

BRENTWOOD UNION FREE SCHOOL DISTRICT

Basic Financial Statements,
Supplementary Information and
Independent Auditors' Report

June 30, 2020

BRENTWOOD UNION FREE SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Brentwood Union Free School District
Brentwood, New York:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Brentwood Union Free School District (the District), as of and for the year ended June 30, 2020, and the related notes to 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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, the aggregate remaining fund information of the Brentwood Union Free School District, as of June 30, 2020, and the respective changes in financial position 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 on pages 4 through 17, and the additional information on pages 61 through 65 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information as listed in the table of contents is presented for additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements 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 other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 14, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the District's internal control over financial reporting and compliance.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 14, 2020

BRENTWOOD UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis
June 30, 2020

The Brentwood Union Free School District's management's discussion and analysis of the financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2020 in comparison with the year ended June 30, 2019 with emphasis on the current year. This should be read in conjunction with the financial statements, which immediately follow this section.

1. FINANCIAL HIGHLIGHTS

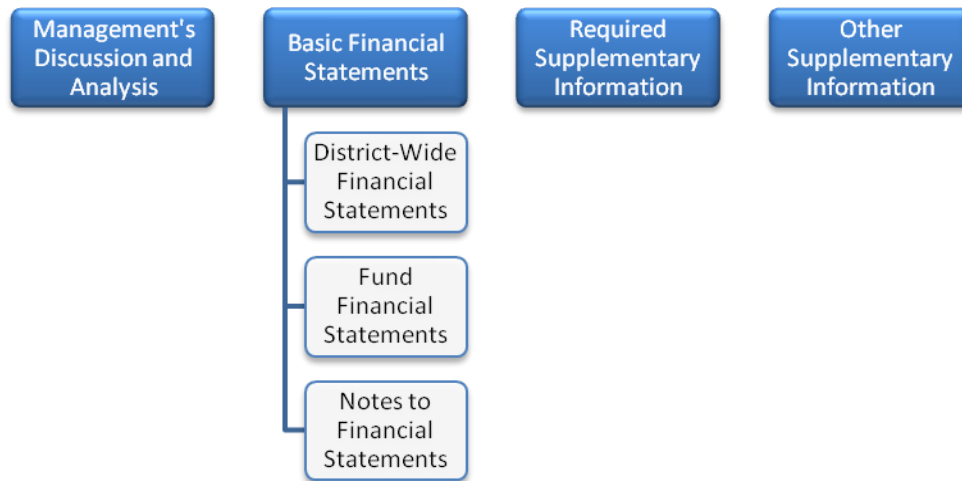
Key financial highlights for fiscal year 2020 are as follows:

- The District's total net position, as reflected in the district-wide financial statements decreased by \$81,058,190 to a net position deficit of \$645,665,523 at June 30, 2020.
- The District's expenses for the year, as reflected in the district-wide financial statements, totaled \$517,680,267. Of this amount, \$35,295,336 was offset by program charges for services, operating grants and capital grants. General revenue of \$401,326,741 amount to 92% of total revenue.
- The general fund's total fund balance, as reflected in the fund financial statements, increased by \$9,187,672. This was due to an excess of revenues over expenditures based on the modified accrual basis of accounting.
- The budget for the 2020-21 school year in the amount of \$430,224,206 was approved by the voters on June 9, 2020. The budget presented to the taxpayers called for a 2.50% property tax increase, which is in compliance with the tax cap legislation.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: management's discussion and analysis (MD&A), the basic financial statements, required supplementary information and other supplementary information. The basic financial statements consist of district-wide financial statements, fund financial statements and notes to financial statements. A graphic display of the relationship of these statements follows:



A. District-Wide Financial Statements

The district-wide financial statements present the governmental activities of the District and are organized to provide an understanding of the fiscal performance of the District as a whole in a manner similar to a private sector business. There are two district-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

These statements utilize the accrual basis of accounting. This basis of accounting recognizes the financial efforts of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference reported as net position. Changes in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

The Statement of Activities

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Revenue is recognized in the period when it is earned and expenses are recognized in the period when the liability is incurred. Therefore, revenue and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

B. Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District are reported as governmental funds and fiduciary funds.

Governmental Funds

These statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenue in the period that they become measurable and available. It recognizes expenditures in the period in which the District incurs the liability, except for certain expenditures such as debt service on general long-term indebtedness, claims and judgments, compensated absences, pension costs and other postemployment benefits, which are recognized as expenditures to the extent the related liabilities mature each period.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, the governmental fund financial statements focus on shorter term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the District's operations and the services it provides.

Because the focus of governmental funds is narrower than that of district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, you may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

The District maintains five individual governmental funds: general fund, special aid fund, school lunch fund, debt service fund and capital projects fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in its capacity as agent or trustee and utilize the accrual basis of accounting. All of the District's fiduciary activities are reported in separate statements. The fiduciary activities have been excluded from the district-wide financial statements because the District cannot use these assets to finance its operations.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total net position decreased by \$81,058,190. A summary of the District's Statements of Net Position is as follows:

	<u>2020</u>	<u>2019</u>	Increase (decrease)
Assets:			
Current and other assets	\$ 183,721,003	159,851,627	23,869,376
Capital assets, net	<u>184,210,734</u>	<u>188,840,067</u>	<u>(4,629,333)</u>
Total assets	<u>367,931,737</u>	<u>348,691,694</u>	<u>19,240,043</u>
Deferred outflows of resources	<u>501,349,175</u>	<u>147,362,682</u>	<u>353,986,493</u>
Liabilities:			
Current and other liabilities	54,698,838	50,374,416	4,324,422
Long-term liabilities	122,541,058	111,097,311	11,443,747
Total OPEB liability	<u>1,169,347,760</u>	<u>841,756,646</u>	<u>327,591,114</u>
Total liabilities	<u>1,346,587,656</u>	<u>1,003,228,373</u>	<u>343,359,283</u>
Deferred inflows of resources	<u>168,358,779</u>	<u>57,433,336</u>	<u>110,925,443</u>
Net position (deficit):			
Net investment in capital assets	127,341,329	120,266,249	7,075,080
Restricted	45,189,949	44,467,764	722,185
Unrestricted (deficit)	<u>(818,196,801)</u>	<u>(729,341,346)</u>	<u>(88,855,455)</u>
Total net position (deficit)	<u><u>\$ (645,665,523)</u></u>	<u><u>(564,607,333)</u></u>	<u><u>(81,058,190)</u></u>

BRENTWOOD UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

Current and other assets increased by \$23,869,376, as compared to the prior year. This was primarily due to an increase in cash of \$16,297,859, and an increase in net pension asset - proportionate share - teachers' retirement system of \$8,084,161.

Capital assets decreased by \$4,629,333, as compared to the prior year. The District purchased \$501,408 in vehicles and capital improvements during the year, which were offset by depreciation expense of \$5,130,741. The accompanying Notes to Financial Statements, Note 8 "Capital Assets" provides additional information.

Deferred outflows of resources represents the amount of deferred charges from the bond refunding that is being amortized over the remaining term of the bonds, deferred other postemployment benefits costs and deferred pension costs. The accompanying Notes to Financial Statements Note 11 "Pension Plans," and Note 12 "Postemployment Benefits," provide additional information.

Current and other liabilities increased by \$4,324,422, as compared to the prior year. This was primarily the amount due to an increase in accounts payable of \$5,1589,401, offset by a decrease due to the teacher's retirement system of \$2,621,866.

Long-term liabilities increased by \$11,443,747, as compared to the prior year. The District realized an increase in bonds payable and energy performance contracts payable of \$12,072,944 offset by a decrease in the net pension liability-proportionate share - employees' retirement system of \$22,673,274.

Total other postemployment benefits (OPEB) liability increased by \$327,591,114, as compared to the prior year. This increase is the result of service cost, interest and change in benefit terms of \$55,819,143, and changes of assumptions or other inputs of \$416,762,298, offset by differences between actual and expected experience of \$122,426,064 and benefit payments of \$22,564,263. The accompanying Notes to Financial Statements, Note 12 "Postemployment Benefits," provides additional information. Additionally, in accordance with state guidelines, the District is only permitted to fund OPEB on a "pay as you go" basis, and is not permitted to accumulate funds for the OPEB liability.

Deferred inflows of resources represent revenue that have been collected, but not earned as of the balance sheet date, deferred pension costs and deferred other postemployment benefit cost. Deferred items related to revenue collation will be recorded as revenue in future periods when the criteria for revenue recognition is met. The accompanying Notes to the Financial Statements, Note 11 "Pension Plans" and Note 12 "Postemployment Benefits," provide additional information.

The net investment in capital assets in the amount of \$127,341,329, related to the investment in capital assets at cost such as land, construction in progress, buildings and improvements, site improvements, vehicles and furniture and equipment, net of depreciation and related debt. This increased over the prior year by \$7,075,080.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

The restricted amount of \$45,189,949 related to the District's reserves, which increased over the prior year by \$722,185.

The unrestricted deficit of \$818,196,801 relates to the balance of the District's net position. The deficit increased over the prior year by \$88,855,455. This balance does not include the District's reserves, which are classified as restricted net position.

B. Changes in Net Position

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format. A summary of this statement for the years ended June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>	<u>Increase (decrease)</u>
Revenue:			
Program revenue:			
Charges for services	\$ 926,040	2,042,378	(1,116,338)
Operating grants	34,389,833	37,045,389	(2,655,556)
Capital grants	(20,537)	4,085,516	(4,106,053)
General revenue:			
Property taxes and other tax items	116,392,602	114,133,529	2,259,073
State sources	278,789,740	270,005,619	8,784,121
Other	<u>6,144,399</u>	<u>7,382,088</u>	<u>(1,237,689)</u>
Total revenue	<u>436,622,077</u>	<u>434,694,519</u>	<u>1,927,558</u>
Expenses:			
General support	53,919,655	49,186,948	4,732,707
Instruction	424,984,723	362,287,592	62,697,131
Pupil transportation	22,431,793	28,022,144	(5,590,351)
Debt service - interest	1,143,618	1,843,786	(700,168)
Food service program	<u>15,200,478</u>	<u>13,947,475</u>	<u>1,253,003</u>
Total expenses	<u>517,680,267</u>	<u>455,287,945</u>	<u>62,392,322</u>
Decrease in net position	<u>\$ (81,058,190)</u>	<u>(20,593,426)</u>	<u>(60,464,764)</u>

BRENTWOOD UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

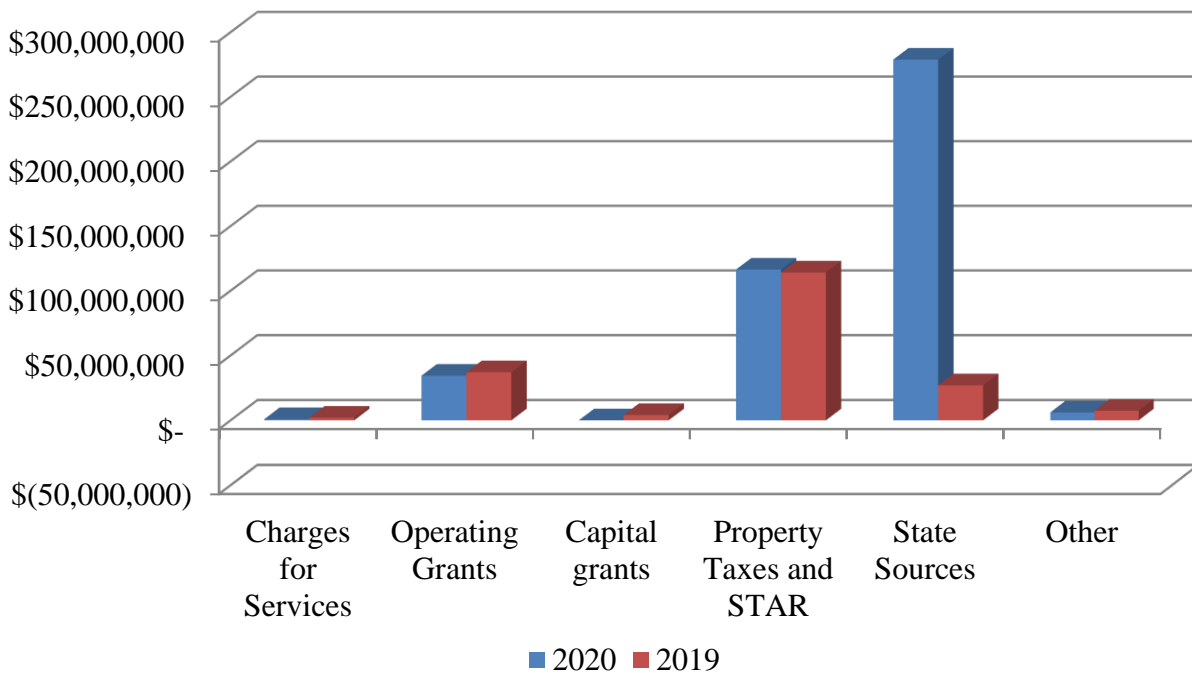
The District's net position decreased by \$81,058,190 for the year ended June 30, 2020 and decreased by \$20,593,426 for the year ended June 30, 2019.

The District's total revenue increased by \$1,927,558 or 0.44%. The major portion of the increase was a \$8,784,121 increase in State aid.

The District's expenses for the year increased by \$62,362,322 or 13.70%. The major portion of the increase was \$62,697,131 in instruction expense.

As indicated on the graphs that follow, state sources is the largest component of revenue recognized (i.e., 63.8% and 62.1% of the total for the years 2020 and 2019, respectively). Instruction expenses is the largest category of expenses incurred (i.e., 82.1% and 79.6% of the total for the years 2020 and 2019, respectively).

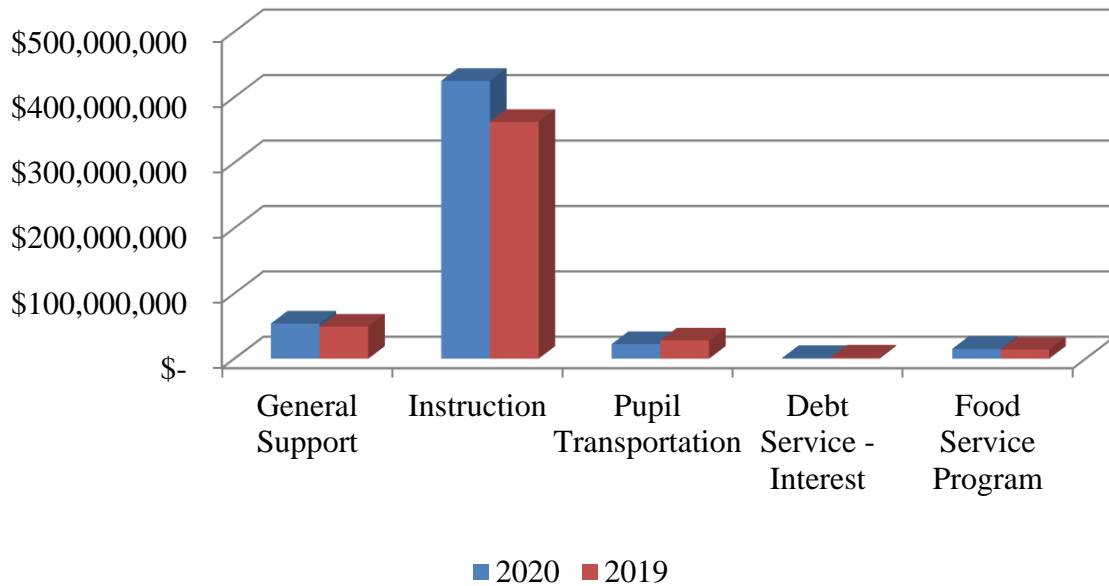
A graphic display of the distribution of revenue for the two years follows:



	Charges for Services	Operating Grants	Capital Grants	Property Taxes and STAR	State Sources	Other
2020	0.2%	7.9%	0.0%	26.7%	63.8%	1.4%
2019	0.5%	8.5%	0.9%	26.3%	62.1%	1.7%

BRENTWOOD UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

A graphic display of the distribution of expenses for the two years follows:



	General Support	Instruction	Pupil Transportation	Debt Service - Interest	Food Service Program
2020	10.4%	82.1%	4.3%	0.2%	3.0%
2019	10.8%	79.6%	6.2%	0.4%	3.0%

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2020, the District's governmental funds reported a combined fund balance of \$110,012,130, which is an increase of \$8,860,936 from the prior year. This increase is due to an excess of revenue over expenditures based upon the modified accrual basis of accounting. A summary of the change in fund balance by fund is as follows:

BRENTWOOD UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

	<u>2020</u>	<u>2019</u>	<u>Increase (decrease)</u>
General Fund:			
Nonspendable - prepaid expenditures	\$ 249,000	249,000	-
Restricted:			
Workers' compensation	3,024,110	2,980,520	43,590
Unemployment insurance	90,131	88,832	1,299
Retirement contribution	6,571,736	6,477,010	94,726
Insurance	3,001,698	2,958,431	43,267
Capital	1,521,938	1,500,000	21,938
Employee benefit accrued liability	30,541,942	30,101,704	440,238
Assigned:			
Appropriated fund balance	38,275,502	23,269,864	15,005,638
Unappropriated fund balance	1,874,773	11,447,169	(9,572,396)
Unassigned - fund balance	<u>19,865,997</u>	<u>16,756,625</u>	<u>3,109,372</u>
	<u>105,016,827</u>	<u>95,829,155</u>	<u>9,187,672</u>
School Lunch Fund:			
Nonspendable - inventory	405,952	388,098	17,854
Assigned - unappropriated fund balance	<u>4,140,540</u>	<u>4,482,617</u>	<u>(342,077)</u>
	<u>4,546,492</u>	<u>4,870,715</u>	<u>(324,223)</u>
Debt Service Fund - restricted - debt service	<u>438,394</u>	<u>361,267</u>	<u>77,127</u>
Capital Projects Fund - assigned unappropriated fund balance	<u>10,417</u>	<u>90,057</u>	<u>(79,640)</u>
Total fund balance	<u>\$ 110,012,130</u>	<u>101,151,194</u>	<u>8,860,936</u>

BRENTWOOD UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

A. General Fund

The net change in the general fund - fund balance is an increase of \$9,187,672, compared to an increase of \$5,125,111 in the prior year. Revenue and other financing sources increased by \$7,343,226 over the prior year. The balance of the increase was principally due to an increase of \$2,259,073 local property tax revenue and other tax items and an increase in state aid of \$6,101,615. Expenditures and other financing uses increased by \$3,380,665 over the prior year, mainly due to increases in employee benefits and instruction.

B. School Lunch Fund

The net change in the school lunch fund - fund balance is a decrease of \$324,223, which was the operating loss of the food service program. For the prior year, the school lunch fund operated at a profit of \$348,023. Revenue decreased by \$896,751 over the prior year. The reimbursements received by the District under the federal child nutrition program decreased by \$469,201 over the prior year. Expenditures to operate the lunch program decreased by \$224,505 from the prior year.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2019-20 Budget

The District's general fund adopted budget for the year ended June 30, 2020 was \$418,915,646. This amount was increased by encumbrances carried forward from the prior year in the amount of \$11,447,169 for a total budget of \$430,362,815.

The budget was funded through a combination of revenue and appropriated fund balance. The majority of this funding source was \$276,716,401 in estimated state aid.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

B. Change in General Fund's Unassigned Fund Balance (Budget to Actual)

The general fund's unassigned fund balance is the component of total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves, appropriations to fund the subsequent year's budget and encumbrances. The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

Opening, unassigned fund balance	\$ 16,756,625
Revenues over budget	2,448,512
Expenditures and encumbrances under budget	39,581,420
Interest allocated to reserves	(645,058)
Contributions to reserves	-
Appropriated for the June 30, 2020 budget	(38,275,502)
Closing, unassigned fund balance	\$ <u>19,865,997</u>

Opening, Unassigned Fund Balance

The \$16,756,625 shown in the table is the portion of the District's June 30, 2019 fund balance that was retained as unassigned. This was approximately 4.00% of the District's 2019-20 approved operating budget of \$418,915,646.

Revenue Over Budget

The District's actual revenue for the year of \$398,094,294 were \$2,448,512 more than estimated at the time the budget was prepared. The District received \$763,576 of payments for real property taxes in excess of amounts estimated, a benefit of \$335,096 in sale of property and compensation for loss, \$599,803 in use of money and property and \$1,463,431 in miscellaneous compared to budgeted amounts of \$1,018,000.

Expenditures and Encumbrances Under Budget

The District's actual expenditures for the year and outstanding encumbrances at year end totaling \$390,781,395 were 9.2% less than budgeted. Some of the factors contributing to this position variance were a decrease in budgeted instruction, pupil transportation and employee benefits.

Interest Allocated to Reserves

The District's reserves earned \$645,058 of interest during the year.

Contributions to Reserves

The District made no allocations to reserves during the year.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

Appropriated Fund Balance

The District has chosen to use \$38,275,502 of its available June 30, 2020 fund balance to partially fund its 2020-21 approved operating budget. As such, the June 30, 2020 unassigned fund balance must be reduced by this amount.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the previous table, the unassigned fund balance at June 30, 2020 was \$19,865,997. This amount equals 4.62% of the 2020-21 budget and exceeds the 4.00% statutory limit.

6. CAPITAL ASSETS AND DEBT ADMINISTRATION

A. Capital Assets

At June 30, 2020, the District had invested in a broad range of capital assets, as indicated in the table below. The net increase in capital assets is due to capital additions less depreciation recorded for the year ended June 30, 2020. A summary of the District's capital assets at June 30, 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>	<u>Increase (decrease)</u>
Land	\$ 2,732,422	2,732,422	-
Construction in progress	416,319	586,096	(169,777)
Buildings and improvements	179,481,393	183,617,429	(4,136,036)
Site improvements	90,865	112,657	(21,792)
Vehicles	244,033	234,332	9,701
Furniture and equipment	<u>1,245,702</u>	<u>1,557,131</u>	<u>(311,429)</u>
Capital assets, net	<u>\$ 184,210,734</u>	<u>188,840,067</u>	<u>(4,629,333)</u>

BRENTWOOD UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

B. Debt Administration

At June 30, 2020, the District had total bonds payable of \$43,590,000. The bonds were issued for school building improvements or the refunding of bonds originally issued for school building improvements. The decrease in outstanding debt represents principal payments. There were no new issuances of long-term debt during the year ended June 30, 2020. A summary of the outstanding debt at June 30, 2020 and 2019 is as follows:

Issue <u>Date</u>	Interest <u>Rate</u>	<u>2020</u>	<u>2019</u>	Increase <u>(Decrease)</u>
2007	0.10%	\$ 2,880,000	3,840,000	(960,000)
2008	3.75-5.00%	-	2,375,000	(2,375,000)
2010	0.36%	8,000,000	9,550,000	(1,550,000)
2011	4.93%	2,450,000	2,800,000	(350,000)
2011	0.65%	4,900,000	5,600,000	(700,000)
2013	3.00-5.00%	8,090,000	9,865,000	(1,775,000)
2015	2.00-5.00%	4,265,000	6,310,000	(2,045,000)
2017	1.00-4.00%	<u>13,005,000</u>	<u>13,010,000</u>	<u>(5,000)</u>
		<u>\$ 43,590,000</u>	<u>53,350,000</u>	<u>(9,760,000)</u>

The District entered into an energy performance contract in 2012 to perform district-wide energy efficient capital improvement. Principal and interest at 2.2% are payable through 2028. The outstanding principal balance at June 30, 2020 is \$11,458,944.

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

A. Subsequent Year's Budget

The general fund budget, the only fund with a legally adopted budget, as approved by the voters on June 9, 2020, for the year ending June 30, 2021 is \$430,224,206. This is an increase of \$11,308,560 or 2.70% over the previous year's budget.

B. Future Budgets

Significant increases in costs of employee benefits, particularly teachers' retirement system contributions and health insurance, the property tax cap and the uncertainty in state aid and federal funds could greatly impact the District's future budgets.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Management's Discussion and Analysis, Continued

C. Tax Cap

Chapter 97 of the 2011 Laws of New York limits, for a five year period, the increase in the property tax levy of school districts to the lesser of 2% or the rate of inflation starting with the 2012-13 fiscal year. There are additional statutory adjustments in the law. School districts may override the tax levy limit by presenting to the voters a budget that requires a tax levy that exceeds the statutory limit. However, that budget must be approved by 60% of the votes cast. The District increased the 2020-21 tax levy by \$2,721,190 or 2.50%.

D. Property Tax Freeze

New York State law provides a "Property Tax Relief Credit" to eligible taxpayers for the 2016-17 through 2019-20 school years. To be eligible, a taxpayer, based on income tax return filings for the taxable two years prior, must be a New York State resident, who owned and primarily resided in real property receiving the STAR exemption, and had adjusted gross income no greater than \$275,000. A taxpayer is ineligible for the tax credit if the real property is located in a school district that adopted a budget in excess of the tax levy limit. Eligible District tax payers will receive a tax credit in the form of a check in the amount of \$130 in the first year. In subsequent years, the amount of the credit is a function of the basic STAR savings and the taxpayer's income. This program provides an incentive for the District to be tax cap compliant.

E. COVID-19

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the District and its future results and financial position is not presently determinable.

8. CONTACTING THE DISTRICT

This financial report is designed to provide the reader with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Requests for additional information can be directed to:

Ms. Stacy O'Connor
Assistant Superintendent for Finance and Operations
52 Third Avenue
Brentwood, New York 11717
(631) 434-2311

BRENTWOOD UNION FREE SCHOOL DISTRICT
Statement of Net Position
June 30, 2020

Assets:

Cash:

Unrestricted	\$ 75,540,404
Restricted	44,751,554

Receivables:

Accounts receivable	531,637
Taxes receivable	1,429,873
Due from fiduciary funds	10,495
Due from state and federal	33,510,898
Due from other governments	1,316,702
Allowance for doubtful accounts	(32,513)

Inventory	405,952
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Prepaid expenses	249,000
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Capital assets:

Not being depreciated	3,148,741
Being depreciated, net of accumulated depreciation	181,061,993

Net pension asset - proportionate share - teachers' retirement system	<u>26,007,001</u>
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Total assets	<u>367,931,737</u>
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Deferred outflows of resources:

Deferred charges on bond refunding	769,518
Other postemployment benefits	397,610,866
Employees' retirement system	21,010,702
Teachers' retirement system	<u>81,958,089</u>

Total deferred outflows of resources	<u>501,349,175</u>
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Liabilities:

Payables:

Accounts payable	17,866,262
Accrued liabilities	4,636,605
Due to other governments	410,649
Due to teachers' retirement system	16,297,659
Due to employees' retirement system	1,626,679

(Continued)

See accompanying notes to financial statements.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Statement of Net Position, Continued

Liabilities, continued:

Long-term liabilities:

Due and payable within one year:

Bonds payable	\$ 10,747,837
Energy performance contract payable	1,325,107
Compensated absences payable	1,788,040

Due and payable after one year:

Bonds payable	35,432,143
Energy performance contract payable	10,133,836
Compensated absences payable	35,405,945
Workers' compensation liabilities	10,355,115

Total OPEB liability 1,169,347,760

Net pension liability - proportionate share - employees' retirement system 31,214,019

Total liabilities 1,346,587,656

Deferred inflows of resources:

Deferred revenue	91,691
Other postemployment benefits	130,852,331
Employees' retirement system	798,900
Teachers' retirement system	<u>36,615,857</u>

Total deferred inflows of resources 168,358,779

Net position (deficit):

Net investment in capital assets 127,341,329

Restricted:

Workers' compensation	3,024,110
Unemployment insurance	90,131
Retirement contribution	6,571,736
Insurance	3,001,698
Capital	1,521,938
Employee benefit accrued liability	30,541,942
Debt service	<u>438,394</u>
	<u>45,189,949</u>

Unrestricted (deficit) (818,196,801)

Total net position \$ (645,665,523)

See accompanying notes to financial statements.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Statement of Activities
Year ended June 30, 2020

		Program Revenue			Net (Expense)
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants</u>	<u>Grants</u>	<u>Changes in</u>
					<u>Net Position</u>
Functions/programs:					
General support	\$ 53,919,655	-	-	-	(53,919,655)
Instruction	424,984,723	333,295	24,225,346	(20,537)	(400,446,619)
Pupil transportation	22,431,793	-	-	-	(22,431,793)
Debt service - interest	1,143,618	-	-	-	(1,143,618)
Food service program	<u>15,200,478</u>	<u>592,745</u>	<u>10,164,487</u>	<u>-</u>	<u>(4,443,246)</u>
Total functions and programs	<u>\$ 517,680,267</u>	<u>926,040</u>	<u>34,389,833</u>	<u>(20,537)</u>	<u>(482,384,931)</u>
General revenue:					
Real property taxes					99,861,193
Other tax items					16,531,409
Use of money and property					892,357
Sale of property and compensation for loss					567,096
Miscellaneous					3,423,291
State sources					278,789,740
Medicaid reimbursement					<u>1,261,655</u>
Total general revenue					<u>401,326,741</u>
Change in net position					(81,058,190)
Net position (deficit) at beginning of year					<u>(564,607,333)</u>
Net position (deficit) at end of year					<u>\$ (645,665,523)</u>

See accompanying notes to financial statements.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2020

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Assets:						
Cash:						
Unrestricted	\$ 72,858,904	520,697	2,117,769	-	43,034	75,540,404
Restricted	44,751,554	-	-	-	-	44,751,554
Receivables:						
Accounts receivable	40,492	482,902	8,243	-	-	531,637
Taxes receivable	1,429,873	-	-	-	-	1,429,873
Due from other funds	53,735,872	39,034,035	132,438	438,394	-	93,340,739
Due from state and federal	16,829,006	14,240,520	2,418,872	-	22,500	33,510,898
Due from other governments	695,319	621,383	-	-	-	1,316,702
Allowance for receivables	(32,513)	-	-	-	-	(32,513)
Inventory	-	-	405,952	-	-	405,952
Prepaid expenditures	249,000	-	-	-	-	249,000
Total assets	<u>190,557,507</u>	<u>54,899,537</u>	<u>5,083,274</u>	<u>438,394</u>	<u>65,534</u>	<u>251,044,246</u>
Liabilities:						
Accounts payable	16,565,777	1,035,595	264,890	-	-	17,866,262
Accrued liabilities	4,177,628	40,979	29,508	-	-	4,248,115
Due to other funds	39,512,739	53,762,388	-	-	55,117	93,330,244
Due to other governments	410,649	-	-	-	-	410,649
Due to teachers' retirement system	16,297,659	-	-	-	-	16,297,659
Due to employees' retirement system	1,415,411	-	211,268	-	-	1,626,679
Compensated absences payable	1,788,040	-	-	-	-	1,788,040
Total liabilities	<u>80,167,903</u>	<u>54,838,962</u>	<u>505,666</u>	<u>-</u>	<u>55,117</u>	<u>135,567,648</u>

(Continued)

See accompanying notes to financial statements.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Balance Sheet - Governmental Funds, Continued

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Debt Service</u>	<u>Capital Projects</u>	Total <u>Governmental Funds</u>
Deferred inflows - deferred revenue	\$ 5,372,777	60,575	31,116	-	-	5,464,468
Fund balances:						
Nonspendable	249,000	-	405,952	-	-	654,952
Restricted:						
Workers' compensation	3,024,110	-	-	-	-	3,024,110
Unemployment insurance	90,131	-	-	-	-	90,131
Retirement contribution	6,571,736	-	-	-	-	6,571,736
Insurance	3,001,698	-	-	-	-	3,001,698
Capital	1,521,938	-	-	-	-	1,521,938
Employee benefit accrued liability	30,541,942	-	-	-	-	30,541,942
Debt service	-	-	-	438,394	-	438,394
Assigned:						
Appropriated fund balance	38,275,502	-	-	-	-	38,275,502
Unappropriated fund balance	1,874,773	-	4,140,540	-	10,417	6,025,730
Unassigned	19,865,997	-	-	-	-	19,865,997
Total fund balances	<u>105,016,827</u>	<u>-</u>	<u>4,546,492</u>	<u>438,394</u>	<u>10,417</u>	<u>110,012,130</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 190,557,507</u>	<u>54,899,537</u>	<u>5,083,274</u>	<u>438,394</u>	<u>65,534</u>	<u>251,044,246</u>

See accompanying notes to financial statements.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Reconciliation of Governmental Funds Balance Sheet
to the Statement of Net Position
June 30, 2020

Total governmental fund balance		\$ 110,012,130
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Payments to the escrow agent are reported as an expenditure in the governmental funds when serial bonds are refunded; however, the amount of the payment that exceeds the principal amount of the refunded bonds is reported in the Statement of Net Position as deferred outflows of resources and is amortized over the life of the new bonds. At June 30, 2019, the unamortized portion of the deferred charge was:		769,518
Deferred revenue reported in the governmental funds but not in the Statement of Net Position.		5,372,777
The cost of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, and their original costs are expensed annually over their useful lives.		
Original cost of capital assets	\$ 301,574,083	
Accumulated depreciation	<u>(117,363,349)</u>	184,210,734
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Long-term liabilities at year end consist of:		
Accrued interest on bonds payable	(388,490)	
Bonds payable	(46,179,980)	
Energy performance contract payable	(11,458,943)	
Compensated absences payable	(35,405,945)	
Workers' compensation liabilities	(10,355,115)	
Other post-employment benefits obligation	<u>(1,169,347,760)</u>	(1,273,136,233)
Some deferred inflows of resources and deferred outflows of resources are not reported in the funds. These consist of the following:		
Deferred outflows of resources - other postemployment benefits	397,610,866	
Deferred outflows of resources - employees' retirement system	21,010,702	
Deferred outflows of resources - teachers' retirement system	81,958,089	
Deferred inflows of resources - other postemployment benefits	(130,852,331)	
Deferred inflows of resources - employees' retirement system	(798,900)	
Deferred inflows of resources - teachers' retirement system	<u>(36,615,857)</u>	332,312,569
Changes 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.		
Employees' retirement system	(31,214,019)	
Teachers' retirement system	<u>26,007,001</u>	<u>(5,207,018)</u>
Total net position		<u>\$ (645,665,523)</u>

See accompanying notes to financial statements.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
Year ended June 30, 2020

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Revenue:						
Real property taxes	\$ 99,861,193	-	-	-	-	99,861,193
Other tax items	16,531,409	-	-	-	-	16,531,409
Charges for services	333,295	-	-	-	-	333,295
Use of money and property	854,803	-	37,554	-	-	892,357
Sale of property and compensation for loss	567,096	-	-	-	-	567,096
Miscellaneous	2,481,431	831,415	14,267	-	-	3,327,113
Interfund revenue	96,178	-	-	-	-	96,178
State sources	276,107,234	11,617,466	346,783	-	(20,537)	288,050,946
Medicaid reimbursement	1,261,655	-	-	-	-	1,261,655
Federal sources	-	12,607,880	9,024,591	-	-	21,632,471
Surplus food	-	-	793,113	-	-	793,113
Sales - school lunch	-	-	592,745	-	-	592,745
Total revenue	<u>398,094,294</u>	<u>25,056,761</u>	<u>10,809,053</u>	<u>-</u>	<u>(20,537)</u>	<u>433,939,571</u>
Expenditures:						
General support	37,250,247	-	-	-	-	37,250,247
Instruction	225,743,588	26,760,800	-	-	-	252,504,388
Pupil transportation	20,413,580	-	-	-	-	20,413,580
Employee benefits	90,801,030	-	-	-	-	90,801,030
Debt service:						
Principal	-	-	-	11,056,429	-	11,056,429
Interest	-	-	-	1,894,673	-	1,894,673
Capital outlay	-	-	-	-	25,012	25,012
Cost of sales	-	-	11,133,276	-	-	11,133,276
Total expenditures	<u>374,208,445</u>	<u>26,760,800</u>	<u>11,133,276</u>	<u>12,951,102</u>	<u>25,012</u>	<u>425,078,635</u>
Excess (deficiency) of revenue over expenditures	<u>23,885,849</u>	<u>(1,704,039)</u>	<u>(324,223)</u>	<u>(12,951,102)</u>	<u>(45,549)</u>	<u>8,860,936</u>

(Continued)

See accompanying notes to financial statements.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds, Continued

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
Other financing sources and uses:						
Operating transfers in	\$ -	1,704,039	-	13,028,229	43,036	14,775,304
Operating transfers out	(14,698,177)	-	-	-	(77,127)	(14,775,304)
Total other financing sources and uses	(14,698,177)	1,704,039	-	13,028,229	(34,091)	-
Net change in fund balances	9,187,672	-	(324,223)	77,127	(79,640)	8,860,936
Fund balances at beginning of year	95,829,155	-	4,870,715	361,267	90,057	101,151,194
Fund balances at end of year	<u>\$ 105,016,827</u>	<u>-</u>	<u>4,546,492</u>	<u>438,394</u>	<u>10,417</u>	<u>110,012,130</u>

See accompanying notes to financial statements.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Reconciliation of Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances to the Statement of Activities
June 30, 2020

Net change in fund balances \$ 8,860,936

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

Long-Term Revenue and Expense Differences

Certain expenditures in the governmental funds requiring the use of current financial resources (amounts paid) may exceed the amounts incurred during the year, resulting in a reduction of the long-term liability and an increase in the net position.

Changes in:

Compensated absences	\$ (1,176,305)	
Workers' compensation claims liability	305,894	
Total OPEB liability	(327,591,114)	
Net pension liability - proportionate share - employees' retirement system	(22,646,274)	
Net pension asset - proportionate share - teachers' retirement system	8,094,161	
Deferred revenue recognized	2,682,500	
Deferred outflows of resources - other postemployment benefits	351,041,205	
Deferred outflows of resources - employees' retirement system	14,994,632	
Deferred outflows of resources - teachers' retirement system	(11,847,763)	
Deferred inflows of resources - other postemployment benefits	(100,251,198)	
Deferred inflows of resources - employees' retirement system	2,118,065	
Deferred inflows of resources - teachers' retirement system	<u>(12,821,080)</u>	(97,097,277)

Capital Related Differences

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized and shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expenses in the Statement of Activities. This is the amount by which capital outlays exceeded depreciation in the period.

Capital outlays	501,408	
Depreciation expense	<u>(5,130,741)</u>	(4,629,333)

Long-Term Debt Transactions Differences

Amortization of premiums on prior years' bond refunding. 849,565

Amortization of deferred charges on prior years' bond refunding, in accordance with GASB No. 65. (201,581)

Repayment of long-term debt is an expenditure in the governmental funds, but it reduces the long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Repayment of bond principal	9,760,000	
Repayment of installment purchase debt	1,296,429	

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This is the amount by which accrued interest decreased from June 30, 2019 to June 30, 2020.

103,071 11,807,484

Change in net position of governmental activities \$ (81,058,190)

See accompanying notes to financial statements.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2020

	Agency Funds	Private Purpose Trust
Assets:		
Cash	\$ 867,529	153,596
Due from other funds	-	-
Other receivables	<u>12,907</u>	<u>-</u>
Total assets	<u>\$ 880,436</u>	<u>153,596</u>
Liabilities:		
Extraclassroom activity balances	341,130	-
Due to other funds	10,495	-
Other liabilities	<u>528,811</u>	<u>-</u>
Total liabilities	<u>\$ 880,436</u>	<u>-</u>
Net position - restricted for scholarships	<u>\$ -</u>	<u>153,596</u>

See accompanying notes to financial statements.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
Year ended June 30, 2020

	Private Purpose <u>Trust</u>
Additions:	
Contributions	\$ 33,459
Investment earnings - interest	<u>204</u>
Total additions	<u>33,663</u>
Deductions - scholarships and awards	<u>45,550</u>
Change in net position	(11,887)
Net position at beginning of year	<u>165,483</u>
Net position at end of year	<u><u>\$ 153,596</u></u>

See accompanying notes to financial statements.

BRENTWOOD UNION FREE SCHOOL DISTRICT

Notes to Financial Statements

June 30, 2020

(1) Summary of Significant Accounting Policies

The financial statements of the Brentwood Union Free School District (the District) have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) for governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are as follows:

(a) Reporting Entity

The 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 7 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 financial reporting entity is based on criteria set forth by GASB. 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 accompanying financial statements present the activities of the District. 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 entity is included in the District's financial statements:

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. The District reports these assets held by it as agent for the extraclassroom organizations in the Statement of Fiduciary Net Position - Fiduciary Funds. Separate audited financial statements of the extraclassroom activity funds can be found at the District's Business Office.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(b) Joint Venture

The District is a component district in the Board of Cooperative Educational Services of Eastern Suffolk (BOCES). BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services and programs which provide educational and support activities. BOCES are organized under Section §1950 of the 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 Section §1950 of the Education Law. All BOCES property is held by the BOCES Board as a corporation under Section §1950(6). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section §119-n(a) of the General Municipal Law. A BOCES budget is comprised of separate budgets for administrative, program and capital costs. Each component 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). There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate.

(c) Basis of Presentation

(i) District-Wide Statements

The statement of net position and the statement of activities present information about the overall governmental financial activities of the District, except for fiduciary activities. Eliminations have been made to minimize the double counting of interfund transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenue and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while capital grants reflects capital-specific grants, if applicable.

The statement of net position presents the financial position of the District at fiscal year end. The statement of activities presents a comparison between program expenses and revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Employee benefits are allocated to functional areas in proportion to the payroll expended for those areas. Program revenue include: (a) charges paid by the recipients of goods or services offered by the programs, and (b) grants, contributions and other revenue that are restricted to meeting the operational or capital requirements of a particular program. Revenue that are not classified as program revenue, including real property taxes and state aid, is presented as general revenue.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(c) Basis of Presentation, Continued

(ii) Fund Financial Statements

The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund type, governmental and fiduciary, are presented. The District's financial statements present the following fund types:

Governmental Funds - are those through which most governmental functions are financed. The acquisition, use and balances of expendable financial resources and the related liabilities are accounted for through governmental funds. The emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column. The following are the District's major governmental funds:

General Fund - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

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

School Lunch Fund - is used to account for the activities of the food service program.

Debt Service Fund - is used to account for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of the District.

Capital Projects Fund - is used to account for the financial resources used for acquisition, construction, renovation or major repair of capital facilities and other capital assets, such as equipment.

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

Agency 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, extraclassroom activity funds and for payroll or employee withholding.

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

BRENTWOOD UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(d) Measurement Focus and Basis of Accounting

The District-Wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is 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 real property taxes, grants and donations. On an accrual basis, revenue from real property 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 and the related expenditures are incurred.

The governmental fund statements are reported using the current financial resources management focus and the modified accrual basis of accounting. Revenue is recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenue is collected within 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days 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, compensated absences, pension costs, and other postemployment benefits, 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 are reported as other financing sources.

(e) Real Property Taxes

Calendar

Real property taxes are levied annually by the Board no later than November 1st and become a lien on December 1st. Taxes are collected by the Town of Islip and remitted to the District from December to June.

Tax Abatements

The District has determined that tax abatements are not material.

Enforcement

Uncollected real property taxes are subsequently enforced by Suffolk County in June.

(f) Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net resources 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 to financial statements.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(g) Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. 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 transfers to provide financing or other services. This includes the transfer of unrestricted general fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations.

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, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables are 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.

A detailed disclosure by individual fund for interfund receivables, payables, transfers in and transfers out activity is provided at note 9 of these financial statements.

(h) Estimates

The preparation of financial statements in accordance 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including compensated absences, other postemployment benefits, workers' compensation liabilities, potential contingent liabilities and useful lives of long-lived assets.

(i) Cash

Cash consist of cash on hand, bank deposits and investments with a maturity date of three months or less from date of acquisition.

Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

(j) Receivables

Receivables are shown gross of an allowance for uncollectibles, if any. Allowance for receivables as of June 30, 2020 was \$32,513.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(k) Inventory and Prepaid Items

Inventory of food in the school lunch fund is recorded at cost on a first-in, first-out basis or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market. Inventory is accounted for on the consumption method.

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 - governmental funds using the consumption method. Under the consumption method, a current asset for the inventory and/or prepaid item is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of fund balance has been classified as nonspendable to indicate that inventory and prepaids do not constitute available spendable resources.

(l) Capital Assets

Capital assets are reflected in the District-Wide financial statements. Capital assets are reported at actual cost, when the information is available, or estimated historical cost based on professional third-party information. Donated assets are reported at estimated fair market value at the date of donation.

All capital assets, except land and construction in progress, are depreciated on a straight line basis over their estimated useful lives. Capitalization thresholds, the dollar value above which asset acquisitions are added to the capital asset accounts, and estimated useful lives of capital assets as reported in the District-Wide statements are as follows:

	<u>Capitalization threshold</u>	<u>Estimated useful life</u>
Buildings and improvements	\$ 5,000	40 years
Site improvements	5,000	20-40 years
Vehicles	5,000	8-15 years
Furniture and equipment	5,000	5-20 years

(m) Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position will report a separate section of 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 (expense/expenditure) until then. The government has four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the District-Wide Statement of Net Position. A

BRENTWOOD UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(m) Deferred Outflows of Resources and Deferred Inflows of Resources, Continued

deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to other postemployment benefits (OPEB) reported in the District-Wide Statement of Net Position. This represents the changes of assumptions or other inputs related to the Total OPEB Liability. The third item is related to pensions reported in the District-Wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Lastly is the District's contributions to the pension systems (Teachers' Retirement System - "TRS" and Employees' Retirement System - "ERS") subsequent to the measurement date.

In addition to liabilities, the statement of net position and balance sheet - governmental funds will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. First arises under a modified accrual basis of accounting and is reported as unavailable revenue for grants earned where collection of revenue will not occur in period of availability. The second represents the change of assumptions and other inputs related to the Total OPEB Liability. The last item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension system not included in pension expense.

(n) Collections in Advance

Collections in advance arise when resources are received by the District before it has a legal claim to them, as when grants monies are received prior to the incurrence of qualifying expenditures or when charges for services monies are received in advanced from payers prior to the services being rendered by the District. These amounts are recorded as liabilities in the financial statements. The liabilities are removed and revenue is recognized in subsequent periods when the District has legal claim to the resources.

(o) Vested Employee Benefits - Compensated Absences

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

Sick leave eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave. Certain collectively bargained agreements require these termination payments to be paid in the form of non-elective contributions into the employee's 403(b) plan.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(o) Vested Employee Benefits - Compensated Absences, Continued

Vacation eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Some earned benefits are forfeited if not taken within varying time periods.

Consistent with GASB Statement No. 16 - "Accounting for Compensated Absences," the liability has been calculated using the vesting 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 fund financial statements, a liability is reported only for payments due to unused compensated absences for those employees that have obligated themselves to separate from service with the District by June 30th.

(p) Other Benefits

The District provides postemployment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if District employees are 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 postemployment benefits is 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 in the governmental funds as the liabilities for premiums mature (come due for payment). In the District-Wide statements, the cost of postemployment health insurance coverage is recognized on the accrual basis of accounting in accordance with GASB Statement No. 75.

Eligible District employees participate in the New York State Teachers' Retirement System or the New York State and Local Retirement System.

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

(q) Short-term Debt

The District may issue revenue anticipation notes (RAN) and tax anticipation notes (TAN), in anticipation of the receipt of revenue. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

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 BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(r) Equity Classifications

(i) District-Wide Statements

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

Net Investment in Capital Assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisitions, construction and improvements of those assets.

Restricted - 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.

Unrestricted - reports the balance of net position that does not meet the definition of the above two classifications.

(ii) Fund Statements

The fund statements report fund balance classifications according to the relative strength of spending constraints placed on the purpose for which resources can be used, as follows:

Nonspendable - consists of amounts that are inherently nonspendable in the current period either because of their form or because they must be maintained intact. Nonspendable fund balance consists of inventory and prepaid expenditures.

Restricted - consists of amounts that are subject to externally enforceable legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments; or through constitutional provisions or enabling legislation. The District has established the following restricted fund balances:

Workers' Compensation Reserve

Workers' Compensation Reserve (GML §6-j) is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. 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. The reserve is accounted for in the general fund.

Unemployment Insurance Reserve

Unemployment Insurance Reserve (GML §6-m) is 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

BRENTWOOD UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(r) Equity Classifications, Continued

(ii) Fund Statements, Continued

Unemployment Insurance Reserve, Continued

transferred to another reserve or to 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. The reserve is accounted for in the general fund.

Retirement Contribution Reserve

Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions payable to the New York State and Local Retirement System. The Board, by resolution, may establish the reserve and authorize expenditures from the reserve. The reserve is funded by budgetary appropriations or taxes raised for the reserve, revenue that are not required by law to be paid into any other fund or account, transfers from reserves and other funds that may legally be appropriated. During the 2019 fiscal year the Board authorized a resolution establishing a sub-fund for contributions of the New York State Teachers' Retirement System. Additions to the fund are limited once established by the Board. The sub-fund is separately administered and complies with GML §6-r. The reserve is accounted for in the general fund.

Insurance Reserve

Insurance Reserve is used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. The reserve is accounted for in the general fund.

Capital Reserve

Capital Reserve is used for the purpose of financing District-Wide capital improvements including alterations, repairs, maintenance and reconstruction of school facilities. This reserve may be established with the amounts from budgetary appropriations from time to time, unappropriated fund balance made available by the Board of Education, authorized transfers from other available reserves in accordance with existing laws and New York State aid received and made available by the Board of Education. This reserve is accounted for the general fund.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(r) Equity Classifications, Continued

(ii) Fund Statements, Continued

Employee Benefit Accrued Liability Reserve

Employee Benefit Accrued Liability Reserve (GML §6-p) is used to reserve funds for the payment of accrued employee benefit primarily based on unused and unpaid sick leave, personal leave, holiday leave or vacation time due 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. The reserve is accounted for in the general fund.

Debt Service Reserve

Unexpended balances of proceeds of borrowings for capital projects; interest and earnings from investing proceeds of obligations, and premium and accrued interest are recorded in the debt service fund and held until appropriated for debt payments. These restricted amounts are accounted for in the debt service fund.

Restricted for Scholarships

Amounts restricted for scholarships are used to account for monies donated for scholarship purposes, net of earnings and awards. These restricted funds are accounted for in the private purpose trust fund.

Assigned - consists of amounts that are subject to a purpose constraint that represents an intended use established by the District's Board of Education. The purpose of the assignment must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance includes an amount appropriated to partially fund the subsequent year's budget. Assigned fund balance also includes encumbrances not classified as restricted at the end of the fiscal year.

Unassigned - represents the residual classification for the District's general fund 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, restricts the unassigned fund balance of the general fund to an amount not greater than 4% of the subsequent year's budget.

(iii) Fund Balance Classification

Any portion of fund balance may be applied or transferred for a specific purpose by law, voter approval if required by law or by formal action of the Board of Education if voter approval is not required. Amendments or modification to the applied or transferred fund balance must also be approved by formal action of the Board of Education.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(1) Summary of Significant Accounting Policies, Continued

(r) Equity Classifications, Continued

(iii) Fund Balance Classification, Continued

The Board of Education shall delegate the authority to assign fund balance, for encumbrance purposes, to the person(s) to whom it has delegated the authority to sign purchase orders.

In circumstances where an expenditures is incurred for a purpose for which amounts are available in multiple fund balance classifications (that is restricted, assigned or unassigned) the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either budget vote or board approved budget revision and then from the assigned fund balance to the extent that there is an assignment and then from the unassigned fund balance.

(2) Explanation of Certain Differences Between the Governmental Fund Statements and the District-Wide Statements

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the District-Wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic resource measurement focus of the District-Wide statements, compared with the current financial resource measurement focus of the governmental funds.

(a) Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the Governmental Fund Balance Sheet.

(b) Statement of Revenue, Expenditures and Changes in Fund Balance vs. Statement of Activities

Differences between the statement of revenue, expenditures and changes in fund balance and the statements of activities fall into one of three broad categories.

Long-term Revenue and Expense Differences

Long-term revenue differences arise because governmental fund report revenue only when they are considered "available," whereas the Statement of Activities reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(2) Explanation of Certain Differences Between the Governmental Fund Statements and the District-Wide Statements, Continued

(b) Statement of Revenue, Expenditures and Changes in Fund Balance vs. Statement of Activities, Continued

Capital Related Differences

Capital related differences include the difference between proceeds from the sale of capital assets reported on fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the fund statements and depreciation expense on those items as recorded in the Statement of Activities.

Long-term Debt Transaction Differences

Long-term debt transaction differences occur because the issuance of long-term debt provides current financial resources to governmental funds, but is recorded as a liability in the Statement of Net Position. In addition, both interest and principal are recorded as expenditures in the fund statements when due and payable, whereas interest expense is recorded in the Statement of Activities as it accrues, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

(3) Stewardship, Compliance and Accountability

(a) Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the general fund, the only fund with a legally adopted budget.

The voters of the District approved the proposed appropriation budget for the general fund.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. 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 can be funded by the planned use of specific reserves, and can be increased by 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) and appropriation of fund balances. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

Budgets are adopted annually on a basis consistent with GAAP.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(3) Stewardship, Compliance and Accountability, Continued

(a) Budgets, Continued

Budgets are established and used for individual capital project funds 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 part of other assigned, unappropriated fund balance, unless classified as restricted, 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.

(4) Deposits with Financial Institutions and Investments

The District's investment policies are governed by state statutes and District policy. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the U.S. Treasury and U.S. 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 New York State and its municipalities.

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

- A. Uncollateralized,
- B. Collateralized by securities held by the pledging financial institution, or
- C. Collateralized by securities held by the pledging financial institution's trust department or agent but not in the District's name.

All of the District's aggregate bank balances, not covered by depository insurance, were collateralized by securities held by the pledging financial institution.

The District did not have any investments at year end or during the year consequently, the District was not exposed to any interest rate risk or foreign currency risk.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(5) Participation in BOCES

During the year ended June 30, 2020, the District was billed \$36,490,289 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$5,076,685. Financial statements for the BOCES are available from the BOCES administrative offices at 201 Sunrise Highway, Patchogue, New York 11772.

(6) Due from State and Federal

Due from state and federal at June 30, 2020 consisted of:

General Fund:

New York State Aid - general aid	\$ 1,976,078
New York State Aid - excess cost aid	7,591,648
New York State BOCES aid	6,345,746
New York State Aid - homeless aid	500,000
New York State Aid - building aid	152,340
Medicaid reimbursements	<u>263,194</u>
	16,829,006
Special Aid Fund - Federal and State grants	14,240,520
School Lunch Fund - Federal and State food	
service program reimbursements	2,418,872
Capital Project Fund - Federal grants	<u>22,500</u>
	\$ <u>33,510,898</u>

Prior year capital projects - state grants included \$45,036 of receivable that were not received and were subsequently reversed against state sources revenue, resulting in negative state source revenue in the capital projects fund in the current year amounting to \$20,537.

(7) Due From Other Governments

Due from other governments at June 30, 2020 consisted of tuition due from other school districts in the amount of \$695,319 and unreceived grants of \$621,383 in the general fund and the special aid fund, respectively.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(8) Capital Assets

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	Balance <u>June 30, 2019</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>June 30, 2020</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 2,732,422	-	-	2,732,422
Construction in progress	<u>586,096</u>	<u>-</u>	<u>(169,777)</u>	<u>416,319</u>
Total capital assets not being depreciated	<u>3,318,518</u>	<u>-</u>	<u>(169,777)</u>	<u>3,148,741</u>
Capital assets being depreciated:				
Buildings and improvements	279,522,509	428,004	169,777	280,120,290
Site improvements	1,917,447	-	-	1,917,447
Vehicles	2,251,944	73,404	-	2,325,348
Furniture and equipment	<u>14,062,257</u>	<u>-</u>	<u>-</u>	<u>14,062,257</u>
Total capital assets being depreciated	<u>297,754,157</u>	<u>501,408</u>	<u>169,777</u>	<u>298,425,342</u>
Less accumulated depreciation for:				
Buildings and improvements	95,905,080	4,733,817	-	100,638,897
Site improvements	1,804,790	21,792	-	1,826,582
Vehicles	2,017,612	63,703	-	2,081,315
Furniture and equipment	<u>12,505,126</u>	<u>311,429</u>	<u>-</u>	<u>12,816,555</u>
Total accumulated depreciation	<u>112,232,608</u>	<u>5,130,741</u>	<u>-</u>	<u>117,363,349</u>
Total capital assets, being depreciated, net	<u>185,521,549</u>	<u>(4,629,333)</u>	<u>169,777</u>	<u>181,061,993</u>
Capital assets, net	<u>\$ 188,840,067</u>	<u>(4,629,333)</u>	<u>-</u>	<u>184,210,734</u>

Depreciation expense was charged to governmental functions as follows:

General support	\$ 75,893
Instruction	5,029,144
Pupil transportation	<u>25,704</u>
Total depreciation expense	<u>\$ 5,130,741</u>

BRENTWOOD UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(9) Interfund Transactions

Interfund balances and activities at June 30, 2020 are as follows:

	Interfund			
	Receivable	Payable	Transfers in	Transfers out
General Fund	\$ 53,735,872	39,512,739	-	14,698,177
Special Aid Fund	39,034,035	53,762,388	1,704,039	-
School Lunch Fund	132,438	-	-	-
Capital Projects Fund	-	55,117	43,036	77,127
Debt Service Fund	<u>438,394</u>	<u>-</u>	<u>13,028,229</u>	<u>-</u>
Total Governmental Funds	93,340,739	93,330,244	14,775,304	14,775,304
Fiduciary Funds	<u>-</u>	<u>10,495</u>	<u>-</u>	<u>-</u>
Total	\$ <u>93,340,739</u>	<u>93,340,739</u>	<u>14,775,304</u>	<u>14,775,304</u>

(10) Long-term Liabilities

(a) Summary of Long-term Debt

Long-term liability balances and activity, excluding total OPEB liability, for the year are summarized below:

	Balance June 30, 2019	Additions	Reductions	Balance June 30, 2020	Amounts due within one year
Long-term debt:					
Bonds payable	\$ 53,350,000	-	(9,760,000)	43,590,000	10,010,000
Premium on refunding	<u>3,439,545</u>	<u>-</u>	<u>(849,565)</u>	<u>2,589,980</u>	<u>737,837</u>
	56,789,545	-	(10,609,565)	46,179,980	10,747,837
Energy performance contract	<u>12,755,372</u>	<u>-</u>	<u>(1,296,429)</u>	<u>11,458,943</u>	<u>1,325,107</u>
	69,544,917	-	(11,905,994)	57,638,923	12,072,944
Other long-term liabilities:					
Compensated absences, net	35,263,002	1,930,983	-	37,193,985	1,788,040
Workers' compensation	10,661,009	2,368,000	(2,673,894)	10,355,115	-
Net pension liability - proportionate share - ERS	<u>8,567,745</u>	<u>22,646,274</u>	<u>-</u>	<u>31,214,019</u>	<u>-</u>
	<u>54,491,756</u>	<u>26,945,257</u>	<u>(2,673,894)</u>	<u>78,763,119</u>	<u>1,788,040</u>
	<u>\$ 124,036,673</u>	<u>26,945,257</u>	<u>(14,579,888)</u>	<u>136,402,042</u>	<u>13,860,984</u>

The general fund has typically been used to liquidate other long-term liabilities.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(10) Long-term Liabilities, Continued

(b) Bonds Payable

Bonds payable is comprised of the following:

<u>Description</u>	<u>Issue date</u>	<u>Final maturity</u>	<u>Interest rate</u>	<u>Outstanding at June 30, 2020</u>
Serial bonds - QZAB	2007	2023	0.10%	\$ 2,880,000
Serial bonds - QZAB	2010	2025	0.36%	8,000,000
Serial bonds - QZAB	2011	2027	0.65%	4,900,000
Serial bonds - QSCB	2011	2027	4.93%	2,450,000
Serial bonds - Refunding	2013	2024	3.00-5.00%	8,090,000
Serial bonds - Refunding	2015	2022	2.00-5.00%	4,265,000
Serial bonds - Refunding	2017	2025	1.00-4.00%	<u>13,005,000</u>
				\$ <u>43,590,000</u>

The following is a summary of debt service requirements for bonds payable:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 10,010,000	1,294,445	11,304,445
2022	10,200,000	955,758	11,155,758
2023	8,285,000	607,595	8,892,595
2024	7,540,000	363,238	7,903,238
2025	5,455,000	116,373	5,571,373
2026 - 2027	<u>2,100,000</u>	<u>43,611</u>	<u>2,143,611</u>
	<u>\$ 43,590,000</u>	<u>3,381,020</u>	<u>46,971,020</u>

(c) Energy Performance Contract

Energy performance contract debt is comprised of the following:

<u>Description</u>	<u>Issue date</u>	<u>Final maturity</u>	<u>Interest rate</u>	<u>Outstanding at June 30, 2020</u>
Energy performance contract	2012	2028	2.20%	\$ <u>11,458,943</u>

BRENTWOOD UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(10) Long-term Liabilities, Continued

(c) Energy Performance Contract, Continued

The following is a summary of debt service requirements for energy performance contract payable:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 1,325,107	244,848	1,569,955
2022	1,354,419	215,536	1,569,955
2023	1,384,380	185,575	1,569,955
2024	1,415,005	154,950	1,569,955
2025	1,446,306	123,650	1,569,956
2026 - 2028	<u>4,533,726</u>	<u>176,140</u>	<u>4,709,866</u>
	<u>\$ 11,458,943</u>	<u>1,100,699</u>	<u>12,559,642</u>

(d) Advance Refunding

The District is amortizing deferred charges on the advance refunding and a refunding bond premium as a component of interest expense. Amortization is calculated on a weighted average basis over the respective bond term, as applicable. The premium is reported as a direct addition to the face amount of the bonds. The future net amortization is as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Deferred Premium</u>	<u>Deferred Charge</u>	<u>Net Reduction in Interest Expense</u>
2021	\$ (737,837)	257,494	(480,343)
2022	(782,358)	136,539	(645,819)
2023	(343,201)	136,539	(206,662)
2024	(357,034)	136,540	(220,494)
2025	<u>(369,550)</u>	<u>102,406</u>	<u>(267,144)</u>
	<u>\$ (2,589,980)</u>	<u>769,518</u>	<u>(1,820,462)</u>

(e) Interest Expense

Interest on long-term debt for the year was composed of:

Interest paid	\$ 1,894,673
Less interest accrued in the prior year	(491,561)
Plus interest accrued in the current year	388,490
Plus amortization of deferred charges	201,581
Less amortization of bond premium	<u>(849,565)</u>
Total interest expense on long-term debt	\$ <u>1,143,618</u>

BRENTWOOD UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(10) Long-term Liabilities, Continued

(f) Additional Disclosures

In the event that the District were to default on bond principal or interest payments, a court has the power, in proper and appropriate proceedings brought by the bond owner, to render judgment against the District. A court has the power to order payment of such bonds or notes from funds available or to order the District to take all lawful action to obtain the funds, including the raising of the funds in the next annual tax levy. The bond owner may also file with the New York State Comptroller a verified statement alleging default in the payment of principal or interest. The New York State Comptroller will have a duty to investigate the circumstances of the alleged default and prepare determinations from their office. The New York State Comptroller is required, under the conditions and to the extent prescribed by Section 99-b of the State Finance Law, to withhold state aid and assistance to the District and apply the amount thereof so withheld to the payment of the defaulted principal and interest.

In the event that the District were to default on energy performance contract principal or interest payments, the lender may bring actions for any remedies available at law or in equity or other appropriate proceedings for the recovery of direct damages, including amounts past due, and/or bring an action in equity for specific performance; or without recourse to legal process, terminate the agreement by delivery of written notice of termination. The lender may also exercise the right it has in law or equity.

(11) Pension Plans

(a) General Information

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Retirement System (ERS). These are cost-sharing multiple employer, public employee retirement systems. The systems provide retirement, disability, withdrawal and death benefits to plan members and beneficiaries related to years of service and final average salary.

(b) Plan Descriptions and Benefits Provided

Teachers' Retirement System

The District participates in the New York State Teachers' Retirement System. This is a cost-sharing multiple-employer retirement system. TRS provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. 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 TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan

BRENTWOOD UNION FREE SCHOOL DISTRICT

Notes to Financial Statements, Continued

(11) Pension Plans, Continued

(b) Plan Descriptions and Benefits Provided, Continued

Teachers' Retirement System, Continued

benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding TRS, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

Employees' Retirement System

The District participates in the New York State and Local Retirement System. This is a cost-sharing multiple-employer retirement system. ERS provides retirement benefits as well as death and disability benefits. The net position of ERS 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 ERS. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provision of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

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 6.0 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 ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(11) Pension Plans, Continued

(c) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2020, the District reported the following liability for its proportionate share of the net pension liability for each Retirement System (the Systems). The net pension liability was measured as of March 31, 2020 for ERS and June 30, 2019 for TRS. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The District's proportion of the net pension 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 ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Actuarial valuation date	4/1/2019	6/30/2018
Measurement date	3/31/2020	6/30/2019
Net pension asset (liability)	\$ (31,214,019)	<u>26,007,001</u>
District's proportion of the Plan's net pension asset (liability)	0.1178751%	1.001037%

For the year ended June 30, 2020, the District's recognized pension expense of \$10,931,910 for ERS and \$31,753,912 for TRS.

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

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 1,837,071	17,624,281	-	(1,933,931)
Changes of assumptions	628,502	49,130,704	(542,701)	(11,979,456)
Net difference between projected and actual earnings on pension plan investments	16,001,823	-	-	(20,856,274)
Changes in proportion and differences between the District's contributions and proportionate share of contributions	916,627	49,931	(256,199)	(1,846,196)
District's contributions subsequent to the measurement date	<u>1,626,679</u>	<u>15,153,173</u>	<u>-</u>	<u>-</u>
Total	\$ <u>21,010,702</u>	<u>81,958,089</u>	<u>(798,900)</u>	<u>(36,615,857)</u>

BRENTWOOD UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(11) Pension Plans, Continued

(c) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions, Continued

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending 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 ending</u>	<u>ERS</u>	<u>TRS</u>
2021	\$ 3,248,325	11,357,714
2022	4,691,798	338,356
2023	5,915,202	11,315,067
2024	4,729,798	7,443,634
2025	-	711,553
Thereafter	<u>-</u>	<u>(977,265)</u>
	\$ <u>18,585,123</u>	<u>30,189,059</u>

(d) Actuarial Assumptions

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Investment rate of return	6.8%	7.1%
Salary scale	4.2%	1.90 - 4.72%
Decrement tables	April 1, 2010 - March 31, 2015 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation rate	2.5%	2.25%
Cost-of-living adjustment	1.3%	1.5%

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

BRENTWOOD UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(11) Pension Plans, Continued

(d) Actuarial Assumptions, Continued

For ERS, the actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2009 - June 30, 2014.

The long term rate of return on ERS 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 each the target asset allocation percentage and by adding expected inflation.

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

BRENTWOOD UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(11) Pension Plans, Continued

(d) Actuarial Assumptions, Continued

The target allocation and best estimates of the arithmetic real rates of return for each major asset class are summarized below:

	ERS		TRS	
	Target	Long-term Expected Rate of Return*	Target	Long-term Expected Rate of Return *
Measurement date	March 31, 2020		June 30, 2019	
Asset type:				
Domestic equities	36.00%	4.05%	33.00%	6.30%
International equities	14.00%	6.15%	16.00%	7.80%
Global equities	0.00%	0.00%	4.00%	7.20%
Real estate equities	10.00%	4.95%	11.00%	4.60%
Domestic fixed income securities	0.00%	0.00%	16.00%	1.30%
Global fixed income securities	0.00%	0.00%	2.00%	0.90%
High-yield fixed income securities	0.00%	0.00%	1.00%	3.60%
Bonds and mortgages	17.00%	0.75%	0.00%	0.00%
Private equities	10.00%	6.75%	8.00%	9.90%
Private debt	0.00%	0.00%	1.00%	6.50%
Real estate debt	0.00%	0.00%	7.00%	2.90%
Cash	1.00%	0.00%	1.00%	0.30%
Inflation-indexed bonds	4.00%	0.50%	0.00%	0.00%
Absolute return strategies (1)	2.00%	3.25%	0.00%	0.00%
Opportunistic funds	3.00%	4.65%	0.00%	0.00%
Real assets	3.00%	5.95%	0.00%	0.00%
	<u>100.00%</u>		<u>100.00%</u>	

* Real rates of return are net of a long-term inflation assumption of 2.5% for ERS and 2.2% for TRS.

(1) Excludes equity-oriented and long-only funds. For investment management purposes, these funds are included in domestic equity and international equity.

(e) Discount Rate

The discount rate used to calculate the total pension liability was 6.8% for ERS and 7.1% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon 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.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(11) Pension Plans, Continued

(f) Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate

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

		ERS		
		1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
Employer's proportionate share of the net pension asset (liability)	\$	(57,286,538)	(31,214,019)	(7,201,119)
		TRS		
		1% Decrease (6.1%)	Current Assumption (7.1%)	1% Increase (8.1%)
Employer's proportionate share of the net pension asset (liability)	\$	(117,392,808)	26,007,001	146,303,325

(g) Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the respective measurement dates, were as follows:

		(Dollars in Millions)	
		ERS	TRS
Measurement date		3/31/20	6/30/19
Employers' total pension liability		\$(194,596)	(119,879)
Plan net position		168,115	122,477
Employers' net pension asset (liability)	\$	(26,481)	2,598
Ratio of plan net position to the Employers' total pension liability		86.39%	102.2%

(h) Payables to the Pension Plans

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, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$1,415,411. This amount has been recorded as an expenditure in the statement of revenue, expenditures and changes in fund balances - governmental funds and in the statement of net position.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(11) Pension Plans, Continued

(h) Payables to the Pension Plans, Continued

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2020 amounted to \$16,297,659. This amount has been recorded as an expenditure in the revenue, expenditures and changes in fund balances - governmental funds and in the statement of net position.

(i) Tax Sheltered Annuities

The District has adopted a 403(b) plan covering all eligible employees. Employees may defer up to 100% of their compensation subject to Internal Revenue Code elective deferral limitations. The District may also make non-elective contributions of certain termination payments based on collectively bargained agreements. Contributions made by the District and the employees for the year ended June 30, 2020, totaled \$10,218,479 and \$2,894,985, respectively.

(j) Deferred Compensation Plan

The District has established a deferred compensation plan in accordance with Internal Revenue Code §457 for all employees. The District makes no contributions into this Plan. The amount deferred by eligible employees for the year ended June 30, 2020 totaled \$622,600.

(12) Postemployment Benefits

(a) Plan Description

The District sponsors medical and prescription drug plans (the Plan). Eligible retirees and their dependents may continue health care coverage through the District for life. The plan covers eligible retirees who elect to participate and pay any required contributions. The District is a single employer without a special funding situation with a qualified trust.

(b) Employees covered by benefit terms

At the valuation date June 30, 2019, the following employees were covered by the benefit terms:

Inactive members or beneficiaries	
currently receiving benefits	1,440
Active members	<u>2,273</u>
	<u>3,713</u>

(c) Total OPEB Liability

The District's total OPEB liability of \$1,169,347,760 was measured as of June 30, 2020 and was determined by an actuarial valuation as of June 30, 2019.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(12) Postemployment Benefits, Continued

(d) Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40%
Salary increases including wage inflation	varied by years of service and retirement system
Discount rate	2.21%
Healthcare cost trend rates	5.40% for 2020, decreasing to an ultimate rate of 3.94% by 2075

The discount rate was based on the Pub-2010 Head Count - Weighted Table (Teachers for TRS Group and General Employees for ERS Group) projected fully generationally using MP-2019.

Mortality rates were based on the same assumptions used in the New York State TRS actuarial valuation report as of June 30, 2014 and ERS assumptions effective on April 1, 2015.

(e) Changes in the Total OPEB Liability

Total OPEB liability as of July 1, 2019	\$ 841,756,646
Changes for the year:	
Service cost	26,087,658
Interest on total OPEB liability and service cost	30,068,748
Differences between actual and expected experience	(122,426,064)
Changes of benefit terms	(337,263)
Changes of assumptions or other inputs	416,762,298
Benefit payments	<u>(22,564,263)</u>
Total changes	<u>327,591,114</u>
Total OPEB liability as of June 30, 2020	\$ <u>1,169,347,760</u>

(f) 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 (1.21%) or 1-percentage-point higher (4.51%) than the current discount rate:

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ <u>1,418,579,163</u>	<u>1,169,347,760</u>	<u>975,437,730</u>

BRENTWOOD UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(12) Postemployment Benefits, Continued

(g) Sensitivity of the total OPEB liability to changes in the healthcare costs 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 a healthcare cost trend rate that is 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rate:

	<u>1%</u> <u>Decrease</u>	<u>Current</u> <u>Trend</u> <u>Rate</u>	<u>1%</u> <u>Increase</u>
Total OPEB liability	\$ <u>993,969,577</u>	<u>1,169,347,760</u>	<u>1,478,015,567</u>

(h) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the District recognized OPEB expense of \$99,265,370. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ -	104,936,626
Changes of assumption or other inputs	<u>397,610,866</u>	<u>25,915,705</u>
	\$ <u>397,610,866</u>	<u>130,852,331</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the other postemployment benefit liability in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources related to other postemployment benefits will be recognized as follows:

<u>Year ending</u>	
2021	\$ 43,546,227
2022	43,546,227
2023	43,546,227
2024	43,546,227
2025	43,546,227
Thereafter	<u>49,027,400</u>
	\$ <u>26,675,535</u>

(13) Risk Management

(a) General

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. 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 three years.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(13) Risk Management, Continued

(b) Consortiums and Self-Insured Plans

The District has established a self-insured plan for risks associated with workers' compensation claims. Liabilities of the plan are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for reported and unreported claims which were incurred on or before year-end but not reported (IBNR). As of June 30, 2020, the District has recorded potential workers' compensation claims of \$10,355,115. This beginning balance liability was calculated by an independent actuarial firm and is presented on a discounted basis using an expected investment yield of 2%. The District has a workers' compensation reserve balance of \$3,024,110.

Claims reported for the fiscal year ended June 30:	Balance at Beginning of Year	Claims and Changes in Estimates	Claims Payments	Balance at End of of Year
2020	\$ 10,661,009	2,368,000	(2,673,894)	10,355,115

* Balance was not calculated by an independent actuarial firm.

(c) Public Entity Risk Pool

The District participates in New York Schools Insurance Reciprocal (NYSIR), a non-risk-retained public entity risk pool for its property and liability insurance coverage. The pool is operated for the benefit of individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events in excess of certain defined limits, and the District has essentially transferred all related risk to the pool.

(14) Assigned Appropriated Fund Balance

The amount of \$38,275,502 has been appropriated to reduce taxes for the year ending June 30, 2021.

(15) Commitments and Contingencies

(a) Encumbrances

All encumbrances are classified as either restricted or assigned fund balance. At June 30, 2020, the District encumbered the following amounts:

Assigned: unappropriated fund balance:

General fund:

General support	\$ 254,706
Instruction	1,620,067
	\$ 1,874,773

BRENTWOOD UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(15) Commitments and Contingencies, Continued

(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 audits, the District's administration believe disallowances, if any, will be immaterial.

(c) Litigation

The District is involved in lawsuits arising from the normal conduct of its affairs. Management believes that the outcome of any matters will not have a material effect on these financial statements.

(16) Deferred State Aid

On August 13, 2020, the New York State Division of the Budget (DOB) issued the State FY 2021 First Quarterly State Budget Financial Plan Update which notes that DOB began withholding 20 percent of most local aid payments in June 2020, and that all or a portion of these withholds may be converted to permanent reductions, depending on the size and timing of new Federal aid, if any.

In July 2020, DOB began approving General Support for Public Schools (SPS) payments to school districts (including 3609-a General Aid, 3609-b Excess Cost Aid, and 3609-d BOCES Aid payments) at 80% of the otherwise scheduled amounts.

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

As a result, 20% of state aid receivable at June 30, 2020 for remaining payments to be received for the year then ended have been deferred in the balance sheet - governmental funds and the statement of revenue, expenditures and changed in fund balances - governmental funds, amounting to \$2,798,239. This amount has been included in revenue in the statement of activities - governmental activities for the year ended June 30, 2020. At such time as these reductions may be determined to be permanent, they will be reversed.

(17) Subsequent Events

The District has evaluated subsequent events through the date of the report which is the date the financial statements were available to be issued. No significant events were identified that would require adjustment of or disclosure in the financial statements except as indicated below.

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of the COVID-19 on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the District and its future results and financial position is not presently determinable.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Notes to Financial Statements, Continued

(16) Accounting Standards Issued But Not Yet Implemented

The GASB has issued the following pronouncements which will be implemented in the years required. The effects of the implementation of these pronouncements are not known at this time.

Statement No. 84 - Fiduciary Activities. Effective for fiscal years beginning after December 15, 2019.

Statement No. 87 - Leases. Effective for fiscal years beginning after June 15, 2021.

Statement No. 89 - Accounting for Interest Cost Incurred before the End of a Construction Period. Effective for fiscal years beginning after December 15, 2020.

Statement No. 90 - Majority Equity Interests - an amendment of GASB Statements No. 14 and No. 61. Effective for fiscal years beginning after December 15, 2019.

Statement No. 91 - Conduit Debt Obligations. Effective for fiscal years beginning after December 15, 2021.

Statement No. 92 - Omnibus 2020. Effective for fiscal years beginning after June 15, 2021.

Statement No. 93 - Replacement of Interbank Offered Rates. Effective for fiscal years beginning after June 15, 2021.

Statement No. 94 - Public-Private and Public-Public Partnerships and Availability Payment Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 96 - Subscription-Based Information Technology Arrangements. Effective for fiscal years beginning after June 15, 2022.

Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. Effective for fiscal years beginning after June 15, 2021.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Required Supplementary Information
Schedule of Revenue, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund
Year ended June 30, 2020

	Adopted <u>Budget</u>	Final <u>Budget</u>	Actual (Budgetary <u>Basis</u>)	Year End <u>Encumbrances</u>	Final Budget Variance with Budgetary <u>Actual</u>
Revenue:					
Local sources:					
Real property taxes	\$ 99,097,617	99,097,617	99,861,193	-	763,576
Other tax items	16,911,764	16,911,764	16,531,409	-	(380,355)
Charges for services	315,000	315,000	333,295	-	18,295
Use of money and property	255,000	255,000	854,803	-	599,803
Sale of property and compensation for loss	232,000	232,000	567,096	-	335,096
Miscellaneous	1,018,000	1,018,000	2,481,431	-	1,463,431
Interfund revenues	-	-	96,178	-	96,178
Total local sources	117,829,381	117,829,381	120,725,405	-	2,896,024
State sources	276,716,401	276,716,401	276,107,234	-	(609,167)
Medicaid reimbursement	1,100,000	1,100,000	1,261,655	-	161,655
Total revenue	395,645,782	395,645,782	398,094,294	-	2,448,512
Appropriated fund balance:					
Prior year's surplus	23,269,864	23,269,864	-	-	(23,269,864)
Prior year's encumbrances	-	11,447,169	-	-	(11,447,169)
Appropriated reserves	-	-	-	-	-
Total appropriated fund balance	23,269,864	34,717,033	-	-	(34,717,033)
Total revenues, other sources and appropriated fund balance	\$ 418,915,646	430,362,815	398,094,294	-	(32,268,521)

(Continued)

BRENTWOOD UNION FREE SCHOOL DISTRICT
Schedule of Revenue, Expenditures and Changes in Fund Balance -
Budget and Actual - General Fund, Continued

	Adopted <u>Budget</u>	Final <u>Budget</u>	Actual (Budgetary Basis)	Year End <u>Encumbrances</u>	Final Budget Variance with Budgetary <u>Actual</u>
Expenditures:					
General support:					
Board of Education	\$ 139,687	200,452	152,398	-	48,054
Central administration	519,730	526,194	533,339	-	(7,145)
Finance	2,734,686	2,737,559	2,644,555	48	92,956
Staff	1,410,256	1,408,856	1,217,616	-	191,240
Central services	28,324,824	34,928,731	30,236,991	254,658	4,437,082
Special items	<u>2,620,221</u>	<u>2,620,221</u>	<u>2,465,348</u>	<u>-</u>	<u>154,873</u>
Total general support	<u>35,749,404</u>	<u>42,422,013</u>	<u>37,250,247</u>	<u>254,706</u>	<u>4,917,060</u>
Instruction:					
Instruction, administration and improvement	14,478,855	14,471,469	13,903,213	2,100	566,156
Teaching - regular school	137,560,697	140,461,731	134,662,119	144,299	5,655,313
Programs for students with disabilities	58,353,180	59,011,724	57,028,448	-	1,983,276
Teaching - special school	903,316	912,816	848,842	-	63,974
Instructional media	6,204,590	8,464,953	6,608,374	1,466,954	389,625
Pupil services	<u>13,559,306</u>	<u>13,753,649</u>	<u>12,692,592</u>	<u>6,714</u>	<u>1,054,343</u>
Total instruction	<u>231,059,944</u>	<u>237,076,342</u>	<u>225,743,588</u>	<u>1,620,067</u>	<u>9,712,687</u>
Pupil transportation	<u>29,506,687</u>	<u>29,521,464</u>	<u>20,413,580</u>	<u>-</u>	<u>9,107,884</u>
Employee benefits	<u>104,024,970</u>	<u>102,768,355</u>	<u>90,801,030</u>	<u>-</u>	<u>11,967,325</u>
Debt service - interest	<u>300,000</u>	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
Total expenditures	<u>400,641,005</u>	<u>412,088,174</u>	<u>374,208,445</u>	<u>1,874,773</u>	<u>36,004,956</u>
Other uses - operating transfers out	<u>18,274,641</u>	<u>18,274,641</u>	<u>14,698,177</u>	<u>-</u>	<u>3,576,464</u>
Total expenditures and other uses	<u>\$ 418,915,646</u>	<u>430,362,815</u>	<u>388,906,622</u>	<u>1,874,773</u>	<u>39,581,420</u>
Net change in fund balance			9,187,672		
Fund balance at beginning of year			<u>95,829,155</u>		
Fund balance at end of year			<u>\$ 105,016,827</u>		

BRENTWOOD UNION FREE SCHOOL DISTRICT
Required Supplementary Information
Schedule of Changes in the District's
Total OPEB Liability and Related Ratios
Year ended June 30, 2020

Total OPEB liability	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 26,087,658	22,450,574	23,668,193
Interest	30,068,748	29,735,971	27,240,703
Changes of benefit terms	(337,263)	-	-
Differences between actual and expected experience	(122,426,064)	-	-
Changes of assumptions or other inputs	416,762,298	52,753,283	(39,971,989)
Benefit payments	<u>(22,564,263)</u>	<u>(18,036,680)</u>	<u>(16,996,901)</u>
Net change in total OPEB liability	327,591,114	86,903,148	(6,059,994)
Total OPEB liability - beginning	<u>841,756,646</u>	<u>754,853,498</u>	<u>760,913,492</u>
Total OPEB liability- ending	<u>\$ 1,169,347,760</u>	<u>841,756,646</u>	<u>754,853,498</u>
Covered payroll	\$ 218,046,428	213,763,961	204,662,663
Total OPEB liability as a percentage of covered payroll	536.28%	393.78%	368.83%

Notes to schedule:

Changes of assumptions - Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2020	2.21%
2019	3.51%
2018	3.87%

This schedule is presented to illustrate the requirement to show information for 10 years. However, information is presented for those years that are available.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Required Supplementary Information
Schedule of District's Proportionate Share of the Net Pension Asset/Liability
For the year ended June 30, 2020

<u>TRS System - Asset</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The District's proportion of the net pension asset (liability)	1.001037%	0.990610%	0.985272%	0.980867%	0.973205%	0.941634%
The District's proportionate share of the net pension asset (liability)	\$ 26,007,001	17,912,840	7,489,046	(10,505,495)	101,084,966	(104,892,172)
The District's covered payroll	171,029,041	167,032,053	161,359,244	156,315,829	151,665,475	146,178,049
The District's proportionate share of the net pension asset (liability) as a percentage of covered payroll	15.21%	10.72%	4.64%	-6.72%	66.65%	-71.76%
Plan fiduciary net position as a percentage of the total pension asset (liability)	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%
<u>ERS System - Liability</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
The District's proportion of the net pension liability	0.1178751%	0.1209228%	0.1235944%	0.1243921%	0.1238717%	0.1218193%
The District's proportionate share of the net pension liability	\$ (31,214,019)	(8,567,745)	(3,988,942)	(11,688,159)	(19,881,752)	(4,115,353)
The District's covered payroll	37,174,212	36,144,274	35,700,658	33,984,686	32,075,193	31,770,707
The District's proportionate share of the net pension liability as a percentage of covered payroll	-83.97%	-23.70%	-11.17%	-34.39%	-61.98%	-12.95%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.70%	97.70%

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full ten year trend is compiled, the District is presenting information for those years for which information is available.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Required Supplementary Information
Schedule of Employer's Pension Contributions
For the year ended June 30, 2020

<u>TRS System</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 15,153,173	15,813,206	18,298,806	20,070,024	25,626,856	22,602,778	22,602,778	16,681,595	15,469,134	N/A
Contribution in relation to the contractually required contribution	<u>15,153,173</u>	<u>15,813,206</u>	<u>18,298,806</u>	<u>20,070,024</u>	<u>25,626,856</u>	<u>22,602,778</u>	<u>22,602,778</u>	<u>16,681,595</u>	<u>15,469,134</u>	<u>N/A</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	171,029,041	167,032,053	161,359,244	156,315,829	151,665,475	146,178,049	139,094,018	N/A	N/A	N/A
Contribution as a percentage of covered payroll	8.86%	9.47%	11.34%	12.84%	16.90%	15.46%	N/A	N/A	N/A	N/A
 <u>ERS System</u>	 <u>2020</u>	 <u>2019</u>	 <u>2018</u>	 <u>2017</u>	 <u>2016</u>	 <u>2015</u>	 <u>2014</u>	 <u>2013</u>	 <u>2012</u>	 <u>2011</u>
Contractually required contribution	\$ 5,329,317	5,180,099	5,209,088	5,110,384	5,793,388	6,185,285	6,436,884	5,642,292	4,396,665	3,471,585
Contribution in relation to the contractually required contribution	<u>5,329,317</u>	<u>5,180,099</u>	<u>5,209,088</u>	<u>5,110,384</u>	<u>5,793,388</u>	<u>6,185,285</u>	<u>6,436,884</u>	<u>5,642,292</u>	<u>4,396,665</u>	<u>3,471,585</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	37,174,212	36,144,274	35,700,658	33,984,686	32,075,193	31,770,707	31,537,893	30,564,962	27,897,621	30,479,236
Contribution as a percentage of covered payroll	14.34%	14.33%	14.59%	15.04%	18.06%	19.47%	20.41%	18.46%	15.76%	N/A

BRENTWOOD UNION FREE SCHOOL DISTRICT
Other Supplementary Information
Schedule of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit - General Fund
For the year ended June 30, 2020

Change from adopted budget to final budget:

Adopted budget	\$ 418,915,646
Addition - prior year's encumbrances	<u>11,447,169</u>
Original budget	430,362,815
Budget revisions	<u>-</u>
Final budget	<u><u>\$ 430,362,815</u></u>

Section 1318 Real Property Tax Law Limit Calculation

2020-21 voter approved expenditure budget	<u>\$ 430,224,206</u>
Maximum allowed (4% of 2020-21 budget)	<u>\$ 17,208,968</u>

General fund fund balance subject to §1318 of Real Property Tax Law:

Unrestricted fund balance:

Assigned fund balance	\$ 40,150,275
Unassigned fund balance	<u>19,865,997</u>

60,016,272

Less:

Appropriated fund balance	38,275,502
Encumbrances	<u>1,874,773</u>

Total adjustments	<u>40,150,275</u>
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General Fund Fund Balance Subject to §1318 of Real Property Tax Law:	<u><u>\$ 19,865,997</u></u>
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Actual percentage	4.62%
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BRENTWOOD UNION FREE SCHOOL DISTRICT
Other Supplementary Information
Schedule of Project Expenditures - Capital Projects Fund
For the year ended June 30, 2020

Project Title	Budget		Expenditures			Unexpended Balance	Methods of Financing				Fund Balance June 30, 2020
	June 30, 2018	June 30, 2019	Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
Special alteration	\$ 200,000	200,000	192,478	-	192,478	7,522	-	-	192,478	192,478	-
District-wide technology	3,000,000	3,000,000	2,994,321	-	2,994,321	5,679	-	-	2,994,321	2,994,321	-
General fund appropriation	465,000	465,000	465,000	-	465,000	-	-	-	465,000	465,000	-
EXCEL aid	100,000,000	100,000,000	99,934,400	-	99,934,400	65,600	86,201,382	13,733,018	-	99,934,400	-
Energy performance contract	18,987,007	18,987,007	18,987,007	-	18,987,007	-	18,987,007	-	-	18,987,007	-
2008-09 local appropriation	846,429	846,429	846,674	2,512	849,186	(2,757)	-	-	859,603	859,603	10,417
HS RPZ Emergency Project	103,776	103,776	103,776	-	103,776	-	-	50,000	53,776	103,776	-
Energy Performance Contract	-	-	482,320	-	482,320	(482,320)	-	-	482,320	482,320	-
Smart Schools - Phase I	21,194,780	21,194,780	8,690,780	22,500	8,713,280	12,481,500	-	8,670,245	43,035	8,713,280	-
Totals	<u>\$ 144,796,992</u>	<u>144,796,992</u>	<u>132,696,756</u>	<u>25,012</u>	<u>132,721,768</u>	<u>12,075,224</u>	<u>105,188,389</u>	<u>22,453,263</u>	<u>5,090,533</u>	<u>132,732,185</u>	<u>10,417</u>

BRENTWOOD UNION FREE SCHOOL DISTRICT
Other Supplementary Information
Net Investment in Capital Assets
For the year ended June 30, 2020

Capital assets, net	\$ 184,210,734
Add - unamortized deferred charges on bond refunding	<u>769,518</u>
	<u>184,980,252</u>
Deduct:	
Short-term portion of bonds payable	10,747,837
Long-term portion of bonds payable	35,432,143
Short-term portion of energy performance contract	1,325,107
Long-term portion of energy performance contract	<u>10,133,836</u>
	<u>57,638,923</u>
Net investment in capital assets	<u><u>\$ 127,341,329</u></u>

BRENTWOOD UNION FREE SCHOOL DISTRICT

Federal Grant Compliance Audit

June 30, 2020

**INDEPENDENT AUDITORS' 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**

The Board of Education
Brentwood Union Free School District
Brentwood, 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 Brentwood Union Free School District (the District), as of and for the year ended June 30, 2020, and the related notes to financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 14, 2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and which is described in the accompanying schedule of findings and responses as item 2020-001.

The District's Response to the Finding

The District's response to the finding identified in the audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 14, 2020

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Education
Brentwood Union Free School District
Brentwood, New York:

Report on Compliance for Each Major Federal Program

We have audited Brentwood Union Free School District's (the District) compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2020. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance of the District's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, Brentwood Union Free School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

EFPR Group, CPAs, PLLC

Williamsville, New York
October 14, 2020

BRENTWOOD UNION FREE SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year ended June 30, 2020

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
U.S. Department of Education - passed through New York State:				
Special Education Cluster:				
Special Education - Grants to States (IDEA Part B)	84.027	0032-19-0927 & 0032-20-0927	\$ 258,059	-
Special Education - Grants to States (IDEA Part B)	84.027	0033-19-2927	73,714	-
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-19-0927 & 0033-120-0927	5,611,941	-
Total Special Education Cluster			5,943,714	-
Title I, Part A Cluster:				
Title I Grants to Local Educational Agencies	84.010	0011-19-2026	70,297	-
Title I Grants to Local Educational Agencies	84.010	0011-20-2026	461,559	-
Title I Grants to Local Educational Agencies	84.010	001-20-2326	364	-
Title I Grants to Local Educational Agencies	84.010	0016-19-3150	20,827	-
Title I Grants to Local Educational Agencies	84.010	0016-20-3150	138,396	-
Title I Grants to Local Educational Agencies	84.010	0021-19-3150	215,968	-
Title I Grants to Local Educational Agencies	84.010	0021-20-3150	3,628,704	-
Total Title I			4,536,115	-
English Language Acquisition State Grants	84.365	0149-19-3150	32,496	-
English Language Acquisition State Grants	84.366	0149-20-3150	170,307	-
English Language Acquisition State Grants	84.367	0293-19-3150	152,805	-
English Language Acquisition State Grants	84.365	0293-20-3150	599,615	-
Total English Language Acquisition State Grants			955,223	-
Mathematics and Science Partnerships	84.366	0294-19-0304	101,510	-
Supporting Effective Instruction State Grants	84.367	0147-19-3150	31,508	-
Supporting Effective Instruction State Grants	84.367	0147-20-3150	561,195	-
Total Supporting Effective Instruction State Grants			592,703	-
Student Support and Academic Enrichment Program	84.424	0196-19-2085	23,514	-
Student Support and Academic Enrichment Program	84.424	0204-19-3150	225,315	-
Student Support and Academic Enrichment Program	84.424	0204-20-3150	125,240	-
Total Student Support and Academic Enrichment Program			374,069	-
Total U.S. Department of Education			12,503,334	-
U.S. Department of Labor - passed through New York State - WIOA Youth Activities	17.259	N/A	104,546	-
U.S. Department of Agriculture - passed through New York State:				
Bureau of School Food Management - Child Nutrition Cluster:				
Non-Cash Assistance - National School Lunch Program	10.555	N/A	793,113	-
Cash Assistance:				
School Breakfast Program	10.553	N/A	1,782,203	-
Federal Snack Program	10.555	N/A	14,988	-
National School Lunch Program	10.555	N/A	4,494,179	-
Summer Food Service Program for Children	10.559	N/A	2,733,221	-
Total U.S. Department of Agriculture/Child Nutrition Cluster			9,817,704	-
Total Expenditures of Federal Awards			\$ 22,425,584	-

See notes to schedule of expenditures of federal awards.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Notes to Schedule of Expenditures of Federal Awards
June 30, 2020

(1) General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs administered by the District, which is described in note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through other government agencies. The information is presented in accordance with the requirements of and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. Expenditures are recognized following cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Pass-through entity identification numbers are presented where available.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable programs and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

Non-monetary assistance is reported in the Schedule at the fair market value of commodities received and disbursed, which is provided by New York State.

(2) Subrecipients

The District did not provide any funding to subrecipients during the year ended June 30, 2020.

BRENTWOOD UNION FREE SCHOOL DISTRICT
Notes to Schedule of Expenditures of Federal Awards, Continued

(3) Other Disclosures

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year end.

(4) Indirect Costs

Indirect costs are included in the reported expenditures to the extent that such costs are included in the Federal financial reports used as the source for the data presented. The District does not use the 10% de minimis election.

BRENTWOOD UNION FREE SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Part I. - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued on whether the basic financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

1. Material weakness(es) identified? ☐ Yes ☒ No
2. Significant deficiency(ies) identified not considered to be material weakness(es)? ☐ Yes ☒ None reported
3. Noncompliance material to financial statements noted? ☒ Yes ☐ No

Federal Awards:

Internal control over major programs:

4. Material weakness(es) identified? ☐ Yes ☒ No
5. Significant deficiency(ies) identified not considered to be material weakness(es)? ☐ Yes ☒ None reported

Type of auditors' report issued on compliance for major programs:

Unmodified

6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)(Uniform Guidance)? ☐ Yes ☒ No

7. The District's major programs audited were:

Name of Federal Programs

CFDA
Number

Child Nutrition Cluster

10.553/10.555/10.559

8. Dollar threshold used to distinguish between Type A and Type B programs.

\$ 750,000

9. Auditee qualified as low-risk auditee?

☒ Yes ☐ No

Part II. - FINANCIAL STATEMENT FINDINGS SECTION

See 2020-001 on page 77.

Part III. - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS SECTION

No reportable findings or questioned costs.

BRENTWOOD UNION FREE SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

Year ended June 30, 2020

Reference: 2020-001

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

Condition - The District's unrestricted fund balance at June 30, 2020 after excluding amounts assigned for the subsequent year end encumbrances, was in excess of the New York State Real Property Tax Law §1318 limit. For the fiscal year ended June 30, 2020, this portion of the District's unrestricted fund balance is \$19,865,997, which is 4.62% of the 2020-21 voter approved General Fund budget.

Cause - The District has not appropriated unassigned fund balance when needed to be in compliance with NYS Real Property Tax Law §1318.

Effect - The District is not in compliance with NYS Real Property Tax Law §1318.

Recommendation - We recommend that the District develop a plan to rationally appropriate unassigned fund balance so as to be in compliance with NYS Real Property Tax Law §1318.

Management Response - See Corrective Action Plan on page 79.

BRENTWOOD UNION FREE SCHOOL DISTRICT

Status of Prior Year Audit Findings

Year ended June 30, 2020

There were no findings reported for the year ended June 30, 2019.

BRENTWOOD UNION FREE SCHOOL DISTRICT

Corrective Action Plan

Year ended June 30, 2020

Name of Auditee: Brentwood Union Free School District

Name of Audit Firm: EFPR Group, CPAs, PLLC

Period Covered by the Audit: Year Ended June 30, 2020

CAP Prepared by: Ms. Stacey O'Connor
Assistant Superintendent for Finance and Operations

Telephone: (631) 329-4105

(A) Current Finding on the Schedule of Findings and Questioned Costs and Recommendations

(1) Finding 2020-001

- (a) Comments on the finding and recommendation - The District agrees with the finding. The District also agrees with the recommendation, please see below for action taken.
- (b) Action Taken - Management will closely monitor fund balance throughout the following fiscal year and during the budget preparation process.