

BRIGHTON CENTRAL SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

For Year Ended June 30, 2021



MENGEL METZGER BARR & CO. LLP

Certified Public Accountants

TABLE OF CONTENTS

	Pages
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis (Unaudited)	4 - 14
Basic Financial Statements:	
Statement of Net Position	15
Statement of Activities and Changes in Net Position	16
Balance Sheet - Governmental Funds	17
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	18
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to Statement of Activities	19
Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position	20
Notes to the Basic Financial Statements:	21 - 52
Required Supplementary Information:	
Schedule of Changes in District's Total OPEB Liability and Related Ratio	53
Schedule of the District's Proportionate Share of the Net Pension Liability	54
Schedule of District Contributions	55
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund	56 - 57
Supplementary Information:	
Schedule of Change from Adopted Budget to Final Budget and Real Property Tax Limit - General Fund	58
Schedule of Capital Projects Fund - Project Expenditures and Financing Resources	59
Combining Balance Sheet - Nonmajor Governmental Funds	60
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	61
Net Investment in Capital Assets	62
Schedule of Expenditures of Federal Awards	63
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	64 - 65

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, 2021, 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, 2021, 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

As described in Note II to the financial statements, the District adopted GASB Statement No. 84, *Fiduciary Activities*. As a result, the beginning net position has been restated. Our opinion is not modified with respect to this matter.

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 8, 2021 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 8, 2021

Mengel, Metzger, Barw & Co. LLP

Brighton Central School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2021

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2021. 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 \$78,116,743 (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 \$180,787,748.

As of the close of the fiscal year, the School District's governmental funds reported combined fund balances of \$47,677,955, an increase of \$15,845,096 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 of \$2,655,562 and unspent proceeds from obligations issued in the Capital resulting in net change in fund balance of \$12,022,739.

The excess revenues over expenditures in the General Fund, prior to the transfer to the Capital Projects Fund totaled \$5,829,129. 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 adoption of a hybrid learning model throughout most of the 2020-21 school year. This was done in response to the ongoing COVID-19 pandemic in accordance with State and Federal guidance. 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.

<u>Major Feature of the District-Wide and Fund Financial Statements</u>			
	Government-Wide Statements	Fund Financial Statements	
		<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
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, 2021 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>		Total
	<u>2021</u>	<u>2020</u>	Percentage
			<u>Change</u>
<u>ASSETS:</u>			
Current and Other Assets	\$ 55,800,225	\$ 42,118,165	32.48%
Capital Assets	108,751,821	93,242,549	16.63%
Total Assets	\$ 164,552,046	\$ 135,360,714	21.57%
<u>DEFERRED OUTFLOW OF RESOURCES:</u>			
Deferred Outflow of Resources	\$ 39,044,009	\$ 45,724,877	-14.61%
<u>LIABILITIES:</u>			
Other Liabilities	\$ 8,174,807	\$ 6,011,730	35.98%
Long-Term Debt Outstanding	242,898,773	222,054,166	9.39%
Total Liabilities	\$ 251,073,580	\$ 228,065,896	10.09%
<u>DEFERRED INFLOW OF RESOURCES:</u>			
Deferred Inflow of Resources	\$ 30,639,218	\$ 31,403,837	-2.43%
<u>NET POSITION:</u>			
Net Investment in Capital Assets	\$ 62,545,624	\$ 60,910,686	2.68%
Restricted For:			
Capital Projects	5,248,831	4,705,145	11.56%
Insurance Reserve	4,545,000	1,745,000	160.46%
Employee Retirement Reserve	5,155,145	3,600,262	43.19%
Capital Reserve	7,832,863	9,082,863	-13.76%
Other Purposes	6,897,706	4,621,665	49.25%
Unrestricted	(170,341,912)	(163,049,763)	4.47%
Total Net Position	\$ (78,116,743)	\$ (78,384,142)	-0.34%

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 2020-21 school year, the capital outlays totaled \$18,063,542.

Other Liabilities increased \$2,163,077. This increase is primarily attributable to the implementation of GASB Statement No. 84. This reporting standard recognizes other liabilities previously accounted for in the Fiduciary Activity Funds. Total liabilities recognized in the Governmental Funds totaled \$1,773,722.

Long-term Debt Outstanding increased due to the issuance of debt to finance the 2017 Brighton Facilities Improvement Plan.

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 (\$62.5 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 five restricted net asset balances, Capital Projects, Insurance Reserve, Employee Retirement Reserve, Capital Reserve, and Other Purposes. The value of these restricted net asset balances increased by \$1.96 million as follows:

	<u>Restricted Net Assets</u>		<u>Total</u>
	<u>2021</u>	<u>2020</u>	<u>Change</u>
<u>Restricted Net Assets</u>			
Capital projects	\$ 5,248,831	\$ 3,600,262	\$ 1,648,569
Insurance reserve	4,545,000	1,745,000	2,800,000
Reserve for employee retirement system	5,155,145	4,705,145	450,000
Capital reserves	7,832,863	9,082,863	(1,250,000)
Other purposes	6,897,706	4,621,665	2,276,041
Total Assets	\$ 29,679,545	\$ 23,754,935	\$ 5,924,610

The net increase in Restricted Capital projects is the result of unspent proceeds from debt issuances. The District expects to complete the 2017 Brighton Facilities Improvement Plan Project in the Fall of 2021. The Insurance reserve is discretely presented in the financial statement due to the increase of \$2.8 million. Additional funds were contributed to the Insurance reserve to fund possible uninsured liabilities that may result from claims filed under the New York State Child Victims Act. The Capital reserves were decreased with voter authorization to offset local tax impact of \$5.2 million capital project approved on May 18, 2021. Restricted net assets for Other purposes increased due to additional contributions to teachers' retirement reserve, tax certiorari reserve and \$1.2 million premium on obligations issued.

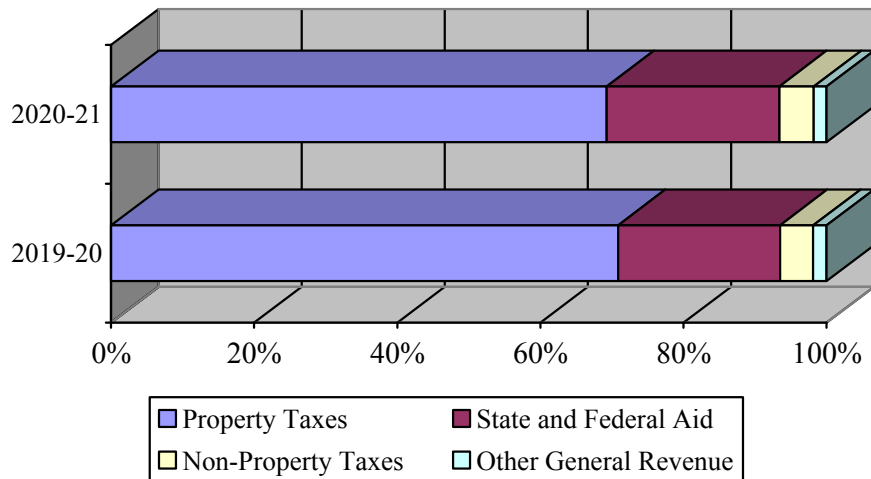
The unrestricted net position is a deficit of (\$170,341,912). The required recognition of the full value of the OPEB liability under GASB 75 resulted in a liability of \$180,787,748 at June 30, 2021. The net Deferred Outflow/Inflow of Resources for Pension and OPEB and the positive assigned and unassigned funds balances from the Governmental Funds offsets the impact of this liability on the net position.

Changes in Net Position

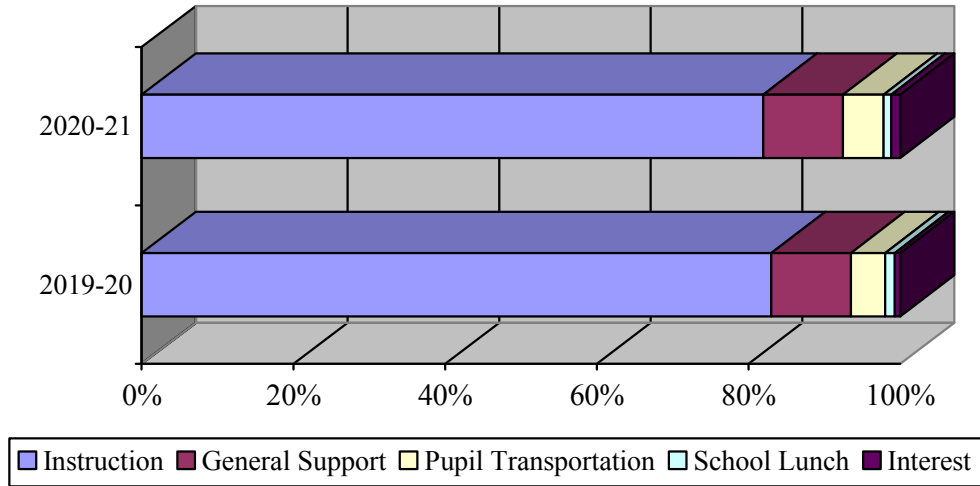
The District's total revenue increased by 6.6% to \$86,098,736. State and Federal Aid (22%) and property taxes (65%) accounted for most of the District's revenue. The remaining 13% of the revenue comes from operating grants, charges for services, non property taxes, investment earnings, compensation for loss, and miscellaneous revenues. For the 2020-21 school, the District complied with the New York Tax Cap Levy Limit which capped the General Fund property tax levy to 3.83%.

	<u>Governmental Activities</u>		<u>Total</u>
	<u>2021</u>	<u>2020</u>	<u>Percentage Change</u>
<u>REVENUES:</u>			
<u>Program -</u>			
Charges for Services	\$ 1,199,285	\$ 2,199,846	-45.48%
Operating Grants & Contributions	3,698,323	2,721,463	35.89%
Capital Grants & Contributions	984,091	-	100.00%
Total Program	\$ 5,881,699	\$ 4,921,309	19.51%
<u>General -</u>			
Property Taxes	\$ 55,537,965	\$ 53,708,758	3.41%
Non-Property Taxes	3,887,566	3,545,070	9.66%
State and Federal Aid	19,367,395	17,157,516	12.88%
Investment Earnings	166,511	521,329	-68.06%
Compensation for Loss	22,951	11,990	91.42%
Miscellaneous	1,234,649	879,696	40.35%
Total General	\$ 80,217,037	\$ 75,824,359	5.79%
TOTAL REVENUES	\$ 86,098,736	\$ 80,745,668	6.63%
<u>EXPENSES:</u>			
General Support	\$ 9,056,702	\$ 9,208,045	-1.64%
Instruction	70,490,766	72,879,413	-3.28%
Pupil Transportation	4,597,117	3,952,500	16.31%
School Lunch	869,389	1,113,386	-21.91%
Interest on Long-Term Debt	1,019,387	638,454	59.66%
TOTAL EXPENSES	\$ 86,033,361	\$ 87,791,798	-2.00%
CHANGES IN NET POSITION	\$ 65,375	\$ (7,046,130)	-100.93%

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 2% to \$86,033,361. The District’s expenses, which are predominately related to education and caring for the students (Instruction) accounted for 81.9%. 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 7.5% are expenses related to pupil transportation, school lunch program, community services, and expenses related to long-term debt.

General Support expenses decreased 1.64% due primarily changes in retirement and OPEB allocations to General operations. These decreases are offset by the increase in spending in the General Fund. Cost decreases associated with Instruction (-3.3%) are attributable to the decrease 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 0.9%. This is related to budget reductions, offset by resuming in-person instructional activities after the COVID shut down in March 2020.

Pupil transportation costs increased 16.3% and Food Service costs decreased -21.91%. The increase in transportation costs reflects operations from a full school year, whereas prior reflects contract transportation savings 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 six 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, debt service fund, and miscellaneous special revenue 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. The District also serves as custody for other resources. These custodial funds are used to account for resources that are held by the District as agent for various student groups.

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 \$47,677,955 which is an increase of \$15,845,096 over last year's ending fund balance of \$31,832,859. This change is the result of positive results in the General Fund (\$2.7 million), unspent proceeds from obligations in the Capital Fund (\$12.0 million), and premium on obligations issued in the Non-Major Debt Service Fund \$1.2 million).

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 increase in legally restricted fund balance in the General Fund is \$2,883,585. This is attributable total revenues exceeding expenditures by \$2,655,562. As a result of the operating activity, the General Fund was able to transfer excess revenues to the Capital Fund to avoid future debt obligations. Assigned fund balance decreased in the current year due to the amount of encumbrances carried over into the 2021-20 school year compared to prior year. In 2019-20, 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 2021-22 Budget.

Restricted fund balance in the Capital Funds increased by \$11,400,875 to \$15,001,137 due to unspent debt issuance related to the 2017 BFIP Project.

Restricted fund balance in the Nonmajor Governmental Funds increased \$1,392,456 due primarily to the \$1,190,432 premium on obligations issued.

	<u>2021</u>		<u>2020</u>		<u>Change</u>
Nonspendable	\$ -	\$	-	\$	-
Restricted	22,460,367		19,576,782		2,883,585
Assigned	4,523,985		4,941,692		(417,707)
Unassigned	3,507,442		3,317,758		189,684
Total Fund Balance	<u>\$ 30,491,794</u>		<u>\$ 27,836,232</u>		<u>\$ 2,655,562</u>

The voters of the District approved a \$1.5 million withdrawal from the District Building Capital Reserve Fund to offset the local tax impact of a \$5.2 million dollar capital project authorization on May 18, 2021. The Board of Education prioritized use of excess revenue over expenditures to increase restricted reserve fund balances to offset future increases in pension obligations (\$1.0 million), potential uninsured claims filed under the New York State Child Victims Act (\$2.8 million), tax certiorari claims (\$0.3 million), and future capital purchases (\$0.2 million).

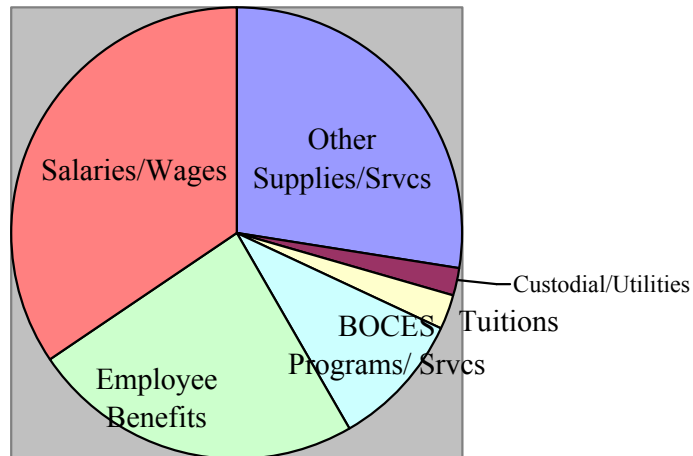
Transfers of unspent funds to restricted reserve accounts are authorized by the Board of Education on an annual basis.

General Fund Budgetary Highlights

During the course of the 2020-21 fiscal year, the General Fund Budget was amended to account for \$2,341,692 in carryover encumbrances from the 2019-20 fiscal year. In addition, the budget was increased \$300,000 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 surplus in revenues of \$3,426,016 and an unencumbered balance in expenditures of \$5,966,035. The surplus in revenues is partially attributable to increase in State Building paid upon approval of an Early Aid Start Release. With that State Aid, the District did not capitalize interest in the Capital Fund. This decision is reflected in the budget deficit for Transfers totaling \$1,296,000.

Below is a chart highlighting the object classifications where positive budget-to-actual savings were achieved:



- Salary and wage savings were achieved due attrition, lower than expected enrollments, budget reductions, and freeze on filling certain 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 2020-21
- Custodial supplies and utilities were less than projected due reduced activities in schools due to COVID restrictions.
- Other supplies and services were less than projected because of the hybrid learning models in place during the year and lower than projected enrollments.

Capital Asset and Debt Administration

Capital Assets

By the end of the 2020-21 fiscal year, the District had invested \$108,751,821 in a broad range of capital assets, including school buildings, athletic facilities, vehicles, and equipment.

	<u>2021</u>	<u>2020</u>
Land	\$ 1,966,018	\$ 1,966,018
Work in Progress	56,425,640	38,362,098
Buildings and Improvements	49,259,242	51,655,616
Machinery and Equipment	1,100,921	1,258,817
Total	\$ 108,751,821	\$ 93,242,549

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 November 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 \$242,898,773 in general obligation bonds and other long-term debt outstanding as follows:

<u>Type</u>	<u>2021</u>	<u>2020</u>
Serial Bonds	\$ 54,929,091	\$ 31,710,000
Unamortized Bond Premium	1,029,412	-
Net Pension Liability	4,769,325	5,363,798
Compensated Absences	1,383,197	1,403,968
OPEB	180,787,748	183,576,400
Total Long-Term Obligations	\$ 242,898,773	\$ 222,054,166

Obligations

During the year, the District continued to pay down its debt, retiring \$2,105,000 in outstanding bonds. In addition, it issued new bonds totaling \$25,324,091 to pay for ongoing construction related to the 2017 Brighton Facilities Improvement Plan. The bonds were issued at a premium with an unamortized balance totaling \$1,029,412. The District used \$1,018,099 of year-end surplus to pay down principal on outstanding BANS in order to avoid additional debt.

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. The District expects to complete the 2017 Brighton Facilities Improvement plan by November of 2021. The District is not anticipating any new debt to be issued to complete the project and therefore the State Aid and debt association with the project are now stabilized for future budget.
2. In May, 2021 the voters authorized a \$5.2 million capital improvement project. To fund the anticipated local share, the District received authorization to withdrawal \$1.5 million from the Building Reserve. The remainder will be financed through a combination of new debt and cash contributions depending on cash surplus at year-end June 30, 2022.
3. New York State, through its budget process, has committed to fully fund its Foundation Aid formula over the next three years. At June 30, 2021, the District was receiving \$8.2 million of the Total Foundation Aid due of \$16.4 million.
4. 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 operational impact of this program decision is built into the 2021-22 Budget and the District only partially relied on the Full-Day Kindergarten Conversion Aid as a financing source to pay for recurring expenditures in 2021-22.
5. In June, 2021 the District issued its final serial 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 1.45% and 1.60%. The initial debt service schedules estimating the local tax impact carried an assumption of 4.5%.

6. All labor agreements have been negotiated and are in effect through June 2022. The current labor market and increase in New York State's minimum wage continues to put pressure on incremental costs cost compared to the projected New York State Tax Levy Limits.

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, 2021

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 48,554,837
Accounts receivable	7,220,464
Inventories	24,924
Capital Assets:	
Land	1,966,018
Work in progress	56,425,640
Other capital assets (net of depreciation)	50,360,163
TOTAL ASSETS	<u>\$ 164,552,046</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources	<u>\$ 39,044,009</u>
 LIABILITIES	
Accounts payable	\$ 733,713
Accrued liabilities	2,270,724
Unearned revenues	310,837
Due to other governments	17
Due to teachers' retirement system	2,887,826
Due to employees' retirement system	197,968
Other Liabilities	1,773,722
Long-Term Obligations:	
Due in one year	4,183,517
Due in more than one year	238,715,256
TOTAL LIABILITIES	<u>\$ 251,073,580</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources	<u>\$ 30,639,218</u>
 NET POSITION	
Net investment in capital assets	\$ 62,545,624
Restricted For:	
Capital projects	5,248,831
Insurance reserve	4,545,000
Reserve for employee retirement system	5,155,145
Capital reserves	7,832,863
Other purposes	6,897,706
Unrestricted	(170,341,912)
TOTAL NET POSITION	<u>\$ (78,116,743)</u>

(See accompanying notes to financial statements)

BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Activities

For The Year Ended June 30, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Primary Government -					
General support	\$ 9,056,702	\$ -	\$ -	\$ -	\$ (9,056,702)
Instruction	70,490,766	1,164,626	3,242,561	984,091	(65,099,488)
Pupil transportation	4,597,117	-	-	-	(4,597,117)
School lunch	869,389	34,659	455,762	-	(378,968)
Interest	1,019,387	-	-	-	(1,019,387)
Total Primary Government	\$ 86,033,361	\$ 1,199,285	\$ 3,698,323	\$ 984,091	\$ (80,151,662)
General Revenues:					
					\$ 55,537,965
Property taxes					3,887,566
Non property taxes					19,367,395
State and federal aid					166,511
Investment earnings					22,951
Compensation for loss					1,234,649
Miscellaneous					<u>\$ 80,217,037</u>
Total General Revenues					
Changes in Net Position					\$ 65,375
Net Position, Beginning of Year (restated)					<u>(78,182,118)</u>
Net Position, End of Year					<u>\$ (78,116,743)</u>

BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK

Balance Sheet

Governmental Funds

June 30, 2021

	General Fund	Special Aid Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 33,017,293	\$ 24,878	\$ 13,633,076	\$ 1,879,590	\$ 48,554,837
Receivables	5,958,576	1,152,354	-	109,534	7,220,464
Inventories	-	-	-	24,924	24,924
Due from other funds	966,217	-	1,368,099	285,859	2,620,175
TOTAL ASSETS	<u>\$ 39,942,086</u>	<u>\$ 1,177,232</u>	<u>\$ 15,001,175</u>	<u>\$ 2,299,907</u>	<u>\$ 58,420,400</u>
 LIABILITIES AND FUND BALANCES					
<u>Liabilities</u> -					
Accounts payable	\$ 732,996	\$ -	\$ -	\$ 717	\$ 733,713
Accrued liabilities	2,194,550	9,095	-	14,542	2,218,187
Due to other funds	1,653,958	952,570	38	13,609	2,620,175
Due to other governments	-	-	-	17	17
Due to TRS	2,887,826	-	-	-	2,887,826
Due to ERS	197,968	-	-	-	197,968
Other liabilities	1,773,722	-	-	-	1,773,722
Unearned revenue	9,272	237,518	-	64,047	310,837
TOTAL LIABILITIES	<u>\$ 9,450,292</u>	<u>\$ 1,199,183</u>	<u>\$ 38</u>	<u>\$ 92,932</u>	<u>\$ 10,742,445</u>
 <u>Fund Balances</u> -					
Nonspendable	\$ -	\$ -	\$ -	\$ 24,924	\$ 24,924
Restricted	22,460,367	-	15,001,137	1,970,347	39,431,851
Assigned	4,523,985	54,462	-	211,704	4,790,151
Unassigned	3,507,442	(76,413)	-	-	3,431,029
TOTAL FUND BALANCE	<u>\$ 30,491,794</u>	<u>\$ (21,951)</u>	<u>\$ 15,001,137</u>	<u>\$ 2,206,975</u>	<u>\$ 47,677,955</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 39,942,086</u>	<u>\$ 1,177,232</u>	<u>\$ 15,001,175</u>	<u>\$ 2,299,907</u>	

**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.

108,751,821

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

(52,537)

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	(54,929,091)
Unamortized bond premium	(1,029,412)
OPEB	(180,787,748)
Compensated absences	(1,383,197)
Deferred outflow - pension	20,257,431
Deferred outflow - OPEB	18,786,578
Net pension liability	(4,769,325)
Deferred inflow - pension	(8,114,321)
Deferred inflow - OPEB	(22,524,897)

Net Position of Governmental Activities

\$ (78,116,743)

BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2021

	General Fund	Special Aid Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Real property taxes and tax items	\$ 55,537,965	\$ -	\$ -	\$ -	\$ 55,537,965
Non-property taxes	3,887,566	-	-	-	3,887,566
Charges for services	2,148,717	-	-	-	2,148,717
Use of money and property	166,423	-	-	88	166,511
Sale of property and compensation for loss	22,951	-	-	-	22,951
Miscellaneous	877,948	254,089	-	196,041	1,328,078
State sources	18,995,248	481,650	984,091	13,847	20,474,836
Federal sources	372,147	1,484,627	-	441,915	2,298,689
Sales	-	-	-	34,659	34,659
TOTAL REVENUES	\$ 82,008,965	\$ 2,220,366	\$ 984,091	\$ 686,550	\$ 85,899,972
EXPENDITURES					
General support	\$ 6,772,946	\$ -	\$ -	\$ -	\$ 6,772,946
Instruction	40,439,450	2,263,205	-	146,462	42,849,117
Pupil transportation	4,412,362	7,570	-	-	4,419,932
Employee benefits	20,536,042	84,361	-	145,152	20,765,555
Debt service - principal	3,015,000	-	-	-	3,015,000
Debt service - interest	1,004,036	-	-	-	1,004,036
Cost of sales	-	-	-	228,136	228,136
Other expenses	-	-	-	360,775	360,775
Capital outlay	-	-	18,063,542	-	18,063,542
TOTAL EXPENDITURES	\$ 76,179,836	\$ 2,355,136	\$ 18,063,542	\$ 880,525	\$ 97,479,039
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES					
	\$ 5,829,129	\$ (134,770)	\$ (17,079,451)	\$ (193,975)	\$ (11,579,067)
OTHER FINANCING SOURCES (USES)					
Transfers - in	\$ -	\$ 111,133	\$ 2,868,099	\$ 194,335	\$ 3,173,567
Transfers - out	(3,173,567)	-	-	-	(3,173,567)
Proceeds from obligations	-	-	25,324,091	-	25,324,091
BAN's redeemed from appropriations	-	-	910,000	-	910,000
Premium on obligations issued	-	-	-	1,190,072	1,190,072
TOTAL OTHER FINANCING SOURCES (USES)	\$ (3,173,567)	\$ 111,133	\$ 29,102,190	\$ 1,384,407	\$ 27,424,163
NET CHANGE IN FUND BALANCE	\$ 2,655,562	\$ (23,637)	\$ 12,022,739	\$ 1,190,432	\$ 15,845,096
FUND BALANCE, BEGINNING OF YEAR (restated)					
	27,836,232	1,686	2,978,398	1,016,543	31,832,859
FUND BALANCE, END OF YEAR	\$ 30,491,794	\$ (21,951)	\$ 15,001,137	\$ 2,206,975	\$ 47,677,955

(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 The Year Ended June 30, 2021

NET CHANGE IN FUND BALANCES -
TOTAL GOVERNMENTAL FUNDS \$ 15,845,096

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	\$ 18,063,542	
Additions to Assets, Net	39,451	
Depreciation	<u>(2,593,721)</u>	15,509,272

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	\$ 3,015,000	
Proceeds from Bond Issuance	(25,324,091)	
Proceeds from BAN Redemption	(910,000)	
Unamortized Bond Premium	<u>(1,029,412)</u>	(24,248,503)

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (15,351)

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. (3,598,157)

(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		(3,753,660)
Employees' Retirement System		305,907

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>20,771</u>
----------------------	--	---------------

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 65,375**

BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Fiduciary Net Position

June 30, 2021

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 242,578
TOTAL ASSETS	<u>\$ 242,578</u>
NET POSITION	
Restricted for individuals, organizations and other governments	\$ 242,578
TOTAL NET POSITION	<u><u>\$ 242,578</u></u>

Statement of Changes in Fiduciary Net Position

For The Year Ended June 30, 2021

	Custodial Funds
ADDITIONS	
Miscellaneous	\$ 71,647
TOTAL ADDITIONS	<u>\$ 71,647</u>
DEDUCTIONS	
Student activity	\$ 63,107
TOTAL DEDUCTIONS	<u>\$ 63,107</u>
CHANGE IN NET POSITION	\$ 8,540
NET POSITION, BEGINNING OF YEAR (restated)	<u>234,038</u>
NET POSITION, END OF YEAR	<u><u>\$ 242,578</u></u>

BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK

Notes To The Basic Financial Statements

June 30, 2021

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 \$8,377,649 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$2,100,297.

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.

Miscellaneous Special Revenue Fund – used to account for and report those revenues that are restricted or committed to expenditures for specified purposes.

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.

Custodial 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.

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.

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.

(I.) (Continued)

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 11, 2020. Taxes are collected during the period September 1 to October 31, 2020. 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.

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 VII for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

(I.) (Continued)

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.

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.

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.

(I.) (Continued)

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.

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.

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.

(I.) (Continued)

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

In the 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.

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:

(I.) (Continued)

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:

	<u>Total</u>
Unemployment Costs	\$ 1,253,268
Retirement Contribution - TRS	1,731,853
Tax Certiorari	829,217
Debt	1,768,028
Scholarships	202,319
Employee Benefit Accrued Liability	<u>1,113,021</u>
Total Net Position - Restricted for Other Purposes	<u>\$ 6,897,706</u>

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 \$170,341,912 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 \$24,924 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:

(I.) (Continued)

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:

<u>Name of Reserve</u>	<u>Maximum Funding</u>	<u>Total Funding Provided</u>	<u>Total Year to Date Balance</u>
Technology Capital Reserve	\$ 12,500,000	\$ 8,406,036	\$ 806,269
Bus Purchase Reserve	\$ 5,000,000	\$ 625,000	\$ 500,000
Building Capital Reserve	\$ 20,000,000	\$ 20,044,422	\$ 6,526,594

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.

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.

(I.) (Continued)

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.

Restricted fund balances include the following:

	<u>Total</u>
<u>General Fund -</u>	
Unemployment Costs	\$ 1,253,268
Retirement Contribution - ERS	5,155,145
Retirement Contribution - TRS	1,731,853
Insurance	4,545,000
Tax Certiorari	829,217
Capital Reserves	7,832,863
Employee Benefit Accrued Liability	1,113,021
<u>Capital Fund -</u>	
2016-17 Capital Improvement	812,598
2017-18 Brighton Facility Improvement Plan	9,752,306
2017-18 Solar Project	30,761
2018-19 Capital Improvement	910,005
2018-19 BOCES project	1,645,467
2021-22 Capital Improvement	1,850,000
<u>Miscellaneous Special Revenue Fund -</u>	
Scholarships	202,319
<u>Debt Service Fund -</u>	
Debt Service	1,768,028
Total Restricted Fund Balance	<u><u>\$ 39,431,851</u></u>

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, 2021.

(I.) (Continued)

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.

Management has determined significant encumbrances for the General Fund to be \$103,000, Special Aid Fund to be \$5,800 and the capital projects fund to be \$27,000.

<u>General Fund -</u>	
General Support	\$ 219,154
Instruction	1,287,381
Total General Fund Significant Encumbrances	<u>\$ 1,506,535</u>
<u>Capital Projects Fund -</u>	
Capital Improvements	<u>\$ 8,715,547</u>
<u>Special Aid Fund -</u>	
Instructional	<u>\$ 45,406</u>

Assigned fund balances include the following:

	<u>Total</u>
General Fund - Encumbrances	\$ 1,523,985
General Fund - Appropriated for Taxes	3,000,000
Special Aid Fund - Community Programs	54,462
School Lunch Fund - Year End Equity	211,704
Total Assigned Fund Balance	<u>\$ 4,790,151</u>

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.

(I.) (Continued)

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, 2021, the District implemented the following new standards issued by GASB:

GASB has issued Statement 84, *Fiduciary Activities*.

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.

U. Future Changes in Accounting Standards

GASB has issued Statement 87, *Leases*, which will be effective for the periods beginning after June 15, 2021.

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. 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.

(I.) (Continued)

GASB has issued Statement No. 96, *Subscription Based Information Technology*, which will be effective for reporting periods beginning after June 15, 2022.

GASB has issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, which will be effective for reporting periods beginning after June 15, 2021.

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. Restatement of Net Position

For the year ended June 30, 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities*. The District's net position has been restated as follows:

	Government-Wide Statements	Governmental Funds	Fiduciary Funds
Net position beginning of year, as previously stated	\$ (78,384,142)	\$ 31,630,835	\$ 92,266
Adjustments for activities previously recorded in Private Purpose Trust Fund:			
Scholarships	92,266	92,266	(92,266)
Adjustments for activities previously recorded in Agency Fund:			
Student Activities	-	-	234,038
PTSA, AP exams, and other miscellaneous activities	109,758	109,758	-
Net position beginning of year, as restated	<u>\$ (78,182,118)</u>	<u>\$ 31,832,859</u>	<u>\$ 234,038</u>

III. Changes in Accounting Principles

For the year ended June 30, 2021, the District implemented GASB Statement No. 84, *Fiduciary Activity*. The implementation of the statement changes the reporting for certain activity previously reported in the Fiduciary Fund. The District is now required to report some or all of that activity in the Governmental funds. See Note II for the financial statement impact of implementation of the Statement.

IV. 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.

A. Budgets

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

(IV.) (Continued)

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 2020-21 year, the budget was increased by a \$300,000 and \$1,500,000 voter approved appropriation from the technology reserve and capital reserve, respectively, and \$2,341,692 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, 2021 of (\$78,116,743). 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 \$180,787,748 at June 30, 2021. Since New York State Laws provide no mechanism for funding the liability, the subsequent accruals are expected to increase the deficit.

D. Deficit Fund Balance – Special Aid Fund – Continuing Education Program

As indicated in the financial statements, the District's Continuing Education program and Pre-School program recorded in the special aid fund had a deficit fund balance of \$66,673 and \$9,740 respectively at June 30, 2021.

V. **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		41,841,036
Collateralized within Trust Department or Agent		7,847,379
Total		<u><u>\$ 49,688,415</u></u>

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 \$39,431,851 within the governmental funds and \$242,890 in the custodial funds.

VI. **Receivables**

Receivables at June 30, 2021 for individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

<u>Description</u>	<u>Governmental Activities</u>			<u>Total</u>
	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>School Lunch Fund</u>	
Accounts Receivable	\$ 1,465,549	\$ 106,250	\$ 11,194	\$ 1,582,993
Due From State and Federal	2,692,353	1,046,104	105,654	3,844,111
Due From Other Governments	1,913,846	-	-	1,913,846
Allowance for Uncollectible Accounts	(113,172)	-	(7,314)	(120,486)
Total Receivables	<u><u>\$ 5,958,576</u></u>	<u><u>\$ 1,152,354</u></u>	<u><u>\$ 109,534</u></u>	<u><u>\$ 7,220,464</u></u>

VII. Interfund Receivables, Payables, Revenues and Expenditures

Interfund Receivables, Payables, Revenues and Expenditures at June 30, 2021 were as follows:

	Interfund			
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 966,217	\$ 1,653,958	\$ -	\$ 3,173,567
Special Aid Fund	-	952,570	111,133	-
Capital Projects Fund	1,368,099	38	2,868,099	-
Non-Major Funds	285,859	13,609	194,335	-
Total	<u>\$ 2,620,175</u>	<u>\$ 2,620,175</u>	<u>\$ 3,173,567</u>	<u>\$ 3,173,567</u>

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.

VIII. Capital Assets

Capital asset balances and activity were as follows:

<u>Type</u>	<u>Balance</u> <u>7/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2021</u>
<u>Governmental Activities:</u>				
<u>Capital Assets that are not Depreciated -</u>				
Land	\$ 1,966,018	\$ -	\$ -	\$ 1,966,018
Work in progress	38,362,098	18,063,542	-	56,425,640
Total Nondepreciable	<u>\$ 40,328,116</u>	<u>\$ 18,063,542</u>	<u>\$ -</u>	<u>\$ 58,391,658</u>
<u>Capital Assets that are Depreciated -</u>				
Buildings and Improvements	\$ 104,913,108	\$ -	\$ -	\$ 104,913,108
Machinery and equipment	2,907,303	39,451	-	2,946,754
Total Depreciated Assets	<u>\$ 107,820,411</u>	<u>\$ 39,451</u>	<u>\$ -</u>	<u>\$ 107,859,862</u>
<u>Less Accumulated Depreciation -</u>				
Buildings and Improvements	\$ 53,257,492	\$ 2,396,374	\$ -	\$ 55,653,866
Machinery and equipment	1,648,486	197,347	-	1,845,833
Total Accumulated Depreciation	<u>\$ 54,905,978</u>	<u>\$ 2,593,721</u>	<u>\$ -</u>	<u>\$ 57,499,699</u>
Total Capital Assets Depreciated, Net of Accumulated Depreciation	<u>\$ 52,914,433</u>	<u>\$ (2,554,270)</u>	<u>\$ -</u>	<u>\$ 50,360,163</u>
Total Capital Assets	<u>\$ 93,242,549</u>	<u>\$ 15,509,272</u>	<u>\$ -</u>	<u>\$ 108,751,821</u>

(IV.) (Continued)

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

<u>Governmental Activities:</u>	
General Government Support	\$ 149,560
Instruction	2,316,231
School Lunch	127,930
Total Depreciation Expense	<u><u>\$ 2,593,721</u></u>

IX. Short-Term Debt

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

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance 7/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2021</u>
BAN	6/24/2021	1.50%	\$ -	\$ 12,000,000	\$ 12,000,000	\$ -
BAN	6/24/2021	1.50%	-	10,000,000	10,000,000	-
Total Short-Term Debt			<u><u>\$ -</u></u>	<u><u>\$ 22,000,000</u></u>	<u><u>\$ 22,000,000</u></u>	<u><u>\$ -</u></u>

The short-term interest expense totaled \$227,333.

X. Long-Term Debt Obligations

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

	<u>Balance 7/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2021</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>					
<u>Bonds and Notes Payable -</u>					
Serial Bonds	\$ 31,710,000	\$ 25,324,091	\$ 2,105,000	\$ 54,929,091	\$ 3,769,091
Unamortized Bond Premium	-	1,029,412	-	1,029,412	68,627
Total Bonds and Notes Payable	<u><u>\$ 31,710,000</u></u>	<u><u>\$ 26,353,503</u></u>	<u><u>\$ 2,105,000</u></u>	<u><u>\$ 55,958,503</u></u>	<u><u>\$ 3,837,718</u></u>
<u>Other Liabilities -</u>					
Net Pension Liability	\$ 5,363,798	\$ -	\$ 594,473	\$ 4,769,325	\$ -
OPEB	183,576,400	-	2,788,652	180,787,748	-
Compensated Absences	1,403,968	-	20,771	1,383,197	345,799
Total Other Liabilities	<u><u>\$ 190,344,166</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 3,403,896</u></u>	<u><u>\$ 186,940,270</u></u>	<u><u>\$ 345,799</u></u>
Total Long-Term Obligations	<u><u>\$ 222,054,166</u></u>	<u><u>\$ 26,353,503</u></u>	<u><u>\$ 5,508,896</u></u>	<u><u>\$ 242,898,773</u></u>	<u><u>\$ 4,183,517</u></u>

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

(X.) (Continued)

Existing serial and statutory bond obligations:

<u>Description</u>	<u>Original Amount</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding 6/30/2021</u>
Refunding Bonds	\$ 4,105,000	2015	2025	2.00%-5.00%	\$ 1,825,000
Construction	\$ 29,000,000	2020	2039	2.000%-2.375%	27,780,000
Construction	\$ 25,324,091	2021	2036	2.00%	25,324,091
Total Serial Bonds					<u>\$ 54,929,091</u>
Unamortized Bond Premium					1,029,412
Total Serial Bonds, net					<u><u>\$ 55,958,503</u></u>

The following is a summary of debt service requirements:

<u>Year</u>	<u>Serial Bonds</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 3,769,091	\$ 1,189,527
2023	3,765,000	1,113,906
2024	3,680,000	1,023,638
2025	3,750,000	934,438
2026	3,125,000	843,050
2027-31	15,995,000	3,240,644
2032-36	15,340,000	1,582,512
2037-39	5,505,000	256,669
Total	<u><u>\$ 54,929,091</u></u>	<u><u>\$ 10,184,384</u></u>

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. \$2,020,000 of bonds outstanding are considered defeased.

Interest on long-term debt for June 30, 2021 was composed of:

Interest Paid	\$ 776,703
Less: Interest Accrued in the Prior Year	(37,186)
Plus: Interest Accrued in the Current Year	52,537
Total Long-Term Interest Expense	<u><u>\$ 792,054</u></u>

XI. 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	\$ 20,257,431	\$ 8,114,321
OPEB	18,786,578	22,524,897
Total	<u>\$ 39,044,009</u>	<u>\$ 30,639,218</u>

XII. 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.

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.

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.

(XII.) (Continued)

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, 2021:

<u>Contributions</u>	<u>ERS</u>	<u>TRS</u>
2021	\$ 780,676	\$ 2,887,826

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

At June 30, 2021, 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, 2021 for ERS and June 30, 2020 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, 2021	June 30, 2020
Net pension assets/(liability)	\$ 18,874	\$ 4,750,451
District's portion of the Plan's total net pension asset/(liability)	0.019%	0.172%

For the year ended June 30, 2021, the District recognized pension expenses of \$490,375 for ERS and \$6,430,837 for TRS. At June 30, 2021 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(XII.) (Continued)

	<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	\$ 230,508	\$ 4,162,345	\$ -	\$ 243,451
Changes of assumptions	3,470,402	6,008,215	65,453	2,141,615
Net difference between projected and actual earnings on pension plan investments	-	3,102,461	5,421,853	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	136,779	230,288	117,286	124,663
Subtotal	<u>\$ 3,837,689</u>	<u>\$ 13,503,309</u>	<u>\$ 5,604,592</u>	<u>\$ 2,509,729</u>
District's contributions subsequent to the measurement date	<u>197,968</u>	<u>2,718,465</u>	<u>-</u>	<u>-</u>
Grand Total	<u>\$ 4,035,657</u>	<u>\$ 16,221,774</u>	<u>\$ 5,604,592</u>	<u>\$ 2,509,729</u>

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, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2021	\$ -	\$ 1,885,620
2022	(279,339)	3,770,716
2023	(111,543)	3,096,360
2024	(302,454)	1,900,617
2025	(1,073,567)	103,347
Thereafter	-	236,920
Total	<u>\$ (1,766,903)</u>	<u>\$ 10,993,580</u>

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:

(XII.) (Continued)

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Interest rate	5.90%	7.10%
Salary scale	4.40%	4.72%-1.90%
Decrement tables	April 1, 2015- March 31, 2020 System's Experience	July 1, 2009- June 30, 2014 System's Experience
Inflation rate	2.70%	2.20%
COLA's	1.40%	1.30%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2019. For TRS, annuitant mortality rates are based on plan member experience adjustments for mortality improvements based on Society of Actuaries Scale MP-2019.

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, 2021 are summarized as follows:

	<u>Long Term Expected Rate of Return</u>	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
<u>Asset Type -</u>		
Domestic equity	4.05%	7.10%
International equity	6.30%	7.70%
Global equity	0.00%	7.40%
Private equity	6.75%	10.40%
Real estate	4.95%	6.80%
Absolute return strategies *	4.50%	0.00%
Opportunistic portfolios	4.50%	0.00%
Real assets	5.95%	0.00%
Bonds and mortgages	0.00%	0.00%
Cash	0.50%	0.00%
Inflation-indexed bonds	0.50%	0.00%
Private debt	0.00%	5.20%
Real estate debt	0.00%	3.60%
High-yield fixed income securities	0.00%	3.90%
Domestic fixed income securities	0.00%	1.80%
Global fixed income securities	0.00%	1.00%
Short-term	0.00%	0.70%
Credit	3.63%	0.00%

(XII.) (Continued)

The real rate of return is net of the long-term inflation assumption of 2.0% 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 5.9% 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 5.90% 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 (4.90% for ERS and 6.10% for TRS) or 1-percentage-point higher (6.90% for ERS and 8.10% for TRS) than the current assumption :

	1% Decrease <u>(4.90%)</u>	Current Assumption <u>(5.90%)</u>	1% Increase <u>(6.90%)</u>
<u>ERS</u>			
Employer's proportionate share of the net pension asset (liability)	\$ (5,238,816)	\$ (18,874)	\$ 4,795,134
<u>TRS</u>			
Employer's proportionate share of the net pension asset (liability)	\$ (30,006,960)	\$ (4,750,451)	\$ 16,446,161

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:

(XII.) (Continued)

	<u>(In Thousands)</u>	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Employers' total pension liability	\$ 220,680,157	\$ 123,242,776
Plan net position	220,580,583	120,479,505
Employers' net pension asset/(liability)	<u>\$ (99,574)</u>	<u>\$ (2,763,271)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	99.95%	97.80%

I. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$197,968.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 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, 2021 amounted to \$2,887,826.

XIII. 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, 2021, the following employees were covered by the benefit terms:

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

(XIII.) (Continued)

B. Total OPEB Liability

The District's total OPEB liability of \$180,787,748 was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.27 percent
Salary Increases	3.11 percent, average, including inflation
Discount Rate	2.27 percent
Healthcare Cost Trend Rates	Initial rate of 4.00% increasing to an ultimate rate of 4.08%
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-2020 for retirees and surviving spouses.

C. Changes in the Total OPEB Liability

Balance at June 30, 2020	<u>\$ 183,576,400</u>
<u>Changes for the Year -</u>	
Service cost	\$ 5,893,922
Interest	4,580,114
Changes of benefit terms	(561,362)
Differences between expected and actual experience	(11,718,816)
Changes in assumptions or other inputs	3,805,808
Benefit payments	<u>(4,788,318)</u>
Net Changes	<u>\$ (2,788,652)</u>
Balance at June 30, 2021	<u><u>\$ 180,787,748</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.48 percent in 2020 to 2.27 percent in 2021.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.27 percent) or 1-percentage-point higher (3.27 percent) than the current discount rate:

(XIII.) (Continued)

	1% Decrease (1.27%)	Discount Rate (2.27%)	1% Increase (3.27%)
Total OPEB Liability	\$ 214,980,239	\$ 180,787,748	\$ 153,896,312

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:

	1% Decrease (3.00% Decreasing to 3.08%)	Healthcare Cost Trend Rates (4.00% Decreasing to 4.08%)	1% Increase (5.00% Decreasing to 5.08%)
Total OPEB Liability	\$ 149,481,365	\$ 180,787,748	\$ 221,836,182

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$8,518,786. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 22,524,897
Changes of assumptions	17,589,498	-
Contributions after measurement date	1,197,080	-
Total	\$ 18,786,578	\$ 22,524,897

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

Year	
2022	\$ (4,378,793)
2023	1,109,289
2024	(1,665,895)
Total	\$ (4,935,399)

XIV. 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.

(XIV.) (Continued)

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.

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, 2021, the District incurred premiums or contribution expenditures totaling \$316,242.

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, 2020, 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.

(XIV.) (Continued)

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.

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, 2020 revealed that the Plan is fully funded.

During the year ended June 30, 2021, the District incurred premiums or contribution expenditures totaling \$12,059,751.

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.

(XIV.) (Continued)

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, 2021, the District incurred premiums or contribution expenditures totaling \$232,588.

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, 2020, revealed that the Plan was underfunded.

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 \$274,704 as of June 30, 2021. 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 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Beginning liabilities	\$ 1,135,037	\$ 1,135,037
Incurred claims	274,704	139,865
Claims payments	<u>(274,704)</u>	<u>(139,865)</u>
Ending Liabilities	<u>\$ 1,135,037</u>	<u>\$ 1,135,037</u>

(XIV.) (Continued)

The following statistical information is presented:

<u>Year</u>	<u>Contribution Revenue</u>	<u>Actual Claim Expense</u>
2021	\$ 274,704	\$ 274,704
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

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.

A reconciliation of the claims recorded for 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Beginning liabilities	\$ 766,296	\$ 766,296
Incurred claims	703,420	646,315
Claims payments	<u>(703,420)</u>	<u>(646,315)</u>
Ending Liabilities	<u>\$ 766,296</u>	<u>\$ 766,296</u>

The following statistical information is presented:

<u>Year</u>	<u>Contribution Revenue</u>	<u>Actual Claim Expense</u>
2021	\$ 703,420	\$ 703,420
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

(XIV.) (Continued)

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 \$372,145 and the claims paid during 2020-21 totaled \$386,443.

As of June 30, 2021 the accumulated balance of the Plan recorded in the Trust and Agency Fund which was available for benefits totaled \$1,381,396.

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 2020-21 fiscal year totaled \$0. The balance of the fund at June 30, 2021 was \$1,253,268 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2021, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

XV. Commitments and Contingencies

A. Litigation

The District has several claims filed as of the audit date, however, the financial outcome, if any, 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.

XVI. 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>2020-21 Rent Collected</u>
BOCES #1	Twelve Corners Elementary School	9/17-6/21	\$ 10,000
Monroe County School Boards	Brookside	7/20-6/21	15,354
The Montessori School of Rochester	Brookside (5 Classrooms)	7/14-6/21	105,759
Verizon	BHS-Cell Tower	7/18-6/21	9,273
Brighton Volunteer Ambulance	Brookside	11/17-6/21	9,856
Total			<u>\$ 150,242</u>

XVII. 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 \$184,033. The District received payment in lieu of tax (PILOT) payment totaling \$147,594 to help offset the property tax reduction.

XVIII. COVID-19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (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 full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the School’s financial condition, liquidity, voter approved budgets, and future results of operations. Management is actively monitoring the global situation on its financial condition, budgets, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the School is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2022.

In response to the COVID-19 outbreak, the Federal Government passed several COVID relief acts which include funding for elementary and secondary education. The School District was awarded three different stimulus packages known as Coronavirus Aid, Relief and Economic Security Act (CARES), Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), and the American Rescue Plan Act (ARPA). New York State Required the CARES funds to be reported in the General fund, as an offset to state aid reductions, referred to as the Pandemic Adjustment, while the CRRSA and ARPA funds are required to be reported in the special aid fund.

The District reported \$284,428 in CARES revenues and expenditures during the 2021 fiscal year and has submitted the CRRSA and ARPA funding applications to the New York State Education Department for approval. All three stimulus funds may be used for pre-award costs dating back to March 13, 2020, when the national emergency was declared. The District also provided free breakfast and lunches to all students (except those who opted out) through the Federal Summer Food Service Program.

XIX. Subsequent Event

On August 10, 2021 the Board of Education amended the 2021-22 budget and increased their appropriated fund balance and reduced the tax levy, which has been reflected in the financial statements.

Required Supplementary Information
BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Changes in District's Total OPEB Liability and Related Ratio
For The Year Ended June 30, 2021

TOTAL OPEB LIABILITY				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 5,893,922	\$ 5,124,621	\$ 6,196,753	\$ 5,312,185
Interest	4,580,114	5,600,842	6,591,758	6,114,266
Changes in benefit terms	(561,362)	-	-	(916,963)
Differences between expected and actual experiences	(11,718,816)	(16,017,306)	(27,312,286)	9,300,912
Changes of assumptions or other inputs	3,805,808	31,177,682	72,978	5,432,484
Benefit payments	(4,788,318)	(4,259,075)	(4,432,008)	(4,167,142)
Net Change in Total OPEB Liability	\$ (2,788,652)	\$ 21,626,764	\$ (18,882,805)	\$ 21,075,742
Total OPEB Liability - Beginning	\$ 183,576,400	\$ 161,949,636	\$ 180,832,441	\$ 159,756,699
Total OPEB Liability - Ending	\$ 180,787,748	\$ 183,576,400	\$ 161,949,636	\$ 180,832,441
Covered Employee Payroll	\$ 31,888,234	\$ 33,888,015	\$ 32,786,392	\$ 32,786,392
Total OPEB Liability as a Percentage of Covered				
Employee Payroll	566.94%	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 The Year Ended June 30, 2021

NYSERS Pension Plan

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	0.0190%	0.0203%	0.0192%	0.0191%	0.0168%	0.0181%	0.0183%
Proportionate share of the net pension liability (assets)	\$ 18,874	\$ 5,363,798	\$ 1,358,060	\$ 615,239	\$ 1,576,965	\$ 2,910,342	\$ 619,253
Covered-employee payroll	\$ 5,721,058	\$ 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	0.330%	95.300%	25.119%	11.031%	30.955%	59.242%	12.183%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

NYSTRS Pension Plan

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Proportion of the net pension liability (assets)	17.1914%	0.1737%	0.1745%	0.1726%	0.1758%	0.1759%	0.1726%
Proportionate share of the net pension liability (assets)	\$ 4,750,451	\$ (4,512,786)	\$ (3,154,942)	\$ (1,311,989)	\$ 1,882,362	\$(18,274,506)	\$(19,222,322)
Covered-employee payroll	\$ 28,525,346	\$ 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	16.653%	-15.214%	-10.708%	-4.541%	6.710%	-66.175%	-71.320%
Plan fiduciary net position as a percentage of the total pension liability	97.80%	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 The Year Ended June 30, 2021

NYSERS Pension Plan

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 780,677	\$ 840,251	\$ 794,502	\$ 817,804	\$ 755,440	\$ 844,278	\$ 978,266
Contributions in relation to the contractually required contribution	<u>(780,677)</u>	<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>	<u>\$ -</u>
Covered-employee payroll	\$ 5,721,058	\$ 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	13.65%	14.93%	14.70%	14.66%	14.83%	17.19%	19.25%

NYSTRS Pension Plan

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 2,887,826	\$ 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>(2,887,826)</u>	<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>	<u>\$ -</u>
Covered-employee payroll	\$ 28,525,346	\$ 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	10.12%	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 The Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Current Year's Revenues</u>	<u>Over (Under) Revised Budget</u>
REVENUES				
Local Sources -				
Real property taxes	\$ 55,545,890	\$ 51,815,343	\$ 51,659,824	\$ (155,519)
Real property tax items	240,893	3,971,440	3,878,141	(93,299)
Non-property taxes	3,038,826	3,038,826	3,887,566	848,740
Charges for services	1,590,790	1,590,790	2,148,717	557,927
Use of money and property	296,534	296,534	166,423	(130,111)
Sale of property and compensation for loss	-	-	22,951	22,951
Miscellaneous	595,668	595,668	877,948	282,280
State Sources -				
Basic formula	10,458,082	10,458,082	11,758,468	1,300,386
Lottery aid	4,211,423	4,211,423	4,655,931	444,508
BOCES	2,075,591	2,075,591	2,100,297	24,706
Textbooks	220,023	220,023	227,583	7,560
All Other Aid -				
Computer software	173,229	173,229	168,063	(5,166)
Library loan	36,000	36,000	33,725	(2,275)
Other aid	-	-	51,181	51,181
Federal Sources	<u>100,000</u>	<u>100,000</u>	<u>372,147</u>	<u>272,147</u>
TOTAL REVENUES	<u>\$ 78,582,949</u>	<u>\$ 78,582,949</u>	<u>\$ 82,008,965</u>	<u>\$ 3,426,016</u>
Other Sources -				
Transfer - in	<u>\$ 1,296,000</u>	<u>\$ 1,296,000</u>	<u>\$ -</u>	<u>\$ (1,296,000)</u>
TOTAL REVENUES AND OTHER SOURCES	<u>\$ 79,878,949</u>	<u>\$ 79,878,949</u>	<u>\$ 82,008,965</u>	<u>\$ 2,130,016</u>
Appropriated reserves	<u>\$ 465,000</u>	<u>\$ 2,265,000</u>		
Appropriated fund balance	<u>\$ 2,600,000</u>	<u>\$ 2,600,000</u>		
Prior year encumbrances	<u>\$ 2,341,692</u>	<u>\$ 2,341,692</u>		
TOTAL REVENUES AND APPROPRIATED RESERVES/ FUND BALANCE	<u><u>\$ 85,285,641</u></u>	<u><u>\$ 87,085,641</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 The Year Ended June 30, 2021

	<u>Original</u> <u>Budget</u>	<u>Amended</u> <u>Budget</u>	<u>Current</u> <u>Year's</u> <u>Expenditures</u>	<u>Encumbrances</u>	<u>Unencumbered</u> <u>Balances</u>
EXPENDITURES					
General Support -					
Board of education	\$ 75,634	\$ 74,088	\$ 51,015	\$ -	\$ 23,073
Central administration	289,368	298,951	291,034	-	7,917
Finance	1,248,022	1,390,226	1,279,433	22,297	88,496
Staff	531,967	718,023	563,717	12,543	141,763
Central services	5,047,884	4,641,144	3,654,147	184,314	802,683
Special items	977,783	977,783	933,600	-	44,183
Instructional -					
Instruction, administration and improvement	3,035,048	3,098,845	2,593,949	64,274	440,622
Teaching - regular school	21,268,673	21,225,740	20,260,877	193,267	771,596
Programs for children with handicapping conditions	12,465,391	11,485,966	10,058,450	539,672	887,844
Occupational education	681,097	681,097	641,862	-	39,235
Teaching - special schools	6,000	6,000	-	-	6,000
Instructional media	2,869,243	3,620,411	3,053,924	463,103	103,384
Pupil services	4,373,233	4,430,361	3,830,388	27,065	572,908
Pupil Transportation	4,969,335	4,948,273	4,412,362	17,450	518,461
Community Services	2,000	2,000	-	-	2,000
Employee Benefits	23,099,646	22,047,131	20,536,042	-	1,511,089
Debt service - principal	2,085,000	3,015,000	3,015,000	-	-
Debt service - interest	1,938,817	1,008,817	1,004,036	-	4,781
TOTAL EXPENDITURES	<u>\$ 84,964,141</u>	<u>\$ 83,669,856</u>	<u>\$ 76,179,836</u>	<u>\$ 1,523,985</u>	<u>\$ 5,966,035</u>
Other Uses -					
Transfers - out	\$ 321,500	\$ 3,415,785	\$ 3,173,567	\$ -	\$ 242,218
TOTAL EXPENDITURES AND OTHER USES	<u>\$ 85,285,641</u>	<u>\$ 87,085,641</u>	<u>\$ 79,353,403</u>	<u>\$ 1,523,985</u>	<u>\$ 6,208,253</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,655,562</u>		
FUND BALANCE, BEGINNING OF YEAR	<u>27,836,232</u>	<u>27,836,232</u>	<u>27,836,232</u>		
FUND BALANCE, END OF YEAR	<u>\$ 27,836,232</u>	<u>\$ 27,836,232</u>	<u>\$ 30,491,794</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 The Year Ended June 30, 2021

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET:

Adopted budget		\$ 82,943,949
Prior year's encumbrances		2,341,692
Original Budget		\$ 85,285,641
Budget revisions -		
Transfer from technology reserve		300,000
Transfer from capital reserve		1,500,000
FINAL BUDGET		<u><u>\$ 87,085,641</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION:

2021-22 voter approved expenditure budget		\$ 87,686,048
<u>Unrestricted fund balance:</u>		
Assigned fund balance	\$ 4,523,985	
Unassigned fund balance	3,507,442	
Total Unrestricted fund balance	\$ 8,031,427	
<u>Less adjustments:</u>		
Appropriated fund balance	\$ 3,000,000	
Encumbrances included in assigned fund balance	1,523,985	
Total adjustments	\$ 4,523,985	
General fund fund balance subject to Section 1318 of		
Real Property Tax Law		3,507,442
ACTUAL PERCENTAGE		<u><u>4.00%</u></u>

Supplementary Information
 BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK
 CAPITAL PROJECTS FUND
 Schedule of Project Expenditures
 For The Year Ended June 30, 2021

Project Title	Expenditures					Methods of Financing					Fund Balance
	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Unexpended Balance	Obligations	Local Sources	Transfers	Total	
2016-17 Capital Improvement	\$ 1,500,000	\$ 1,500,000	\$ 668,802	\$ 18,600	\$ 687,402	\$ 812,598	\$ -	\$ 1,500,000	\$ -	\$ 1,500,000	\$ 812,598
2017-18 Brighton Facility Improvement Plan	64,931,500	64,931,500	41,191,886	17,862,112	59,053,998	5,877,502	54,324,091	14,482,213	-	68,806,304	9,752,306
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	-	182,830	182,830	1,645,467	-	1,828,297	-	1,828,297	1,645,467
2021-22 Capital Improvement	5,100,000	5,100,000	-	-	-	5,100,000	-	1,850,000	-	1,850,000	1,850,000
TOTAL	\$ 74,924,797	\$ 74,424,797	\$ 41,984,922	\$ 18,063,542	\$ 60,048,464	\$ 14,376,333	\$ 54,324,091	\$ 21,225,510	\$ (500,000)	\$ 75,049,601	\$ 15,001,137

Supplementary Information
BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2021

	Special			Total	
	Revenue Funds				Nonmajor
	School Lunch Fund	Miscellaneous Special Revenue Fund	Debt Service Fund		
ASSETS					
Cash and cash equivalents	\$ 767	\$ 110,795	\$ 1,768,028	\$ 1,879,590	
Receivables	109,534	-	-	109,534	
Inventories	24,924	-	-	24,924	
Due from other funds	194,335	91,524	-	285,859	
TOTAL ASSETS	<u>\$ 329,560</u>	<u>\$ 202,319</u>	<u>\$ 1,768,028</u>	<u>\$ 2,299,907</u>	
 LIABILITIES AND FUND BALANCES					
<u>Liabilities</u> -					
Accounts payable	\$ 717	\$ -	\$ -	\$ 717	
Accrued liabilities	14,542	-	-	14,542	
Due to other funds	13,609	-	-	13,609	
Due to other governments	17	-	-	17	
Unearned revenue	64,047	-	-	64,047	
TOTAL LIABILITIES	<u>\$ 92,932</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 92,932</u>	
 <u>Fund Balances</u> -					
Nonspendable	\$ 24,924	\$ -	\$ -	\$ 24,924	
Restricted	-	202,319	1,768,028	1,970,347	
Assigned	211,704	-	-	211,704	
TOTAL FUND BALANCE	<u>\$ 236,628</u>	<u>\$ 202,319</u>	<u>\$ 1,768,028</u>	<u>\$ 2,206,975</u>	
 TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 329,560</u>	<u>\$ 202,319</u>	<u>\$ 1,768,028</u>	<u>\$ 2,299,907</u>	

(See Independent Auditors' Report)

Supplementary Information
BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK
Combined Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For The Year Ended June 30, 2021

	Special			Total
	Revenue Funds			
	School	Miscellaneous	Debt	Governmental
	Lunch	Special Revenue	Service	Funds
	Fund	Fund	Fund	Funds
REVENUES				
Use of money and property	\$ -	\$ 23	\$ 65	\$ 88
Miscellaneous	44,507	151,534	-	196,041
State sources	13,847	-	-	13,847
Federal sources	441,915	-	-	441,915
Sales	34,659	-	-	34,659
TOTAL REVENUES	\$ 534,928	\$ 151,557	\$ 65	\$ 686,550
EXPENDITURES				
Instruction	\$ -	\$ 146,462	\$ -	\$ 146,462
Employee benefits	145,152	-	-	145,152
Cost of sales	228,136	-	-	228,136
Other expenses	355,975	4,800	-	360,775
TOTAL EXPENDITURES	\$ 729,263	\$ 151,262	\$ -	\$ 880,525
EXCESS (DEFICIENCY) OF REVENUES				
OVER EXPENDITURES	\$ (194,335)	\$ 295	\$ 65	\$ (193,975)
OTHER FINANCING SOURCES (USES)				
Transfers - in	\$ 194,335	\$ -	\$ -	\$ 194,335
Premium on obligations issued	-	-	1,190,072	1,190,072
TOTAL OTHER FINANCING	\$ 194,335	\$ -	\$ 1,190,072	\$ 1,384,407
SOURCES (USES)	\$ 194,335	\$ -	\$ 1,190,072	\$ 1,384,407
NET CHANGE IN FUND BALANCE	\$ -	\$ 295	\$ 1,190,137	\$ 1,190,432
FUND BALANCE, BEGINNING				
OF YEAR (restated)	236,628	202,024	577,891	1,016,543
FUND BALANCE, END OF YEAR	\$ 236,628	\$ 202,319	\$ 1,768,028	\$ 2,206,975

(See Independent Auditors' Report)

Supplementary Information
BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK
Net Investment in Capital Assets
For The Year Ended June 30, 2021

Capital assets, net		\$ 108,751,821
Add:		
Unspent bond proceeds	\$ 9,752,306	9,752,306
Deduct:		
Bond payable	\$ 54,929,091	
Unamortized bond premium	1,029,412	
		55,958,503
Net Investment in Capital Assets		\$ 62,545,624

Supplementary Information
BRIGHTON CENTRAL SCHOOL DISTRICT, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2021

<u>Grantor / Pass - Through Agency</u> <u>Federal Award Cluster / Program</u>	<u>Assistance</u> <u>Listing</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>
<u>U.S. Department of Education:</u>				
<u>Indirect Programs:</u>				
<u>Passed Through NYS Education Department -</u>				
<u>Special Education Cluster IDEA -</u>				
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	0032-21-0355	\$ 1,009,544
Special Education - Preschool Grants (IDEA Preschool)	84.173	N/A	0033-21-0355	16,879
Total Special Education Cluster IDEA				\$ 1,026,423
<u>Education Stabilization Fund -</u>				
CARES Act - ESSER	84.425D	N/A	5890-21-1330	\$ 243,209
CARES Act - GEER	84.425C	N/A	5895-21-1330	41,219
Total Education Stabilization Fund				\$ 284,428
Title IIA - Supporting Effective Instruction State Grant	84.367	N/A	0147-20-1330	81,048
Title IIA - Supporting Effective Instruction State Grant	84.367	N/A	0147-21-1330	4,200
Title IIIA - English Language Acquisition	84.365	N/A	0293-20-1330	15,048
Title IIIA - English Language Acquisition	84.365	N/A	0293-21-1330	19,815
Title IIIA - Immigrant Education	84.365	N/A	0149-20-1330	7,500
Title IIIA - Immigrant Education	84.365	N/A	0149-21-1330	39,148
Title IV - Student Support and Enrichment Program	84.424	N/A	0204-20-1330	30,000
Title IV - Student Support and Enrichment Program	84.424	N/A	0204-21-1330	960
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-20-1330	71,082
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-21-1330	189,403
Total U.S. Department of Education				\$ 1,769,055
<u>U.S. Department of Agriculture:</u>				
<u>Indirect Programs:</u>				
<u>Passed Through NYS Education Department -</u>				
<u>Child Nutrition Cluster -</u>				
National School Lunch Program-Non-Cash Assistance (Commodities)	10.555	N/A	005539	\$ 77,883
Summer Food Service program - COVID	10.559	N/A	005539	364,031
Total Child Nutrition Cluster				\$ 441,914
Total U.S. Department of Agriculture				\$ 441,914
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 2,210,969

**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, 2021, 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 8, 2021.

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 8, 2021

Mengel, Metzger, Barz & Co. LLP