

**WEST SENECA CENTRAL  
SCHOOL DISTRICT, NEW YORK**

*Basic Financial Statements, Required Supplementary  
Information, Supplementary Information and Federal  
Awards Information for the Year Ended  
June 30, 2020 and Independent Auditors' Reports*



**WEST SENECA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Table of Contents**  
**Year Ended June 30, 2020**

---

	<u>Page</u>
Independent Auditors' Report.....	1
Management's Discussion and Analysis.....	4
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Statement of Net Position.....	12
Statement of Activities .....	13
Fund Financial Statements:	
Balance Sheet—Governmental Funds.....	14
Reconciliation of the Balance Sheet—Governmental Funds to the Government-wide Statement of Net Position .....	15
Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds.....	16
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds to the Government-wide Statement of Activities.....	17
Statement of Net Position—Fiduciary Funds.....	18
Statement of Changes in Net Position—Fiduciary Funds.....	19
Notes to the Financial Statements.....	20
<b>Required Supplementary Information:</b>	
Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset)—Teachers' Retirement System .....	43
Schedule of the District's Contributions—Teachers' Retirement System.....	44
Schedule of the District's Proportionate Share of the Net Pension Liability—Employees' Retirement System.....	45
Schedule of the District's Contributions—Employees' Retirement System .....	46
Schedule of Revenues, Expenditures, and Changes in Fund Balance— Budget (Non-GAAP Basis) and Actual—General Fund.....	47
Note to the Required Supplementary Information.....	49

(continued)



**WEST SENECA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Table of Contents**  
**Year Ended June 30, 2020**

---

(concluded)

Page

**Supplementary Information:**

Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit—General Fund .....	50
Schedule of Capital Project Expenditures.....	51
Net Investment in Capital Assets.....	52

**Federal Awards Information:**

Schedule of Expenditures of Federal Awards.....	53
Notes to the Schedule of Expenditures of Federal Awards .....	54
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 <i>Government Auditing Standards</i> .....	55
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance .....	57
Schedule of Findings and Questioned Costs.....	59
Summary Schedule of Prior Year Audit Findings .....	60



---

Certified Public Accountants

## **INDEPENDENT AUDITORS' REPORT**

The Board of Education  
West Seneca Central School District, 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 West Seneca Central School District, New York (the "District"), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

The District's 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

## *Opinions*

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

## *Other Matters*

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other Required Supplementary Information, as listed in the table of contents, 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 Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information, as listed in the table of contents, 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 Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 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.

*Drescher & Malecki LLP*

October 5, 2020



**WEST SENECA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2020**

---

As management of the West Seneca Central School District, New York (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2020. This document should be read in conjunction with the additional information that we have furnished in the District's financial statements, which follow this narrative.

**Financial Highlights**

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of liabilities at June 30, 2020 by \$80,319,275 (*net position*). This consists of \$56,114,235 net investment in capital assets, \$18,070,326 restricted for specific purposes and unrestricted net position of \$6,134,714.
- The District's net position decreased by \$4,763,984 during the year ended June 30, 2020.
- At the close of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$42,834,369, an increase of \$16,531,864 in comparison with prior year's fund balance of \$26,302,505, mainly due to the issuance of serial bonds.
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$5,183,030, or approximately 4.3 percent of total General Fund expenditures and transfers out. This total amount is *available for spending* at the District's discretion and constitutes approximately 20.0 percent of the General Fund's total fund balance of \$25,928,908 at June 30, 2020.
- During the year ended June 30, 2020, the District's serial bonds outstanding increased by \$14,355,000 as a result of a serial bond issuance of \$18,835,000, and scheduled principal payments of \$4,480,000.

**Overview of the Financial Statements**

The discussion and analysis provided here are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in additions to the basic financial statements themselves.

**Government-wide financial statements**—The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the District include general support, instruction, pupil transportation, school food service operations, and interest and other fiscal charges. The District does not engage in any business-type activities.

The government-wide financial statements can be found on pages 12-13 of this report.

**Fund financial statements**—A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

**Governmental funds**—*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental funds' statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Aid Fund, School Lunch Fund, and Capital Projects Fund, all of which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 14-17 of this report.

**Fiduciary funds**—Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support District's own programs. The District is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The District maintains two fiduciary funds, the Private Purpose Trust Fund and the Agency Fund.

The fiduciary fund financial statements can be found on pages 18-19 of this report.

**Notes to the financial statements**—The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-42 of this report.

**Other information**—In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the District’s net pension liability/(asset) and the District’s budgetary comparison for the General Fund. Required Supplementary Information and a related note to the required supplementary information can be found pages 43-49 of this report.

Other supplementary information is presented immediately following the Required Supplementary Information in the Supplementary Information section of this report on pages 50-52.

The Federal Awards Information section presents the District’s Schedule of Expenditures of Federal Awards. This section can be found on pages 53-60 of this report.

**Government-wide Financial Analysis**

As noted earlier, net position over time may serve as useful indicator of a government’s financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$80,319,275 at June 30, 2020, as compared to \$85,083,259 at the close of the fiscal year ended June 30, 2019.

Table 1, shown below, presents a condensed statement of net position compared to the prior year.

**Table 1—Condensed Statements of Net Position**

	June 30,	
	2020	2019
Current assets	\$ 52,512,984	\$ 35,127,608
Noncurrent assets	90,835,651	84,920,981
Total assets	<u>143,348,635</u>	<u>120,048,589</u>
Deferred outflows of resources	<u>33,666,737</u>	<u>31,270,968</u>
Current liabilities	9,423,056	8,530,293
Noncurrent liabilities	76,793,456	49,791,362
Total liabilities	<u>86,216,512</u>	<u>58,321,655</u>
Deferred inflows of resources	<u>10,479,585</u>	<u>7,914,643</u>
Net investment in capital assets	56,114,235	52,922,395
Restricted	18,070,326	15,757,380
Unrestricted	<u>6,134,714</u>	<u>16,403,484</u>
Total net position	<u>\$ 80,319,275</u>	<u>\$ 85,083,259</u>

The largest portion of the District’s net position, \$56,114,235, reflects its investment in capital assets (e.g. land, buildings, improvements and equipment), less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide a variety of services to students. Accordingly, these assets are not available for future spending. Although the District’s investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District’s net position, \$18,070,326, represents resources that are subject to external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position, totaling \$6,134,714, represents resources that may be used to meet the District’s ongoing operations.

Table 2, as presented below, shows the changes in net position for the years ended June 30, 2020 and June 30, 2019.

**Table 2—Condensed Statements of Changes in Net Position**

	Year Ended June 30,	
	2020	2019
Program revenues:		
Charges for services	\$ 1,452,455	\$ 1,998,423
Operating grants and contributions	8,081,919	8,493,298
General revenues	117,933,094	117,978,201
Total revenues	<u>127,467,468</u>	<u>128,469,922</u>
Program expenses	<u>132,231,452</u>	<u>123,750,196</u>
Change in net position	(4,763,984)	4,719,726
Net position—beginning	<u>85,083,259</u>	<u>80,363,533</u>
Net position—ending	<u><u>\$ 80,319,275</u></u>	<u><u>\$ 85,083,259</u></u>

Overall revenues decreased 0.8 percent from the prior year, due primarily to decreases in state aid, charges for services, non-property tax items and operating grants and contributions. Total expenses increased by 6.9 percent from the year ended June 30, 2019, as a result of increases in costs to provide instruction and allocable pension costs.

A summary of sources of revenues for the years ended June 30, 2020 and June 30, 2019 is presented below in Table 3:

**Table 3—Summary of Sources of Revenues**

	Year Ended June 30,		Increase/(Decrease)	
	2020	2019	Dollars	Percent (%)
Charges for services	\$ 1,452,455	\$ 1,998,423	\$ (545,968)	(27.3)
Operating grants and contributions	8,081,919	8,493,298	(411,379)	(4.8)
Real property taxes and other tax items	62,880,666	61,853,865	1,026,801	1.7
Non-property tax items	7,328,918	7,745,963	(417,045)	(5.4)
Use of money and property	706,722	804,600	(97,878)	(12.2)
Sale of property and compensation for loss	20,301	55	20,246	36,810.9
Miscellaneous	987,335	844,398	142,937	16.9
State sources—unrestricted	<u>46,009,152</u>	<u>46,729,320</u>	<u>(720,168)</u>	(1.5)
Total revenues	<u>\$ 127,467,468</u>	<u>\$ 128,469,922</u>	<u>\$ (1,002,454)</u>	(0.8)

The most significant sources of revenue for the year ended June 30, 2020 were real property taxes and other tax items of \$62,880,666, or 49.3 percent of total revenues, and unrestricted State sources of \$46,009,152, or 36.1 percent of total revenues. Similarly, for the year ended June 30, 2019, the largest sources of revenue were real property taxes and other tax items of \$61,853,865, or 48.1 percent of total revenues, and unrestricted State sources of \$46,729,320, or 36.4 percent of total revenues.

A summary of program expenses for the years ended June 30, 2020 and June 30, 2019 is presented below in Table 4:

**Table 4—Summary of Program Expenses:**

	Year Ended June 30,		Increase/(Decrease)	
	2020	2019	Dollars	Percent (%)
General support	\$ 16,511,422	\$ 15,936,531	\$ 574,891	3.6
Instruction	104,715,759	97,155,872	7,559,887	7.8
Pupil transportation	8,427,584	9,061,613	(634,029)	(7.0)
School food service	1,850,769	795,066	1,055,703	132.8
Interest and other fiscal charges	<u>725,918</u>	<u>801,114</u>	<u>(75,196)</u>	(9.4)
Total program expenses	<u>\$ 132,231,452</u>	<u>\$ 123,750,196</u>	<u>\$ 8,481,256</u>	6.9

The most significant expense items for the year ended June 30, 2020 were instruction of \$104,715,759, or 79.2 percent of total expenses, general support of \$16,511,422, or 12.5 percent of total expenses, and pupil transportation of \$8,427,584, or 6.4 percent of total expenses. Similarly, for the year ended June 30, 2019, the most significant expense items were instruction of \$97,155,872, or 78.5 percent of total expenses, general support of \$15,936,531, or 12.9 percent of total expenses, and pupil transportation of \$9,061,613, or 7.3 percent of total expenses.

## Financial Analysis of the Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds**—The focus of the District’s *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the District’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by an external party, the District itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the Board of Education.

At June 30, 2020, the District’s governmental funds reported combined ending fund balances of \$42,834,369, an increase of \$16,531,864 from the prior year. Approximately 12.1 percent, \$5,183,030, constitutes *unassigned fund balance*, which is available for spending at the District’s discretion. The remainder of fund balance is either *nonspendable*, *restricted*, or *assigned* to indicate that it is: (1) not in spendable form, \$466,995, (2) restricted for particular purposes, \$34,629,450, or (3) assigned for particular purposes, \$2,554,894.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,183,030, while the total fund balance increased to \$25,928,908. As a measure of the General Fund’s liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total General Fund expenditures and transfers out. Unassigned fund balance represents approximately 4.3 percent of total General Fund expenditures and transfers out, while total fund balance represents approximately 21.5 percent of that same amount.

The total fund balance of the District’s General Fund increased by \$725,460 during the current fiscal year. During the annual budget process, the District anticipated utilizing \$5,386,506 of fund balance (this included funds appropriated from reserves of \$1,295,000, appropriated from fund balance of \$3,824,950, and the re-appropriation of prior year’s encumbrances of \$266,556). As a result of spending less than anticipated, the District’s fund balance ended \$6,111,966 higher than anticipated.

The Special Aid Fund maintains funds that are received by the State and Federal governments. Total revenues totaled \$4,509,071 and were comprised of State, Federal and local sources. Expenditures totaled \$4,797,912 and were mostly used towards the instruction and transportation of students. The difference between revenues and expenditures was subsidized by a transfer from the General Fund.

The School Lunch Fund fund balance decreased \$109,633, which resulted in a fund balance of \$346,337 at June 30, 2020. Nonspendable fund balance of \$125,316 is reported to reflect the amounts of inventory not in spendable form, and the remaining \$221,021 is reported as fund balance assigned for specific school lunch use.

The District’s Capital Projects Fund ending fund balance was \$16,559,124 at June 30, 2020. During the year ended June 30, 2020, the Capital Projects Fund fund balance increased by \$15,916,037, mainly due to the issuance of serial bonds in the amount of \$18,835,000 and related premiums, partially offset by ongoing capital outlay.

## General Fund Budgetary Highlights

The District's General Fund budget generally contains budget amendments during the year. The budget is allowed to be amended upward (increased) for prior year's encumbrances since the funds were allocated under the previous year's budget, and the District has appropriately assigned an equal amount of fund balance at year-end for this purpose. A summary of revisions from adopted budget to final budget is presented below in Table 5:

**Table 5—General Fund Budget**

Adopted budget, 2019-2020	\$125,626,939
Add: Prior year's encumbrances	<u>266,556</u>
Original budget, 2019-2020	125,893,495
Voter approved purchase of buses	<u>635,568</u>
Final budget, 2019-2020	<u><u>\$126,529,063</u></u>

More detailed information about the District's General Fund budget is presented in the Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget (Non-GAAP Basis) and Actual—General Fund within the Required Supplementary Information section of this report.

## Capital Assets and Debt Administration

**Capital assets**—The District's investment in capital assets for its governmental activities as of June 30, 2020, amounted to \$83,323,268 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, and equipment. All depreciable capital assets were depreciated from acquisition date to the end of the current year as outlined in the District's capital asset policy.

Capital assets, net of depreciation for the governmental activities at June 30, 2020 and June 30, 2019 are presented below in Table 6:

**Table 6—Summary of Capital Assets (Net of Accumulated Depreciation)**

	June 30,	
	2020	2019
Land	\$ 372,855	\$ 372,855
Construction in process	5,013,774	4,488,605
Land improvements	292,628	347,403
Buildings and building improvements	73,601,193	70,580,070
Equipment	<u>4,042,818</u>	<u>3,893,282</u>
Total	<u><u>\$ 83,323,268</u></u>	<u><u>\$ 79,682,215</u></u>

Additional information on the District's capital assets can be found in Note 4 to the financial statements.

**Long-term liabilities**—At June 30, 2020, the District had serial bonds outstanding of \$35,250,000, as compared to \$20,895,000 in the prior year. During the year ended June 30, 2020, the District issued serial bonds in the amount of \$18,835,000, which were offset by scheduled principal payments of \$4,480,000.

A summary of the District’s long-term liabilities at June 30, 2020 and June 30, 2019 is presented below in Table 7:

**Table 7—Summary of Long-Term Liabilities**

	June 30,	
	2020	2019
Serial bonds	\$ 35,250,000	\$ 20,895,000
Premium on serial bonds	<u>3,698,881</u>	<u>1,498,309</u>
Bonds payable, net	38,948,881	22,393,309
Energy performance contract	4,848,357	5,125,923
Retirement system payable	2,538,344	3,309,787
Intergovernmental payables	152,804	21,861
Compensated absences	16,032,473	14,107,268
Workers' compensation	1,199,636	1,346,116
Net pension liability	<u>13,072,961</u>	<u>3,487,098</u>
Total	<u>\$ 76,793,456</u>	<u>\$ 49,791,362</u>

Additional information on the District’s long-term liabilities can be found in Note 8 to the financial statements.

**Economic Factors and Next Year’s Budget and Rates**

The unemployment rate, not seasonally adjusted, for the region at June 30, 2020 was 13.7 percent. This compares to New York State’s unemployment rate of 15.6 percent. These factors are considered in preparing the District’s budget.

The 2020-2021 adopted budget appropriations total of \$130,221,711 is an approximate increase of 3.7 percent as compared to \$125,626,939 in 2019-2020. The District’s total budgeted tax levy in 2020-2021 is \$64,326,002, which is an approximate increase of 3.0 percent as compared to \$62,453,615 levied during the 2019-2020 year.

On January 31, 2020, the United States Secretary of Health and Human Services declared a public health emergency related to the global spread of coronavirus COVID-19, and a pandemic was declared by the World Health Organization in February 2020. The extent of the impact of COVID-19 on the District’s operational and financial performance will depend on further developments, including the duration and spread of the outbreak, impact on patients, employees and vendors all of which cannot be predicted.

**Requests for Information**

This financial report is designed to provide a general overview of the District’s finances for all those with an interest in the District’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Matthew J. Bystrak, Superintendent of Schools or Mr. Brian L. Schulz, District Treasurer, (716-677-3100) West Seneca Central School District, 675 Potters Road, West Seneca, New York 14224.

# BASIC FINANCIAL STATEMENTS



**\*\* THIS PAGE INTENTIONALLY LEFT BLANK \*\***

**WEST SENECA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Statement of Net Position**  
**June 30, 2020**

---

	<b>Primary Government</b>
	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 5,408,277
Restricted cash and cash equivalents	23,750,892
Restricted investments	12,100,837
Receivables	132,149
Intergovernmental receivables	10,653,834
Prepaid items	341,679
Inventories	125,316
Noncurrent net pension asset	7,512,383
Capital assets not being depreciated	5,386,629
Capital assets, net of accumulated depreciation	77,936,639
Total assets	143,348,635
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows—relating to pension plans	33,637,656
Deferred charge on refunding	29,081
Total deferred outflows of resources	33,666,737
<b>LIABILITIES</b>	
Accounts payable	1,872,766
Accrued liabilities	1,178,331
Intergovernmental payables	1,067,300
Due to retirement systems	5,274,071
Unearned revenues	30,588
Noncurrent liabilities:	
Due within one year	7,949,544
Due within more than one year	68,843,912
Total liabilities	86,216,512
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows—relating to pension plans	10,479,585
Total deferred inflows of resources	10,479,585
<b>NET POSITION</b>	
Net investment in capital assets	56,114,235
Restricted for:	
Tax certiorari	549,808
Unemployment insurance	1,771,251
Retirement contribution	3,793,921
Workers' compensation	5,764,796
Employee benefits	4,366,632
Capital - transportation	1,821,293
Unrestricted	6,134,714
Total net position	\$ 80,319,275

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

**WEST SENECA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Statement of Activities**  
**Year Ended June 30, 2020**

<b>Function/Program</b>	<b>Expenses</b>	<b>Program Revenues</b>		<b>Net (Expense)</b>
		<b>Charges for</b>	<b>Operating</b>	<b>Revenue and Changes</b>
		<b>Services</b>	<b>Grants and</b>	<b>in Net Position</b>
			<b>Contributions</b>	<b>Primary</b>
				<b>Governmental</b>
				<b>Activities</b>
Governmental activities:				
General support	\$ 16,511,422	\$ -	\$ 245,709	\$ (16,265,713)
Instruction	104,715,759	1,066,371	6,359,302	(97,290,086)
Pupil transportation	8,427,584	-	-	(8,427,584)
School food service	1,850,769	386,084	1,476,908	12,223
Interest and other fiscal charges	725,918	-	-	(725,918)
Total primary government	<u>\$ 132,231,452</u>	<u>\$ 1,452,455</u>	<u>\$ 8,081,919</u>	<u>(122,697,078)</u>
General revenues:				
Real property taxes and items				62,880,666
Non-property tax items				7,328,918
Use of money and property				706,722
Sale of property and compensation for loss				20,301
Miscellaneous				987,335
State sources—unrestricted				46,009,152
Total general revenues				<u>117,933,094</u>
Change in net position				(4,763,984)
Net position—beginning				85,083,259
Net position—ending				<u>\$ 80,319,275</u>

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

**WEST SENECA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Balance Sheet—Governmental Funds**  
**June 30, 2020**

	<u>Special Revenue</u>				<b>Total Governmental Funds</b>
	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>		
<b>ASSETS</b>					
Cash and cash equivalents	\$ 5,264,334	\$ -	\$ 143,943	\$ -	\$ 5,408,277
Restricted cash and cash equivalents	5,972,222	27,855	-	17,750,815	23,750,892
Restricted investments	12,100,837	-	-	-	12,100,837
Receivables	131,454	-	695	-	132,149
Intergovernmental receivables	8,892,941	1,640,094	110,543	-	10,643,578
Due from other funds	1,404,144	-	4,832	-	1,408,976
Prepaid items	341,679	-	-	-	341,679
Inventories	-	-	125,316	-	125,316
Total assets	<u>\$ 34,107,611</u>	<u>\$ 1,667,949</u>	<u>\$ 385,329</u>	<u>\$ 17,750,815</u>	<u>\$ 53,911,704</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 639,131	\$ 38,537	\$ 3,407	\$ 1,191,691	\$ 1,872,766
Accrued liabilities	839,437	2,068	35,585	-	877,090
Intergovernmental payables	1,067,300	-	-	-	1,067,300
Due to other funds	-	1,408,976	-	-	1,408,976
Due to retirement systems	5,630,102	190,513	-	-	5,820,615
Unearned revenues	2,733	27,855	-	-	30,588
Total liabilities	<u>8,178,703</u>	<u>1,667,949</u>	<u>38,992</u>	<u>1,191,691</u>	<u>11,077,335</u>
<b>FUND BALANCES</b>					
Nonspendable	341,679	-	125,316	-	466,995
Restricted	18,070,326	-	-	16,559,124	34,629,450
Assigned	2,333,873	-	221,021	-	2,554,894
Unassigned	5,183,030	-	-	-	5,183,030
Total fund balances	<u>25,928,908</u>	<u>-</u>	<u>346,337</u>	<u>16,559,124</u>	<u>42,834,369</u>
Total liabilities and fund balances	<u>\$ 34,107,611</u>	<u>\$ 1,667,949</u>	<u>\$ 385,329</u>	<u>\$ 17,750,815</u>	<u>\$ 53,911,704</u>

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

**WEST SENECA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Reconciliation of the Balance Sheet—Governmental Funds**  
**to the Government-wide Statement of Net Position**  
**June 30, 2020**

---

Amounts reported for governmental activities in the statement of net position (page 12) are different because:

Total fund balances—governmental funds (page 14)		\$ 42,834,369
Other long-term receivables are not available to pay for current period expenditures and, therefore, are not reported in the funds.		10,256
Net pension assets are not financial resources and, therefore, are not reported in the funds.		7,512,383
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$156,079,742 and the accumulated depreciation is \$72,756,474.		83,323,268
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds:		
Deferred outflows related to employer contributions	\$ 5,150,504	
Deferred outflows relating to experience, changes of assumptions, investment earnings, and changes in proportion	28,487,152	
Deferred inflows of resources related to pension plans	<u>(10,479,585)</u>	23,158,071
For refunding bonds, the difference between the reacquisition price and the net carrying amount of the refunded debt should be reported as a deferred charge and recognized as a component of interest expense over either the lesser of the life of the debt issuance or the bonds refunded for the government-wide statements.		29,081
Reclassification of due to retirement systems to long-term liabilities.		546,544
Net accrued interest expense for serial bonds and the energy performance contract is not reported in the funds.		(301,241)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds. The effects of these items are:		
Serial bonds	\$ (35,250,000)	
Premium on serial bonds	(3,698,881)	
Energy performance contract	(4,848,357)	
Retirement systems payable	(2,538,344)	
Intergovernmental payables	(152,804)	
Compensated absences	(16,032,473)	
Workers' compensation	(1,199,636)	
Net pension liability	<u>(13,072,961)</u>	<u>(76,793,456)</u>
Net position of governmental activities		<u>\$ 80,319,275</u>

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

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

	<u>Special Revenue</u>				<u>Total Governmental Funds</u>
	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital Projects</u>	
<b>REVENUES</b>					
Real property taxes and tax items	\$ 62,880,666	\$ -	\$ -	\$ -	\$ 62,880,666
Non-property tax items	7,328,918	-	-	-	7,328,918
Charges for services	1,066,371	-	-	-	1,066,371
Use of money and property	705,215	-	324	1,183	706,722
Sale of property and compensation for loss	20,301	-	-	-	20,301
Miscellaneous	970,815	16,401	119	-	987,335
State sources	47,384,619	1,568,163	45,419	-	48,998,201
Federal sources	734,472	2,924,507	1,431,489	-	5,090,468
Sales—food service	-	-	386,084	-	386,084
Total revenues	<u>121,091,377</u>	<u>4,509,071</u>	<u>1,863,435</u>	<u>1,183</u>	<u>127,465,066</u>
<b>EXPENDITURES</b>					
Current:					
General support	11,731,842	-	-	-	11,731,842
Instruction	70,365,011	4,633,336	-	-	74,998,347
Pupil transportation	5,871,334	164,576	-	-	6,035,910
Employee benefits	26,113,443	-	205,429	-	26,318,872
Debt service:					
Principal	4,757,566	-	-	-	4,757,566
Interest and other fiscal charges	1,046,072	-	-	-	1,046,072
Cost of sales—food service	-	-	1,792,639	-	1,792,639
Capital outlay	-	-	-	5,754,579	5,754,579
Total expenditures	<u>119,885,268</u>	<u>4,797,912</u>	<u>1,998,068</u>	<u>5,754,579</u>	<u>132,435,827</u>
Excess (deficiency) of revenues over expenditures	<u>1,206,109</u>	<u>(288,841)</u>	<u>(134,633)</u>	<u>(5,753,396)</u>	<u>(4,970,761)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	288,841	25,000	169,433	483,274
Transfers out	(483,274)	-	-	-	(483,274)
Serial bonds issued	-	-	-	18,835,000	18,835,000
Premium on serial bonds issued	2,625	-	-	2,665,000	2,667,625
Total other financing sources (uses)	<u>(480,649)</u>	<u>288,841</u>	<u>25,000</u>	<u>21,669,433</u>	<u>21,502,625</u>
Net change in fund balances	725,460	-	(109,633)	15,916,037	16,531,864
Fund balances—beginning	<u>25,203,448</u>	<u>-</u>	<u>455,970</u>	<u>643,087</u>	<u>26,302,505</u>
Fund balances—ending	<u>\$ 25,928,908</u>	<u>\$ -</u>	<u>\$ 346,337</u>	<u>\$ 16,559,124</u>	<u>\$ 42,834,369</u>

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

**WEST SENECA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in**  
**Fund Balances—Governmental Funds to the Government-wide Statement of Activities**  
**Year Ended June 30, 2020**

---

Amounts reported for governmental activities in the statement of activities (page 13) are different because:

Net change in fund balances—total governmental funds (page 16) \$ 16,531,864

Certain revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 2,402

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital asset additions	\$ 6,707,287	
Depreciation expense	<u>(3,066,234)</u>	3,641,053

Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:

District pension contributions	\$ 6,906,875	
Cost of benefits earned net of employee contributions	<u>(14,301,050)</u>	(7,394,175)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. (87,244)

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. (59,655)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:

Serial bonds issued	\$ (18,835,000)	
Repayment of serial bonds	4,480,000	
Premium on serial bonds issued	(2,667,625)	
Amortization of premium on serial bonds	467,053	
Repayment of energy performance contract	277,566	
Change in retirement systems payable	789,445	
Change in intergovernmental payables	(130,943)	
Change in compensated absences	(1,925,205)	
Change in workers' compensation	<u>146,480</u>	<u>(17,398,229)</u>

Change in net position of governmental activities \$ (4,763,984)

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

**WEST SENECA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Statement of Net Position—Fiduciary Funds**  
**June 30, 2020**

---

	<b>Private Purpose Trust</b>	<b>Agency</b>
	<u>Trust</u>	<u>Agency</u>
<b>ASSETS</b>		
Restricted cash and cash equivalents	\$ 152,074	\$ 327,676
Total assets	<u>152,074</u>	<u>\$ 327,676</u>
<b>LIABILITIES</b>		
Extraclassroom activity funds	-	\$ 95,026
Other agency liabilities	<u>-</u>	<u>232,650</u>
Total liabilities	<u>-</u>	<u>\$ 327,676</u>
<b>NET POSITION</b>		
Restricted for other purposes	<u>152,074</u>	
Total net position	<u>\$ 152,074</u>	

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

**WEST SENECA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Statement of Changes in Net Position—Fiduciary Funds**  
**Year Ended June 30, 2020**

---

	<b>Private Purpose Trust</b>
<b>ADDITIONS</b>	
Contributions	<u>\$ 196,148</u>
<b>DEDUCTIONS</b>	
Program costs	<u>182,868</u>
Change in net position	13,280
Net position—beginning	<u>138,794</u>
Net position—ending	<u><u>\$ 152,074</u></u>

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

**\*\* THIS PAGE INTENTIONALLY LEFT BLANK \*\***

**WEST SENECA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Notes to the Financial Statements**  
**Year Ended June 30, 2020**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of West Seneca Central School District, New York (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District’s accounting policies are described below.

***Description of Government-wide Financial Statements***

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The District reports no business-type activities or component units.

***Reporting Entity***

The District is governed by the Education Law and other laws of the State of New York. The governing body is the Board of Education. The scope of activities included within the accompanying financial statements are those transactions which comprise District operations, and are governed by, or significantly influenced by, the Board of Education.

Essentially, the primary function of the District is to provide education for pupils. Support services such as transportation of pupils, food service, administration, finance, and plant maintenance are also included.

The financial reporting entity includes all funds, functions and organizations over which the District officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

***Extraclassroom Activity Funds***—The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District’s business office. The District accounts for assets held as an agent for various student organizations in an Agency Fund account.

***Joint Venture***—The District is a participating school district in the Erie No. 1 Board of Cooperative Educational Services (“BOCES”). Formed under Section 1950 of Education Law, a BOCES is a voluntary cooperative association of school districts in a geographic area that shares planning, services, and programs, and also provides educational and support activities. There is no authority or process by which the District can terminate its status as a component of BOCES. All BOCES property is held by the BOCES Board as a corporation under Section 1950(6) of Education Law.

The component school district boards elect the members of the BOCES governing body. There are no equity interests and no single participant controls the financial or operating policies. In addition, BOCES Boards are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of General Municipal Law.

The BOCES budget is comprised of separate spending plans for administrative, program, and capital costs. Each component school district shares in administrative and capital costs determined by its enrollment. Participating districts are charged a service fee for programs in which students participate, and for other shared contracted administrative services. Participating districts may also issue debt on behalf of BOCES. As of June 30, 2020, there was no debt issued by the District on behalf of BOCES.

During the fiscal year ended June 30, 2020, the District was billed \$8,216,907 for BOCES administrative and program costs. The District's share of BOCES aid and refunds amounted to \$2,735,860 for the year ended June 30, 2020. Audited financial statements are available from the Erie I BOCES administrative offices.

### ***Basis of Presentation - Government-wide Financial Statements***

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments and charges between the District's various functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

### ***Basis of Presentation – Fund Financial Statements***

The fund financial statements provide information about the District's funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All of the District's funds are considered major funds.

The District reports the following major governmental funds:

- *General Fund*—The General Fund constitutes the primary operating fund of the District and includes all operations not required to be recorded in other funds. The principal source of revenue for the General Fund are real property taxes and state sources.
- *Special Aid Fund*—The Special Aid Fund is used to account for special operating projects or programs supported in whole, or in part, with federal and state grants.
- *School Lunch Fund*—The School Lunch Fund is used to account for transactions of the District's food service operations.
- *Capital Projects Fund*—The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment.

Additionally, the District reports the following fund type:

*Fiduciary Funds*—These funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations and/or other governmental units. Trust funds account for resources received and disbursements made in accordance with trust agreements or applicable legislative enactments for each particular fund. The fiduciary funds of the District include a *Private Purpose Trust Fund* and an *Agency Fund*.

- *Private Purpose Trust Fund*—The Private Purpose Trust Fund is used to account for assets held by the District for scholarships.
- *Agency Fund*—The Agency Fund is used to account for assets held by the District as an agent for individuals, including current and former employees, private organizations, various student groups and clubs and/or other governmental units. Included within the Agency Fund are the extraclassroom activity funds of the District, which represent funds of the students of the District. The Board of Education exercises general oversight of these funds.

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

### ***Measurement Focus and Basis of Accounting***

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are generally considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers all revenues reported in the governmental funds to be available if they are collected within 150 days after the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to noncurrent payables to the Teachers' Retirement System, compensated absences, claims and judgments, and the net pension liability are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, non-property taxes, charges for services provided, and state and federal aid associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met and the amount is received during the period of availability (150 days of year-end). Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements are met and amount is received during the period of availability (150 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the District.

The Private Purpose Fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The Agency Fund has no measurement focus, but utilizes the *accrual basis* of accounting for reporting assets and liabilities.

***Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance***

***Cash, Cash Equivalents and Investments***—The District’s cash and cash equivalents consist of cash on hand, demand deposits, time deposits and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition. New York State law governs the District’s investment policies. Permissible investments include obligations of the United States Treasury, U.S. government agencies, repurchase agreements and obligations of New York State or its localities. Investments are stated at fair value in accordance with GASB.

***Restricted Cash, Cash Equivalents and Investments***—Restricted cash, cash equivalents and investments represents amounts to support fund balance restrictions, unspent proceeds of debt, unearned revenues, and amounts held on behalf of others.

***Receivables***—Receivables are shown net of an allowance for uncollectible accounts, when applicable. No allowance or uncollectible accounts has been provided since it is believed that such allowance would not be material.

***Prepaid Items***—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than purchased.

***Inventories***—Inventories of food and/or supplies in the School Lunch Fund are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value which approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and year-end balances are not maintained.

***Capital Assets***—Capital assets, which include land, construction in progress, land improvements, buildings and improvements, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than an established threshold (\$5,000) for the type of asset and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are completed.

Land and construction in progress are not depreciated. Land improvements, buildings and building improvements and equipment are depreciated using the straight line method over the following estimated useful lives:

	Capitalization Threshold	Estimated Useful Life (years)
Land improvements	\$ 5,000	20
Buildings and building improvements	5,000	50
Equipment	5,000	5-20

The *capital outlays* character classification is employed only for expenditures reported in the Capital Projects Fund. Routine capital expenditures in the General Fund and other governmental funds are included in the appropriate functional category (for example, the purchase of a new school bus included as part of *expenditures—pupil transportation*). The amount reported as *capital outlays* in the Capital Projects Fund will also include non-capitalized, project-related costs (for example, furnishings).

***Deferred Outflows/Inflows of Resources***—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2020, the District has two items that qualify for reporting in this category. The first item is related to pensions, reported in the government-wide financial statements. This represents the effect of the net change in the District’s proportion of the collective net pension asset or liability, the difference during the measurement period between the District’s contributions, its proportionate share of the total contribution to the pension systems not included in the pension expense, and any contributions to the pension systems made subsequent to the measurement date. The second item is a deferred charge on refunding which the District reports within the government-wide financial statements. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At June 30, 2020, the District has one item that qualifies for reporting in this category. This item represents the effect of the net change in the District’s proportion of the collective net pension liability and the difference during the measurement periods between the District’s contributions, and its proportionate share of total contributions to the pension systems not included in pension expense.

***Net Position Flow Assumptions***—Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

***Fund Balance Flow Assumptions***—Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for

the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

***Fund Balance Policies***—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District’s highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as committed. The Board of Education has by resolution authorized the District Treasurer to assign fund balance. The Board may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

### ***Revenues and Expenses/Expenditures***

***Program Revenues***—Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

***Property Taxes***—Real property taxes are levied annually as of July 1<sup>st</sup> by the Board of Education and attached as an enforceable lien. Uncollected real property taxes are subsequently enforced by the County of Erie. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the District no later than the forthcoming April 1<sup>st</sup>.

***Unearned Revenues***—Certain revenues have not met the revenue recognition criteria for government-wide or fund financial purposes. At June 30, 2020, the District reported \$2,733 and \$27,855 of unearned revenue in the General Fund and Special Aid Fund, respectively, for overpayments and tuition monies received in advance of performing services.

***Compensated Absences***—It is the District’s policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay and sick pay are accrued when incurred in the government-wide financial statements. Payment of compensated absences recorded in the government-wide financial statements is dependent upon many factors; therefore, the timing of future payment is not readily determinable. However, such compensated absences are contractual obligations and will be funded as such payments become due.

***Pension Plans***—The District is mandated by New York State law to participate in the New York State Teachers’ Retirement System (“TRS”) and the New York State and Local Employees’ Retirement System (“ERS”). For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are

recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 6.

### **Other**

**Estimates**—The preparation of the financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the reported amounts of revenues, expenditures, assets, liabilities, deferred outflows/inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements during the reported period. Actual results could differ from those estimates.

**Adoption of New Accounting Pronouncements**—During the year ended June 30, 2020, the District early implemented GASB Statement No. 90, *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. Additionally, the District implemented GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*. GASB Statement No. 90 improves the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. GASB Statement No. 95 provides temporary relief to governments and other stakeholders in light of the COVID-19 pandemic by postponing effective dates of certain provisions in Statements No. 84, 87, 89, 91, 92, 93, 94, 96 and 97. The implementation of GASB Statements No. 90 and 95 did not have a material impact on the District’s financial position or results from operations.

**Future Impacts of Accounting Pronouncements**—The District has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 84, *Fiduciary Activities*; No. 93, *Replacement of Interbank Offered Rates*; and No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, effective for the year ending June 30, 2021, No. 87, *Leases*; No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; and No. 92, *Omnibus 2020*, effective for the year ending June 30, 2022, and No. 91, *Conduit Debt Obligations*; No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; and No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending June 30, 2023. The District is, therefore, unable to disclose the impact that adopting GASB Statements No. 84, 87, 89, 91, 92, 93, 94, 96, and 97 will have on its financial position and results of operations when such statements are adopted.

## **2. CASH, CASH EQUIVALENTS AND INVESTMENTS**

The District’s investment policies are governed by State statutes. District monies must be deposited in FDIC-insured commercial banks or trust companies located within New York State. The District’s Treasurer is authorized to use demand accounts and certificates of deposit. 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 deposit accounts, time deposit accounts and certificates of deposit at 100 percent of all deposits not covered by Federal deposit insurance. The District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York. Cash, cash equivalents and investments reported by the District at June 30, 2020, is presented on the following page.

	Governmental Funds	Fiduciary Funds	Total
Deposits	\$ 29,159,169	\$ 479,750	\$ 29,638,919
Investments	12,100,837	-	12,100,837
Total	<u>\$ 41,260,006</u>	<u>\$ 479,750</u>	<u>\$ 41,739,756</u>

**Deposits**—All deposits are carried at fair value, and are classified by custodial credit risk at June 30, 2020 as follows:

	Bank Balance	Carrying Amount
FDIC insured	\$ 354,799	\$ 347,410
Uninsured:		
Collateral held by the pledging bank's agent in the District's name	<u>32,109,130</u>	<u>29,291,509</u>
Total deposits	<u>\$ 32,463,929</u>	<u>\$ 29,638,919</u>

**Custodial Credit Risk—Deposits**—Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. At June 30, 2020, the District's deposits were either FDIC insured or collateralized with securities held by the pledging bank's agent in the District's name.

**Restricted Cash and Cash Equivalents**—The District reports unspent proceeds of debt, amounts to support unearned revenues, restricted fund balances, and amounts held on behalf of others as restricted cash and cash equivalents. At June 30, 2020, the District reported \$23,750,892 of restricted cash within its governmental funds and \$479,750 within its fiduciary funds.

**Investments and Fair Value Measurements**—At June 30, 2020, the District has investments in securities of \$12,100,837, which consist of U.S. Treasury notes with maturities of six and twelve months. This amount, \$12,100,837, is restricted to support restricted fund balances in the General Fund. Accounting standards provide the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1            Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access.
- Level 2            Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets or liabilities in inactive markets;
  - inputs other than quoted prices that are observable for the asset or liability;
  - inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3            Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The investments of the District at June 30, 2020 are considered level 1 inputs.

**Custodial Credit Risk—Investments**—For investments, this is the risk that, in the event of failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Underlying securities must have a market value of at least the cost of the repurchase agreement.

**Credit Risk**—In compliance with the State law, District investments are limited to obligations of the Federal government, obligations guaranteed by the Federal government where the payment of principal and interest are guaranteed by the Federal government, obligations of the State, time deposit accounts and certificates of deposit issued by a bank or trust company located in, and authorized to do business in, the State, and certain joint or cooperative investment programs.

**Concentration of Credit Risk**—To promote competition in rates and service cost, and to limit the risk of institutional failure, District deposits and investments are placed with multiple institutions.

**Interest Rate Risk**—In accordance with its investment policy, the District manages exposures by limiting investments to low risk type investments governed by New York State statutes.

### 3. RECEIVABLES

Major revenues accrued by the District at June 30, 2020 consisted of the following:

**Receivables**—Primarily represents amounts due for non-resident student tuition and transportation services and for health services provided to non-resident, non-public students. The District reported amounts of \$131,454 and \$695 in the General Fund and School Lunch Fund, respectively.

**Intergovernmental Receivables**—Represents amounts due from other units of government, such as Federal, New York State and other local governments. Intergovernmental receivables at June 30, 2020 are presented below:

General Fund:		
State aid (general and excess cost)	\$ 4,637,545	
Sales tax	2,486,448	
BOCES aid	1,076,821	
Medicaid management information systems	131,869	
Other school districts	<u>560,258</u>	\$ 8,892,941
Special Aid Fund:		
Summer chapter 4408	269,503	
Title I	316,726	
Chapter 4201	175,388	
Universal pre-kindergarten	284,629	
Section 611	473,267	
Section 619	10,716	
Teacher center	17,855	
Title II	56,925	
Title IV	30,489	
Miscellaneous	<u>4,596</u>	1,640,094
School Lunch Fund:		
National school lunch program		<u>110,543</u>
Total governmental funds		<u>\$ 10,643,578</u>

#### 4. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2020 was as follows:

	Balance 7/1/2019	Increases	Decreases	Balance 6/30/2020
Capital assets, not being depreciated:				
Land	\$ 372,855	\$ -	\$ -	\$ 372,855
Construction in progress	4,488,605	5,754,579	5,229,410	5,013,774
Total capital assets, not being depreciated	<u>4,861,460</u>	<u>5,754,579</u>	<u>5,229,410</u>	<u>5,386,629</u>
Capital assets, being depreciated:				
Land improvements	2,432,266	-	-	2,432,266
Buildings and building improvements	124,983,846	5,229,410	-	130,213,256
Equipment	17,345,892	952,708	251,009	18,047,591
Total capital assets, being depreciated	<u>144,762,004</u>	<u>6,182,118</u>	<u>251,009</u>	<u>150,693,113</u>
Less accumulated depreciation for:				
Land improvements	2,084,863	54,775	-	2,139,638
Buildings and building improvements	54,403,776	2,208,287	-	56,612,063
Equipment	13,452,610	803,172	251,009	14,004,773
Total accumulated depreciation	<u>69,941,249</u>	<u>3,066,234</u>	<u>251,009</u>	<u>72,756,474</u>
Total capital assets, being depreciated, net	<u>74,820,755</u>	<u>3,115,884</u>	<u>-</u>	<u>77,936,639</u>
Governmental activities, capital assets, net	<u>\$ 79,682,215</u>	<u>\$ 8,870,463</u>	<u>\$ 5,229,410</u>	<u>\$ 83,323,268</u>

Depreciation expense was charged to the functions and programs of governmental activities as follows:

General support	\$ 380,426
Instruction	2,461,953
Transportation	195,725
School food service	28,130
Total	<u>\$ 3,066,234</u>

#### 5. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at June 30, 2020, were as follows:

	General Fund	Special Aid Fund	School Lunch Fund	Total Governmental Funds
Salary and employee benefits	<u>\$ 839,437</u>	<u>\$ 2,068</u>	<u>\$ 35,585</u>	<u>\$ 877,090</u>

## 6. PENSION PLANS

The District participates in the New York State Teachers' Retirement System ("TRS") and the New York State and Local Employees' Retirement System ("ERS") (the "Systems"). These cost-sharing multiple-employer public employee retirement systems compute contribution requirements based on the New York State Retirement and Social Security Law ("NYSRSSL").

### *Plan Descriptions and Benefits Provided*

**Teachers' 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. TRS 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 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, NY 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial Report which can be found on TRS's website at [www.nystrs.org](http://www.nystrs.org).

**Employees' 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 ERS. ERS benefits are established under the provisions of the New York State Retirement and Social Security Law ("NYSRSSL"). 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. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://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 three percent (3.0%) of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute three percent (3.0%) to three and one half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

**Pension Liability/(Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**—At June 30, 2020, the District reported the liability/(asset) presented on the following page for its proportionate share of the net pension liability/(asset) for each of the Systems. The net pension liability/(asset) was measured as of June 30, 2019 for TRS and March 31, 2020 for ERS. The total pension liability/(asset) used to calculate the net pension liability/(asset) was determined by actuarial valuations as of June 30, 2018 and April 1, 2019, respectively, with update procedures used to roll forward the total pension liability/(asset) to the measurement dates. The District's proportion of the net pension liability/(asset) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected

contributions of all participating members, actuarially determined. This information was provided by the TRS and ERS Systems in reports provided to the District.

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2019	March 31, 2020
Net pension liability/(asset)	\$ (7,512,383)	\$ 13,072,961
District's portion of the Plan's total net pension liability/(asset)	0.289159%	0.049368%

For the year ended June 30, 2020, the District recognized a pension expense of \$9,393,493 and \$4,913,328 for the TRS and ERS, respectively. At June 30, 2020, the District 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>TRS</u>	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>
Differences between expected and actual experiences	\$ 5,090,950	\$ 769,397	\$ 558,635	\$ -
Changes of assumptions	14,191,897	263,228	3,460,386	227,293
Net difference between projected and actual earnings on pension plan investments	-	6,701,835	6,024,544	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	513,652	956,193	181,017	27,710
District contributions subsequent to the measurement date	<u>4,415,616</u>	<u>734,888</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 24,212,115</u>	<u>\$ 9,425,541</u>	<u>\$ 10,224,582</u>	<u>\$ 255,003</u>

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 June 30,</u>	<u>TRS</u>	<u>ERS</u>
2021	\$ 3,501,846	\$ 1,597,629
2022	318,794	2,155,580
2023	3,489,528	2,624,755
2024	2,258,044	2,057,686
2025	246,592	-
Thereafter	(242,887)	-

**Actuarial Assumptions**—The total pension liability/(asset) as of the measurement dates were determined by using actuarial valuations as noted in the table below, with update procedures used to roll forward the total pension liability/(asset) to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2019	March 31, 2020
Actuarial valuation date	June 30, 2018	April 1, 2019
Interest rate	7.10%	6.80%
Salary scale	1.90%-4.72%	4.20%
Decrement tables	July 1, 2009- June 30, 2014	April 1, 2011- March 31, 2015
Inflation rate	2.20%	2.50%
Cost-of-living adjustments	1.30%	1.30%

For TRS, annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014, applied on a generational basis. Active member mortality rates are based on plan member experience. For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System’s experience with adjustments for mortality improvements based on Society of Actuaries’ Scale MP-2014.

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. 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.

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

Measurement date Asset class:	TRS	ERS	TRS	ERS
	Target Allocation		Long-Term Expected Real Rate of Return	
			June 30, 2019	March 31, 2020
Domestic equities	33.0 %	36.0 %	6.3 %	4.1 %
International equities	16.0	14.0	7.8	6.2
Global equities	4.0	0.0	7.2	0.0
Private equity	8.0	10.0	9.9	6.8
Real estate	11.0	10.0	4.6	5.0
Absolute return strategies	0.0	2.0	0.0	3.3
Domestic fixed income securities	16.0	0.0	1.3	0.0
Global fixed income securities	2.0	0.0	0.9	0.0
High-yield fixed income securities	1.0	0.0	3.5	0.0
Opportunistic portfolio	0.0	3.0	0.0	4.7
Private debt	1.0	1.0	6.5	0.0
Real assets	0.0	3.0	0.0	6.0
Bonds and mortgages	7.0	17.0	2.9	0.8
Short-term	1.0	1.0	0.3	0.0
Inflation-indexed bonds	0.0	4.0	0.0	0.5
Total	<u>100.0 %</u>	<u>100.0 %</u>		

**Discount Rate**—The discount rate used to calculate the total pension liability/(asset) was 7.10% for TRS and 6.80% for ERS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability/(asset).

**Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to the Discount Rate Assumption**—The chart below presents the District’s proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.10% for TRS and 6.80% for ERS, as well as what the District’s proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage-point lower (6.10% for TRS and 5.80% for ERS) or one percentage-point higher (8.10% for TRS and 7.80% for ERS) than the current assumption.

	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
<b>TRS</b>			
Employer's proportionate share of the net pension liability/(asset)	\$ 33,910,113	\$ (7,512,383)	\$ (42,261,183)
<b>ERS</b>			
Employer's proportionate share of the net pension liability	\$ 23,992,575	\$ 13,072,961	\$ 3,015,951

**Pension Plan Fiduciary Net Position**—The components of the current-year net pension liability/(asset) of the employers as of the respective valuation dates, were as follows:

	(Dollars in Thousands)	
	TRS	ERS
Valuation date	June 30, 2018	April 1, 2019
Employers' total pension liability/(asset)	\$ 119,879,474	\$ 194,596,261
Plan fiduciary net position	<u>122,477,481</u>	<u>168,115,682</u>
Employers' net pension liability/(asset)	<u>\$ (2,598,007)</u>	<u>\$ 26,480,579</u>
System fiduciary net position as a percentage of total pension liability/(asset)	102.2%	86.4%

**Payables to the Pension Plan**—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 \$5,085,727.

For ERS, employer contributions are paid annually based on the System’s fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$734,888.

## 7. RISK MANAGEMENT

The District is exposed to various risks of losses. Generally, all risks of loss are covered through the purchase of commercial insurance with the exception of workers' compensation claims. Settled claims under the District's commercial insurance have not exceeded commercial coverage in any of the past three fiscal years. The District has decided to self-insure its workers' compensation expenditures that are less than the minimum claim covered by its umbrella insurance policy. The District reports its risk management activities in the funds which incurred the expense. Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

Total claims and judgments expenditures of \$1,130,636 were recorded in the General Fund for the year ended June 30, 2020.

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 claims that have been incurred but not reported ("IBNR"). Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other economic and social factors. The District uses an excess loss policy for claims exceeding \$600,000 for workers' compensation to reduce its exposure to large losses.

The following summarizes workers' compensation claims reported and claim payments including liability balances outstanding for fiscal years ended June 30, 2019 and June 30, 2020.

Fiscal Year Ended June 30,	Beginning Balance	Claims	Payments	Ending Balance
2020	\$ 1,346,116	\$ 984,157	\$1,130,637	\$ 1,199,636
2019	1,692,181	743,332	1,089,397	1,346,116

At June 30, 2020 and 2019, \$5,764,796 and \$5,616,550, respectively, of the General Fund's fund balance was reserved for loss contingencies for purposes of funding the District's future workers' compensation claim liabilities.

## 8. LONG-TERM LIABILITIES

In the government-wide financial statements long-term debt and other long-term obligations are reported as noncurrent liabilities in the statement of net position.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

The District's outstanding long-term liabilities include bonds payable, energy performance contract, retirement systems payable, intergovernmental payables, compensated absences, workers' compensation and net pension liability. The serial bonds of the District are secured by its general credit and revenue raising powers, as per State statute.

A summary of changes in the District’s long-term liabilities for the year ended June 30, 2020 follows:

	Balance 7/1/2019	Additions	Reductions	Balance 6/30/2020	Due Within One Year
Serial bonds	\$ 20,895,000	\$ 18,835,000	\$ 4,480,000	\$ 35,250,000	\$ 4,660,000
Premium on serial bonds	1,498,309	2,667,625	467,053	3,698,881	253,971
Bonds payable, net	22,393,309	21,502,625	4,947,053	38,948,881	4,913,971
Energy performance contract	5,125,923	-	277,566	4,848,357	287,256
Retirement systems payable	3,309,787	-	771,443	2,538,344	797,825
Intergovernmental payables	21,861	152,804	21,861	152,804	152,804
Compensated absences	14,107,268	3,093,853	1,168,648	16,032,473	801,624
Workers' compensation	1,346,116	984,157	1,130,637	1,199,636	996,064
Net pension liability*	3,487,098	9,585,863	-	13,072,961	-
Total	\$ 49,791,362	\$ 35,319,302	\$ 8,317,208	\$ 76,793,456	\$ 7,949,544

(\*Additions to the net pension liability are shown net of reductions.)

**Serial Bonds**—The District issues general obligation bonds to provide funds for the acquisition, construction, and renovation of major capital facilities. Serial bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with maturities that range from 6 to 16 years.

On June 18, 2020, the District issued \$18,835,000 capital improvements serial bonds, which included a premium of \$2,667,625. The bonds carry an interest rate ranging from 2.0 percent to 5.0 percent, and mature in June 2035.

Principal is paid annually, interest is paid semi-annually; these payments are recorded in the General Fund. A summary of additions and payments for the year ended June 30, 2020 is shown below:

Description	Original Issue	Interest Rate (%)	Issue/ Maturity	Balance 7/1/2019	Additions	Payments	Balance 6/30/2020
District improvements	\$ 20,000,000	2.98	2013/2028	\$ 13,200,000	\$ -	\$ 1,485,000	\$ 11,715,000
District improvements	13,895,000	2.00	2015/2021	7,695,000	-	2,995,000	4,700,000
District improvements	18,835,000	2.00-5.00	2020/2035	-	18,835,000	-	18,835,000
Total				\$ 20,895,000	\$ 18,835,000	\$ 4,480,000	\$ 35,250,000

**Premiums on serial bonds**—The District issued serial bonds in the amounts of \$20,000,000, \$13,895,000 and \$18,835,000, and received bond premiums of \$1,730,547, \$1,710,210 and \$2,667,625, respectively. The premiums are being amortized on a straight-line basis over the life of the bonds, which mature on November 26, 2028, October 16, 2021, and June 18, 2035 respectively. Unamortized bond premiums at June 30, 2020 total \$3,698,881.

**Energy Performance Contract (“EPC”)**—On August 23, 2018, the District entered into an energy performance contract for modifications to various facilities. The modifications were made to improve energy efficiency. The EPC carries an interest rate of 3.46% and is payable semi-annually. The total outstanding balance at June 30, 2020 was \$4,848,357.

The following table summarizes the annual requirements of the energy performance contract:

Year Ending June 30,	Governmental Activities
2021	\$ 452,589
2022	452,589
2023	452,589
2024	452,589
2025	452,589
2026-2030	2,262,943
2031-2034	<u>1,584,057</u>
Total minimum lease payments	6,109,945
Less: Amount representing imputed interest costs	<u>(1,261,588)</u>
Present value of minimum lease payments	<u>\$ 4,848,357</u>

During the year ended June 30, 2020, the District completed their EPC project and capitalized costs totaling \$5,129,977 as building improvements.

**Retirement Systems Payable**—This amount represents previous payments to the New York State Employees’ Retirement System and the New York State Teachers’ Retirement System that the District has elected to amortize over a ten year period. At June 30, 2020, the District reported a retirement systems payable of \$2,538,344, of which \$797,825 is considered payable on the fund financial statements and is recorded within the General Fund.

**Intergovernmental Payables**—This represents liabilities to other municipalities which is not expected to be paid with current financial resources. At June 30, 2020 the District reported \$152,804 of intergovernmental payables.

**Compensated Absences**—In addition to pension benefits, the District allows certain employees to convert unused sick and vacation time into either cash or a deferred income plan to pay for future health insurance premiums at retirement. Such benefits are pursuant to a Special Retirement Agreement and an Attendance Improvement Program. Currently, 177 retirees who meet these eligibility requirements have elected to convert such time for the payment of health insurance premiums. The District has paid premiums and health insurance buyouts of approximately \$1,168,648 for the year ended June 30, 2020 on behalf of retirees.

As explained in Note 1, the District records the value of compensated absences. The annual budgets of the operating funds provide funding for these benefits as they become payable. The value recorded in the government-wide financial statements at June 30, 2020, for governmental activities is \$16,032,473, of which management estimates that \$801,624 is due within one year. Since payment of compensated absences’ is dependent upon many factors, the timing of future payments is not readily determinable.

**Workers’ Compensation**—As described in Note 7, the District is self-insured for workers’ compensation claims under the District’s commercial insurance limit. Liabilities are established for workers’ compensation in accordance with GASB requirements. At June 30, 2020, the District reported \$1,199,636 of workers’ compensation liability.

**Net Pension Liability**—The District reported a liability, totaling \$13,072,961, for its proportionate share of the net pension liability for the Employees’ Retirement System. Refer to Note 6 for additional information related to the District’s net pension liability.

The following is a maturity schedule of the District's indebtedness:

Year Ending June 30,	Serial Bonds	Premium on Serial Bonds	Energy Performance Contract	Retirement Systems Payable
2021	\$ 4,660,000	\$ 253,971	\$ 287,256	\$ 797,825
2022	4,115,000	314,156	297,284	259,953
2023	2,650,000	314,156	307,661	268,838
2024	2,750,000	314,156	318,401	278,217
2025	2,865,000	314,156	329,516	933,511
2026-2030	10,260,000	1,251,443	1,828,368	-
2031 - Thereafter	7,950,000	936,843	1,479,871	-
Total	<u>\$ 35,250,000</u>	<u>\$ 3,698,881</u>	<u>\$ 4,848,357</u>	<u>\$ 2,538,344</u>

(continued)

Year Ending June 30,	Intergovernmental Payables	Compensated Absences	Workers' Compensation	Net Pension Liability	Total
2021	\$ 152,804	\$ 801,624	\$ 996,064	\$ -	\$ 7,949,544
2022	-	-	-	-	4,986,393
2023	-	-	-	-	3,540,655
2024	-	-	-	-	3,660,774
2025	-	-	-	-	4,442,183
2026-2030	-	-	-	-	13,339,811
2031 - Thereafter	-	13,305,644	392,462	13,072,961	37,137,781
Total	<u>\$ 152,804</u>	<u>\$ 16,032,473</u>	<u>\$ 1,199,636</u>	<u>\$ 13,072,961</u>	<u>\$ 76,793,456</u>

(concluded)

Interest requirements on serial bonds and energy performance contract are as follows:

Year Ending June 30,	Serial Bonds	Energy Performance Contract
2021	\$ 1,341,675	\$ 165,333
2022	1,152,925	155,305
2023	985,050	144,927
2024	851,300	134,187
2025	720,900	123,072
2026-2030	2,021,600	434,574
2031 - thereafte	514,500	104,190
Total	<u>\$ 7,587,950</u>	<u>\$ 1,261,588</u>

## 9. NET POSITION AND FUND BALANCE

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net Investment in Capital Assets**—This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- **Restricted Net Position**—This category represents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position**—This category represents net position of the District not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the District at June 30, 2020, includes:

- **Prepaid Items**—Represents the portion of fund balance, \$341,679, composed of prepayments for the New York Schools insurance reciprocal premium. This balance is nonspendable within the General Fund as prepaid items do not represent an available resource.
- **Inventories**—Represents the portion of fund balance, \$125,316 composed of inventory. This balance is nonspendable within the School Lunch Fund as the inventory does not represent an available resource.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as creditors, grantors, contributors, or laws and regulations of other governments) through constitutional provisions or by enabling legislation. Restricted fund balance maintained by the District at June 30, 2020 includes:

	General Fund	Capital Projects Fund	Total
Tax certiorari	\$ 549,808	\$ -	\$ 549,808
Unemployment insurance	1,771,251	-	1,771,251
Retirement contributions	3,793,921	-	3,793,921
Debt	2,625	-	2,625
Workers' compensation	5,764,796	-	5,764,796
Employee benefits	4,366,632	-	4,366,632
Capital projects	<u>1,821,293</u>	<u>16,559,124</u>	<u>18,380,417</u>
Total	<u>\$ 18,070,326</u>	<u>\$ 16,559,124</u>	<u>\$ 34,629,450</u>

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

- ***Restricted for Unemployment Insurance***—According to General Municipal Law Section 6-m, this restriction must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The restriction may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year’s budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund.
- ***Restricted for Retirement Contributions***—According to General Municipal Law Section 6-r, this restriction must be used to pay “retirement contributions,” which are defined as all or any portion of the amount payable to the ERS (\$1,849,312), pursuant to Sections 17 or 317 of the NYSSRL, and to the TRS (\$1,944,609), pursuant to the newly amended Section 6-r. The restriction may be established by Board resolution; there are no referendum requirements to create the funds or expend money from the funds. The Board may authorize the transfer of the moneys to a reserve fund established pursuant to Sections 6c-g of the GML or Section 3651 of Education Law.
- ***Restricted for Debt Service***—According to General Municipal Law Section 6-l, the mandatory reserve for debt service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvements.
- ***Restricted for Workers’ Compensation***—According to General Municipal Law Section 6-j, this restriction must be 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 the 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.
- ***Restricted for Employee Benefits***—According to General Municipal Law Section 6-p, this restriction must be used for the payment of accrued employee benefit 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.
- ***Restricted for Capital - Transportation***—According to Education Law Section 3651, this restriction must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the restriction only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in Section 3651 of the Education Law.

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a formal action of the District’s highest level of decision-making authority. As of June 30, 2020, the District has no committed fund balance.

In the fund financial statements, assignments are not legally required segregations but are segregated for a specific purpose by the District at June 30, 2020 and include:

	General Fund	School Lunch Fund	Total
Subsequent year's expenditures	\$2,264,330	\$ -	\$2,264,330
Encumbrances	69,543	-	69,543
Specific use	<u>-</u>	<u>221,021</u>	<u>221,021</u>
Total	<u>\$2,333,873</u>	<u>\$ 221,021</u>	<u>\$2,554,894</u>

- **Assigned to Subsequent Year's Expenditures**—Representing available fund balance being appropriated to meet expenditure requirements in the 2020-2021 fiscal year, \$2,264,330, at June 30, 2020.
- **Assigned to Encumbrances**—Represents amounts related to unperformed (executory) contracts for goods and services. The District has \$69,543 of fund balance assigned to encumbrances at June 30, 2020.
- **Assigned to Specific Use**—Representing remaining fund balance of \$221,021 within the special revenue fund used to maintain school lunch operations.

If the District must use funds for emergency expenditures the Board of Education shall authorize the Business Administrator to expend funds first from funds classified under GASB as nonspendable (if funds become available) then restricted funds. The use of committed and assigned funds as classified by GASB will occur after the exhaustion of available restricted funds. Finally, if no other fund balances are available, the District will use unassigned fund balance.

## 10. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are short-term in nature and exist because of temporary advances or payments made on behalf of other funds. The composition of interfund balances as of June 30, 2020 is as follows:

Fund	Interfund	
	Receivables	Payables
General Fund	\$1,404,144	\$ -
Special Aid Fund	-	1,408,976
School Lunch	<u>4,832</u>	<u>-</u>
Total	<u>\$1,408,976</u>	<u>\$1,408,976</u>

The outstanding balances between funds result from payments made on behalf of other funds or temporary advances. All of these balances are expected to be collected/paid within the subsequent year.

The District made the following transfers during the year ended June 30, 2020:

	Transfers in:			Total
	Special Aid Fund	School Lunch Fund	Capital Projects Fund	
Transfers out:				
General Fund	<u>\$ 288,841</u>	<u>\$ 25,000</u>	<u>\$ 169,433</u>	<u>\$ 483,274</u>

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

## 11. AGENCY FUND

The Agency Fund exists for temporary deposit funds. The following is a summary of changes in assets and liabilities for the fiscal year ended June 30, 2020:

	Balance 7/1/2019	Additions	Deletions	Balance 6/30/2020
<b>ASSETS</b>				
Restricted cash and cash equivalents	\$ 316,724	\$ 75,553,621	\$ 75,542,669	\$ 327,676
Total	<u>\$ 316,724</u>	<u>\$ 75,553,621</u>	<u>\$ 75,542,669</u>	<u>\$ 327,676</u>
<b>LIABILITIES</b>				
Extraclassroom activity funds	\$ 92,463	\$ 102,260	\$ 99,697	\$ 95,026
Other agency liabilities	<u>224,261</u>	<u>75,451,361</u>	<u>75,442,972</u>	<u>232,650</u>
Total	<u>\$ 316,724</u>	<u>\$ 75,553,621</u>	<u>\$ 75,542,669</u>	<u>\$ 327,676</u>

## 12. LABOR RELATIONS

District employees are represented by five bargaining units with the balance governed by Board of Education rules and regulations. The Supervisors and Directors, Managerial Assistants and Administration Association contracts are negotiated through June 30, 2024. The CSEA and Teachers Association contracts expired at June 30, 2020.

## 13. COMMITMENTS

**Encumbrances**—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

The District considers encumbrances to be significant for amounts that are encumbered in excess of \$20,000. As of June 30, 2020, the District reported no significant encumbrances within the General Fund.

## 14. TAX ABATEMENTS

The District is subject to tax abatements granted by the Erie County Industrial Development Agency ("ECIDA"). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the ECIDA and include the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the District, the abatements have resulted in reductions of property taxes, which the District administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by ECIDA, the District collected \$309,909 during the 2019-2020 fiscal year in payments in lieu of taxes ("PILOT"), these collections were made in lieu of \$452,195 in property taxes.

## 15. CONTINGENCIES

**Litigation**—Various legal actions are pending against the District. The outcome of these matters is not presently determinable but, in the opinion of management, the ultimate liability will not have a material adverse effect on the financial condition or results of operation of the District.

**Grants**—In the normal course of business, the District receives grant funds from various Federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the governmental funds. While the amount of expenditures, if any, which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

The Budget Balance Amendment passed in Spring 2020 permits the Governor to make changes to the New York State 2020-21 budget during the fiscal year. As of June 30, 2020 the District was authorized to receive State Aid for Excess Cost, BOCES Aid, Summer Handicapped Program and Universal Pre-K. Subsequent to year-end the District was alerted that the State is withholding 20% of the amount recorded as receivable as of June 30, 2020 and therefore, the District recorded a 20% reduction for these outstanding receivables effective June 30, 2020.

**Other**—The District is involved in litigation in the ordinary course of its operations. The District believes that its ultimate liability, if any, in connection with these matters will not have a material effect on the District's financial condition or results of operations.

## 16. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 5, 2020, which is the date the financial statements are available for issuance and have determined there are no subsequent events, other than the matter discussed in Note 15, that require disclosure under generally accepted accounting principles.

\* \* \*

**\*\* THIS PAGE INTENTIONALLY LEFT BLANK \*\***

## REQUIRED SUPPLEMENTARY INFORMATION



**\*\* THIS PAGE INTENTIONALLY LEFT BLANK \*\***

**WEST SENECA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of the District's Proportionate Share of the**  
**Net Pension Liability/(Asset)—Teachers' Retirement System**  
**Last Seven Fiscal Years\***

	Year Ended June 30,						
	2020	2019	2018	2017	2016	2015	2014
	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
Measurement date							
District's proportion of the net pension liability/(asset)	0.289159%	0.289712%	0.287648%	0.289726%	0.302614%	0.297924%	0.299473%
District's proportionate share of the net pension liability/(asset)	<u>\$ (7,512,383)</u>	<u>\$ (5,238,766)</u>	<u>\$ (2,186,411)</u>	<u>\$ 3,103,090</u>	<u>\$ (31,431,967)</u>	<u>\$ (33,186,919)</u>	<u>\$ (1,971,289)</u>
District's covered payroll	\$ 48,608,289	\$ 47,533,031	\$ 45,899,846	\$ 44,963,272	\$ 44,129,885	\$ 44,354,484	\$ 44,129,885
District's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	(15.5%)	(11.0%)	(4.8%)	6.9%	(71.2%)	(74.8%)	(4.5%)
Plan fiduciary net position as a percentage of the total pension liability/(asset)	102.2%	101.5%	100.7%	99.0%	110.5%	111.5%	100.7%

\*Information prior to the year ended June 30, 2014 is not available.

**WEST SENECA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of the District's Contributions—**  
**Teachers' Retirement System**  
**Last Seven Fiscal Years\***

	<b>Year Ended June 30,</b>						
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 4,415,616	\$ 5,125,788	\$ 5,342,296	\$ 5,928,240	\$ 7,968,569	\$ 7,151,311	\$ 5,193,764
Contributions in relation to the contractually required contribution	<u>(4,415,616)</u>	<u>(5,125,788)</u>	<u>(5,342,296)</u>	<u>(5,928,240)</u>	<u>(6,423,036)</u>	<u>(6,218,340)</u>	<u>(5,193,764)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,545,533</u>	<u>\$ 932,971</u>	<u>\$ -</u>
District's covered payroll	\$ 50,196,702	\$ 48,608,289	\$ 47,533,031	\$ 45,899,846	\$ 44,963,272	\$ 44,129,885	\$ 44,354,484
Contributions as a percentage of covered payroll	8.8%	10.5%	11.2%	12.9%	14.3%	14.1%	11.7%

\*Information prior to the year ended June 30, 2014 is not available.

**WEST SENECA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of the District's Proportionate Share of the Net Pension Liability—**  
**Employees' Retirement System**  
**Last Seven Fiscal Years\***

	<b>Year Ended June 30,</b>						
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Measurement date	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
District's proportion of the net pension liability	0.049368%	0.049216%	0.049067%	0.050277%	0.050411%	0.049403%	0.049403%
District's proportionate share of the net pension liability	<u>\$ 13,072,961</u>	<u>\$ 3,487,098</u>	<u>\$ 1,583,616</u>	<u>\$ 4,724,162</u>	<u>\$ 8,091,025</u>	<u>\$ 1,668,936</u>	<u>\$ 2,232,428</u>
District's covered payroll	\$ 17,587,069	\$ 16,957,928	\$ 16,164,644	\$ 15,348,211	\$ 14,951,207	\$ 14,681,428	\$ 14,813,250
District's proportionate share of the net pension liability as a percentage of its covered payroll	74.3%	20.6%	9.8%	30.8%	54.1%	11.4%	15.1%
Plan fiduciary net position as a percentage of the total pension liability	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%	97.2%

\*Information prior to the year ended June 30, 2014 is not available.

**WEST SENECA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of the District's Contributions—**  
**Employees' Retirement System**  
**Last Seven Fiscal Years\***

	<b>Year Ended June 30,</b>						
	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 2,491,259	\$ 2,405,022	\$ 2,737,986	\$ 2,679,908	\$ 2,846,928	\$ 2,254,988	\$ 3,089,461
Contributions in relation to the contractually required contribution	<u>(2,491,259)</u>	<u>(2,405,022)</u>	<u>(2,737,986)</u>	<u>(2,449,944)</u>	<u>(2,662,981)</u>	<u>(1,657,727)</u>	<u>(1,925,026)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 229,964</u>	<u>\$ 183,947</u>	<u>\$ 597,261</u>	<u>\$ 1,164,435</u>
District's covered payroll	\$ 17,873,579	\$ 17,198,095	\$ 16,478,986	\$ 16,098,388	\$ 14,999,504	\$ 14,792,089	\$ 14,401,782
Contributions as a percentage of covered payroll	13.9%	14.0%	16.6%	15.2%	17.8%	11.2%	13.4%

\*Information prior to the year ended June 30, 2014 is not available.

**WEST SENECA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance—**  
**Budget (Non-GAAP Basis) and Actual—General Fund**  
**Year Ended June 30, 2020**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
<b>REVENUES</b>				
Local sources:				
Real property taxes	\$ 52,053,615	\$ 53,163,048	\$ 52,872,461	\$ (290,587)
Real property tax items	10,601,569	9,895,718	10,008,205	112,487
Non-property tax items	7,450,000	7,450,000	7,328,918	(121,082)
Charges for services	925,000	925,000	1,066,371	141,371
Use of money and property	650,000	650,000	705,215	55,215
Sale of property and compensation for loss	-	-	20,301	20,301
Miscellaneous	230,000	230,000	970,815	740,815
State sources:				
Basic formula	25,121,611	25,121,611	23,452,710	(1,668,901)
Lottery aid	8,185,000	8,185,000	9,423,728	1,238,728
Excess cost aid	11,005,376	11,005,376	10,756,854	(248,522)
BOCES aid	2,518,858	2,518,858	2,375,860	(142,998)
Tuition and transportation	650,000	650,000	456,700	(193,300)
Textbook aid	421,614	421,614	414,374	(7,240)
Computer software	221,946	221,946	217,479	(4,467)
Library / loan program	44,400	44,400	41,205	(3,195)
State emergency management agency	78,000	78,000	245,709	167,709
Federal sources:				
Medicaid assistance	350,000	350,000	734,472	384,472
Total revenues	<u>120,506,989</u>	<u>120,910,571</u>	<u>121,091,377</u>	<u>180,806</u>
<b>OTHER FINANCING SOURCES</b>				
Premium on serial bonds issued	-	-	2,625	2,625
Appropriated reserves	<u>1,295,000</u>	<u>1,295,000</u>	<u>-</u>	<u>(1,295,000)</u>
Total other financing sources	<u>1,295,000</u>	<u>1,295,000</u>	<u>2,625</u>	<u>(1,295,000)</u>
Total revenues and other financing sources	<u>\$ 121,801,989</u>	<u>\$ 122,205,571</u>	<u>\$ 121,094,002</u>	<u>\$ (1,114,194)</u>

s(continued)

**WEST SENECA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance—**  
**Budget (Non-GAAP Basis) and Actual—General Fund**  
**Year Ended June 30, 2020**

(concluded)

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Encumbrances</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>		<u>Final Budget</u>
<b>EXPENDITURES</b>					
General support:					
Board of Education	\$ 198,051	\$ 201,745	\$ 156,748	\$ -	\$ 44,997
Central administration	261,511	265,836	255,988	-	9,848
Finance	1,280,406	1,279,194	1,131,154	8,630	139,410
Staff	818,474	770,346	669,028	-	101,318
Central services	8,781,837	8,642,680	7,669,929	750	972,001
Special items	1,384,988	2,170,900	1,848,995	-	321,905
Instruction:					
Instruction, administration and improvement	5,250,281	5,277,742	5,082,952	92	194,698
Teaching—regular school	37,018,425	37,434,079	36,779,205	7,840	647,034
Programs for pupils with handicapping conditions	16,909,444	16,233,385	15,865,538	35,520	332,327
Occupational education	2,295,648	2,234,879	2,219,212	-	15,667
Teaching—special schools	799,665	787,336	563,433	-	223,903
Instructional media	4,439,001	4,449,878	4,267,285	56	182,537
Pupil services	5,830,585	6,013,870	5,587,386	16,655	409,829
Pupil transportation	6,188,812	6,414,713	5,871,334	-	543,379
Employee benefits	28,237,727	27,250,567	26,113,443	-	1,137,124
Debt service	5,818,640	5,818,640	5,803,638	-	15,002
Total expenditures/encumbrances	<u>125,513,495</u>	<u>125,245,790</u>	<u>119,885,268</u>	<u>69,543</u>	<u>5,290,979</u>
<b>OTHER FINANCING USES</b>					
Transfers out	<u>380,000</u>	<u>1,283,273</u>	<u>483,274</u>	<u>-</u>	<u>799,999</u>
Total expenditures/encumbrances and other financing uses	<u>125,893,495</u>	<u>126,529,063</u>	<u>120,368,542</u>	<u>69,543</u>	<u>6,090,978</u>
Net change in fund balance*	(4,091,506)	(4,323,492)	725,460		
Fund balance—beginning	<u>25,203,448</u>	<u>25,203,448</u>	<u>25,203,448</u>		
Fund balance—ending	<u>\$ 21,111,942</u>	<u>\$ 20,879,956</u>	<u>\$ 25,928,908</u>		

\* The net change in fund balance was included as an appropriation (i.e., spenddown) of fund balance and re-appropriation of prior year encumbrances.

The note to the required supplementary information is an integral part of this schedule.

**\*\* THIS PAGE INTENTIONALLY LEFT BLANK \*\***

**WEST SENECA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Note to the Required Supplementary Information**  
**Year Ended June 30, 2020**

---

**1. BUDGETARY INFORMATION**

***Budgetary Basis of Accounting***—An annual budget is adopted on a basis consistent with generally accepted accounting principles in the United States of America for the General Fund. The Capital Projects Fund is appropriated on a project-length basis. No formal annual budget is adopted for the Special Aid and School Lunch Funds. Appropriation limits, where applicable, for the Special Aid Fund are maintained based on individual grants and donations or fundraising revenues accepted by the Board of Education. The periods of such grants may vary from the District’s fiscal year. A budget is maintained for the School Lunch Fund as a management tool for internal control purposes.

The appropriated budget is prepared by fund, function, and department. The District’s department heads may make transfers of appropriations within a department. Transfers of appropriations, exceeding \$10,000, between departments require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the departmental level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year’s budget pursuant to state regulations.

**\*\* THIS PAGE INTENTIONALLY LEFT BLANK \*\***

## SUPPLEMENTARY INFORMATION



**WEST SENECA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Change from Adopted Budget to Final Budget**  
**and the Real Property Tax Limit—General Fund**  
**Year Ended June 30, 2020**

---

**Change from Adopted Budget to Final Budget**

Adopted budget, 2019-2020	\$ 125,626,939
Add: Prior year's encumbrances	<u>266,556</u>
Original budget, 2019-2020	125,893,495
Voter approved purchase of buses	<u>635,568</u>
Final budget, 2019-2020	<u>\$ 126,529,063</u>

**Section 1318 of Real Property Tax Law Limit Calculation**

2020-2021 voter approved expenditure budget	\$ <u>130,221,711</u>
Maximum allowed (4% of 2020-2021 budget)	<u>\$ 5,208,868</u>
General Fund fund balance subject to Section 1318 of Real Property Tax Law*:	
Unrestricted fund balance:	
Assigned fund balance	\$ 2,333,873
Unassigned fund balance	<u>5,183,030</u>
Total unrestricted fund balance	\$ 7,516,903
Less:	
Appropriated fund balance	\$ 2,264,330
Encumbrances included in assigned fund balance	<u>69,543</u>
Total adjustments	<u>2,333,873</u>
General Fund fund balance subject to Section 1318 of Real Property Tax Law	<u>\$ 5,183,030</u>
Actual percentage	4.0%

\* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", updated April 2011 (originally issued November 2010), the portion of General Fund fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

**WEST SENECA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Capital Project Expenditures**  
**Year Ended June 30, 2020**

<b>Description</b>	<b>Original Appropriation</b>	<b>Revised Appropriation</b>	<b>Expenditures to Date</b>			<b>Unexpended Balance</b>
			<b>Prior Years</b>	<b>Current Year</b>	<b>Total</b>	
EPC Project	\$ 5,125,923	\$ 5,129,977	\$ 3,719,032	\$ 1,410,945	\$ 5,129,977	\$ -
Capital Outlay	100,000	99,433	-	99,433	99,433	-
Smart Schools Bond	242,000	242,000	92,627	83,726	176,353	65,647
Capital Improvement Project	<u>27,631,500</u>	<u>27,631,500</u>	<u>676,946</u>	<u>4,160,475</u>	<u>4,837,421</u>	<u>22,794,079</u>
<b>Total</b>	<b>\$ 33,099,423</b>	<b>\$ 33,102,910</b>	<b>\$ 4,488,605</b>	<b>\$ 5,754,579</b>	<b>\$ 4,837,421</b>	<b>\$ 22,794,079</b>

**WEST SENECA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Net Investment in Capital Assets**  
**June 30, 2020**

---

Capital assets, net of accumulated depreciation		\$ 83,323,268
Add:		
Unspent debt proceeds	\$ 16,559,124	
Deferred charge on refunding	<u>29,081</u>	16,588,205
Deduct:		
Serial bonds	\$ (35,250,000)	
Premium on serial bonds	(3,698,881)	
Energy performance contract	<u>(4,848,357)</u>	<u>(43,797,238)</u>
Net investment in capital assets		<u>\$ 56,114,235</u>

**\*\* THIS PAGE INTENTIONALLY LEFT BLANK \*\***

# FEDERAL AWARDS INFORMATION



**WEST SENECA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2020**

<b>Federal Grantor/Pass-through Grantor/Program or Cluster Title (1a)</b>	<b>Federal CFDA Number (1b)</b>	<b>Pass-through Entity's Identifying Number (1c)</b>	<b>Passed- Through to Subrecipients</b>	<b>Total Federal Expenditures (1d)</b>
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>				
Passed through New York State Department of Agriculture:				
<i>Child Nutrition Cluster:</i>				
School Breakfast Program	10.553	N/A	\$ -	\$ 289,447
National School Lunch Program	10.555	N/A	-	1,142,042
<i>Total Child Nutrition Cluster</i>			-	1,431,489
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			-	1,431,489
<b>U.S. DEPARTMENT OF EDUCATION:</b>				
Passed through New York State Department of Education:				
Title I Grants to Local Educational Agencies	84.010	021-19-0855	-	823,680
<i>Special Education Cluster:</i>				
Special Education - Grants to States	84.027	032-19-0243	-	1,680,324
Special Education - Preschool Grants	84.173	033-19-0243	-	62,593
<i>Total Special Education Cluster</i>			-	1,742,917
English Language Acquisition Grants	84.365	204-200-855	-	21,070
Supporting Effective Instruction Grants	84.367	147-20-0855	-	201,812
Supporting Effective Instruction Grants	84.367	147-19-0855	-	135,028
Total Supporting Effective Instruction Grants			-	336,840
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			-	2,924,507
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS (1e)</b>			\$ -	\$ 4,355,996

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

**\*\* THIS PAGE INTENTIONALLY LEFT BLANK \*\***

**WEST SENECA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2020**

---

**1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the West Seneca Central School District, New York (the "District") under programs of federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District. The following notes were identified on the Schedule:

- (a) Includes all federal award programs of the West Seneca Central School District, New York.
- (b) Source: Catalog of Federal Domestic Assistance.
- (c) Pass-through entity identifying numbers are presented where available.
- (d) Prepared under accounting principles generally accepted in the United States of America and includes all federal award programs.
- (e) Total federal expenditures for the District's 2019-2020 fiscal year are reconciled to Federal sources as reported in the basic financial statements as follows:

Balance per schedule of expenditures of federal awards	\$ 4,355,996
Medicaid reimbursement	<u>734,472</u>
Total Federal sources per financial statements	<u>\$ 5,090,468</u>

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**3. NON-MONETARY FEDERAL PROGRAM**

The District is the recipient of a federal award program that does not result in cash receipts or disbursements termed a "non-monetary program." During the year ended June 30, 2020, the District used \$162,626 worth of commodities.

**\*\* THIS PAGE INTENTIONALLY LEFT BLANK \*\***

---

Certified Public Accountants

**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  
West Seneca Central School District, New York:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of West Seneca Central School District, New York (the "District") as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 5, 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

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

*Drescher & Malecki LLP*

October 5, 2020

---

Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

The Board of Education  
West Seneca Central School District, New York:

**Report on Compliance for Each Major Federal Program**

We have audited the West Seneca Central School District, New York's (the "District") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget ("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***

The District's 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 for each of the District's major federal programs 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 ("CFR") 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 each 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, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs 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.

*Drescher & Malecki LLP*

October 5, 2020

**WEST SENECA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2020**

---

**Section I. SUMMARY OF AUDITORS' RESULTS**

**Financial Statements:**

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? \_\_\_\_\_ Yes        ✓ No

Significant deficiency(ies) identified? \_\_\_\_\_ Yes        ✓ None reported

Noncompliance material to the financial statements noted? \_\_\_\_\_ Yes        ✓ No

**Federal Awards:**

Internal control over major federal programs:

Material weakness(es) identified? \_\_\_\_\_ Yes        ✓ No

Significant deficiency(ies) identified? \_\_\_\_\_ Yes        ✓ None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? \_\_\_\_\_ Yes        ✓ No

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
10.553 and 10.555	Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs? \$ 750,000

Auditee qualified as low-risk auditee? \_\_\_\_\_ ✓ Yes        No

**Section II. FINANCIAL STATEMENT FINDINGS**

No findings noted.

**Section III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No findings noted.

**WEST SENECA CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Summary Schedule of Prior Year Audit Findings**  
**Year Ended June 30, 2020**  
**(Follow-up of June 30, 2019 Findings)**

---

No findings were reported.