

**BRIGHTON CENTRAL SCHOOL DISTRICT**

**BASIC FINANCIAL STATEMENTS**

**For Year Ended June 30, 2020**

**MENGEL METZGER BARR & CO. LLP**

RAYMOND F. WAGER, CPA, P.C. DIVISION

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# MENGEL METZGER BARR & CO. LLP

RAYMOND F. WAGER, CPA, P.C. DIVISION

## INDEPENDENT AUDITORS' REPORT

To the Board of Education  
Brighton Central School District, New York

### *Report on the Financial Statements*

We have audited the accompanying financial statements of the Brighton Central School District, New York, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Brighton Central School District, New York, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress postemployment benefit plan, schedule of the District's proportionate share of the net pension liability, schedule of District contributions, and budgetary comparison information on pages 4–14 and 53–57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Brighton Central School District, New York's basic financial statements. The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is 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 9, 2020 on our consideration of the Brighton Central School District, New York'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 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 Brighton Central School District, New York's internal control over financial reporting and compliance.

Rochester, New York  
October 9, 2020

*Mengel, Metzger, Barw & Co. LLP*

**Brighton Central School District**  
**Management's Discussion and Analysis**  
**For the Fiscal Year Ended June 30, 2020**

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2020. This section is a summary of the School District's financial activities based on currently known facts, decisions, and/or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

**Financial Highlights**

At the close of the fiscal year, the total assets (what the district owns) was less than its total liabilities (what the district owes) by \$78,384,142 (net position). The primary factor contributing to the overall net decrease in the net position is the recognition of the full value of the District's OPEB liability in accordance with GASB 75. The recognition of this liability decreased the District's net position by \$183,576,400.

As of the close of the fiscal year, the School District's governmental funds reported combined fund balances of \$31,630,835, an increase of \$2,993,988 in comparison with the prior year. The contributing factor to the increase in the fund balance is the result of the positive performance in the District's General Fund, offset by ongoing capital construction outlays in the Capital Fund.

The excess revenues over expenditures in the General Fund, prior to the transfer to the Capital Projects Fund totaled \$5,930,402. The District was able to achieve this performance due to conservative estimates for budgeted expenditures in the areas of salaries, benefits, certain mandated tuitions, and utilities. In addition, the District was able to realize savings from the conversion to a remote learning model on March 17, 2020. This was done in response to the COVID-19 pandemic and the State directive to close school facilities. The most notable savings were realized in the following areas: utilities, wages typically paid for extracurricular activities, consumable supplies and materials, overtime associated with facility use, and contract transportation.

**Overview of the Financial Statements**

These basic financial statements consist of three parts: Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information.

The Management's Discussion and Analysis is intended to serve as an introduction to the School District's basic financial statements.

The basic financial statements include two kinds of statements that present different views of the School District:

- The first statements are government-wide financial statements that provide both short-term and long-term information about the School District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School District, reporting the School District's operations in more detail than the government-wide statements. The fund financial statements concentrate on the School District's most significant funds with all other non-major funds consolidated in one column.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year.

The major features of the School District's financial statements, including the portion of the School District's activities they cover and the types of information they contain are shown below. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

<b><u>Major Feature of the District-Wide and Fund Financial Statements</u></b>			
	<b>Government-Wide Statements</b>	<b>Fund Financial Statements</b>	
		<b><u>Governmental Funds</u></b>	<b><u>Fiduciary Funds</u></b>
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balance	Statement of fiduciary net position statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

### **Government-Wide Statements**

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

The two government-wide statements report the District's net position and the change from prior year. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. Additional non-financial factors such as changes in the District's property tax base and the condition of the school buildings and facilities must also be considered to assess the District's overall health.

All of the District's services are reported in the government-wide financial statements as governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes, federal and state aid, and investment earnings finance most of these activities.

## Financial Analysis of the School District As A Whole

### Net Position

The District's combined net position is less as of June 30, 2020 than they were the year before. The chart below provides a comparison of assets, liabilities, and the components of the net position:

	<u>Governmental Activities</u>		<u>Total</u>
	<u>2020</u>	<u>2019</u>	<u>Percentage</u>
			<u>Change</u>
<b><u>ASSETS:</u></b>			
Current and Other Assets	\$ 42,118,165	\$ 37,986,059	10.88%
Capital Assets	93,242,549	63,788,279	46.18%
<b>Total Assets</b>	<b>\$ 135,360,714</b>	<b>\$ 101,774,338</b>	<b>33.00%</b>
<b><u>DEFERRED OUTFLOW OF RESOURCES:</u></b>			
Deferred Outflow of Resources	\$ 45,724,877	\$ 26,170,851	74.72%
<b><u>LIABILITIES:</u></b>			
Other Liabilities	\$ 6,011,730	\$ 6,205,841	-3.13%
Long-Term Debt Outstanding	222,054,166	168,184,680	32.03%
<b>Total Liabilities</b>	<b>\$ 228,065,896</b>	<b>\$ 174,390,521</b>	<b>30.78%</b>
<b><u>DEFERRED INFLOW OF RESOURCES:</u></b>			
Deferred Inflow of Resources	\$ 31,403,837	\$ 24,892,680	26.16%
<b><u>NET POSITION:</u></b>			
Net Investment in Capital Assets	\$ 60,910,686	\$ 60,142,285	1.28%
<b><u>Restricted For:</u></b>			
Capital Projects	4,705,145	5,101,128	-7.76%
Employee Retirement Reserve	3,600,262	4,255,145	-15.39%
Capital Reserve	9,082,863	9,349,071	-2.85%
Other Purposes	6,366,665	3,085,199	106.36%
Unrestricted	(163,049,763)	(153,270,840)	6.38%
<b>Total Net Position</b>	<b>\$ (78,384,142)</b>	<b>\$ (71,338,012)</b>	<b>9.88%</b>

Current and Other Assets are greater than prior year due to the positive performance of the governmental funds, specifically performance in the General Fund and cash balance in the Capital Fund compared to prior year.

The increase in Capital Assets is attributable to the capital expenditures related to the 2017 Brighton Facilities Improvement Plan. During the 2019-20 school year, the capital outlays totaled \$31,851,669.

The net change in Deferred Outflow of Resources and the Deferred Inflow of Resources relates to the net change in the District's proportion of the net pension asset and liability as well as the District's contribution to the pension systems (TRS and ERS).

The District's financial position is the product of many factors.

By far, the largest component of the School District's positive net position (\$60.9 million) reflects its investment in capital assets, less any related outstanding debt used to acquire those assets. 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.

There are four restricted net asset balances, Capital Projects, Employee Retirement Reserve, Capital Reserve, and Other Purposes. The value of these restricted net asset balances increased by \$1.96 million as follows:

	<b><u>Restricted Net Assets</u></b>		<b><u>Total Change</u></b>
	<b><u>2020</u></b>	<b><u>2019</u></b>	
<b><u>Restricted Net Assets</u></b>			
Reserve for employee retirement system	\$ 4,705,145	\$ 4,255,145	\$ 450,000
Capital projects	3,600,262	5,101,128	(1,500,866)
Capital reserves	9,082,863	9,349,071	(266,208)
Other purposes	6,366,665	3,085,199	3,281,466
<b>Total Assets</b>	<b>\$ 23,754,935</b>	<b>\$ 21,790,543</b>	<b>\$ 1,964,392</b>

The decrease in restricted net assets related to Capital projects is primarily due to the transfer of \$1.2 million in unspent funds from closed capital projects to the General Fund. The District returned these funds to the General Fund's Capital Reserve. This amount in addition to the transfer of \$500,000 from unspent General Fund expenditures replenished a \$2.0 million withdrawal approved by the voters to reauthorize the 2017 BFIP project.

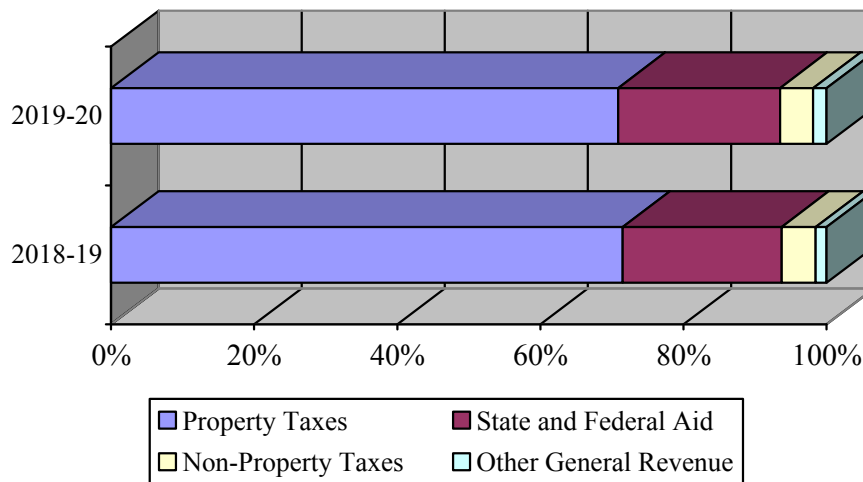
The unrestricted net position is a deficit of (\$163,049,763). The required recognition of the full value of the OPEB liability under GASB 75 resulted in a liability of \$183,576,400 at June 30, 2020. The net Deferred Outflow/Inflow of Resources for Pension and OPEB and the positive assigned and unassigned funds balances from the Governmental Funds offsets the impact of this liability on the net position.

#### **Changes in Net Position**

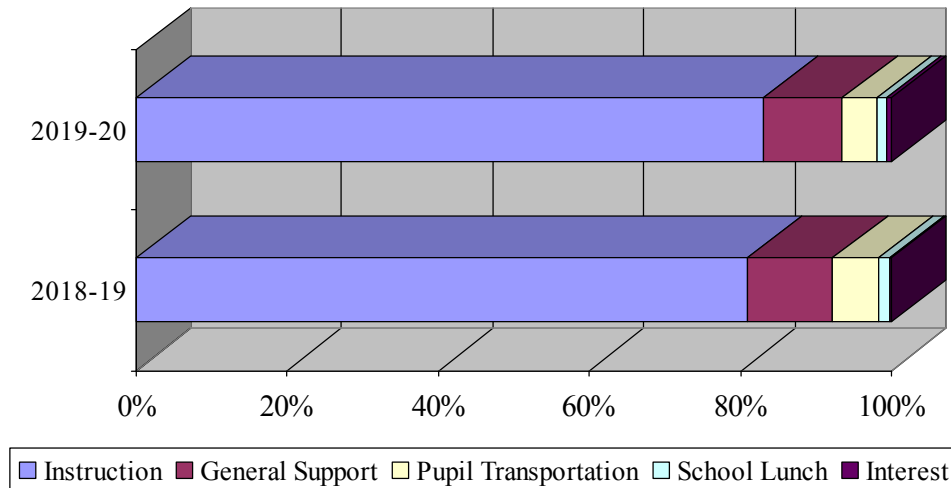
The District's total revenue increased by 1.9% to \$80,745,668. State and Federal Aid (21%) and property taxes (67%) accounted for most of the District's revenue. The remaining 12% of the revenue comes from operating grants, charges for services, non property taxes, investment earnings, compensation for loss, and miscellaneous revenues. For the 2019-20 school, the District complied with the New York Tax Cap Levy Limit which capped the General Fund property tax levy to 2.34%.

	<b>Governmental Activities</b>		<b>Total</b>
	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>Percentage Change</u></b>
<b><u>REVENUES:</u></b>			
<b><u>Program -</u></b>			
Charges for Services	\$ 2,199,846	\$ 2,661,939	-17.36%
Operating Grants & Contributions	2,721,463	2,983,694	-8.79%
Total Program	\$ 4,921,309	\$ 5,645,633	-12.83%
<b><u>General -</u></b>			
Property Taxes	\$ 53,708,758	\$ 52,601,967	2.10%
Non-Property Taxes	3,545,070	3,523,278	0.62%
State and Federal Aid	17,157,516	16,344,242	4.98%
Investment Earnings	521,329	362,891	43.66%
Compensation for Loss	11,990	24,195	-50.44%
Miscellaneous	879,696	734,590	19.75%
Total General	\$ 75,824,359	\$ 73,591,163	3.03%
<b>TOTAL REVENUES</b>	<b>\$ 80,745,668</b>	<b>\$ 79,236,796</b>	<b>1.90%</b>
<b><u>EXPENSES:</u></b>			
General Support	\$ 9,208,045	\$ 9,227,198	-0.21%
Instruction	72,879,413	66,105,140	10.25%
Pupil Transportation	3,952,500	4,909,430	-19.49%
School Lunch	1,113,386	1,253,228	-11.16%
Interest on Long-Term Debt	638,454	201,360	217.07%
<b>TOTAL EXPENSES</b>	<b>\$ 87,791,798</b>	<b>\$ 81,696,356</b>	<b>7.46%</b>
<b>CHANGES IN NET POSITION</b>	<b>\$ (7,046,130)</b>	<b>\$ (2,459,560)</b>	<b>186.48%</b>

**Sources of General Revenue as a Percentage of Total**



### Sources of Expenditures as a Percentage of Total



The total cost of all the programs and services decreased by 7.46% to \$87,791,798. The District's expenses, which are predominately related to education and caring for the students (Instruction) accounted for 83.0%. General support, which included expenses associated with the operation, maintenance and administration of the District accounted for 10.5% of the total costs. The remaining 6.5% are expenses related to pupil transportation, school lunch program, community services, and expenses related to long-term debt.

General Support expenses decreased 0.21% due primarily to the decrease in spending in the General Fund. This is attributable to the school shut down in response to the COVID pandemic on March 17. Cost increases associated with Instruction (+10.25%) are attributable to the increase in the OPEB liability and increase in the proportionate share of net pension liability cost allocated to the Instruction function. General Fund and Special Aid fund spending on Instruction decreased 0.07%. This is related to the reduced instructional costs and cost avoidance resulting from school closures on March 17 through June 30, 2020.

Pupil transportation costs and School Lunch costs decreased 19.49% and 11.16%, respectively due to the school closures and remote learning model adopted by the District. Long-term debt increased due to borrowings related to the 2017 BFIP project.

### Fund Financial Statements

A fund is a grouping of related accounts, and is used to maintain control over resources that have been segregated for specific activities or objectives. The 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

All of the District's basic services are included in governmental funds, which generally focus on 1) how cash and other financial assets that can readily be converted to cash flow in and out and 2) the balances left at year end that are available for spending.

The funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

The governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

This information does not encompass the additional-long-term focus of the governmental-wide statements, therefore, additional information at the bottom of the governmental funds statements explains the relationship or differences between them.

The District maintains five individual governmental funds. Information is presented separately in the governmental fund *Balance Sheet* and the governmental fund *Statement of Revenues, Expenditures, and Changes in Fund Balance* for the general fund, the special aid fund, and the capital projects fund reported as major funds. Data for the school lunch fund and the debt service fund are combined into a single, aggregated presentation called non-major funds. Individual fund data for each of these non-major governmental funds is provided in a combining statement format as a supplemental schedule in this report.

### **Fiduciary Funds**

The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities fund.

The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong.

The District excludes activities from the government-wide financial statements because it cannot use these assets to finance its operations.

### **Financial Analysis of the School District's Funds**

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$31,630,835 which is an increase of 10.5% over last year's ending fund balance of \$28,636,847. This change is the result of positive results in the General Fund and the planned draw down of Capital Fund assets as part of the 2017 BFIP project.

A reserve fund balance indicates that it is not available due to the fact that it is either legally restricted to liquidate current contracts and/or purchase orders or restricted for other purposes. The additional reserves and the increase in the amounts in various reserves demonstrate the continuing growth in the District's financial strength.

One of the most important pieces of information reported in the governmental fund financial statements is available fund balance. The fund balances represent the availability of various governmental fund resources for future use. The net decrease in legally restricted fund balance in the General Fund is \$2,213,761. This is attributable to the General Fund withdrawing \$2,000,000 from its legally restricted reserve funds to reauthorize additional costs associated with the 2017 Brighton Facilities Improvement plan. The District was able to replenish \$500,000 with the excess revenues over expenditures. In addition, the District withdrew \$500,000 from the Technology Reserve to continue with its planned 1:1 technology initiative at grades 8 through 12. Assigned fund balance increased in the current year due to the amount of encumbrances carried over into the 2020-21 school year. There was an intentional use of available year-end fund to purchase of health and safety-related equipment and supplies in response to the COVID-19 pandemic.

The General Fund maintains the legal maximum unassigned, undesignated fund balance limited to 4% of the 2020-21 Budget.

Restricted fund balance in the Capital Funds decreased by \$2,290,767 due to ongoing capital investments.

	<u>2020</u>	<u>2019</u>	<u>Change</u>
Nonspendable	\$ -	\$ 16,942	\$ (16,942)
Restricted	19,576,782	21,790,543	(2,213,761)
Assigned	4,941,692	3,724,706	1,216,986
Unassigned	3,317,758	3,104,656	213,102
<b>Total Fund Balance</b>	<b><u>\$ 27,836,232</u></b>	<b><u>\$ 28,636,847</u></b>	<b><u>\$ (800,615)</u></b>

Of the Restricted Funds in the District's General Fund, \$7,676,594 is held in the Building Capital Reserve Fund. In 2017, the District withdrew \$5.2 million from this reserve fund as part of a \$64.9 million capital project. In June, 2019 the District voters reauthorized the project for an additional \$3,000,000 using the Capital Reserve Fund. In June, 2020 the District voters reauthorized the project for an additional \$2,000,000 using the Capital Reserve Fund. Of the \$10.2 million contributed to the Project, the District has replenished \$7.5 million through General Fund operations and \$1.2 million from unspent funds from closed capital projects.

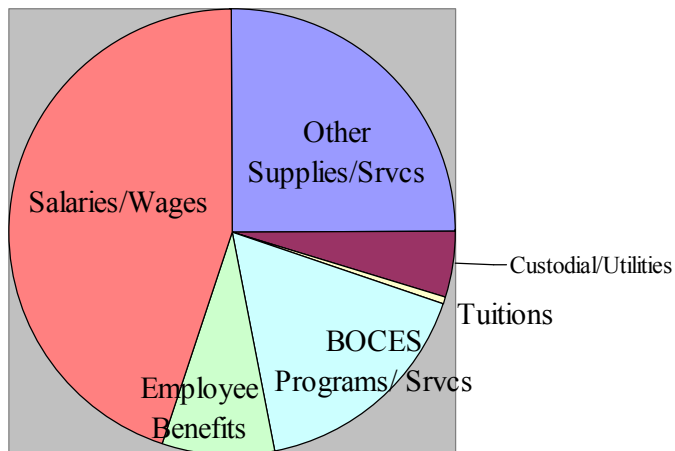
Other Restricted Reserve funds accounted for in the General Fund totaling \$6.4 million increased from prior year by \$3.2 million. Transfers of unspent funds to restricted reserve accounts are authorized by the Board of Education on an annual basis.

Restricted Fund balance in the Capital Fund totaling \$2.98 million decreased \$2.1 million. This is due to project expenditures related to the 2017 Project and the transfer of \$1.2 million to the General Fund to close out unspent funds from closed capital projects.

#### **General Fund Budgetary Highlights**

During the course of the 2019-20 fiscal year, the General Fund Budget was amended to account for \$835,877 in carryover encumbrances from the 2018-19 fiscal year. In addition, the budget was increased \$500,000 based on the authorized expenditures from the District's Technology Reserve and \$1,500,000 for authorized transfers from capital reserves.

While the District's final budget for the general fund anticipated that revenues and expenditures would be equal, the actual results for the year show a \$5,930,402 surplus, prior to the net Transfers to the Capital Projects Fund and Special Revenue Funds totaling \$<1,035,584>. Below is a chart highlighting the object classifications where positive budget-to-actual savings were achieved:



- Salary and wage savings were achieved due to the school closure and freeze on filling non-mandated positions.
- Employee benefits were less than projected primarily because health insurance premiums were less than budgeted and salary/wage expenditures were lower than anticipated which contributed to savings in payroll taxes and pension accruals.
- BOCES special education tuitions are budgeted conservatively and budgeted placements were not filled in 2019-20
- Custodial supplies and utilities were less than projected due to the school closure on March 17, 2020.
- Other supplies and services were less than projected because of the District's limitations imposed on non-mandated spending in response to the pandemic and in anticipation of additional unplanned costs associated with it.

### **Capital Asset and Debt Administration**

#### **Capital Assets**

By the end of the 2019-20 fiscal year, the District had invested \$93,242,549 in a broad range of capital assets, including school buildings, athletic facilities, vehicles, and equipment.

	<b><u>2020</u></b>	<b><u>2019</u></b>
Land	\$ 1,966,018	\$ 1,966,018
Work in Progress	38,362,098	9,636,179
Buildings and Improvements	51,655,616	51,076,258
Machinery and Equipment	<u>1,258,817</u>	<u>1,109,824</u>
<b>Total</b>	<b><u>\$ 93,242,549</u></b>	<b><u>\$ 63,788,279</u></b>

Work in Progress reflects construction activity through year 2 of 3 of planned construction related to the 2017 Brighton Facilities Improvement Plan. Construction began in April 2018 and is expected to be ongoing until September of 2021.

#### **Long-Term Debt**

GASB 75 required a restatement of long-term liabilities to account for the District's OPEB liability. At year-end, the District had \$222,054,166 in general obligation bonds and other long-term debt outstanding as follows:

<b><u>Type</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Serial Bonds	\$ 31,710,000	\$ 3,575,000
Net Pension Liability	5,363,798	1,358,060
Compensated Absences	1,403,968	1,301,984
OPEB	<u>183,576,400</u>	<u>161,949,636</u>
<b>Total Long-Term Obligations</b>	<b><u>\$ 222,054,166</u></b>	<b><u>\$ 168,184,680</u></b>

#### **Obligations**

During the year, the District continued to pay down its debt, retiring \$865,000 in outstanding bonds. In addition, it issued a Bond for \$29,000,000 to pay for ongoing construction related to the 2017 Brighton Facilities Improvement Plan. The District previously used cash contributions from the Capital Reserve fund to defer financing activity.

The net pension liability and the OPEB liabilities are actuarially calculated. There is no legal mechanism for public school districts in New York State to fund such liabilities.

### **Factors Bearing on the District's Future**

1. On May 16, 2017 the voters of the District authorized a \$64,996,500 capital improvement project consisting of a) the construction of alterations, renovations, and improvement to each of the District's existing school buildings and facilities; and, b) the construction of additions to the Council Rock Primary School to include twelve general education classrooms, three special education classrooms, two ancillary instructional spaces, one mechanical room, and the expansion of the current kitchen/cafeteria space.

The purpose of the additional classroom space is to implement a full-day kindergarten program. Brighton is currently one of less than 20 districts in New York State to provide a half-day kindergarten program. Construction is expected to be ongoing until September 2021.

In June 2019, the voters authorized an additional \$3,000,000 in project expenditures to be paid from the Capital Reserve Fund. This amount was necessary due to the volatile construction market when phases 1 and 2 of the project were publically bid in 2018.

In June 2020, the voters authorized an additional \$2,000,000 in project expenditures to be paid from the Capital Reserve Fund. This second reauthorization was necessary to fund additional construction required as result of unforeseen condition and replenish construction contingency funds already depleted.

2. The Brighton Central School District, along with other districts statewide, face a precarious financial future due to the COVID-19 pandemic. The pandemic has caused economic chaos at the national, state, and local levels. Because of this, schools in New York State are at risk of losing 20% of their aid received from the state. For the Brighton, this is a potential loss of several millions of dollars during the 2020-21 school year. A reduction such as this would not only impact the current year, but would have serious implications for the years to come. Currently, the federal government is unable to reach an agreement on the next stimulus package. Without support from the federal government, this aid reduction will likely become a reality. Staffing levels, educational programs, reserve balances, and future capital projects will be impacted. The District is closely monitoring this situation and its current year spending and is prepared to react when necessary.
3. Enrollment in the District is stable and the academic performance of the District is strong. The 2017 Brighton Facilities Improvement allowed the District to build capacity to expand from a half-day kindergarten program to a full-day program. The availability of Full-Day Kindergarten Conversion Aid is currently available to phase-in the operating costs of such an expansion. The decision to offer the program in September 2021 will be contingent on overall budget position and the Board of Education's commitment to comply with the New York State Tax Cap.
4. In June, 2020 the District issued a \$29 million bond to fund the 2017 capital improvement project and to pay off two outstanding Bond Anticipation Notes. The winning bid for the bond resulted in a net interest cost ranging between 2% and 2.375%. The debt service schedules estimating the local tax impact carried an assumption of 4.5%.
5. The State has partially corrected a funding issue that was disproportionately disadvantaging Brighton. A correction of \$1.1 million was added to the District's base year Foundation Aid in 2017-18; however, the District continues to advocate for a more equitable phase-in of the Foundation Aid due to the Brighton Central School District. Prior to the COVID-19 pandemic, the Executive Budget recognized Brighton in a tier that was schedule to receive the highest percentage of new funds. All Foundation Aid was subsequently frozen upon adoption of the State Budget.
6. All labor agreements have been negotiated and are in effect through June 2021 with some, including the contract with the Brighton Teachers' Association, extending until June 2022.

### **Contacting the School District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the following:

Brighton Central School District  
Attn: Lou Alaimo  
Business Office  
2035 Monroe Ave.  
Rochester, NY 14618  
585-242-5200 ext. 5089

**BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK**

**Statement of Net Position**

**June 30, 2020**

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 32,583,485
Accounts receivable	4,980,338
Inventories	41,556
Net pension asset	4,512,786
<b>Capital Assets:</b>	
Land	1,966,018
Work in progress	38,362,098
Other capital assets (net of depreciation)	52,914,433
<b>TOTAL ASSETS</b>	<b><u>\$ 135,360,714</u></b>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows of resources	<b><u>\$ 45,724,877</u></b>
 <b>LIABILITIES</b>	
Accounts payable	\$ 502,099
Accrued liabilities	2,137,745
Unearned revenues	269,403
Due to other governments	53
Due to teachers' retirement system	2,920,068
Due to employees' retirement system	182,362
<b>Long-Term Obligations:</b>	
Due in one year	2,455,992
Due in more than one year	219,598,174
<b>TOTAL LIABILITIES</b>	<b><u>\$ 228,065,896</u></b>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows of resources	<b><u>\$ 31,403,837</u></b>
 <b>NET POSITION</b>	
Net investment in capital assets	\$ 60,910,686
<b>Restricted For:</b>	
Reserve for employee retirement system	4,705,145
Capital projects	3,600,262
Capital reserves	9,082,863
Other purposes	6,366,665
Unrestricted	(163,049,763)
<b>TOTAL NET POSITION</b>	<b><u>\$ (78,384,142)</u></b>

(See accompanying notes to financial statements)

**BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK**

**Statement of Activities**

**For Year Ended June 30, 2020**

		<b>Program Revenues</b>		<b>Net (Expense)</b>
				<b>Revenue and</b>
				<b>Changes in</b>
				<b>Net Position</b>
		<b>Operating</b>		
		<b>Charges for</b>	<b>Grants and</b>	<b>Governmental</b>
<b><u>Functions/Programs</u></b>	<b><u>Expenses</u></b>	<b><u>Services</u></b>	<b><u>Contributions</u></b>	<b><u>Activities</u></b>
<b><u>Primary Government -</u></b>				
General support	\$ 9,208,045	\$ -	\$ -	\$ (9,208,045)
Instruction	72,879,413	1,758,971	2,348,265	(68,772,177)
Pupil transportation	3,952,500	-	-	(3,952,500)
School lunch	1,113,386	440,875	373,198	(299,313)
Interest	638,454	-	-	(638,454)
<b>Total Primary Government</b>	<b><u>\$ 87,791,798</u></b>	<b><u>\$ 2,199,846</u></b>	<b><u>\$ 2,721,463</u></b>	<b><u>\$ (82,870,489)</u></b>
<b>General Revenues:</b>				
Property taxes				\$ 53,708,758
Non property taxes				3,545,070
State and federal aid				17,157,516
Investment earnings				521,329
Compensation for loss				11,990
Miscellaneous				879,696
<b>Total General Revenues</b>				<b><u>\$ 75,824,359</u></b>
Changes in Net Position				\$ (7,046,130)
<b>Net Position, Beginning of Year</b>				<b><u>(71,338,012)</u></b>
<b>Net Position, End of Year</b>				<b><u>\$ (78,384,142)</u></b>

(See accompanying notes to financial statements)

**BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK**

**Balance Sheet**

**Governmental Funds**

**June 30, 2020**

	<b>General Fund</b>	<b>Special Aid Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>					
Cash and cash equivalents	\$ 27,659,807	\$ 25,549	\$ 4,227,888	\$ 670,241	\$ 32,583,485
Receivables	3,941,329	1,011,954	-	27,055	4,980,338
Inventories	-	-	-	41,556	41,556
Due from other funds	2,033,184	-	-	143,149	2,176,333
<b>TOTAL ASSETS</b>	<b>\$ 33,634,320</b>	<b>\$ 1,037,503</b>	<b>\$ 4,227,888</b>	<b>\$ 882,001</b>	<b>\$ 39,781,712</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b><u>Liabilities -</u></b>					
Accounts payable	\$ 500,325	\$ 1,774	\$ -	\$ -	\$ 502,099
Accrued liabilities	2,082,694	16,631	-	1,234	2,100,559
Due to other funds	103,367	823,476	1,249,490	-	2,176,333
Due to other governments	-	-	-	53	53
Due to TRS	2,920,068	-	-	-	2,920,068
Due to ERS	182,362	-	-	-	182,362
Unearned revenue	9,272	193,936	-	66,195	269,403
<b>TOTAL LIABILITIES</b>	<b>\$ 5,798,088</b>	<b>\$ 1,035,817</b>	<b>\$ 1,249,490</b>	<b>\$ 67,482</b>	<b>\$ 8,150,877</b>
<b><u>Fund Balances -</u></b>					
Nonspendable	\$ -	\$ -	\$ -	\$ 41,556	\$ 41,556
Restricted	19,576,782	-	3,600,262	577,891	23,754,935
Assigned	4,941,692	55,245	-	195,072	5,192,009
Unassigned	3,317,758	(53,559)	(621,864)	-	2,642,335
<b>TOTAL FUND BALANCE</b>	<b>\$ 27,836,232</b>	<b>\$ 1,686</b>	<b>\$ 2,978,398</b>	<b>\$ 814,519</b>	<b>\$ 31,630,835</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 33,634,320</b>	<b>\$ 1,037,503</b>	<b>\$ 4,227,888</b>	<b>\$ 882,001</b>	

**Amounts reported for governmental activities in the**

**Statement of Net Position are different because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

93,242,549

Interest is accrued on outstanding bonds in the statement of net position but not in the funds.

(37,186)

The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:

Serial bonds payable	(31,710,000)
OPEB	(183,576,400)
Compensated absences	(1,403,968)
Net pension asset	4,512,786
Deferred outflow - pension	17,968,176
Deferred outflow - OPEB	27,756,701
Net pension liability	(5,363,798)
Deferred inflow - pension	(6,295,626)
Deferred inflow - OPEB	(25,108,211)

**Net Position of Governmental Activities**

**\$ (78,384,142)**

**BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For Year Ended June 30, 2020**

	<b>General Fund</b>	<b>Special Aid Fund</b>	<b>Capital Projects Fund</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>					
Real property taxes and tax items	\$ 53,708,758	\$ -	\$ -	\$ -	\$ 53,708,758
Non-property taxes	3,545,070	-	-	-	3,545,070
Charges for services	1,758,971	-	-	-	1,758,971
Use of money and property	480,841	-	-	40,488	521,329
Sale of property and compensation for loss	11,990	-	-	-	11,990
Miscellaneous	731,825	284,930	-	15,283	1,032,038
State sources	17,046,047	723,956	-	12,347	17,782,350
Federal sources	111,469	1,339,379	-	360,851	1,811,699
Sales	-	-	-	440,875	440,875
Premium on obligations issued	-	-	-	132,588	132,588
<b>TOTAL REVENUES</b>	<b>\$ 77,394,971</b>	<b>\$ 2,348,265</b>	<b>\$ -</b>	<b>\$ 1,002,432</b>	<b>\$ 80,745,668</b>
<b>EXPENDITURES</b>					
General support	\$ 6,378,525	\$ -	\$ -	\$ -	\$ 6,378,525
Instruction	40,059,830	2,274,966	-	-	42,334,796
Pupil transportation	3,509,126	182,729	-	-	3,691,855
Employee benefits	20,039,249	84,361	-	159,600	20,283,210
Debt service - principal	865,000	-	-	-	865,000
Debt service - interest	612,839	-	-	-	612,839
Cost of sales	-	-	-	348,236	348,236
Other expenses	-	-	-	385,550	385,550
Capital outlay	-	-	31,851,669	-	31,851,669
<b>TOTAL EXPENDITURES</b>	<b>\$ 71,464,569</b>	<b>\$ 2,542,056</b>	<b>\$ 31,851,669</b>	<b>\$ 893,386</b>	<b>\$ 106,751,680</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>					
	\$ 5,930,402	\$ (193,791)	\$ (31,851,669)	\$ 109,046	\$ (26,006,012)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers - in	\$ 1,200,067	\$ 171,621	\$ 2,000,000	\$ 64,030	\$ 3,435,718
Transfers - out	(2,235,651)	-	(1,200,067)	-	(3,435,718)
Proceeds from obligations	-	-	29,000,000	-	29,000,000
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ (1,035,584)</b>	<b>\$ 171,621</b>	<b>\$ 29,799,933</b>	<b>\$ 64,030</b>	<b>\$ 29,000,000</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 4,894,818</b>	<b>\$ (22,170)</b>	<b>\$ (2,051,736)</b>	<b>\$ 173,076</b>	<b>\$ 2,993,988</b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b>22,941,414</b>	<b>23,856</b>	<b>5,030,134</b>	<b>641,443</b>	<b>28,636,847</b>
<b>FUND BALANCE, END OF YEAR</b>	<b>\$ 27,836,232</b>	<b>\$ 1,686</b>	<b>\$ 2,978,398</b>	<b>\$ 814,519</b>	<b>\$ 31,630,835</b>

(See accompanying notes to financial statements)

**BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances of Governmental Funds to Statement of Activities**  
**For Year Ended June 30, 2020**

**NET CHANGE IN FUND BALANCES -**  
**TOTAL GOVERNMENTAL FUNDS**

\$ 2,993,988

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are the amounts by which capital outlays and additions of assets in excess depreciation in the current period:

Capital Outlay	\$ 31,851,669	
Additions to Assets, Net	57,201	
Depreciation	<u>(2,454,600)</u>	
		29,454,270

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. The following details these items as they effect the governmental activities:

Debt Repayments	\$ 865,000	
Proceeds from Bond Issuance	<u>(29,000,000)</u>	
		(28,135,000)

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (25,615)

The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. (7,198,104)

(Increase) decrease in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds

Teachers' Retirement System	(2,951,867)
Employees' Retirement System	(1,081,818)

In the Statement of Activities, vacation pay, teachers' retirement incentive and judgments and claims are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. The following provides the differences of these items as presented in the governmental activities:

Compensated Absences	<u>(101,984)</u>
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**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES**

**\$ (7,046,130)**

**BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK****Statement of Fiduciary Net Position****June 30, 2020**

	<b>Private Purpose <u>Trust</u></b>	<b>Agency <u>Funds</u></b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 92,266	\$ 2,604,679
Receivable from general fund	-	24,627
<b>TOTAL ASSETS</b>	<b><u>\$ 92,266</u></b>	<b><u>\$ 2,629,306</u></b>
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 484,239
Extraclassroom activity balances	-	234,038
Other liabilities	-	1,911,029
<b>TOTAL LIABILITIES</b>	<b><u>\$ -</u></b>	<b><u>\$ 2,629,306</u></b>
<b>NET POSITION</b>		
Restricted for scholarships	\$ 92,266	
<b>TOTAL NET POSITION</b>	<b><u>\$ 92,266</u></b>	

**Statement of Changes in Fiduciary Net Position****For Year Ended June 30, 2020**

	<b>Private Purpose <u>Trust</u></b>
<b>ADDITIONS</b>	
Contributions	\$ 9,211
Investment earnings	23
<b>TOTAL ADDITIONS</b>	<b><u>\$ 9,234</u></b>
<b>DEDUCTIONS</b>	
Other expenses	\$ 2,606
<b>TOTAL DEDUCTIONS</b>	<b><u>\$ 2,606</u></b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 6,628</b>
<b>NET POSITION, BEGINNING OF YEAR</b>	<b><u>85,638</u></b>
<b>NET POSITION, END OF YEAR</b>	<b><u>\$ 92,266</u></b>

# **BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK**

## **Notes To The Basic Financial Statements**

**June 30, 2020**

### **I. Summary of Significant Accounting Policies**

The financial statements of the Brighton Central School District, New York (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

#### **A. Reporting Entity**

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

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units* and GASB Statement 61, *The Financial Reporting Entity*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

#### **1. Extraclassroom Activity Funds**

The extraclassroom activity funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions, and the designation of student management. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the District's business office. The District accounts for assets held as an agency for various student organizations in an agency fund.

#### **B. Joint Venture**

The District is a component of the First Supervisory District of Monroe County Board of Cooperative Educational Services (BOCES). The BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

**( I. ) (Continued)**

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

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

During the year, the District was billed \$7,376,314 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$1,939,765.

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

**C. Basis of Presentation**

**1. Districtwide Statements**

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

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

**2. Fund Statements**

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

( I. ) (Continued)

The District reports the following governmental funds:

a. **Major Governmental Funds**

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

**Capital Projects Fund** - Used to account for the acquisition construction or major repair of capital facilities.

**Special Aid Fund** - This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

b. **Nonmajor Governmental** - The other funds which are not considered major are aggregated and reported as nonmajor governmental funds as follows:

**School Lunch Fund** - Used to account for transactions of the District's lunch, breakfast and milk programs.

**Debt Service Fund** - This fund accounts for the accumulation of resources and the payment of principal and interest on long-term obligations for governmental activities.

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

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

**Agency Funds** - These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

D. **Measurement Focus and Basis of Accounting**

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

**( I. ) (Continued)**

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

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

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

**E. Property Taxes**

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on August 2, 2019. Taxes are collected during the period September 1 to October 31, 2019. Taxpayers may also elect to pay in three equal installments due September 15, October 15, and November 15.

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

**F. Restricted Resources**

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

**G. Interfund Transactions**

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

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

**( I. ) (Continued)**

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

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

**H. Estimates**

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

**I. Cash and Cash Equivalents**

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

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

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

**J. Receivables**

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

**K. Inventory and Prepaid Items**

Inventories of food and/or supplies for school lunch are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

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

( I. ) (Continued)

A non-spendable fund balance for these non-liquid assets (inventories and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

**L.      Capital Assets**

In the District-wide financial statements, capital assets are accounted for at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their acquisition value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of \$5,000 is used to report capital assets. The range of estimated useful lives by type of assets is as follows:

<u>Class</u>	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 50,000	SL	15-50 Years
Machinery and Equipment	\$ 5,000	SL	5-25 Years

The investment in infrastructure type assets have not been segregated for reporting purposes since all costs associated with capital projects are consolidated and reported as additions to buildings and improvements.

**M.      Unearned Revenue**

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

**N.      Deferred Outflows and Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The District may have three items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Lastly is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date.

**( I. ) (Continued)**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District may have two items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue-property taxes. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense.

**O. Vested Employee Benefits**

**1. Compensated Absences**

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

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

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

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

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

**P. Other Benefits**

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

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

( I. ) (Continued)

**Q.     Accrued Liabilities and Long-Term Obligations**

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

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

**R.     Short-Term Debt**

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

**S.     Equity Classifications**

**1.     District-Wide Statements**

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

- a.     Net Investment in Capital Assets** - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.
  
- b.     Restricted Net Position** - reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

On the Statement of Net Position the following balances represent the restricted for other purposes:

	<b><u>Total</u></b>
Unemployment Costs	\$ 1,253,268
Retirement Contribution - TRS	1,148,268
Insurance	1,745,000
Tax Certiorari	529,217
Debt	577,891
Employee Benefit Accrued Liability	<u>1,113,021</u>
<b>Total Net Position - Restricted for Other Purposes</b>	<b><u><u>\$ 6,366,665</u></u></b>

( I. ) (Continued)

c. **Unrestricted Net Position** - reports the balance of net position that does not meet the definition of the above two classifications . The reported deficit of \$163,049,763 at year end is the result of full implementation of GASB #75 regarding retiree health obligations and the New York State Pension system unfunded pension obligation.

2. **Fund Statements**

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

a. **Nonspendable Fund Balance** – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes \$41,556 of inventory in the school lunch fund.

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

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

<b><u>Name of Reserve</u></b>	<b><u>Maximum Funding</u></b>	<b><u>Total Funding Provided</u></b>	<b><u>Total Year to Date Balance</u></b>
Technology Capital Reserve	\$ 12,500,000	\$ 8,406,036	\$ 1,106,269
Bus Purchase Reserve	\$ 5,000,000	\$ 425,000	\$ 300,000
Building Capital Reserve	\$ 20,000,000	\$ 19,694,422	\$ 7,676,594

**Reserve for Debt Service** - According to General Municipal Law §6-1, the Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of the sale. Also, earnings on project monies invested together with unused proceeds are reported here.

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

( I. ) (Continued)

**Teachers' Retirement Reserve** – General Municipal Law §6r was amended to include a Teachers' Retirement Reserve (TRS) sub-fund. The reserve has an annual funding limit of 2% of the prior year TRS salaries and a maximum cumulative total balance of 10% of the previous years TRS salary.

**Retirement Contribution Reserve** - According to General Municipal Law §6-r, must be used financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

**Tax Certiorari Reserve** - According to General Municipal Law §3651.1-a, must be used to establish a reserve fund for tax certiorari claims and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceeding in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies.

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

**Encumbrances** - Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the General Fund and the School Lunch Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

( I. ) (Continued)

Restricted fund balances include the following:

	<b><u>Total</u></b>
<b><u>General Fund -</u></b>	
Unemployment Costs	\$ 1,253,268
Retirement Contribution - ERS	4,705,145
Retirement Contribution - TRS	1,148,268
Insurance	1,745,000
Tax Certiorari	529,217
Capital Reserves	9,082,863
Employee Benefit Accrued Liability	1,113,021
<b><u>Capital Fund -</u></b>	
2016-17 Capital Improvement Project	831,198
2017-18 Solar Project	30,762
2018-19 Capital Improvement Project	910,005
BOCES 1 Capital Project	1,828,297
<b><u>Debt Service Fund -</u></b>	
Debt Service	577,891
<b>Total Restricted Fund Balance</b>	<b><u><u>\$ 23,754,935</u></u></b>

The District appropriated and/or budgeted funds from the following reserves for the 2020-21 budget:

	<b><u>Total</u></b>
Retirement Contribution	800,000
<b>Total</b>	<b><u><u>\$ 800,000</u></u></b>

c. **Committed** - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2020.

d. **Assigned Fund Balance** – Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as assigned fund balance. Encumbrances represent purchase commitments made by the District's purchasing agent through their authorization of a purchase order prior to year end. The District assignment is based on the functional level of expenditures.

( I. ) (Continued)

Management has determined significant encumbrances for the General Fund to be \$101,000, Special Aid Fund to be \$6,200 and the capital projects fund to be \$47,000.

**General Fund -**

General Support	\$ 319,290
Instruction	1,922,402
<b>Total General Fund Significant Encumbrances</b>	<b><u>\$ 2,241,692</u></b>

**Capital Projects Fund -**

Capital Improvements	<b><u>\$ 22,599,979</u></b>
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**Special Aid Fund -**

Instructional	<b><u>\$ 25,647</u></b>
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Assigned fund balances include the following:

	<b><u>Total</u></b>
General Fund - Encumbrances	\$ 2,341,692
General Fund - Appropriated for Taxes	2,600,000
Special Aid Fund - Community Programs	55,245
School Lunch Fund - Year End Equity	195,072
<b>Total Assigned Fund Balance</b>	<b><u>\$ 5,192,009</u></b>

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

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the District's budget for the general fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

**3. Order of Use of Fund Balance**

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

**T. New Accounting Standards**

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2020, the District implemented the following new standards issued by GASB:

**( I. ) (Continued)**

GASB has issued Statement 92, *Omnibus 2020, Paragraphs 1-11a, and 12*.

GASB has issued Statement No. 95, *Postponement of the Effective Dates for Certain Authoritative Guidance*.

**U. Future Changes in Accounting Standards**

GASB has issued Statement 84, *Fiduciary Activities*, which will effective for the periods beginning after December 15, 2019.

GASB has issued Statement 87, *Leases*, which will be effective for the periods beginning after December 15, 2019.

GASB has issued Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for reporting periods beginning after December 15, 2020.

GASB has issued Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*, which will be effective for reporting periods beginning after December 15, 2019.

GASB has issued Statement No. 91, *Conduit Debt Obligations*, which will be effective for reporting periods beginning after December 15, 2021.

GASB has issued Statement No. 92, *Omnibus 2020, Paragraphs 6, 7, 8, 9, 10, 12*, which will be effective for reporting periods beginning after June 15, 2021.

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates, Paragraphs 1-11a, and 12*, which will be effective for reporting periods beginning after June 15, 2020.

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates, Paragraphs 13 and 14*, which will be effective for reporting periods beginning after June 15, 2021.

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates, Paragraphs 11b*, which will be effective for reporting periods beginning after December 15, 2021.

GASB has issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, which will be effective for reporting periods beginning after June 15, 2022.

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

**II. Stewardship, Compliance and Accountability**

By its nature as a local government unit, the District is subject to various federal, state and local laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over District resources follows.

## **( II. ) (Continued)**

### **A. Budgets**

The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.

The voters of the District approved the proposed appropriation budget.

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restriction, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. During the 2019-20 year, the budget was increased by a \$500,000 voter approved appropriation from the technology capital reserve and \$835,876 in prior year encumbrances.

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

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

### **B. Encumbrances**

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

### **C. Deficit Net Position**

The District-wide net position had a deficit at June 30, 2020 of (\$78,384,142). The deficit is a result of the implementation of GASB 75, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", which required the recognition of an unfunded liability of \$183,576,400 at June 30, 2020. Since New York State Laws provide no mechanism for funding the liability, the subsequent accruals are expected to increase the deficit.

### **D. Deficit Fund Balances**

#### **1. Special Aid Fund – Continuing Education Program**

As indicated in the financial statements, the District's Continuing Education program recorded in the special aid fund had a deficit fund balance of \$53,559 at June 30, 2020.

( II. ) (Continued)

2. **Capital Projects Fund**

As indicated in the financial statements the District's capital project fund reports a deficit unassigned fund balance totaling \$621,864 which is a result of financing the capital project with short-term debt. When permanent financing occurs the deficit will be eliminated.

III. **Cash and Cash Equivalents**

**Credit Risk** – In compliance with the State Law, District investments are limited to obligations of the United States of America, obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America, obligations of the State, time deposit accounts and certificates of deposit issued by a bank or trust company located in, and authorized to do business in, the State, and obligations used by other municipalities and authorities with the State.

**Concentration of Credit Risk** – To promote competition in rates and service costs, and to limit the risk of institutional failure, District deposits and investments are placed with multiple institutions. The District's investment policy limits the amounts that may be deposited with any on financial institution.

**Interest Rate Risk** – The District has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates.

The District's aggregate bank balances, included balances not covered by depository insurance at year end, collateralized as follows:

Uncollateralized	\$ -
Collateralized with Securities held by the Pledging Financial Institution	29,837,338
Collateralized within Trust Department or Agent	6,364,455
<b>Total</b>	<b><u><u>\$ 36,201,793</u></u></b>

Restricted cash represents cash where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year end includes \$23,754,935 within the governmental funds and \$92,266 in the fiduciary funds.

IV. **Receivables**

Receivables at June 30, 2020 for individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

<b><u>Description</u></b>	<b><u>Governmental Activities</u></b>			
	<b><u>General Fund</u></b>	<b><u>Special Aid Fund</u></b>	<b><u>School Lunch Fund</u></b>	<b><u>Total</u></b>
Accounts Receivable	\$ 1,886,226	\$ 56,090	\$ 13,474	\$ 1,955,790
Due From State and Federal	634,292	955,864	24,012	1,614,168
Due From Other Governments	1,554,614	-	-	1,554,614
Allowance for Uncollectible Accounts	(133,803)	-	(10,431)	(144,234)
<b>Total Receivables</b>	<b><u><u>\$ 3,941,329</u></u></b>	<b><u><u>\$ 1,011,954</u></u></b>	<b><u><u>\$ 27,055</u></u></b>	<b><u><u>\$ 4,980,338</u></u></b>

## V. Interfund Receivables, Payables, Revenues and Expenditures

Interfund Receivables, Payables, Revenues and Expenditures at June 30, 2020 were as follows:

	<b>Interfund</b>			
	<b><u>Receivables</u></b>	<b><u>Payables</u></b>	<b><u>Revenues</u></b>	<b><u>Expenditures</u></b>
General Fund	\$ 2,033,184	\$ 103,367	\$ 1,200,067	\$ 2,235,651
Special Aid Fund	-	823,476	171,621	-
School Lunch Fund	103,367	-	64,030	-
Debt Service Fund	39,782	-	-	-
Capital Projects Fund	-	1,249,490	2,000,000	1,200,067
<b>Total</b>	<b><u>\$ 2,176,333</u></b>	<b><u>\$ 2,176,333</u></b>	<b><u>\$ 3,435,718</u></b>	<b><u>\$ 3,435,718</u></b>

Interfund receivables and payables between governmental activities are eliminated on the Statement of Net Position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are not necessarily expected to be repaid within one year.

Transfers are used to finance certain special aid programs, support capital project expenditures, school lunch programs and debt service expenditures.

## VI. Capital Assets

Capital asset balances and activity were as follows:

<b><u>Type</u></b>	<b><u>Balance</u></b> <b><u>7/1/2019</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance</u></b> <b><u>6/30/2020</u></b>
<b><u>Governmental Activities:</u></b>				
<b><u>Capital Assets that are not Depreciated -</u></b>				
Land	\$ 1,966,018	\$ -	\$ -	\$ 1,966,018
Work in progress	9,636,179	31,851,668	3,125,749	38,362,098
<b><i>Total Nondepreciable</i></b>	<b><u>\$ 11,602,197</u></b>	<b><u>\$ 31,851,668</u></b>	<b><u>\$ 3,125,749</u></b>	<b><u>\$ 40,328,116</u></b>
<b><u>Capital Assets that are Depreciated -</u></b>				
Buildings and Improvements	\$ 102,044,755	\$ 2,868,353	\$ -	\$ 104,913,108
Machinery and equipment	2,592,705	314,598	-	2,907,303
<b><i>Total Depreciated Assets</i></b>	<b><u>\$ 104,637,460</u></b>	<b><u>\$ 3,182,951</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 107,820,411</u></b>
<b><u>Less Accumulated Depreciation -</u></b>				
Buildings and Improvements	\$ 50,968,497	\$ 2,288,995	\$ -	\$ 53,257,492
Machinery and equipment	1,482,881	165,605	-	1,648,486
<b><i>Total Accumulated Depreciation</i></b>	<b><u>\$ 52,451,378</u></b>	<b><u>\$ 2,454,600</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 54,905,978</u></b>
<b><i>Total Capital Assets Depreciated, Net of Accumulated Depreciation</i></b>	<b><u>\$ 52,186,082</u></b>	<b><u>\$ 728,351</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 52,914,433</u></b>
<b>Total Capital Assets</b>	<b><u>\$ 63,788,279</u></b>	<b><u>\$ 32,580,019</u></b>	<b><u>\$ 3,125,749</u></b>	<b><u>\$ 93,242,549</u></b>

( VI. ) (Continued)

Depreciation expense for the period was charged to functions/programs as follows:

<b><u>Governmental Activities:</u></b>	
General Government Support	\$ 147,296
Instruction	2,194,194
School Lunch	113,110
<b>Total Depreciation Expense</b>	<b><u>\$ 2,454,600</u></b>

**VII. Short-Term Debt**

Transactions in short-term debt for the year are summarized below:

	<b><u>Maturity</u></b>	<b><u>Interest Rate</u></b>	<b><u>Balance 7/1/2019</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance 6/30/2020</u></b>
BAN	6/30/2020	2.00%	\$ -	\$ 10,000,000	\$ 10,000,000	\$ -
BAN	6/30/2020	2.00%	-	12,000,000	12,000,000	-
BAN	6/30/2020	2.00%	-	7,000,000	7,000,000	-
<b>Total Short-Term Debt</b>			<b><u>\$ -</u></b>	<b><u>\$ 29,000,000</u></b>	<b><u>\$ 29,000,000</u></b>	<b><u>\$ -</u></b>

The short-term interest expense totaled \$446,389.

**VIII. Long-Term Debt Obligations**

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

	<b><u>Balance 7/1/2019</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Balance 6/30/2020</u></b>	<b><u>Due Within One Year</u></b>
<b><u>Governmental Activities:</u></b>					
<b><u>Bonds and Notes Payable -</u></b>					
Serial Bonds	\$ 3,575,000	\$ 29,000,000	\$ 865,000	\$ 31,710,000	\$ 2,105,000
<b><u>Other Liabilities -</u></b>					
Net Pension Liability	\$ 1,358,060	\$ 4,005,738	\$ -	\$ 5,363,798	\$ -
OPEB	161,949,636	21,626,764	-	183,576,400	-
Compensated Absences	1,301,984	101,984	-	1,403,968	350,992
<b>Total Other Liabilities</b>	<b><u>\$ 164,609,680</u></b>	<b><u>\$ 25,734,486</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 190,344,166</u></b>	<b><u>\$ 350,992</u></b>
<b>Total Long-Term Obligations</b>	<b><u>\$ 168,184,680</u></b>	<b><u>\$ 54,734,486</u></b>	<b><u>\$ 865,000</u></b>	<b><u>\$ 222,054,166</u></b>	<b><u>\$ 2,455,992</u></b>

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

Existing serial and statutory bond obligations:

	<b><u>Original Amount</u></b>	<b><u>Issue Date</u></b>	<b><u>Final Maturity</u></b>	<b><u>Interest Rate</u></b>	<b><u>Amount Outstanding 6/30/2020</u></b>
Refunding Bonds	\$ 4,635,000	2011	2021	2.00%-5.00%	\$ 475,000
Refunding Bonds	\$ 4,105,000	2015	2025	2.00%-5.00%	2,235,000
Construction	\$ 29,000,000	2020	2029	2.000%-2.375%	29,000,000
<b>Total Serial Bonds</b>					<b><u>\$ 31,710,000</u></b>

( VIII. ) (Continued)

The following is a summary of debt service requirements:

<u>Year</u>	<u>Serial Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2021	\$ 2,105,000	\$ 776,703
2022	1,695,000	692,894
2023	1,740,000	648,906
2024	1,785,000	599,138
2025	1,840,000	547,837
2026-30	7,200,000	2,173,944
2031-35	8,110,000	1,368,731
2036-39	7,235,000	421,800
<b>Total</b>	<b>\$ 31,710,000</b>	<b>\$ 7,229,953</b>

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. \$5,950,000 of bonds outstanding are considered defeased.

Interest on long-term debt for June 30, 2020 was composed of:

Interest Paid	\$ 166,450
Less: Interest Accrued in the Prior Year	(11,571)
Plus: Interest Accrued in the Current Year	37,186
<b>Total Long-Term Interest Expense</b>	<b>\$ 192,065</b>

**IX. Deferred Inflows/Outflows of Resources**

The following is a summary of the deferred inflows/outflows of resources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Pension	\$ 17,968,176	\$ 6,295,626
OPEB	27,756,701	25,108,211
<b>Total</b>	<b>\$ 45,724,877</b>	<b>\$ 31,403,837</b>

**X. Pension Plans**

**A. General Information**

The District participates in the New York State Teacher's Retirement System (TRS) and the New York State and Local Employee's Retirement System (ERS). These are cost-sharing multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

( X. ) (Continued)

**B. Provisions and Administration**

A 10 member Board of Trustees of the New York State Teachers' Retirement Board administers TRS. TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the system, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYRS, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the TRS Comprehensive Annual Financial report, which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).

ERS provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php).

**C. Funding Policies**

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

The District's share of the required contributions, based on covered payroll paid for the District's year ended June 30, 2020:

<u>Contributions</u>	<u>ERS</u>	<u>TRS</u>
2020	\$ 839,728	\$ 2,920,068

( X. ) (Continued)

**D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions**

At June 30, 2020, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2020 for ERS and June 30, 2019 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and ERS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2020	June 30, 2019
Net pension assets/(liability)	\$ (5,363,798)	\$ 4,512,786
District's portion of the Plan's total net pension asset/(liability)	0.020%	0.174%

For the year ended June 30, 2020, the District recognized pension expenses of \$1,910,323 for ERS and \$5,583,392 for TRS. At June 30, 2020 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 315,681	\$ 3,058,200	\$ -	\$ 335,580
Changes of assumptions	108,001	8,525,257	93,257	2,078,699
Net difference between projected and actual earnings on pension plan investments	2,749,744	-	-	3,619,022
Changes in proportion and differences between the District's contributions and proportionate share of contributions	218,537	182,336	10,986	158,082
Subtotal	<u>\$ 3,391,963</u>	<u>\$ 11,765,793</u>	<u>\$ 104,243</u>	<u>\$ 6,191,383</u>
District's contributions subsequent to the measurement date	182,362	2,628,058	-	-
<b>Grand Total</b>	<b><u>\$ 3,574,325</u></b>	<b><u>\$ 14,393,851</u></b>	<b><u>\$ 104,243</u></b>	<b><u>\$ 6,191,383</u></b>

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

( X. ) (Continued)

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2020	\$ -	\$ 2,044,203
2021	595,767	132,102
2022	843,792	2,036,803
2023	1,025,710	1,355,439
2024	822,451	147,465
Thereafter	-	(141,602)
<b>Total</b>	<b>\$ 3,287,720</b>	<b>\$ 5,574,410</b>

**E. Actuarial Assumptions**

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Interest rate	6.80%	7.10%
Salary scale	4.20%	4.72%-1.90%
Decrement tables	April 1, 2010- March 31, 2015 System's Experience	July 1, 2009- June 30, 2014 System's Experience
Inflation rate	2.50%	2.20%
COLA's	1.30%	1.30%

For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2018. For TRS, annuitant mortality rates are based on plan member experience adjustments for mortality improvements based on Society of Actuaries Scale MP-2018.

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2020 are summarized as follows:

( X. ) (Continued)

<b>Long Term Expected Rate of Return</b>		
	<b>ERS</b>	<b>TRS</b>
Measurement date	March 31, 2020	June 30, 2019
<b><u>Asset Type -</u></b>		
Domestic equity	4.05%	6.30%
International equity	6.15%	7.80%
Global equity	0.00%	7.20%
Private equity	6.75%	9.90%
Real estate	4.95%	4.60%
Absolute return strategies *	3.25%	0.00%
Opportunistic portfolios	4.65%	0.00%
Real assets	5.95%	0.00%
Bonds and mortgages	0.75%	0.00%
Cash	0.00%	0.00%
Inflation-indexed bonds	0.50%	0.00%
Private debt	0.00%	6.50%
Real estate debt	0.00%	2.90%
High-yield fixed income securities	0.00%	3.60%
Domestic fixed income securities	0.00%	1.30%
Global fixed income securities	0.00%	0.90%
Short-term	0.00%	0.30%

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

\* Excludes equity-oriented long-only funds. For investment management purposes, these funds are included in domestic equity and internal equity.

**F. Discount Rate**

The discount rate used to calculate the total pension liability was 6.8% for ERS and 7.10% 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. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**G. Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption**

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.80% for ERS and 7.10% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (5.80% for ERS and 6.10% for TRS ) or 1-percentage-point higher (7.80% for ERS and 8.10% for TRS) than the current assumption :

( X. ) (Continued)

<u>ERS</u>	<b>1% Decrease (5.80%)</b>	<b>Current Assumption (6.80%)</b>	<b>1% Increase (7.80%)</b>
Employer's proportionate share of the net pension asset (liability)	\$ (9,844,085)	\$ (5,363,798)	\$ (1,237,436)

<u>TRS</u>	<b>1% Decrease (6.10%)</b>	<b>Current Assumption (7.10%)</b>	<b>1% Increase (8.10%)</b>
Employer's proportionate share of the net pension asset (liability)	\$ 20,370,247	\$ 4,512,786	\$ 25,386,843

**H. Pension Plan Fiduciary Net Position**

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

	<b>(In Thousands)</b>	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2020	June 30, 2019
Employers' total pension liability	\$ 194,596,261	\$ 119,879,474
Plan net position	168,115,682	122,477,481
Employers' net pension asset/(liability)	<u>\$ (26,480,579)</u>	<u>\$ (2,598,007)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	86.39%	102.20%

**I. Payables to the Pension Plan**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$182,362.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2020 amounted to \$2,920,068.

## **XI. Postemployment Benefits**

### **A. General Information About the OPEB Plan**

*Plan Description* – The District’s defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

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

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

Inactive employees or beneficiaries currently receiving benefit payments	605
Active Employees	720
<b>Total</b>	<b>1325</b>

### **B. Total OPEB Liability**

The District’s total OPEB liability of \$183,576,400 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

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

Inflation	2.31 percent
Salary Increases	3.22 percent, average, including inflation
Discount Rate	2.48 percent
Healthcare Cost Trend Rates	Initial rate of 5.20% decreasing to an ultimate rate of 4.18%
Retirees' Share of Benefit-Related Costs	Varies depending on contract

The discount rate was based on a tax exempt, high-quality 20-year tax exempt general obligation municipal bond yield or index rate.

Mortality rates were based on 2015 New York State Teachers Retirement System mortality rates for active members for all active employees, and 2015 New York State Teachers Retirement System mortality base rates for service and deferred annuitants and beneficiaries, fully generational using Mortality Improvement Scale MP-2019 for retirees and surviving spouses.

( XI. ) (Continued)

C. **Changes in the Total OPEB Liability**

Balance at June 30, 2018	\$ 161,949,636
<u>Changes for the Year -</u>	
Service cost	\$ 5,124,621
Interest	5,600,842
Differences between expected and actual experience	(16,017,306)
Changes in assumptions or other inputs	31,177,682
Benefit payments	(4,259,075)
Net Changes	\$ 21,626,764
<b>Balance at June 30, 2020</b>	<b>\$ 183,576,400</b>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.44 percent in 2019 to 2.48 percent in 2020.

*Sensitivity of the Total OPEB Liability to Changes in the Discount Rate* – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.48 percent) or 1-percentage-point higher (3.48 percent) than the current discount rate:

	<b>1% Decrease</b>	<b>Discount</b>	<b>1% Increase</b>
	<b><u>(1.48%)</u></b>	<b><u>(2.48%)</u></b>	<b><u>(3.48%)</u></b>
Total OPEB Liability	\$ 219,213,534	\$ 183,576,400	\$ 155,740,163

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

	<b>1% Decrease</b>	<b>Healthcare</b>	<b>1% Increase</b>
	<b><u>(4.20%</u></b>	<b>Cost Trend Rates</b>	<b><u>(6.20%</u></b>
	<b><u>Decreasing</u></b>	<b><u>Decreasing</u></b>	<b><u>Decreasing</u></b>
	<b><u>to 3.18%)</u></b>	<b><u>to 4.18%)</u></b>	<b><u>to 5.18%)</u></b>
Total OPEB Liability	\$ 152,818,636	\$ 183,576,400	\$ 223,936,980

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$11,413,946. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

( XI. ) (Continued)

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 2,325,228	\$ 25,108,211
Changes of assumptions	24,366,704	-
Contributions after measurement date	1,064,769	-
<b>Total</b>	<b>\$ 27,756,701</b>	<b>\$ 25,108,211</b>

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

<b><u>Year</u></b>	
2021	\$ 688,483
2022	(2,296,422)
2023	3,191,660
<b>Total</b>	<b>\$ 1,583,721</b>

**XII. Risk Management**

**A. General Information**

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

**B. Health Plan**

The District incurs costs related to the Rochester Area School Health Plan (Plan I and Plan II) sponsored by the Board of Cooperative Educational Services, Second Supervisory District of Monroe and Orleans Counties and its component districts.

**1. Plan I**

The Plan's objectives are to formulate, develop and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Membership in the Plan may be offered to any component district of the Monroe #1 and Monroe #2 BOCES with the unanimous approval of the Board of Directors. Voluntary withdrawal from the Plans may be effective only once annually on the last day of the Plan year as may be established by the Board of Directors. Notice of Intention to Withdraw must be given in writing to the Chairman of the Board of Directors and the Treasurer not less than thirty days prior to the end of the Plan year. Plan members bear an equal proportionate share of the Plan's assets and claim liabilities. Pursuant to the Municipal Cooperative Agreement the Plan is a risk sharing pool and all monies paid to the Treasurer shall be pooled and administered as a common fund. No refunds shall be made to a participant and no assessments are charged to a participant other than the annual premium equivalent. If surplus funds exist at the end of any fiscal year, the distribution of such funds shall be determined by the Board of Directors. This Plan members include seventeen districts and two BOCES with the District bearing an equal proportionate share of the Plan's assets and claim liabilities.

**( XII. ) (Continued)**

This Plan purchases, on an annual basis, stop-loss insurance policies to limit its exposure for claims paid within any one fiscal year.

This Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in a exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. During the year ended June 30, 2020, the District incurred premiums or contribution expenditures totaling \$319,714.

This Plan is audited on an annual basis and is available at the BOCES administrative offices. The most recent audit available for the year ended December 31, 2019, revealed that the Plan was fully funded.

**2. Plan II**

The District incurs costs related to the Rochester Area School Health Plan II sponsored by the Board of Cooperative Educational services, Second Supervisory District of Monroe and Orleans Counties (Monroe 2-Orleans BOCES). The Plan was established as a Municipal Cooperative under the authorization of Article 5-G of the General Municipal Law in 2004. The plan received a Certificate of Authority to operate as a self-funded plan under Article 47 of the New York State Insurance Law, effective January 1, 2020.

Membership in the Plan may be offered to any component school district of the Monroe 1 BOCES and Monroe 2-Orleans BOCES within the geographical boundaries of Monroe County, New York provided that the applicant provides proof of its financial responsibility that is satisfactory to the Board of Directors in its sole discretion, and the applicant is the same type of municipal corporation as the initial Participants. The Plan has full participation from all eligible participants including the two BOCES and seventeen component school districts.

A participant has the right to withdraw from the Plan, but such withdrawal shall be effective only on January 1 of the next Plan Year following the Plan Year in which the Participant provides notice. Any withdrawing Participant shall be responsible for its pro rata share of any Plan Deficit, and shall satisfy any other obligation relating to the Participant's membership in the Plan. The withdrawing Participant shall not be entitled to share in any Plan surplus.

The Plan is a risk sharing pool and all monies paid to the Treasurer shall be pooled and administered as a common fund. The annual premium equivalent for each coverage option under the Plan is established and approved by a majority of the entire Board of Directors. Each participant is required to contribute to the Plan an amount equal to the Premium Equivalent applicable to the coverage options, under which the Participants Enrollees are covered. If surplus funds exist at the end of any fiscal year, the distribution of such funds shall be determined by the Board of Directors.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. Such claims estimates are based on the ultimate cost of claims that have been reported but not settled, and claims that have been incurred but not reported.

( XII. ) (Continued)

The Plan is audited on an annual basis and is available at the Monroe 2-Orleans BOCES administrative offices. The most recent audit available for the year ended December 31, 2018 revealed that the Plan is fully funded.

During the year ended June 30, 2020, the District incurred premiums or contribution expenditures totaling \$11,562,110.

**C. Workers' Compensation**

The District incurs costs related to the Rochester Area School Workers' Compensation Plan (Plan) sponsored by the Board of Cooperative Educational Services, Second Supervisory District of Monroe and Orleans Counties and its component districts. The Plan's objectives are to furnish workers' compensation benefits to participating districts at a significant cost savings. Membership in the Plan may be offered to any component district of the Monroe #1 and Monroe #2 BOCES with the approval of the Board of Directors. Voluntary withdrawal from the Plan may be effective only once annually on the last day of the Plan year as may be established by the Board of Director. Notice of Intention to Withdraw must be given in writing to the Chairman of the Board of Directors and the Treasurer not less than one year prior to the end of the Plan year.

Plan membership is currently comprised of two BOCES and seventeen districts. If a surplus of participants' assessments exists after the close of a Plan year, the Board may retain from such surplus an amount sufficient to establish and maintain a claim contingency fund. Surplus funds in excess of the amount transferred to or included in such contingency fund shall be applied in reduction of the next annual assessment or to the billing of Plan participants. All monies paid to the Treasurer by participants shall be commingled and administered as a common fund. No refunds shall be made to a participant and no assessments are charged to a participant other than the annual premium equivalent. However, if it appears to the Board of Directors that the liabilities of the Plan will exceed its cash assets, after taking into account any "excess insurance", the Board shall determine the amount needed to meet such deficiency and shall assess such amount against all participants pro-rata per enrollee.

The Plan purchases, on an annual basis, stop-loss insurance policies to limit its exposure for claims paid.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported.

Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. During the year ended June 30, 2020, the District incurred premiums or contribution expenditures totaling \$276,515.

The Plan is audited on an annual basis and is available at the BOCES administrative offices. The most recent audit available for the year ended June 30, 2019, revealed that the Plan was underfunded.

( XII. ) (Continued)

**D. Major Medical**

The District self insures for major medical coverage for its employees. The District uses a third party administrator who is responsible for processing claims and estimating liabilities. They have also purchased stop-loss insurance for any major medical claims which exceed 125% of expected total claims or approximately \$139,865 as of June 30, 2020. Liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR's). Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-outs and other economic social factors.

A reconciliation of the claims recorded for 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Beginning liabilities	\$ 1,135,037	\$ 1,135,037
Incurred claims	139,865	185,081
Claims payments	(139,865)	(185,081)
<b>Ending Liabilities</b>	<b><u>\$ 1,135,037</u></b>	<b><u>\$ 1,135,037</u></b>

The following statistical information is presented:

	<b>Contribution</b>	<b>Actual Claim</b>
<u>Year</u>	<u>Revenue</u>	<u>Expense</u>
2020	\$ 139,865	\$ 139,865
2019	\$ 185,081	\$ 185,081
2018	\$ 237,648	\$ 237,648
2017	\$ 384,735	\$ 686,404
2016	\$ 395,572	\$ 395,572
2015	\$ 316,844	\$ 316,844
2014	\$ 387,914	\$ 387,914
2013	\$ 594,908	\$ 441,209
2012	\$ 687,795	\$ 513,180
2011	\$ 507,647	\$ 585,012

**E. Dental Coverage**

The District self insures for dental coverage for its employees. The District uses a third party administrator who is responsible for processing claims and estimating liabilities. The expenditures as claims are presented for payment with a cap of \$1,000 per employee or employee dependent. Liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated.

( XII. ) (Continued)

A reconciliation of the claims recorded for 2020 and 2018 are as follows:

	<u>2020</u>	<u>2019</u>
Beginning liabilities	\$ 766,296	\$ 766,296
Incurred claims	646,315	688,956
Claims payments	(646,315)	(688,956)
<b>Ending Liabilities</b>	<b><u>\$ 766,296</u></b>	<b><u>\$ 766,296</u></b>

The following statistical information is presented:

	<b>Contribution</b>	<b>Actual Claim</b>
<u>Year</u>	<u>Revenue</u>	<u>Expense</u>
2020	\$ 646,315	\$ 646,315
2019	\$ 688,956	\$ 688,956
2018	\$ 691,572	\$ 691,572
2017	\$ 679,297	\$ 659,297
2016	\$ 741,171	\$ 680,263
2015	\$ 726,561	\$ 616,179
2014	\$ 709,175	\$ 662,270
2013	\$ 705,225	\$ 602,010
2012	\$ 702,456	\$ 621,385
2011	\$ 501,720	\$ 590,848

**F. Medical Reimbursement Plan**

The District has established a Medical Reimbursement Plan for any employee group whose eligibility may be designated by the Board of Education. The sole purpose of the Plan is to provide employees with certain health care and medical expense benefits in addition to the basic hospital coverage.

The Plan stipulates the specific employer contributions to be made annually for each eligible employee. The total cost to the District for this Plan was \$146,334 and the claims paid during 2019-20 totaled \$131,816.

As of June 30, 2020 the accumulated balance of the Plan recorded in the Trust and Agency Fund which was available for benefits totaled \$383,615.

**G. Unemployment**

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The District has established a self insurance fund to pay these claims. The claim and judgment expenditures of this program for the 2019-20 fiscal year totaled \$0. The balance of the fund at June 30, 2020 was \$1,253,268 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2020, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

### **XIII. Commitments and Contingencies**

#### **A. Litigation**

The District has several claims filed as of the audit date, however, the financial outcome cannot be determined at this time.

#### **B. Grants**

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

### **XIV. Lease Obligations (Operating Leases)**

The District has entered into several lease agreements covering several buildings within the District as follows:

<u>Leased To</u>	<u>Building</u>	<u>Terms</u>	<u>2019-20</u> <u>Rent Collected</u>
BOCES #1	Twelve Corners Elementary School	9/17-6/20	\$ 10,000
Town of Brighton	Use of Pool	9/18-6/20	47,644
Town of Brighton	Brookside	11/14-10/20	62,242
Monroe County School Boards	Brookside	7/18-6/20	14,904
The Montessori School of Rochester	Brookside (5 Classrooms)	7/14-6/20	105,759
Verizon	BHS-Cell Tower	7/18-6/20	9,272
Brighton Volunteer Ambulance	Brookside	11/17-6/20	9,856
YMCA of Rochester	Brookside	9/18-6/20	7,663
<b>Total</b>			<b><u>\$ 267,340</u></b>

### **XV. Tax Abatement**

The County of Monroe IDA, and the District enter into various property tax abatement programs for the purpose of Economic Development. As a result the District property tax revenue was reduced \$497,183. The District received payment in lieu of tax (PILOT) payment totaling \$219,413 to help offset the property tax reduction.

### **XVI. Subsequent Event**

- A. On August 13, 2020, the Division of the Budget (DOB) issued the FY 2021 First Quarterly State Budget Financial Plan Update which notes that, in the absence of Federal action since enactment of the FY 2021 budget, DOB began withholding 20 percent of most local aid payments in June, which includes 3609-a General Aid, , 3609-b Excess Cost Aid, 3609-d BOCES Aid payments, and that all or a portion of these withholds may be converted to permanent reductions, depending on the size and timing of new Federal aid, if any.

DOB's Updated Financial Plan includes \$8.2 billion in recurring local aid reductions, and states that the earliest DOB expects to transmit a detailed aid-to-localities reduction plan to the Legislature is late in the second quarter of the State's FY 2021, and that, in the absence of unrestricted Federal Aid, the DOB will continue to withhold a range of payments through the second quarter of FY 2021.

**( XVI. ) (Continued)**

- B.** On July 21, 2020 the District issued a \$12,000,000 bond anticipation note for construction at a 1.5% interest rate and matures on June 24, 2021.

**XVII. COVID-19**

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The outbreak and continuing effects of the COVID-19 health crisis in the State has had and is expected to have a significantly adverse effect on the State’s financial condition. On April 25, 2020 the New York State Division of the Budget announced that the FY 2021 Enacted State Budget Financial Plan (the “Financial Plan”) projects a \$13.3 billion shortfall, or 14%, in revenue from the Executive Budget Forecast released in January and estimates a \$61 billion decline through FY 2024 as a direct consequence of the COVID-19 pandemic. As a result, in the absence of Federal assistance, initial budget control actions outlined in the Financial Plan will reduce spending by \$10.1 billion from the Executive Budget. This represents a \$7.3 billion reduction in state spending from FY 2020 levels. The \$10.1 billion in spending reductions from the levels proposed in the Executive Budget include a \$8.2 billion reduction in “aid-to-localities”, a broad spending category that includes funding for health care, K-12 schools, and higher education as well as support for local governments, public transit systems, and the State’s not-for-profit partners. The dramatic decline in the State General Fund receipts is not a one-year problem. The Division of the Budget expects the reduced receipts to carry through each subsequent year of the four year Financial Plan, creating a total loss of \$60.5 billion through FY 2024 compared to the Executive Budget. According to the four year financial plan released by the State on May 8, 2020, as a result of the COVID-19 pandemic, State spending will be significantly reduced. Such reductions will include reductions to “aid to localities” which includes State aid to school districts, including the School District. Any significant reductions or delays in the payment of State aid could adversely affect the financial condition of school districts in the State.

**Required Supplementary Information**  
**BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Changes in District's Total OPEB Liability and Related Ratio**  
**For Year Ended June 30, 2020**

<b>TOTAL OPEB LIABILITY</b>				
	<u><b>2020</b></u>	<u><b>2019</b></u>	<u><b>2018</b></u>	
Service cost	\$ 5,124,621	\$ 6,196,753	\$ 5,312,185	
Interest	5,600,842	6,591,758	6,114,266	
Changes in benefit terms	-	-	(916,963)	
Differences between expected and actual experiences	(16,017,306)	(27,312,286)	9,300,912	
Changes of assumptions or other inputs	31,177,682	72,978	5,432,484	
Benefit payments	<u>(4,259,075)</u>	<u>(4,432,008)</u>	<u>(4,167,142)</u>	
<b>Net Change in Total OPEB Liability</b>	<b>\$ 21,626,764</b>	<b>\$ (18,882,805)</b>	<b>\$ 21,075,742</b>	
<b>Total OPEB Liability - Beginning</b>	<b>\$ 161,949,636</b>	<b>\$ 180,832,441</b>	<b>\$ 159,756,699</b>	
<b>Total OPEB Liability - Ending</b>	<b><u>\$ 183,576,400</u></b>	<b><u>\$ 161,949,636</u></b>	<b><u>\$ 180,832,441</u></b>	
Covered Employee Payroll	\$ 33,888,015	\$ 32,786,392	\$ 32,786,392	
Total OPEB Liability as a Percentage of Covered				
Employee Payroll	541.71%	493.95%	551.55%	

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

**Required Supplementary Information**  
**BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of the District's Proportionate Share of the Net Pension Liability**  
**For Year Ended June 30, 2020**

<b><u>NYSERS Pension Plan</u></b>						
	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Proportion of the net pension liability (assets)	0.0203%	0.0192%	0.0191%	0.0168%	0.0181%	0.0183%
Proportionate share of the net pension liability (assets)	\$ 5,363,798	\$ 1,358,060	\$ 615,239	\$ 1,576,965	\$ 2,910,342	\$ 619,253
Covered-employee payroll	\$ 5,628,306	\$ 5,406,555	\$ 5,577,220	\$ 5,094,405	\$ 4,912,620	\$ 5,082,753
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	95.300%	25.119%	11.031%	30.955%	59.242%	12.183%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

<b><u>NYSTRS Pension Plan</u></b>						
	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Proportion of the net pension liability (assets)	0.1737%	0.1745%	0.1726%	0.1758%	0.1759%	0.1726%
Proportionate share of the net pension liability (assets)	\$ (4,512,786)	\$ (3,154,942)	\$ (1,311,989)	\$ 1,882,362	\$(18,274,506)	\$(19,222,322)
Covered-employee payroll	\$ 29,662,054	\$ 29,463,172	\$ 28,888,981	\$ 28,051,052	\$ 27,615,452	\$ 26,952,289
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	-15.214%	-10.708%	-4.541%	6.710%	-66.175%	-71.320%
Plan fiduciary net position as a percentage of the total pension liability	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

**Required Supplementary Information**  
**BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of District Contributions**  
**For Year Ended June 30, 2020**

<b>NYSERS Pension Plan</b>						
	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Contractually required contributions	\$ 840,251	\$ 794,502	\$ 817,804	\$ 755,440	\$ 844,278	\$ 978,266
Contributions in relation to the contractually required contribution	<u>(840,251)</u>	<u>(794,502)</u>	<u>(817,804)</u>	<u>(755,440)</u>	<u>(844,278)</u>	<u>(978,266)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 5,628,306	\$ 5,406,555	\$ 5,577,220	\$ 5,094,405	\$ 4,912,620	\$ 5,082,753
Contributions as a percentage of covered-employee payroll	14.93%	14.70%	14.66%	14.83%	17.19%	19.25%

<b>NYSTRS Pension Plan</b>						
	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>
Contractually required contributions	\$ 2,920,068	\$ 3,252,876	\$ 3,024,175	\$ 3,457,891	\$ 3,756,646	\$ 4,724,736
Contributions in relation to the contractually required contribution	<u>(2,920,068)</u>	<u>(3,252,876)</u>	<u>(3,024,175)</u>	<u>(3,457,891)</u>	<u>(3,756,646)</u>	<u>(4,724,736)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 29,662,054	\$ 29,463,172	\$ 28,888,981	\$ 28,051,052	\$ 27,615,452	\$ 26,952,289
Contributions as a percentage of covered-employee payroll	9.84%	11.04%	10.47%	12.33%	13.60%	17.53%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

**Required Supplementary Information**  
**BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP Basis) and Actual - General Fund**  
**For Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Current Year's Revenues</u>	<u>Over (Under) Revised Budget</u>
<b>REVENUES</b>				
<b>Local Sources -</b>				
Real property taxes	\$ 53,498,730	\$ 49,427,045	\$ 49,417,660	\$ (9,385)
Real property tax items	225,560	4,297,245	4,291,098	(6,147)
Non-property taxes	3,423,903	3,423,903	3,545,070	121,167
Charges for services	1,813,089	1,813,089	1,758,971	(54,118)
Use of money and property	303,575	303,575	480,841	177,266
Sale of property and compensation for loss	-	-	11,990	11,990
Miscellaneous	616,000	616,000	731,825	115,825
<b>State Sources -</b>				
Basic formula	10,524,692	10,524,692	9,713,118	(811,574)
Lottery aid	4,106,910	4,106,910	4,782,859	675,949
BOCES	1,955,121	1,955,121	1,939,765	(15,356)
Textbooks	232,824	232,824	232,709	(115)
All Other Aid -				
Computer software	175,555	175,555	173,129	(2,426)
Library loan	35,606	35,606	34,850	(756)
Handicapped students	4,500	4,500	6,381	1,881
Other aid	-	-	163,236	163,236
<b>Federal Sources</b>	150,000	150,000	111,469	(38,531)
<b>TOTAL REVENUES</b>	<u>\$ 77,066,065</u>	<u>\$ 77,066,065</u>	<u>\$ 77,394,971</u>	<u>\$ 328,906</u>
<b>Other Sources -</b>				
Transfer - in	\$ 56,000	\$ 556,000	\$ 1,200,067	\$ 644,067
<b>TOTAL REVENUES AND OTHER     SOURCES</b>	<u>\$ 77,122,065</u>	<u>\$ 77,622,065</u>	<u>\$ 78,595,038</u>	<u>\$ 972,973</u>
Appropriated reserves	\$ 800,000	\$ 800,000		
Appropriated fund balance	\$ 2,600,000	\$ 2,600,000		
Prior year encumbrances	\$ 835,876	\$ 835,876		
<b>TOTAL REVENUES AND     APPROPRIATED RESERVES/     FUND BALANCE</b>	<u><u>\$ 81,357,941</u></u>	<u><u>\$ 81,857,941</u></u>		

**Required Supplementary Information**  
**BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance -**  
**Budget (Non-GAAP Basis) and Actual - General Fund**  
**For Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Current Year's Expenditures</u>	<u>Encumbrances</u>	<u>Unencumbered Balances</u>
<b>EXPENDITURES</b>					
<b>General Support -</b>					
Board of education	\$ 72,514	\$ 75,514	\$ 62,199	\$ -	\$ 13,315
Central administration	274,164	294,619	288,352	-	6,267
Finance	1,168,760	1,177,460	1,116,922	19,372	41,166
Staff	572,485	639,218	549,003	-	90,215
Central services	4,719,373	4,747,741	3,426,197	299,918	1,021,626
Special items	988,307	952,719	935,852	-	16,867
<b>Instructional -</b>					
Instruction, administration and improvement	3,083,930	3,197,350	2,677,079	135,824	384,447
Teaching - regular school	21,859,418	21,506,370	20,593,008	138,981	774,381
Programs for children with handicapping conditions	11,550,982	10,993,461	10,074,395	500,415	418,651
Occupational education	793,533	793,256	690,194	-	103,062
Teaching - special schools	6,000	6,000	1,093	-	4,907
Instructional media	2,166,598	3,708,963	2,217,671	1,144,770	346,522
Pupil services	4,501,671	5,128,602	3,806,390	2,412	1,319,800
<b>Pupil Transportation</b>	4,498,144	3,699,828	3,509,126	-	190,702
<b>Community Services</b>	2,000	2,000	-	-	2,000
<b>Employee Benefits</b>	22,376,618	20,703,137	20,039,249	100,000	563,888
<b>Debt service - principal</b>	915,000	915,000	865,000	-	50,000
<b>Debt service - interest</b>	1,390,700	1,076,359	612,839	-	463,520
<b>TOTAL EXPENDITURES</b>	<u>\$ 80,940,197</u>	<u>\$ 79,617,597</u>	<u>\$ 71,464,569</u>	<u>\$ 2,341,692</u>	<u>\$ 5,811,336</u>
<b>Other Uses -</b>					
Transfers - out	\$ 417,744	\$ 2,240,344	\$ 2,235,651	\$ -	\$ 4,693
<b>TOTAL EXPENDITURES AND OTHER USES</b>	<u>\$ 81,357,941</u>	<u>\$ 81,857,941</u>	<u>\$ 73,700,220</u>	<u>\$ 2,341,692</u>	<u>\$ 5,816,029</u>
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 4,894,818</b>		
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<u>22,941,414</u>	<u>22,941,414</u>	<u>22,941,414</u>		
<b>FUND BALANCE, END OF YEAR</b>	<u><b>\$ 22,941,414</b></u>	<u><b>\$ 22,941,414</b></u>	<u><b>\$ 27,836,232</b></u>		

**Note to Required Supplementary Information:**

A reconciliation is not necessary since encumbrances are presented in a separate column on this schedule.

Supplementary Information  
**BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Change From Adopted Budget To Final Budget**  
**And The Real Property Tax Limit**  
**For Year Ended June 30, 2020**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET:**

Adopted budget	\$ 80,522,065
Prior year's encumbrances	<u>835,876</u>
<b>Original Budget</b>	<b>\$ 81,357,941</b>
Budget revisions -	
Technology reserve	<u>500,000</u>
<b>FINAL BUDGET</b>	<b><u><u>\$ 81,857,941</u></u></b>

**SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION:**

2020-21 voter approved expenditure budget	\$ 82,943,949
<u>Unrestricted fund balance:</u>	
Assigned fund balance	\$ 4,941,692
Unassigned fund balance	<u>3,317,758</u>
Total Unrestricted fund balance	<u>\$ 8,259,450</u>
<u>Less adjustments:</u>	
Appropriated fund balance	\$ 2,600,000
Encumbrances included in assigned fund balance	<u>2,341,692</u>
Total adjustments	<u>\$ 4,941,692</u>
General fund fund balance subject to Section 1318 of	
Real Property Tax Law	<u>3,317,758</u>
<b>ACTUAL PERCENTAGE</b>	<b><u><u>4.00%</u></u></b>

Supplementary Information  
**BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK**  
**CAPITAL PROJECTS FUND**  
Schedule of Project Expenditures  
For Year Ended June 30, 2020

<u>Project Title</u>	<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Expenditures</u>			<u>Unexpended Balance</u>	<u>Methods of Financing</u>				<u>Fund Balance</u>
			<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>		<u>Obligations</u>	<u>Local Sources</u>	<u>Transfers</u>	<u>Total</u>	
2011-12 Capital Improvement	\$ 1,416,000	\$ 1,906,000	\$ 1,888,087	\$ -	\$ 1,888,087	\$ 17,913	\$ -	\$ 1,909,532	\$ (21,445)	\$ 1,888,087	\$ -
2012-13 Capital Improvement	1,400,000	1,300,000	1,094,778	-	1,094,778	205,222	-	1,300,000	(205,222)	1,094,778	-
2013-14 Capital Improvement	1,400,000	1,400,000	610,184	-	610,184	789,816	-	1,401,100	(790,916)	610,184	-
2014-15 Capital Improvement	1,500,000	1,800,000	1,772,576	-	1,772,576	27,424	-	1,800,400	(27,824)	1,772,576	-
2015-16 Capital Improvement	1,400,000	1,900,000	1,742,340	-	1,742,340	157,660	-	1,400,000	342,340	1,742,340	-
2016-17 Capital Improvement	1,500,000	1,500,000	457,997	210,805	668,802	831,198	-	1,500,000	-	1,500,000	831,198
2017-18 Brighton Facility Improvement Plan	64,931,500	64,931,500	9,641,017	31,550,869	41,191,886	23,739,614	29,000,000	11,570,023	-	40,570,023	(621,863)
2017-18 Solar Project	65,000	65,000	34,239	-	34,239	30,761	-	65,000	-	65,000	30,761
2018-19 Capital Improvement	1,500,000	1,000,000	-	89,995	89,995	910,005	-	1,500,000	(500,000)	1,000,000	910,005
2018-19 BOCES project	1,828,297	1,828,297	-	-	-	1,828,297	-	1,828,297	-	1,828,297	1,828,297
<b>TOTAL</b>	<b>\$ 76,940,797</b>	<b>\$ 77,630,797</b>	<b>\$ 17,241,218</b>	<b>\$ 31,851,669</b>	<b>\$ 49,092,887</b>	<b>\$ 28,537,910</b>	<b>\$ 29,000,000</b>	<b>\$ 24,274,352</b>	<b>\$ (1,203,067)</b>	<b>\$ 52,071,285</b>	<b>\$ 2,978,398</b>

(See Independent Auditors' Report)

**Supplementary Information**  
**BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Combining Balance Sheet - Nonmajor Governmental Funds**  
**June 30, 2020**

	<u>Special Revenue Fund</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>School Lunch Fund</u>	<u>Debt Service Fund</u>	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 132,132	\$ 538,109	\$ 670,241
Receivables	27,055	-	27,055
Inventories	41,556	-	41,556
Due from other funds	103,367	39,782	143,149
<b>TOTAL ASSETS</b>	<b><u>\$ 304,110</u></b>	<b><u>\$ 577,891</u></b>	<b><u>\$ 882,001</u></b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b><u>Liabilities</u> -</b>			
Accrued liabilities	\$ 1,234	\$ -	\$ 1,234
Due to other governments	53	-	53
Unearned revenue	66,195	-	66,195
<b>TOTAL LIABILITIES</b>	<b><u>\$ 67,482</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 67,482</u></b>
<b><u>Fund Balances</u> -</b>			
Nonspendable	\$ 41,556	\$ -	\$ 41,556
Restricted	-	577,891	577,891
Assigned	195,072	-	195,072
<b>TOTAL FUND BALANCE</b>	<b><u>\$ 236,628</u></b>	<b><u>\$ 577,891</u></b>	<b><u>\$ 814,519</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 304,110</u></b>	<b><u>\$ 577,891</u></b>	<b><u>\$ 882,001</u></b>

**Supplementary Information**  
**BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Combined Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For Year Ended June 30, 2020**

	<u>Special Revenue Fund</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>School Lunch Fund</u>	<u>Debt Service Fund</u>	
<b>REVENUES</b>			
Use of money and property	\$ -	\$ 40,488	\$ 40,488
Miscellaneous	15,283	-	15,283
State sources	12,347	-	12,347
Federal sources	360,851	-	360,851
Sales	440,875	-	440,875
Premium on obligations issued	-	132,588	132,588
<b>TOTAL REVENUES</b>	<b><u>\$ 829,356</u></b>	<b><u>\$ 173,076</u></b>	<b><u>\$ 1,002,432</u></b>
<b>EXPENDITURES</b>			
Employee benefits	\$ 159,600	\$ -	\$ 159,600
Cost of sales	348,236	-	348,236
Other expenses	385,550	-	385,550
<b>TOTAL EXPENDITURES</b>	<b><u>\$ 893,386</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 893,386</u></b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b><u>\$ (64,030)</u></b>	<b><u>\$ 173,076</u></b>	<b><u>\$ 109,046</u></b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers - in	\$ 64,030	\$ -	\$ 64,030
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b><u>\$ 64,030</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 64,030</u></b>
<b>NET CHANGE IN FUND BALANCE</b>	<b><u>\$ -</u></b>	<b><u>\$ 173,076</u></b>	<b><u>\$ 173,076</u></b>
<b>FUND BALANCE, BEGINNING OF YEAR</b>	<b><u>236,628</u></b>	<b><u>404,815</u></b>	<b><u>641,443</u></b>
<b>FUND BALANCE, END OF YEAR</b>	<b><u><u>\$ 236,628</u></u></b>	<b><u><u>\$ 577,891</u></u></b>	<b><u><u>\$ 814,519</u></u></b>

(See Independent Auditors' Report)

**Supplementary Information**  
**BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Net Investment in Capital Assets**  
**For Year Ended June 30, 2020**

<b>Capital assets, net</b>		\$ 93,242,549
<b>Deduct:</b>		
Short-term portion of bonds payable	\$ 865,000	
Long-term portion of bonds payable	30,845,000	
Assets purchased with short-term financing	<u>621,863</u>	
		<u>32,331,863</u>
<b>Net Investment in Capital Assets</b>		<b><u><u>\$ 60,910,686</u></u></b>

**Supplementary Information**  
**BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For Year Ended June 30, 2020**

<u>Grantor / Pass - Through Agency</u> <u>Federal Award Cluster / Program</u>	<u>CFDA</u> <u>Number</u>	<u>Grantor</u> <u>Number</u>	<u>Pass-Through</u> <u>Agency</u> <u>Number</u>	<u>Total</u> <u>Expenditures</u>
<b><u>U.S. Department of Education:</u></b>				
<b><u>Indirect Programs:</u></b>				
<b><u>Passed Through NYS Education Department -</u></b>				
<b><u>Special Education Cluster IDEA -</u></b>				
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	0032-20-0355	\$ 952,647
Special Education - Preschool Grants (IDEA Preschool)	84.173	N/A	0033-20-0355	16,560
<b>Total Special Education Cluster IDEA</b>				<b>\$ 969,207</b>
Title IIA - Supporting Effective Instruction State Grant	84.367	N/A	0147-19-1330	53,729
Title IIA - Supporting Effective Instruction State Grant	84.367	N/A	0147-20-1330	20,102
Title IIIA - English Language Acquisition	84.365	N/A	0293-20-1330	580
Title IIIA - English Language Acquisition	84.365	N/A	0293-19-1330	4,640
Title IIIA - Immigrant Education	84.365	N/A	0149-19-1330	14,160
Title IV - Student Support and Enrichment Program	84.424	N/A	0204-19-1330	3,750
Title IV - Student Support and Enrichment Program	84.424	N/A	0204-20-1330	107
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-20-1330	166,899
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-19-1330	106,204
<b>Total U.S. Department of Education</b>				<b>\$ 1,339,378</b>
<b><u>U.S. Department of Agriculture:</u></b>				
<b><u>Indirect Programs:</u></b>				
<b><u>Passed Through NYS Education Department -</u></b>				
<b><u>Child Nutrition Cluster -</u></b>				
National School Lunch Program	10.555	N/A	005539	\$ 175,748
National School Lunch Program - COVID	10.555	N/A	005540	\$ 55,672
National School Lunch Program-Non-Cash Assistance (Commodities)	10.555	N/A	005539	74,365
National School Breakfast Program	10.553	N/A	005539	24,238
National School Breakfast Program - COVID	10.553	N/A	005540	30,828
<b>Total Child Nutrition Cluster</b>				<b>\$ 360,851</b>
<b>Total U.S. Department of Agriculture</b>				<b>\$ 360,851</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b>\$ 1,700,229</b>

# MENGEL METZGER BARR & CO. LLP

RAYMOND F. WAGER, CPA, P.C. DIVISION

## **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**

To the Board of Education  
Brighton Central 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 Brighton Central School District, New York, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Brighton Central School District, New York's basic financial statements, and have issued our report thereon dated October 9, 2020.

### ***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Brighton Central School District, New York's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Brighton Central School District, New York's internal control. Accordingly, we do not express an opinion on the effectiveness of the Brighton Central School District, New York'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 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 may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Brighton Central School District, New York's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Rochester, New York  
October 9, 2020

*Mengel, Metzger, Barw & Co. LLP*