,598)</u>	<u>(515,077)</u>	<u>(521,470)</u>	<u>(575,684)</u>	<u>(581,395)</u>
Contribution excess	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District's covered payroll	<u>\$ 4,827,652</u>	<u>\$ 3,994,093</u>	<u>\$ 3,743,386</u>	<u>\$ 3,776,720</u>	<u>\$ 3,550,692</u>	<u>\$ 3,492,465</u>	<u>\$ 3,633,575</u>	<u>\$ 3,555,324</u>	<u>\$ 3,573,486</u>
Contributions as a percentage of covered payroll	<u>9.13%</u>	<u>14.21%</u>	<u>13.43%</u>	<u>12.81%</u>	<u>13.68%</u>	<u>14.75%</u>	<u>14.35%</u>	<u>16.19%</u>	<u>16.27%</u>

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

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

(3) 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) 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.

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Blind Brook - Rye Union Free School District, New York

General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balance - Budget and Actual
Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget
REVENUES					
Real property taxes	\$ 44,856,945	\$ 44,856,945	\$ 44,856,945	\$	\$ -
Other tax items	952,629	952,629	952,629		-
Non-property taxes	450,000	450,000	701,505		251,505
Charges for services	539,506	539,506	640,822		101,316
Use of money and property	2,000	2,000	559,193		557,193
Sale of property and compensation for loss	-	-	8,476		8,476
State aid	3,925,142	3,925,142	4,006,030		80,888
Miscellaneous	43,531	43,531	200,953		157,422
Total Revenues	50,769,753	50,769,753	51,926,553		1,156,800
EXPENDITURES					
Current					
General support					
Board of education	69,888	63,515	58,690	200	4,625
Central administration	379,785	379,220	375,095	220	3,905
Finance	762,392	784,548	716,447	44,213	23,888
Staff	435,795	250,294	245,786	-	4,508
Central services	2,833,686	2,907,624	2,535,101	363,866	8,657
Special items	713,655	641,956	555,609	-	86,347
Total General Support	5,195,201	5,027,157	4,486,728	408,499	131,930
Instruction					
Instruction, administration and improvement	1,969,720	1,927,742	1,866,350	12,299	49,093
Teaching - Regular school	15,257,149	14,718,087	14,671,828	149	46,110
Programs for students with disabilities	7,026,185	7,200,774	6,832,717	303,023	65,034
Instructional media	2,503,221	2,580,498	2,443,422	102,410	34,666
Pupil services	3,135,540	3,030,389	2,904,609	20,829	104,951
Total Instruction	29,891,815	29,457,490	28,718,926	438,710	299,854
Pupil transportation	1,663,807	1,631,878	1,573,703	-	58,175
Employee benefits	10,660,991	11,346,921	11,125,416	-	221,505
Debt service					
Principal	4,054,348	4,054,348	4,047,157	-	7,191
Interest	1,503,930	1,503,930	1,503,928	-	2
Total Expenditures	52,970,092	53,021,724	51,455,858	847,209	718,657
Excess (Deficiency) of Revenues Over Expenditures	(2,200,339)	(2,251,971)	470,695	(847,209)	1,875,457
OTHER FINANCING USES					
Transfers out	(39,000)	(39,150)	(39,110)	-	40
Net Change in Fund Balance	(2,239,339)	(2,291,121)	431,585	<u>\$ (847,209)</u>	<u>\$ 1,875,497</u>
FUND BALANCE					
Beginning of Year	2,239,339	2,291,121	7,272,118		
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,703,703</u>		

See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

General Fund

Schedule of Revenues Compared to Budget

Year Ended June 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REAL PROPERTY TAXES	<u>\$ 44,856,945</u>	<u>\$ 44,856,945</u>	<u>\$ 44,856,945</u>	<u>\$ -</u>
OTHER TAX ITEMS				
School tax relief reimbursement	<u>952,629</u>	<u>952,629</u>	<u>952,629</u>	<u>-</u>
NON-PROPERTY TAXES				
Non-property tax distribution from County	<u>450,000</u>	<u>450,000</u>	<u>701,505</u>	<u>251,505</u>
CHARGES FOR SERVICES				
Day school tuition	262,340	262,340	390,440	128,100
Other services for other districts and other governments	264,166	264,166	241,424	(22,742)
Transportation for other districts	<u>13,000</u>	<u>13,000</u>	<u>8,958</u>	<u>(4,042)</u>
	<u>539,506</u>	<u>539,506</u>	<u>640,822</u>	<u>101,316</u>
USE OF MONEY AND PROPERTY				
Earnings on investments	2,000	2,000	508,609	506,609
Rental of real property	<u>-</u>	<u>-</u>	<u>50,584</u>	<u>50,584</u>
	<u>2,000</u>	<u>2,000</u>	<u>559,193</u>	<u>557,193</u>
SALE OF PROPERTY AND COMPENSATION FOR LOSS				
Other	<u>-</u>	<u>-</u>	<u>8,476</u>	<u>8,476</u>

STATE AID

Basic formula	3,178,341	3,178,341	2,690,891	(487,450)
Lottery	-	-	406,126	406,126
BOCES	636,575	636,575	803,719	167,144
Textbooks	73,934	73,934	77,589	3,655
Computer software	25,608	25,608	24,759	(849)
Library materials	10,684	10,684	2,946	(7,738)

3,925,142	3,925,142	4,006,030	80,888
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MISCELLANEOUS

Refund of prior year's expenditures	34,031	34,031	147,644	113,613
Other	9,500	9,500	53,309	43,809

43,531	43,531	200,953	157,422
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TOTAL REVENUES

\$ 50,769,753	\$ 50,769,753	\$ 51,926,553	\$ 1,156,800
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See independent auditors' report.

Blind Brook - Rye Union Free School District, New York

General Fund

Schedule of Expenditures and Other Financing Uses Compared to Budget

Year Ended June 30, 2023

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget
GENERAL SUPPORT					
<i>BOARD OF EDUCATION</i>					
Board of education	\$ 40,888	\$ 16,165	\$ 14,619	\$ 200	\$ 1,346
District clerk	12,700	12,700	12,540	-	160
District meeting	16,300	34,650	31,531	-	3,119
Total Board of Education	69,888	63,515	58,690	200	4,625
<i>CENTRAL ADMINISTRATION</i>					
Chief school administrator	379,785	379,220	375,095	220	3,905
<i>FINANCE</i>					
Business administration	552,742	573,898	550,558	11,713	11,627
Auditing	80,250	80,250	35,750	32,500	12,000
Treasurer	125,000	126,000	125,934	-	66
Purchasing	4,400	4,400	4,205	-	195
Total Finance	762,392	784,548	716,447	44,213	23,888
<i>STAFF</i>					
Legal	308,000	131,383	131,382	-	1
Personnel	16,200	6,400	4,930	-	1,470
Public information and services	111,595	112,511	109,474	-	3,037
Total Staff	435,795	250,294	245,786	-	4,508
<i>CENTRAL SERVICES</i>					
Operation and maintenance of plant	2,819,905	2,895,260	2,525,668	363,204	6,388
Central printing and mailing	13,781	12,364	9,433	662	2,269
Total Central Services	2,833,686	2,907,624	2,535,101	363,866	8,657

SPECIAL ITEMS

Unallocated insurance	263,000	214,000	213,767	-	233
Assessments on school property	33,000	30,028	24,418	-	5,610
Refund of real property taxes	100,000	80,273	-	-	80,273
Administrative charge - BOCES	248,855	248,855	248,855	-	-
Other	68,800	68,800	68,569	-	231
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Special Items	713,655	641,956	555,609	-	86,347
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total General Support	5,195,201	5,027,157	4,486,728	408,499	131,930
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

INSTRUCTION**INSTRUCTION, ADMINISTRATION
AND IMPROVEMENT**

Curriculum development and supervision	315,096	281,642	272,868	-	8,774
Supervision - Regular school	1,512,005	1,497,648	1,481,090	709	15,849
In-service training - Instruction	142,619	148,452	112,392	11,590	24,470
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Instruction, Administration and Improvement	1,969,720	1,927,742	1,866,350	12,299	49,093
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

TEACHING - REGULAR SCHOOL

	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	15,257,149	14,718,087	14,671,828	149	46,110
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

**PROGRAMS FOR STUDENTS
WITH DISABILITIES**

	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	7,026,185	7,200,774	6,832,717	303,023	65,034
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

INSTRUCTIONAL MEDIA

School library and audiovisual	390,129	372,393	353,654	-	18,739
Computer assisted instruction	2,113,092	2,208,105	2,089,768	102,410	15,927
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Instructional Media	2,503,221	2,580,498	2,443,422	102,410	34,666
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

(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, 2023

	Original Budget	Final Budget	Actual	Encumbr- ances	Variance with Final Budget
INSTRUCTION (Continued)					
<i>PUPIL SERVICES</i>					
Guidance - Regular school	\$ 1,018,739	\$ 1,019,037	\$ 1,013,858	\$ -	\$ 5,179
Health and diagnostic services - Regular school	336,585	364,785	334,073	-	30,712
Psychological services - Regular school	397,031	298,402	292,132	-	6,270
Social work services - Regular school	204,965	209,965	208,986	-	979
Co-curricular activities - Regular school	366,313	322,693	291,952	-	30,741
Interscholastic athletics - Regular school	811,907	815,507	763,608	20,829	31,070
Total Pupil Services	3,135,540	3,030,389	2,904,609	20,829	104,951
Total Instruction	29,891,815	29,457,490	28,718,926	438,710	299,854
PUPIL TRANSPORTATION					
District transportation services	725,141	715,141	695,937	-	19,204
Contract transportation and garage building	938,666	916,737	877,766	-	38,971
Total Pupil Transportation	1,663,807	1,631,878	1,573,703	-	58,175
EMPLOYEE BENEFITS					
State retirement	444,104	509,353	507,352	-	2,001
Teachers' retirement	2,275,621	2,235,024	2,212,258	-	22,766
Social security	2,130,280	2,105,628	2,005,521	-	100,107
Hospital, medical and dental insurance	5,207,012	5,957,162	5,864,998	-	92,164
Workers' compensation	159,583	158,354	156,340	-	2,014
Unemployment benefits	50,000	15,000	12,547	-	2,453
Union welfare benefits	394,391	366,400	366,400	-	-
Total Employee Benefits	10,660,991	11,346,921	11,125,416	-	221,505

DEBT SERVICE

Principal

Serial bonds	3,330,000	3,330,000	3,330,000	-	-
Energy performance contract	203,728	203,728	203,728	-	-
Leases	470,033	470,033	470,033	-	-
Installment purchase debt	50,587	50,587	43,396	-	7,191

	<u>4,054,348</u>	<u>4,054,348</u>	<u>4,047,157</u>	<u>-</u>	<u>7,191</u>
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Interest

Serial bonds	1,443,299	1,443,299	1,443,298	-	1
Energy performance contract	41,554	41,554	41,553	-	1
Leases	17,769	17,769	17,769	-	-
Installment purchase debt	1,308	1,308	1,308	-	-

	<u>1,503,930</u>	<u>1,503,930</u>	<u>1,503,928</u>	<u>-</u>	<u>2</u>
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Total Debt Service	<u>5,558,278</u>	<u>5,558,278</u>	<u>5,551,085</u>	<u>-</u>	<u>7,193</u>
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TOTAL EXPENDITURES

	52,970,092	53,021,724	51,455,858	847,209	718,657
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OTHER FINANCING USES

Transfers out

Special Aid Fund	39,000	39,150	39,110	-	40
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**TOTAL EXPENDITURES AND
OTHER FINANCING USES**

	<u>\$ 53,009,092</u>	<u>\$ 53,060,874</u>	<u>\$ 51,494,968</u>	<u>\$ 847,209</u>	<u>\$ 718,697</u>
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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, 2023

PROJECT	Authorization	Expenditures and Transfers to Date		
		Prior Years	Current Year	Total
2017 and 2021 Bond Propositions				
RSS Enrichment Center	\$ 337,241	\$ 337,241	\$ -	\$ 337,241
District-Wide Improvements	44,362,759	44,168,415	84,528	44,252,943
District-wide Improvements Supplemental	6,000,000	2,315,654	2,879,138	5,194,792
Total 2017 and 2021 Bond Propositions	50,700,000	46,821,310	2,963,666	49,447,735
Bus Purchase	56,835	-	56,835	56,835
Computer Equipment Leases	567,834	-	567,834	567,834
Bus Leases	478,332	-	478,332	478,332
	\$ 51,803,001	\$ 46,821,310	\$ 4,066,667	\$ 50,550,736

See independent auditors' report.

Unexpended Balance	Methods of Financing			Fund Balance at June 30, 2023
	Proceeds of Obligations	Transfers In	Total	
\$ -	\$ 337,241	\$ -	\$ 337,241	\$ -
109,816	44,362,759	-	44,362,759	109,816
805,208	6,000,000	-	6,000,000	805,208
915,024	50,700,000	-	50,700,000	915,024
-	-	56,835	56,835	-
-	567,834	-	567,834	-
-	478,332	-	478,332	-
<u>\$ 915,024</u>	<u>\$ 51,746,166</u>	<u>\$ 56,835</u>	<u>\$ 51,803,001</u>	<u>\$ 915,024</u>

Blind Brook - Rye Union Free School District, New York

Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2023

	School Lunch	Special Purpose	Debt Service
ASSETS			
Cash and equivalents	\$ 282,590	\$ 248,581	\$ -
Investments	93,288	37,873	635,486
Due from other funds	-	-	17,099
Inventories	11,111	-	-
	<u>386,989</u>	<u>286,454</u>	<u>652,585</u>
Total Assets	<u>\$ 386,989</u>	<u>\$ 286,454</u>	<u>\$ 652,585</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	\$ 267,870	\$ -	\$ -
Unearned revenues	29,171	-	-
Due to other funds	16,875	500	-
	<u>313,916</u>	<u>500</u>	<u>-</u>
Total Liabilities	<u>313,916</u>	<u>500</u>	<u>-</u>
Fund balances			
Nonspendable	11,111	-	-
Restricted	-	285,954	652,585
Assigned	61,962	-	-
	<u>73,073</u>	<u>285,954</u>	<u>652,585</u>
Total Fund Balances	<u>73,073</u>	<u>285,954</u>	<u>652,585</u>
Total Liabilities and Fund Balances	<u>\$ 386,989</u>	<u>\$ 286,454</u>	<u>\$ 652,585</u>

See independent auditors' report.

Permanent	Total Non-Major Governmental Funds
\$ 1,651	\$ 532,822
1,039	767,686
-	17,099
-	11,111
<u>\$ 2,690</u>	<u>\$ 1,328,718</u>
\$ -	\$ 267,870
-	29,171
-	17,375
<u>-</u>	<u>314,416</u>
1,000	12,111
1,690	940,229
-	61,962
<u>2,690</u>	<u>1,014,302</u>
<u>\$ 2,690</u>	<u>\$ 1,328,718</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, 2023

	School Lunch	Special Purpose	Debt Service
REVENUES			
Use of money and property	\$ 3,851	\$ 1,809	\$ 139,527
Food sales	506,539	-	-
Miscellaneous	315	319,669	-
Total Revenues	510,705	321,478	139,527
EXPENDITURES			
Current			
Instruction	-	113,055	-
Cost of food sales	536,780	-	-
Other	-	208,736	-
Total Expenditures	536,780	321,791	-
Excess (Deficiency) of Revenues Over Expenditures	(26,075)	(313)	139,527
FUND BALANCES			
Beginning of Year	99,148	286,267	513,058
End of Year	\$ 73,073	\$ 285,954	\$ 652,585

See independent auditors' report.

<u>Permanent</u>	<u>Total Non-Major Governmental Funds</u>
\$ 37	\$ 145,224
-	506,539
-	319,984
<u>37</u>	<u>971,747</u>
-	113,055
-	536,780
-	208,736
<u>-</u>	<u>858,571</u>
37	113,176
<u>2,653</u>	<u>901,126</u>
<u>\$ 2,690</u>	<u>\$ 1,014,302</u>

Blind Brook - Rye Union Free School District, New York

General Fund

Analysis of Change from Adopted Budget to Final Budget

Year Ended June 30, 2023

Adopted Budget	\$ 52,567,594
Additions - Encumbrances	<u>441,498</u>
Original Budget	53,009,092
Budget Amendments	<u>51,782</u>
Final Budget	<u><u>\$ 53,060,874</u></u>

General Fund

Section 1318 of Real Property Tax Law Limit Calculation

Year Ended June 30, 2023

2023-2024 Expenditure Budget	<u>\$ 57,078,851</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted fund balance	
Assigned fund balance	\$ 1,847,209
Unassigned fund balance	<u>2,283,154</u>
Total Unrestricted Fund Balance	<u>4,130,363</u>
Less	
Appropriated for subsequent year's budget	1,000,000
Encumbrances	<u>847,209</u>
Total Adjustments	<u>1,847,209</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 2,283,154</u></u>
Actual Percentage	<u><u>4.00%</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, 2023

Capital Assets, net		\$ 80,551,129
Plus		
Unamortized portion of loss on refunding bonds	\$ 14,099	
Unexpended bond proceeds	<u>915,024</u>	929,123
Less		
General obligation bonds payable - capital construction	(47,915,000)	
Unamortized portion of premium on bonds	(844,473)	
Energy performance contract payable	(1,683,255)	
Installment purchase debt	(88,090)	
Leases payable	<u>(1,374,832)</u>	<u>(51,905,650)</u>
Net Investment in Capital Assets		<u>\$ 29,574,602</u>

See independent auditors' report.