

EAST AURORA UNION FREE SCHOOL DISTRICT
AUDIT REPORTING PACKAGE
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

TABLE OF CONTENTS
2020 REPORTING PACKAGE

	<u>Section</u>
School District's Audited Financial Statements	1
School District's Management Letter	2
Extraclassroom Activity Fund Audited Financial Statement.....	3
Extraclassroom Activity Fund Management Letter	4
Letter to those Charged with Governance	5

EAST AURORA UNION FREE SCHOOL DISTRICT

***FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION***

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

***WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS***

EAST AURORA UNION FREE SCHOOL DISTRICT

2020 FINANCIAL STATEMENTS

TABLE OF CONTENTS

	<u>Schedule</u>	<u>Page</u>
Independent Auditor's Report		1-2
Management's Discussion and Analysis		3-9
Government-wide Financial Statements		
Statement of Net Position	1	10
Statement of Activities	2	11
Fund Financial Statements		
Combined Balance Sheet - Governmental Funds.....	3	12
Combined Statement of Revenue, Expenditures and Changes in Fund Equity - Governmental Funds.....	4	13
Statement of Fiduciary Net Position.....	5	14
Statement of Changes in Fiduciary Net Position.....	6	15
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	7	16
Reconciliation of Governmental Funds Revenue, Expenditures and Changes in Fund Equity to the Statement of Activities	8	17
Notes to Financial Statements		18-35
Supplementary Information		
Combining Schedule of Revenue, Expenditures and Changes In Fund Equity - Budget and Actual - Governmental Funds	SS1&SS1A	36-37
Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit	SS2	38
Schedule of Project Expenditures - Capital Projects Fund.....	SS3	39
Budget Comparison Statement for State and Other Grant Programs - Special Aid and Food Service Funds.....	SS4A	40
Notes to Schedule of Expenditures of Federal Awards.....	SS4B	41
Schedule of Expenditures of Federal Awards	SS4C	41
Schedule of Net Investment in Capital Assets	SS5	42
Schedule of Changes in the District's Net OPEB Liability and Related Ratios.....	SS6	43
Schedule of District Contributions - OPEB.....	SS7	44
Schedule of District Contributions – New York State Teachers' Retirement System (NYSTRS) and New York State and Local Employees' Retirement System (NYSLERS)	SS8	45
Schedule of the District's Proportionate Share of the Net Pension Asset (Liability) – New York State Teachers' Retirement System (NYSTRS) and District's Proportionate Share of the Net Pension Liability – New York State and Local Employees' Retirement System (NYSLERS)	SS9	46
Independent Auditor's 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"		47-48
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance		49-50
Schedule of Findings and Questioned Costs		51-53
Schedule of Prior Audit Findings		54

INDEPENDENT AUDITOR'S REPORT

**To the President and Members of
The Board of Education
East Aurora Union Free School District
East Aurora, New York**

We have audited the accompanying financial statements of the governmental activities and each major fund of *East Aurora Union Free School District* as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the *East Aurora Union Free School District's* basic financial statements as listed in the accompanying table of contents. We have also audited the fiduciary fund types of the *East Aurora Union Free School District* as of June 30, 2020, as displayed in the District's basic financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *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 aggregate remaining fund information of the *East Aurora Union Free School 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.

Report on Summarized Comparative Information

We have previously audited the *East Aurora Union Free School District's* June 30, 2019 financial statements, and our report dated September 25, 2019, expressed unmodified opinions on the respective financial statements of the governmental activities and each major fund and aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in the District's net OPEB liability and related ratios, schedule of the District's contributions to OPEB, schedule of the District's share of the net pension asset/liability, and the schedule of the District's contributions for defined benefit pension plans on pages 3 through 9, 36 through 37, and 43 through 46 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 **East Aurora Union Free School District's** basic financial statements. The combining and individual fund financial statements and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements, the schedule of expenditures of federal awards, and other schedules 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 combining and individual fund financial statements, the schedule of expenditures of federal awards, and other schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2020 on our consideration of **East Aurora Union Free School District's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 **East Aurora Union Free School District's** internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 7, 2020**

I. Discussion and Analysis

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

II. Financial Highlights

The following items are the financial highlights experienced by the *East Aurora Union Free School District* during the fiscal year ended June 30, 2020:

- Overall net position from operations of the District increased \$899,000 during the current year as compared to an increase of \$1,805,000 during the prior fiscal year.
- The District's total revenue increased 5% from \$36,599,000 during the year ended June 30, 2019 to \$38,366,000 during the year ended June 30, 2020. This increase was primarily the result of an increase in real estate taxes, State building aid, BOCES aid, and federal reimbursements on additional meals served related to the pandemic.
- The District's total expenses increased approximately 8% from \$34,794,000 during the year ended June 30, 2019 to \$37,467,000 during the year ended June 30, 2020. This increase was primarily the result of increases in instructional salaries, Teacher's Retirement System (TRS) and Employees' Retirement System (ERS) costs related to actuarial updates, and increased food service costs related to additional meals served during the pandemic.
- The District had capital outlays totaling \$5,553,000 during the current year primarily related to a \$23.6 million capital project.

III. Overview of the Financial Statements

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of *East Aurora Union Free School District*.

**III. Overview of the Financial Statements
(continued)**

**A. Reporting the School District as a Whole
(District-wide Financial Statements):**

The district-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. Activities that are fiduciary in nature are not included in these statements.

1. Statement of Net Position

The Statement of Net Position (page 10) shows the School District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and the net position. The Statement categorizes assets to show that some assets are very liquid, such as cash and cash equivalents. Some assets are restricted for certain purposes or reserved for emergencies and cash flow purposes. Some assets are invested in "fixed" or "capital" assets, such as buildings, equipment and other long-lived property; and some assets are available to fund budgets of the following year.

2. Statement of Activities

The Statement of Activities (page 11) shows the amounts of program-specific and general District revenue used to support the District's various functions.

The Statement of Net Position and Statement of Activities divide the activities of the District into two categories: governmental activities (the school functions, including general support, instruction, transportation, administration, etc.; property taxes, state and federal revenue usually support most of these functions) and proprietary activities. The District only had governmental activities during the current fiscal year.

The two district-wide statements report the School District's net position and how they have changed. Net position – the difference between the District's assets and deferred outflows of resources and the District's liabilities and deferred inflows of resources – is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

III. Overview of the Financial Statements (continued)

B. Reporting the District's Most Significant Funds (Fund Financial Statements):

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or major funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Significance of funds is determined based on the proportional size of the funds, the relative importance of the activities of the funds to the District's operations, and the existence of legal budget requirements. Internal Service funds are never reported as major funds, but are combined and presented in a separate column.

The District has two kinds of funds:

1. Governmental Funds

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

III. Overview of the Financial Statements (continued)

B. Reporting the District's Most Significant Funds (Fund Financial Statements) (continued):

1. Governmental Funds (continued)

statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

2. Fiduciary Funds

The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

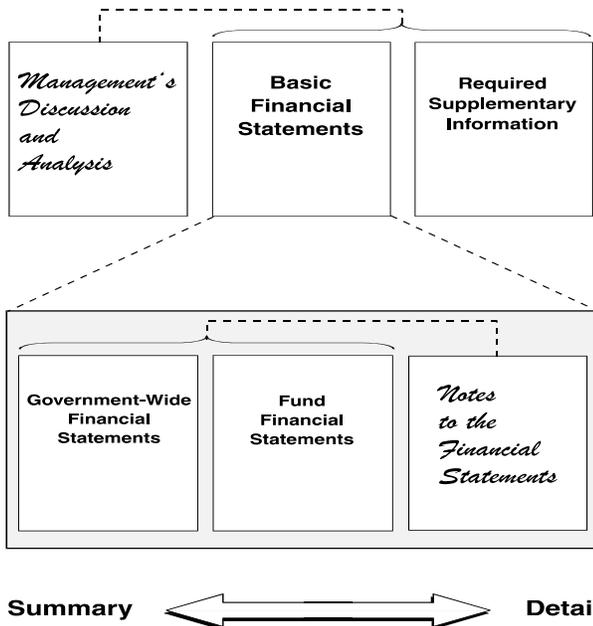
Figure A-1 - Major Features of the District-Wide Statements and Fund Financial Statements

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

III. Overview of the Financial Statements (continued)

B. Reporting the District's Most Significant Funds (Fund Financial Statements)(continued):

Figure A-2 - Required Components of the District's Annual Financial Report



IV. Financial Analysis of the School District as a Whole

Net Position

The District's total reporting entity net position was approximately \$28,035,000. The components of net position include: net investment in capital assets of \$21,796,000; restricted net position of \$1,975,000; and unrestricted net position of \$ 4,264,000 .

Changes in Net Position

The District's total government-wide revenue increased by approximately 5% to \$38,366,000. Approximately 62%, 5% and 28% of total revenue is derived from the property taxes, operating grants and state aid, respectively. The remaining 5% comes from federal aid, use of money and property, miscellaneous, charges for services and other operating grants and contributions.

IV. Financial Analysis of the School District as a Whole (continued)

Changes in Net Position (continued)

The total cost of all programs and services of the District increased 8% to \$37,467,000. The District's expenses cover a range of services, with 74% related to instruction and 17% related to general support. Figure A-4 through figure A-8 and the narrative that follows considers the operations of governmental activities, along with revenue and net costs percentages for governmental activities.

Governmental Activities

Revenue of the District's governmental activities increased approximately 5%, while total expenses increased 8%. The District's total net position from operations increased approximately \$899,000 during the fiscal year ended June 30, 2020.

Revenue

Figure A-4 presents the major sources of revenue of the District. Revenue of the District totaled \$38,366,000 for the fiscal year ended June 30, 2020. The most significant changes in the District's governmental revenue are more thoroughly discussed as follows:

- Property tax revenue which represents approximately 62% of the District's total revenue for governmental activities increased approximately 4% during the year ended June 30, 2020 as a result of an increase in the tax levy.
- One of the District's most significant revenue is from state sources which represent \$10,042,000 or 28% of total governmental revenue. State sources increased by approximately 6% and was primarily the result of increases in State building aid and BOCES aid received in the current year.
- During the year ended June 30, 2020, the District saw an increase in program revenue, which mostly resulted from an increase of charges for services in the amount \$83,000 and an increase in operating grants of \$704,000 as compared with the prior year revenue. The increase was a result in Federal and State reimbursement of meals served. This increase was related to school districts being eligible to participate in the Seamless Summer Option program during the pandemic which permitted 100% of meals served to be reimbursed under the free breakfast and lunch rates.

**IV. Financial Analysis of the School District as a Whole
(continued)**

Expenses

Figure A-8 presents the cost of each of the District's six largest expenditure-type, which include; general support, instruction, transportation, debt service, community services and cost of sales; as well as each expenditure-type's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers and NYS by each of these functions. Total costs of the District's governmental activities were \$37,467,000. The most significant changes in the District's governmental expenses are more thoroughly discussed as follows:

- The District's general support increased by approximately \$781,000 or 15% which was primarily the result of an increase in depreciation expense, BOCES expenditures including the District's share of a BOCES capital project, and increase retirement systems expenses resulting from updated actuarial studies.
- The District's instruction costs increased by approximately \$1,934,000 or 7%. This increase was primarily related to an increase retirement systems expenses resulting from updated actuarial studies.
- Debt service of the District increased approximately \$44,000 during the year ended June 30, 2020. This increase was primarily the result of interest costs related to bond anticipation notes related to the District's \$23.6 million capital project.
- Transportation costs of the District decreased 29% or \$616,000 during the year ended June 30, 2020 as the District had a decrease in contracted services for transportation due to less transporting of students resulting from the Pandemic.
- The District's cost of sales (food service fund) totaled \$1,039,000 during the current year as compared to \$508,000 during the fiscal year ended June 30, 2019. This increase was the result of additional meals served during the pandemic.
- The District received approximately \$2,671,000 of operating grants and charges for services from its state and federal grants and tuition and transportation aid which subsidized certain programs of the District.
- Most of the District's net costs (\$35 million) were financed by real property taxes and state aid.

IV. Financial Analysis of the School District as a Whole (continued)

Figure A-3 – Condensed Statement of Net Position

East Aurora Union Free School District
Condensed Statement of Net Position (in thousands of dollars)

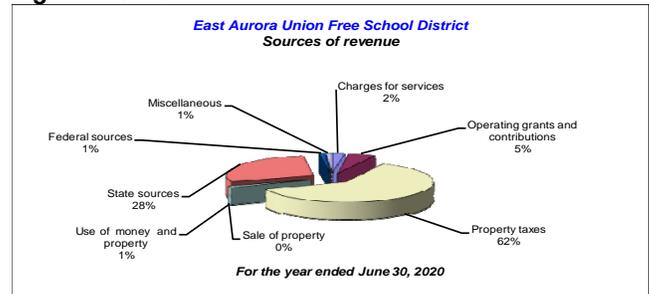
	Governmental Activities and Total District-wide		
	2020	2019	% Change
Assets			
Current and other assets	\$ 9,077	\$ 14,479	-37%
Capital assets	62,170	58,059	7%
Total assets	71,247	72,538	-2%
Deferred Outflows of Resources			
Deferred outflows related to pensions and OPEB	8,055	7,467	8%
Total deferred outflows of resources and assets	\$ 79,302	\$ 80,005	-1%
Liabilities			
Other liabilities	\$ 2,148	\$ 26,519	-92%
Long-term debt outstanding	46,206	24,526	88%
Total liabilities	48,354	51,045	-5%
Deferred Inflows of Resources			
Deferred inflows related to pensions and OPEB	2,913	1,824	60%
Total deferred inflows of resources and liabilities	51,267	52,869	-3%
Net position			
Net investment in capital assets,	21,796	19,500	12%
Restricted	1,975	3,025	-35%
Unrestricted	4,264	4,611	-9%
Total net position	28,035	27,136	3%
Total	\$ 79,302	\$ 80,005	-1%

Figure A-4 – Changes in Net Position

East Aurora Union Free School District
Changes in Net Position from Operating Results (in thousands of Dollars)

	Governmental Activities and Total District-wide		
	2020	2019	% Change
Revenue			
Program revenue			
Charges for services	\$ 807	\$ 724	11%
Operating grants and contributions	1,864	1,160	61%
General revenue			
Real property taxes	22,592	21,641	4%
Non property taxes	2,177	2,191	-1%
Use of money & property	189	401	-53%
Sale of property & comp for gain	42	26	62%
State sources	10,042	9,494	6%
Federal sources	224	294	-24%
Miscellaneous, premiums, contribution	429	668	-36%
Total revenue	38,366	36,599	5%
Expenses			
General support	5,921	5,140	15%
Instruction	27,818	25,884	7%
Transportation	1,477	2,093	-29%
Community services	4	5	-20%
Debt service - interest	1,208	1,164	4%
Cost of sales	1,039	508	105%
Total expenses	37,467	34,794	8%
Change in net position	\$ 899	\$ 1,805	-50%

Figure A-5 – Sources of Revenue



**EAST AURORA UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**IV. Financial Analysis of the School District as a Whole
(continued)**

Figure A-6 – Expenses

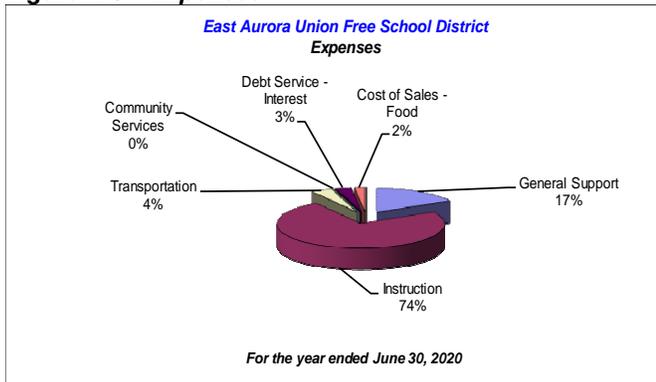


Figure A-7 – Expenditures Supported with Program Revenue

	Governmental Activities & Total District			
	2020		2019	
Expenditures supported with general revenue (from taxes & other sources)	\$ 34,796	93%	\$ 32,910	95%
Expenditures supported with program revenue	2,671	7%	1,884	5%
Total expenditures related to governmental activities	\$ 37,467	100%	\$ 34,794	100%

Figure A-8 – Net Cost of Governmental Activities

	Total cost of services			Net cost of services		
	2020	2019	Change	2020	2019	Change
General support	\$ 5,921	\$ 5,140	\$ 781	\$ 5,921	\$ 5,140	\$ 781
Instruction	27,817	25,884	1,933	26,327	24,541	1,786
Transportation	1,477	2,093	(616)	1,387	2,012	(625)
Community services	4	5	(1)	4	4	-
Debt service - interest	1,209	1,164	45	1,209	1,164	45
Cost of sales - food	1,039	508	531	(52)	49	(101)
Total	\$ 37,467	\$ 34,794	\$ 2,673	\$ 34,796	\$ 32,910	\$ 1,886

V. Financial Analysis of the School District's Funds

It is important to note that variances between years for the governmental fund financial statements (Balance Sheets and Statement of Revenue, Expenditures and Changes in Fund Equity) are not the same as variances between years for the District-wide financial statements (Statement of Net Position and Statement of Activities). The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting, while the statement of net position is presented on the full accrual method of accounting. Therefore, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt. Below is a description of the most significant changes to the fund financial statements from that reported in the previous year.

General Fund

- The District's general fund revenues and other sources exceeded its expenditures and other uses by approximately \$1,446,000.
- The District's general fund unassigned fund balance equated to approximately \$3,312,000 as of June 30, 2020.
- The District had many fund balance reserves which totaled approximately \$1,677,000 as of June 30, 2020.
- The District's total assets increased approximately \$1,489,000 as of June 30, 2020 primarily due to an increase in cash and due from other funds. The District's liabilities increased approximately \$42,000 primarily due to an increase in accounts payable.
- Total revenue in the District's general fund increased \$1,569,000 due to an increase in State building aid, BOCES aid, interfund transfer from debt service fund and real estate taxes.
- Total expenditures in the District's general fund increased by approximately \$1,301,000 due mainly from an increase in instructional salaries and required debt service payments.

Food Service Fund

- The District's food service fund experienced a \$57,000 increase in fund equity during the current fiscal year. Revenue in the District's food service fund was \$1,096,000 during 2020 as compared with \$466,000 in 2019. Expenditures increased approximately \$486,000 as compared with the prior year. Both revenues and expenditures increased in the current year due more meals served during the Pandemic which were reimbursed at the free lunch and breakfast rates under the Seamless Summer Option Program.

**EAST AURORA UNION FREE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

**V. Financial Analysis of the School District's Funds
(continued)**

Special Aid Fund

- The District's special aid fund revenue and expenditures decreased approximately \$41,000 or 3% which was primarily related to a decrease in local grants received by the District.

Capital Projects Fund

- Total expenditures incurred during the current year amounted to was approximately \$5,678,000 and was related to the District's \$23.6 million capital project.

VI. General Fund Budgetary Highlight

Over the course of the year, the District makes many budget transfers. Actual expenditures were approximately \$1,455,000 below the revised budget. The most significant positive variances were in the areas of instruction, transportation, and general support which totaled \$653,000, \$586,000, and \$217,000, respectively, below that budgeted. Resources available for appropriations were approximately \$884,000 above the final budgeted amount. A contributing part was that local sources and other sources which totaled \$717,000 and \$212,000 above budget.

Figure A-9 – Budget vs. Actual Comparison

<i>East Aurora Union Free School District</i>				
<i>General Fund - Budget vs Actual Comparison (in thousands of dollars)</i>				
	Revised Budget	Actual	Difference	%
Revenue				
Local sources	\$ 25,153	\$ 25,870	\$ 717	3%
State sources	10,161	10,042	(119)	-1%
Federal sources	150	224	74	49%
Other sources	-	212	212	N/A
Total revenue	\$ 35,464	\$ 36,348	\$ 884	2%
Expenditures				
General support	\$ 4,713	\$ 4,496	\$ 217	5%
Instruction	19,931	19,278	653	3%
Transportation	1,973	1,387	586	30%
Community services	5	4	1	20%
Employee benefits	5,754	5,556	198	3%
Debt service	3,806	4,010	(204)	-5%
Operating transfers	175	171	4	2%
Total expenditures	\$ 36,357	\$ 34,902	\$ 1,455	4%

VII. Capital Assets and Debt Administration

Capital Assets

As depicted in Figure A-10, as of June 30, 2020, the District had invested approximately \$62,170,000 in a broad range of capital assets, including reconstruction projects and other equipment. Capital additions made during the year ended June 30, 2020, totaled approximately \$5,553,000 and consisted primarily of construction costs as part of a \$23.6 million capital project. More detailed information about the District's capital assets is presented in the notes of the financial statements.

Long-term Liabilities

As depicted in Figure A-11, as of June 30, 2020, the District had approximately \$46,206,000 in bonds payable, capital leases, net pension liability and other post-employment benefits, an increase of approximately 88% as compared with the previous year. The increase in bonds payable was the result of the issuance of a bond related to the capital project which was partially offset by the District making regular principal payments during the year. The District's NYS Employees' Retirement System net pension liability and other post-employment benefits liability increased as a result of actuarial study updates.

Figure A-10 – Capital Assets

<i>East Aurora Union Free School District</i>			
<i>Capital Assets (net of depreciation)</i>			
	Governmental Activities & Total District-wide		
	2020	2019	Change
Land	\$ 2,161,839	\$ 2,161,839	0%
Buildings	81,721,597	65,373,885	25%
Furniture and equipment	3,801,413	3,630,031	5%
Construction in progress	-	10,965,852	-100%
Accumulated depreciation	(25,514,952)	(24,072,233)	6%
Total Capital Assets, net	\$ 62,169,897	\$ 58,059,374	7%

Figure A-11 – Outstanding Long-term Debt

<i>East Aurora Union Free School District</i>			
<i>Outstanding Long-Term Debt and Liabilities</i>			
	Governmental Activities & Total District-wide		
	2020	2019	Change
Bonds payable	\$ 40,346,749	\$ 20,523,772	97%
Compensated absences	543,000	525,000	3%
Capital leases	26,919	66,519	-60%
Net pension liability - ERS	2,435,514	658,645	270%
Other post-employment benefits	2,853,562	2,752,694	4%
Total Long-Term Liabilities	\$ 46,205,744	\$ 24,526,630	88%

VIII. Factors Bearing on the District's Future

- The District is uncertain as to the level of state aid in the upcoming years as a result of the Pandemic. New York State enacted a 2020-21 budget provision that provides for three time periods during the State's fiscal year at which time the Division of Budget will evaluate revenue and expenditures against its budget projections and potentially adjust State aid to school districts that could result in mid-year cuts. In addition, 2020-21 State aid includes a reduced "Pandemic Adjustment" which is being offset with Federal Stimulus funds.

IX. Contacting the District's Financial Management

This financial report is designed to provide citizens, taxpayers, customers and investors and creditors with a general overview of the finances of the District and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, please contact:

East Aurora Union Free School District
Attention: Joanne George
School Business Administrator
430 Main Street
East Aurora, New York 14052

EAST AURORA UNION FREE SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020

Schedule 1

Page 10

	<u>2020</u>	<u>2019</u>
Assets		
Cash		
Unrestricted	\$ 1,877,205	\$ 317,041
Restricted	1,975,428	3,024,532
Investments	814,184	1,640,609
Receivables		
State and federal aid	1,360,454	629,798
Accounts receivable	11,667	-
Due from other governments	1,216,687	1,124,841
Due from fiduciary funds	34,417	-
Inventories	18,083	2,297
Cash to be used for capital assets	-	547,734
Investments to be used for capital assets	-	6,013,479
Net pension asset - NYS Teachers' Retirement System	1,769,012	1,178,911
Capital assets, net	62,169,897	58,059,374
Total assets	<u>71,247,034</u>	<u>72,538,616</u>
Deferred Outflows of Resources		
Deferred outflows related to OPEB	545,106	457,371
Deferred outflows related to pensions	7,510,192	7,009,492
Total deferred outflows of resources	<u>8,055,298</u>	<u>7,466,863</u>
Total assets and deferred outflows of resources	<u>\$ 79,302,332</u>	<u>\$ 80,005,479</u>
Liabilities		
Current liabilities		
Accounts payable	\$ 175,469	\$ 843,149
Accrued liabilities	8,323	-
Accrued interest	702,000	665,000
Due to other governments	16	18,944
Due to retirement systems	1,232,991	1,360,392
Due to fiduciary funds	-	8,411
Unearned revenue	29,179	72,925
Bond anticipation notes payable	-	23,550,000
Long-term liabilities		
Portion due or payable within one year		
Bonds payable	2,655,000	1,840,000
Capital lease	26,919	39,600
Portion due or payable after one year		
Bonds payable	37,691,749	18,683,772
Capital lease	-	26,919
Compensated absences	543,000	525,000
Net pension liability - NYS Employees' Retirement System	2,435,514	658,645
Other post-employment benefits	2,853,562	2,752,694
Total liabilities	<u>48,353,722</u>	<u>51,045,451</u>
Deferred Inflows of Resources		
Deferred inflows related to OPEB	261,520	63,978
Deferred inflows related to pensions	2,651,830	1,759,780
Total deferred inflows of resources	<u>2,913,350</u>	<u>1,823,758</u>
Total liabilities and deferred inflows of resources	<u>51,267,072</u>	<u>52,869,209</u>
Net Position		
Invested in capital assets, net of related debt	21,796,229	19,500,210
Restricted	1,975,428	3,024,532
Unrestricted	4,263,603	4,611,528
Total net position	<u>28,035,260</u>	<u>27,136,270</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 79,302,332</u>	<u>\$ 80,005,479</u>

See accompanying independent auditor's report and notes to financial statements.

EAST AURORA UNION FREE SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Schedule 2

Page 11

	Expenses	Indirect Expenses Allocation	Program Revenues		2020	2019
			Charges for Services	Operating Grants	Net (Expense) Revenue and Changes in Net Position	Net (Expense) Revenue and Changes in Net Position
Functions/Programs						
General support	\$ 5,648,595	\$ 272,593	\$ -	\$ -	\$ (5,921,188)	\$ (5,139,671)
Instruction	26,647,523	1,170,126	598,328	892,100	(26,327,221)	(24,540,511)
Pupil transportation	1,477,218	-	-	90,236	(1,386,982)	(2,012,140)
Community services	4,148	-	-	-	(4,148)	(4,698)
Debt service	1,208,512	-	-	-	(1,208,512)	(1,163,785)
Food service program	1,038,877	-	209,139	882,145	52,407	(48,592)
Depreciation	1,442,719	(1,442,719)	-	-	-	-
Total functions and programs	<u>\$ 37,467,592</u>	<u>\$ -</u>	<u>\$ 807,467</u>	<u>\$ 1,864,481</u>	<u>(34,795,644)</u>	<u>(32,909,397)</u>
General Revenues						
Real property taxes					22,591,766	21,641,299
Non property taxes					2,176,684	2,191,089
Use of money and property					188,413	400,503
Sale of property and compensation for gain					42,117	26,198
Miscellaneous and donations					429,344	635,369
Contribution - capital assets					-	33,500
State sources					10,042,245	9,493,947
Federal sources					224,065	293,532
Total general revenues					<u>35,694,634</u>	<u>34,715,437</u>
Change in net position					898,990	1,806,040
Net position - beginning of year					<u>27,136,270</u>	<u>25,330,230</u>
Net position - end of year					<u>\$ 28,035,260</u>	<u>\$ 27,136,270</u>

EAST AURORA UNION FREE SCHOOL DISTRICT
COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2020

Schedule 3

Page 12

	Governmental Funds					2020	2019
	General	Special Aid	Food Service	Debt Service	Capital Projects	(Memo only) Total	(Memo only) Total
Assets							
Unrestricted cash	\$ 1,739,571	\$ 41,734	\$ 121,609	\$ -	\$ -	\$ 1,902,914	492,159
Restricted cash	1,676,566	-	-	258,852	14,301	1,949,719	3,397,148
Investments	786,830	-	-	-	27,354	814,184	7,654,088
Due from other funds	828,451	-	4,682	40,010	-	873,143	429,718
State and federal aid receivable	605,593	564,115	190,746	-	-	1,360,454	629,798
Other receivables	11,667	-	-	-	-	11,667	-
Due from other governments	1,216,687	-	-	-	-	1,216,687	1,124,841
Inventories	-	-	18,083	-	-	18,083	2,297
Total assets	<u>\$ 6,865,365</u>	<u>\$ 605,849</u>	<u>\$ 335,120</u>	<u>\$ 298,862</u>	<u>\$ 41,655</u>	<u>\$ 8,146,851</u>	<u>\$ 13,730,049</u>
Liabilities and Fund Equity							
Liabilities							
Accounts payable	\$ 175,469	\$ -	\$ -	\$ -	\$ -	\$ 175,469	\$ 843,149
Accrued liabilities	8,323	-	-	-	-	8,323	-
Bond anticipation notes payable	-	-	-	-	-	-	23,550,000
Due to other funds	20,401	576,670	200,000	-	41,655	838,726	438,129
Unearned revenue	-	29,179	-	-	-	29,179	72,925
Due to other governments	-	-	16	-	-	16	18,944
Due to Teachers' Retirement System	1,121,832	-	-	-	-	1,121,832	1,249,080
Due to Employees' Retirement System	111,159	-	-	-	-	111,159	111,312
Total liabilities	<u>1,437,184</u>	<u>605,849</u>	<u>200,016</u>	<u>-</u>	<u>41,655</u>	<u>2,284,704</u>	<u>26,283,539</u>
Fund Equity							
Nonspendable	-	-	18,083	-	-	18,083	2,297
Restricted	1,676,566	-	-	298,862	-	1,975,428	3,024,532
Assigned	439,234	-	117,021	-	-	556,255	943,776
Unassigned (deficit)	3,312,381	-	-	-	-	3,312,381	(16,524,095)
Total fund equity (deficit)	<u>5,428,181</u>	<u>-</u>	<u>135,104</u>	<u>298,862</u>	<u>-</u>	<u>5,862,147</u>	<u>(12,553,490)</u>
Total liabilities and fund equity	<u>\$ 6,865,365</u>	<u>\$ 605,849</u>	<u>\$ 335,120</u>	<u>\$ 298,862</u>	<u>\$ 41,655</u>	<u>\$ 8,146,851</u>	<u>\$ 13,730,049</u>

EAST AURORA UNION FREE SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND EQUITY – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

Schedule 4

Page 13

	Governmental Funds					2020	2019
	General	Special Aid	Food Service	Debt Service	Capital Projects	(Memo only) Total	(Memo only) Total
Revenue							
Real property taxes	\$ 22,591,766	\$ -	\$ -	\$ -	\$ -	\$ 22,591,766	\$ 21,641,299
Sales taxes	2,176,684	-	-	-	-	2,176,684	2,191,089
Charges for services	598,328	-	-	-	-	598,328	443,450
Use of money and property	147,594	-	-	40,819	-	188,413	400,503
Sale of property compensation for gain	42,117	-	-	-	-	42,117	26,198
Miscellaneous	313,829	115,425	90	-	-	429,344	635,369
State sources	10,042,245	267,068	27,021	-	-	10,336,334	9,748,845
Federal sources	224,065	715,268	790,330	-	-	1,729,663	1,168,964
Surplus food	-	-	64,794	-	-	64,794	29,189
Sales (school food service)	-	-	209,139	-	-	209,139	280,709
Total revenue	36,136,628	1,097,761	1,091,374	40,819	-	38,366,582	36,565,615
Expenditures							
General support	4,496,068	-	-	-	-	4,496,068	4,388,089
Instruction	19,277,983	1,073,717	-	-	-	20,351,700	19,794,305
Pupil transportation	1,386,982	90,236	-	-	-	1,477,218	2,093,111
Community services	4,148	-	-	-	-	4,148	4,698
Employee benefits	5,556,052	-	-	-	-	5,556,052	5,875,050
Debt service							
Principal	2,647,190	-	-	-	-	2,647,190	1,746,361
Interest	1,362,852	-	-	-	-	1,362,852	933,116
Capital outlay	-	-	-	-	5,678,347	5,678,347	11,533,393
Cost of sales	-	-	968,692	-	-	968,692	455,218
Other expenses	-	-	70,185	-	-	70,185	97,829
Total expenditures	34,731,275	1,163,953	1,038,877	-	5,678,347	42,612,452	46,921,170
Excess (deficiency) of revenue over expenditures	1,405,353	(66,192)	52,497	40,819	(5,678,347)	(4,245,870)	(10,355,555)
Other sources and uses							
Proceeds from serial bond issuance	-	-	-	-	19,870,000	19,870,000	1,210,000
Premiums earned from financing	-	-	-	-	1,984,317	1,984,317	381,638
BANs redeemed from appropriations	-	-	-	-	807,190	807,190	26,361
Operating transfers in	211,952	66,196	4,682	1,135	988,493	1,272,458	68,756
Operating transfers out	(170,878)	(4)	-	(1,098,796)	(2,780)	(1,272,458)	(68,756)
Total other sources (uses)	41,074	66,192	4,682	(1,097,661)	23,647,220	22,661,507	1,617,999
Excess (deficiency) of revenue and other sources over expenditures and other uses	1,446,427	-	57,179	(1,056,842)	17,968,873	18,415,637	(8,737,556)
Fund equity (deficit), beginning of year	3,981,754	-	77,925	1,355,704	(17,968,873)	(12,553,490)	(3,815,934)
Fund equity (deficit), end of year	\$ 5,428,181	\$ -	\$ 135,104	\$ 298,862	\$ -	\$ 5,862,147	\$ (12,553,490)

See accompanying independent auditor's report and notes to financial statements.

EAST AURORA UNION FREE SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2020

Schedule 5

Page 14

	Private Purpose Trusts	Agency Funds	Total 6/30/2020	Total 6/30/2019
Assets				
Cash	\$ 23,231	\$ 648,658	\$ 671,889	\$ 530,612
Due from other funds	-	15,720	15,720	8,411
Total assets	\$ 23,231	\$ 664,378	\$ 687,609	\$ 539,023
Liabilities				
Accrued liabilities	\$ -	\$ 496,859	\$ 496,859	\$ 410,165
Due to other funds	-	50,137	50,137	-
Student extraclassroom activity funds	-	117,382	117,382	105,130
Total liabilities	-	664,378	664,378	515,295
Net position				
Reserved for scholarships	23,231	-	23,231	23,728
Total net position	23,231	-	23,231	23,728
Total liabilities and net position	\$ 23,231	\$ 664,378	\$ 687,609	\$ 539,023

EAST AURORA UNION FREE SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

Schedule 6

Page 15

	<u>6/30/2020</u>	<u>6/30/2019</u>
Additions		
Gifts and contributions	\$ 2,450	\$ 9,514
Interest earnings	53	14
Total additions	<u>2,503</u>	<u>9,528</u>
Deductions		
Scholarships awarded	<u>3,000</u>	<u>3,850</u>
Total deductions	<u>3,000</u>	<u>3,850</u>
Change in net position	(497)	5,678
Net position - beginning of year	<u>23,728</u>	<u>18,050</u>
Net position - end of year	<u><u>\$ 23,231</u></u>	<u><u>\$ 23,728</u></u>

EAST AURORA UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2020

Total fund balances - governmental funds \$ 5,862,147

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets consist of the following at year-end:

Cost of the assets	\$ 87,684,849	
Accumulated depreciation	<u>(25,514,952)</u>	62,169,897

District's proportionate share of the net pension asset is reported on the statement of net position, whereas in the governmental funds, pension costs are based on required contributions

1,769,012

Net deferred outflows and inflows of resources related to actuarial pension differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds, pension expense is based on required contributions

4,858,362

Net deferred outflows and inflows of resources related to actuarial OPEB differences are reported on the statement of net position and amortized over the average members' years of service. In the governmental funds, OPEB expense is based on required contributions

283,586

Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.

(702,000)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:

Bonds payable, net	(40,346,749)	
Capital lease, net	(26,919)	
Net pension liability - ERS	(2,435,514)	
Compensated absences	(543,000)	
Other post-employment benefits	<u>(2,853,562)</u>	<u>(46,205,744)</u>

Total net position - governmental activities \$ 28,035,260

	Total Governmental Funds	Long-term Asset & Outflow Transactions	Long-term Liability & Inflow Transactions	Reclassification and Eliminations	Statement of Net Position
Assets					
Cash	\$ 3,852,633	\$ -	\$ -	\$ -	\$ 3,852,633
Investments	814,184	-	-	-	814,184
Due from other funds	873,143	-	-	(838,726)	34,417
State and federal aid receivable	1,360,454	-	-	-	1,360,454
Accounts receivable	11,667	-	-	-	11,667
Due from other governments	1,216,687	-	-	-	1,216,687
Inventories	18,083	-	-	-	18,083
Net pension asset - NYS Teachers' Retirement System	-	1,769,012	-	-	1,769,012
Investments to be used for capital assets	-	-	-	-	-
Capital assets, net	-	62,169,897	-	-	62,169,897
Total assets	8,146,851	63,938,909	-	(838,726)	71,247,034
Deferred Outflows of Resources					
Deferred outflows related to OPEB	-	545,106	-	-	545,106
Deferred outflows related to pensions	-	7,510,192	-	-	7,510,192
Total deferred outflows of resources	-	8,055,298	-	-	8,055,298
Total assets and deferred outflows of resources	\$ 8,146,851	\$ 71,994,207	\$ -	\$ (838,726)	\$ 79,302,332
Liabilities, Deferred Inflows of Resources and Fund Equity/Net Position					
Liabilities					
Accounts payable	\$ 175,469	\$ -	\$ -	\$ -	\$ 175,469
Accrued liabilities	8,323	-	-	-	8,323
Accrued interest	-	-	702,000	-	702,000
Due to other funds	838,726	-	-	(838,726)	-
Unearned revenue	29,179	-	-	-	29,179
Due to other governments	16	-	-	-	16
Due to retirement systems	1,232,991	-	-	-	1,232,991
Bonds payable, net	-	-	40,346,749	-	40,346,749
Capital Leases	-	-	26,919	-	26,919
Net pension liability - ERS	-	-	2,435,514	-	2,435,514
Other post-employment benefits	-	-	2,853,562	-	2,853,562
Compensated absences	-	-	543,000	-	543,000
Total liabilities	2,284,704	-	46,907,744	(838,726)	48,353,722
Deferred Inflows of Resources					
Deferred inflows related to OPEB	-	-	261,520	-	261,520
Deferred inflows related to pensions	-	-	2,651,830	-	2,651,830
Total liabilities and deferred inflows of resources	2,284,704	-	49,821,094	(838,726)	51,267,072
Fund equity and net position	5,862,147	71,994,207	(49,821,094)	-	28,035,260
Total liabilities, deferred inflows of resources and fund equity/net position	\$ 8,146,851	\$ 71,994,207	\$ -	\$ (838,726)	\$ 79,302,332

EAST AURORA UNION FREE SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES
AND CHANGES IN FUND EQUITY TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Total net change in fund balances - governmental funds	\$ 18,415,637
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Activity for the current fiscal year ended was as follows:	
Capital outlays	\$ 5,553,242
Depreciation expense	<u>(1,442,719)</u>
	4,110,523
Repayment of bond, BAN and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	2,686,790
Proceeds from the issuance of long-term debt and BANS redeemed from appropriations are recorded as revenue in governmental funds. However, in the statement of activities, proceeds from long-term debt are not recorded as revenue. Rather, long-term debt is recorded as a liability in the statement of net position.	(807,190)
Proceeds from the issuance of long-term debt and BANS redeemed, including bond premiums are recorded as revenue in the governmental funds. However, in the statement of activities, the proceeds from the issuance of long-term debt, including the bond premiums are recorded as a liability in the statement of net position.	(21,854,317)
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus required the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. In addition, premiums on debt obligations are recorded as revenue in the governmental funds and amortized and applied against interest expense in the statement of activities.	154,340
District's proportionate share of actuarial calculated pension expense and net amortization of deferred amounts are recorded in the statement of activities, whereas in the governmental funds pension expense is based on the District's required contribution to pension plans.	(1,578,118)
District's actuarial calculated OPEB expense and net amortization of deferred outflows and inflows related to OPEB are recorded in the statement of activities, whereas in the governmental funds, OPEB expense is based on the District's contribution to the OPEB plan. used (essentially, the amounts actually paid). This year, other post-employment benefits earned changed by this amount.	(210,675)
In the statement of activities, compensated absences and special termination benefits are measured by the amounts earned or incurred 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). This year, compensated absences and special termination benefits changed by this amount.	<u>(18,000)</u>
Change in net position of governmental activities	\$ <u>898,990</u>

	Total Governmental Funds	Long-term Asset & Outflow Transactions	Long-term Liability & Inflow Transactions	Reclassification and Eliminations	Statement of Activities Totals
Revenue					
Real property taxes	\$ 22,591,766	\$ -	\$ -	\$ -	\$ 22,591,766
Non property taxes	2,176,684	-	-	-	2,176,684
Charges for services	598,328	-	-	(598,328)	-
Use of money and property	188,413	-	-	-	188,413
Sale of property compensation for gain	42,117	-	-	-	42,117
Miscellaneous	429,344	-	-	-	429,344
Donated capital assets	-	-	-	-	-
State sources	10,336,334	-	-	(294,089)	10,042,245
Federal sources	1,729,663	-	-	(1,505,598)	224,065
Surplus food	64,794	-	-	(64,794)	-
Sales (school food service)	209,139	-	-	(209,139)	-
Total revenue	38,366,582	-	-	(2,671,948)	35,694,634
Expenditures					
General support	4,496,068	470,290	-	954,830	5,921,188
Instruction	20,351,700	1,057,934	18,000	4,899,587	26,327,221
Pupil transportation	1,477,218	-	-	(90,236)	1,386,982
Community services	4,148	-	-	-	4,148
Employee benefits	5,556,052	-	1,788,793	(7,344,845)	-
Debt service	4,010,042	-	(2,801,530)	-	1,208,512
Capital outlay	5,678,347	(5,678,347)	-	-	-
Cost of sales	968,692	-	-	(1,021,099)	(52,407)
Other expenses	70,185	-	-	(70,185)	-
Total expenditures	42,612,452	(4,150,123)	(994,737)	(2,671,948)	34,795,644
Excess (deficiency) of revenue over expenditures	(4,245,870)	4,150,123	994,737	-	898,990
Other sources and uses					
Issuance of serial bonds	19,870,000	-	(19,870,000)	-	-
Premiums earned from financing	1,984,317	-	(1,984,317)	-	-
BANs redeemed from appropriations	807,190	-	(807,190)	-	-
Operating transfers in	1,272,458	-	-	(1,272,458)	-
Operating transfers out	(1,272,458)	-	-	1,272,458	-
Total other sources (uses)	22,661,507	-	(22,661,507)	-	-
Net change for year	\$ 18,415,637	\$ 4,150,123	\$ (21,666,770)	\$ -	\$ 898,990

**EAST AURORA UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Significant Accounting Policies

The accompanying financial statements of the *East Aurora Union Free School District* have been prepared in conformity with generally accepted accounting principles (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standard setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The financial statements include all funds and account groups of the School District as well as the component units and other organizational entities determined to be includable in the School District's financial reporting entity.

The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the School District's reporting entity:

1. The Extraclassroom Activity Funds

The extraclassroom activity funds of the *East Aurora Union Free School District* represents funds of the students of the School District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the School District with respect to its financial transactions, and the designation of student management. The cash and investment balances are reported in the Agency Fund of the District. The audited financial statements (cash basis) of the extraclassroom activity funds are available at the District's offices.

B. Joint Venture

The *East Aurora Union Free School District* is one of 27 component school districts in the Erie 2 – Chautauqua-Cattaraugus Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities. BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law. A BOCES budget is comprised of separate budgets for administrative, program, and capital costs.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Joint Venture (continued)

Each component school district's share of the administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section 1950(4)(b)(7). There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

During the year, the District was billed approximately \$5,670,000 for BOCES administration and program costs. The District's share of BOCES aid, rentals, and refunds amounted to \$1,506,000 for the year ended June 30, 2020. Financial statements for the Erie 2 – Chautauqua-Cattaraugus BOCES are available at the BOCES administrative offices in Angola, New York

C. Basis of Presentation

1. District-wide Statements

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (continued)

2. Fund Financial Statements

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

The District reports the following major governmental funds:

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

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

Food Service - is used to account for all revenue and expenditures pertaining to the cafeteria operations.

Capital Projects - is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

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

Fiduciary Fund Types - This fund is used to account for fiduciary activities. Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others.

These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used. Included in the Fiduciary Fund are Private Purpose Trust Funds and Agency Funds. Agency Funds are custodial in nature (assets equal liabilities) and generally are accounted for on the cash basis which approximates the modified accrual basis of accounting. Private Purpose Trust Funds are accounted for on the accrual basis of accounting.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within the current period or soon enough thereafter to be used to pay liabilities of the current period, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

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

E. Cash and Cash Equivalents

For financial statement purposes, all highly liquid investments of three months or less are considered as cash equivalents. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance.

**EAST AURORA UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Inventory

Inventories of food in the School Food Service 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 inventoriable items in other funds are recorded as expenditures at the time of purchase.

G. Due To/From Other Funds

The amounts reported on the Statement of Net Position for due to and from other funds represents amounts due between different fund types (governmental activities, and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these notes.

H. Capital Assets

Capital assets are reported at actual cost. Donated assets are reported at estimated fair market value at the time received. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements as follows:

	Capitalization Threshold	Method	Estimated Useful Life
Buildings	\$ 50,000	Straight-line	50 years
Land improvements	25,000	Straight-line	20 years
Furniture and equipment	5,000	Straight-line	5-20 years

I. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The third item related to OPEB reporting in the District-wide Statement of Net Position.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Deferred Outflows and Inflows of Resources (continued)

This represents the net change in assumptions or other inputs and OPEB contributions subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category and is related to pensions in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (TRS and ERS Systems) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reported in the district-wide Statement of Net Position. This represents the net change in assumptions or other inputs.

J. Unearned Revenue

Unearned revenue is reported on the District's combined balance sheet. Unearned revenue arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

K. Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation time. Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation, or death, employees may contractually receive a payment based on unused accumulated sick leave. The District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Compensated Absences (continued)

The District has recorded an estimated liability in the District-wide financial statement amounting to \$543,000. Payment of these benefits is dependent on many factors; therefore, the timing of future payments is not readily determinable.

The District believes sufficient resources and budgetary appropriations will be available as the benefits become payable in future years. The liability for compensated absences is calculated at rates in effect as of the balance sheet date and is recorded in the statement of financial position.

L. Post-Employment Benefits

In addition to the retirement benefits described in Note 3VA, the District provides post-employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the School District and its employee groups. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

M. Fund Equity

1. Governmental Funds

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be reported within one of the fund balance categories listed below:

A. Nonspendable

Fund balance associated with assets that are inherently nonspendable in the current period because of their form or because they must be maintained intact, including inventories, prepaids, long-term loans and notes receivable, and property held for relate (unless the proceeds are restricted, committed, or assigned). Nonspendable Fund Balance includes the following category:

1. Inventory Reserve

This reserve is used to limit the investment in inventory and to restrict that portion of fund balance which is unavailable for appropriation. This reserve is accounted for in the School Food Service Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted

Fund balance amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation. Restricted Fund Balance includes the following categories:

1. Capital Reserve

This reserve is used to accumulate funds to finance all or a portion of future capital projects for which bonds may be issued. Voter authorization is required for both the establishment of the reserves and payments from the reserves. This reserve is accounted for in the General Fund.

2. Reserve for Retirement Contributions

This reserve is used to accumulate funds for employee retirement system contributions. The reserve may be established by a majority vote of the Board of Education and is accounted for in the General Fund.

3. Teachers' Retirement System Contribution Reserve Subfund

This reserve is used to accumulate funds for teachers' retirement system contributions and has limits of 2% annually and 10% in total of teacher retirement system salaries. The reserve may be established by a majority vote of the Board of Education and is accounted for in the General Fund.

4. Liability Reserve

This reserve is used to reserve funds for unsettled claims or suits. This reserve may be established by a majority vote of the Board of Education and is accounted for in the General Fund.

5. Reserve for Repairs

This reserve is used to accumulate funds to finance costs of major repairs to capital improvements which are not ordinary in nature. Use of funds from this reserve is subject to public hearing prior to use. This reserve is held in the General Fund.

**EAST AURORA UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

6. Reserve for Employment Benefits

The purpose of this reserve is to reserve funds for the payment of any accrued employee benefit due an employee upon termination of service. This reserve fund may be established by a majority vote of the board of education and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

7. Tax Certiorari Reserve

Tax Certiorari Reserve is used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amounts which might reasonable be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. This reserve is accounted for in the General Fund.

8. Reserve for Debt Service

This reserve is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations, and remaining bond proceeds not to be utilized for the intended purpose. These monies must be used to pay the debt service of the obligations from which they originated. These reserves are accounted for in the Debt Service Fund.

9. Endowment Scholarships Reserve

This reserve is used to account for endowments, scholarships and other funds held in trust by the School District. These monies and earnings must be used for the specific purpose of the original contribution.

C. Committed

Fund balance amounts that can be used only for specific purposes determined by a formal action of the District's Board of Education, which is the District's highest level of decision-making authority. The District did not have any committed fund balance as of June 30, 2020.

D. Assigned

Fund balance intended to be used by the District for specific purposes but does not meet the criteria to be restricted or committed. Along with the District's Board of Education, the Business Manager and Treasurer has been authorized to assign fund balance amounts for specific purposes through the establishment of an encumbrance.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (continued)

1. Governmental Funds (continued)

D. Assigned (continued)

1. Encumbrance Accounting

Encumbrance accounting, under which purchase orders, contracts, and other commitments of the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the General Fund, Special Revenue Funds, and Capital Projects Fund. If resources have already been restricted or committed for encumbrances, the encumbered amounts will be included with restricted or committed resources. If resources have not already been restricted or committed, amounts encumbered are considered assigned for the purpose of the expected expenditure. Reserve for encumbrances totaled \$21,086 as of June 30, 2020.

2. Appropriated Fund Equity

General Fund - The amount of \$418,148 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2021 as allowed by Section 1318 of the Real Property Tax Law.

E. Unassigned

The residual classification of the general fund and includes all spendable amounts not contained in the other classifications.

2. Government-wide Financial Statements

A. Net Investment in Capital Assets

This designation of net position is used to accumulate the capital asset balance in the statement of net position less accumulated depreciation and outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

B. Restricted

This category represents amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation.

C. Unrestricted

This category represents net position of the District not restricted for any other purpose.

**EAST AURORA UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

M. Fund Equity (continued)

3. Order of Fund Balance Spending Policy

When more than one classification of fund balance of the District are eligible to be utilized for an expenditure of the District, the order in which the fund balance classifications will be utilized will be as follows:

- a. Restricted fund balance for which action has been taken by the Board of Education, a designated school official, or by the voters of the District, specifically designating funds to the expenditure;
- b. Committed fund balance for which action has been taken by the Board of Education, a designated school official, or by the voters of the District, specifically designating funds to the expenditure;
- c. Assigned fund balance created specifically for the expenditure (encumbered fund balance);
- d. Assigned fund balance within funds other than the General Fund of the District to which the expenditure relates;
- e. Unassigned fund balance.

N. Budgetary Procedures and Budgetary Accounting

1. Budget Policies

The budget policies are as follows:

- a. The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund and the School Food Service Fund.
- b. The proposed appropriations budget is approved by the voters within the District.
- c. Appropriations are adopted at the program level.
- d. Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. During the current year, the District had no supplemental appropriations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. Budgetary Procedures and Budgetary Accounting (continued)

2. Budget Basis for Accounting

Budgets are adopted annually on a basis consistent with the fund financial statements and the modified accrual basis of accounting. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. The budget and actual comparison for Special Revenue Funds, reflects budgeted and actual amounts for funds with legally authorized (appropriated) budgets. Budgetary controls for the special revenue (other than School Food Service Fund) and capital funds are established in accordance with the applicable grant agreement or authorized project limit which may cover a period other than the District's fiscal year. Consequently, the budgets for such funds have been excluded from the combined schedule of revenue, expenditures and changes in fund equity - budget and actual.

O. Property Taxes

1. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on September 15.

2. Enforcement

Uncollected real property taxes are subsequently enforced by the Counties, in which the School District is located. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the School District no later than the forthcoming April 1.

P. Interfund Transfers

The operations of the School District give rise to certain transactions between funds, including transfers to provide services and construct assets.

Q. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenues and expenses.

R. Reclassifications

Certain prior year amounts have been reclassified to conform to the current year presentation.

**EAST AURORA UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities

Total fund equity of the District's governmental funds differs from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three broad categories. The amounts shown below represent:

1. Long-term Revenue Differences

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

2. Capital Related Differences

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

3. Long-term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (CONTINUED)

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities (continued)

4. Pension Differences

Pension differences occur as a result of changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

5. OPEB Differences

OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

NOTE 3 - DETAIL NOTES ON ALL FUNDS

I. Cash

The *East Aurora Union Free School District's* investment policies are governed by State statutes. School District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The District treasurer is authorized to use demand accounts and certificates of deposits. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and School District. Deposits are valued at cost or cost plus interest and are categorized as:

- (1) Insured through the Federal Deposit Insurance Corporation, collateralized with securities held by the entity or by its agent in the entity's name;
- (2) Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name; or
- (3) Uncollateralized

Total financial institution (bank) balances at June 30, 2020 per the bank were approximately \$4,942,000. Deposits are categorized as follows:

<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Value</u>
\$ 444,000	\$ 4,498,000	\$ -	\$4,942,000

**EAST AURORA UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

I. Cash (continued)

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. While the District does not have a specific policy with regards to custodial credit risk, NYS statutes govern the District's investment policies. At June 30, 2020, the District's bank deposits were fully collateralized.

II. Investments

Investments are stated at current market value and are categorized as either:

- (1) Insured or registered, or investment are held by the School District or by the School District's agent in the School District's name,
- (2) Uninsured and unregistered, with investments held by the financial institutions trust department in the School District's name;
- (3) Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the School District's name.

The District participates in the Cooperative Liquid Assets Securities System - New York (NYCLASS) a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 3-A and 5-G Sections 119-n and o, and Chapter 623 of the Laws of 1998, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. All NYCLASS investment and collateral policies are in accordance with general municipal law sections 10 and 11.

Total investments of the cooperative at June 30, 2020 are approximately \$3,367,443,163, which consisted of 6% in repurchase agreements, 62% in U.S. Treasury Securities, and 32% in collateralized bank deposits, with various interest rates and due dates. The amount below represents the cost of the investment pool shares, and are considered to approximate market value. Additional information concerning NYCLASS, including the annual report, can be found on its website at www.newyorkclass.org.

<u>General Fund and Capital Project Funds</u>	<u>Market Value</u>
NYClass Investments	<u>\$ 814,184</u>

III. Interfund Transactions

Interfund balances as of June 30, 2020 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$ 828,451	\$ 20,401
Food Service Fund	4,682	200,000
Special Aid Fund	-	576,670
Debt Service Fund	40,010	-
Capital Projects Fund	-	41,655
Agency Fund	15,720	50,137
Total	<u>\$ 888,863</u>	<u>\$ 888,863</u>

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

III. Interfund Transactions (continued)

Interfund transactions for the year ended June 30, 2020 are as follows:

	<u>Interfund Revenue</u>	<u>Interfund Expenditures</u>
General Fund	\$ 211,952	\$ 170,878
Food Service Fund	4,682	-
Special Aid Fund	66,196	4
Capital Projects Fund	988,493	2,780
Debt Service Fund	1,135	1,098,796
Total	<u>\$ 1,272,458</u>	<u>\$ 1,272,458</u>

During the current year, the District transferred \$66,196 from the General Fund to the Special Aid Fund which represents the local share of summer school costs. The District General Fund transferred \$4,682 to the Food Service Fund towards operations and \$100,000 to the Capital Project Funds related to capital outlay project. The District transferred \$210,305 from the Debt Service Fund to the General Fund to reduce BAN interest expense. The District transferred \$888,491 from the Debt Service Fund to the Capital Project Fund to pay down the bond anticipation note. A transfer from the Special Aid Fund was made in the amount of \$4. Lastly, a transfer was made from the capital projects fund in the amount of \$2,780 to the debt service fund (\$1,135) and general fund (\$1,645) to close out completed projects.

IV. Receivables

Receivables at June 30, 2020 consisted of the following, which are stated at gross value. District management has deemed the amounts to be fully collectible.

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Food Service	State and Federal Aid	\$ 190,746
Special Aid	State and Federal Aid	564,115
General	State and Federal Aid	605,593
General	Due from Other Governments	1,216,687
General	Other receivables	11,667
		<u>\$ 2,588,808</u>

In August 2020, the New York State Division of Budget began withholding 20% of excess cost and BOCES aid payments which could be converted to permanent reductions, depending on the size and timing of new Federal aid, if any. As a result, due from State and Federal aid receivable reported in the general fund balance sheet and district-wide statement of net position have been adjusted by \$159,169 to reflect the 20% withholding.

EAST AURORA UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

V. Capital Assets

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

	Beginning Balance 06/30/19	Change	Ending Balance 06/30/20
Governmental activities:			
Capital assets that are not depreciated:			
Land	\$ 2,161,839	\$ -	\$ 2,161,839
Construction-in-Progress	10,965,852	(10,965,852)	-
Subtotal	13,127,691	(10,965,852)	2,161,839
Capital assets that are depreciated:			
Buildings and improvements	65,373,885	16,347,712	81,721,597
Furniture and equipment	3,630,031	171,382	3,801,413
Total historical cost	82,131,607	5,553,242	87,684,849
Less accumulated depreciation:			
Buildings and improvements	21,869,819	\$ 1,197,244	23,067,063
Furniture and equipment	2,202,414	245,475	2,447,889
Total accumulated depreciation	24,072,233	\$ 1,442,719	25,514,952
Total net book value	\$ 58,059,374		\$ 62,169,897

Depreciation expense was charged to governmental functions as follows:

General support	\$ 272,593
Instruction	1,170,126
	<u>\$ 1,442,719</u>

Total additions during the current year amount to \$5,553,242.

VI. Liabilities

A. Pension Plans

1. Plan Descriptions and Benefits Provided

a. Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System 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

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

VI. Liabilities (continued)

A. Pension Plans (continued)

1. Plan Descriptions and Benefits Provided (continued)

a. Teachers' Retirement System (TRS) (continued)

Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System, 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 NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

b. Employees' Retirement System (ERS)

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

**EAST AURORA UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

VI. Liabilities (continued)

A. Pension Plans (continued)

2. Contributions

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

Contributions (payments) for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	ERS		TRS	
2020	\$	425,000	\$	1,072,000
2019		446,000		1,207,000
2018		442,000		1,041,000

ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105.

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

VI. Liabilities (continued)

A. Pension Plans (continued)

3. Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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

Actuarial measurement date	ERS 3/31/2020	TRS 6/30/2019
Net pension asset (liability)	\$ (2,435,514)	\$ 1,769,012
District's portion of the Plan's total net pension asset (liability)	.0091974%	.068091%

For the year ended June 30, 2020, the District's recognized pension expense of \$883,735 for ERS and \$2,192,760 for TRS. At June 30, 2020 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 143,340	\$ 1,198,814	\$ -	\$ 131,547
Changes of assumptions	49,040	3,341,901	42,345	814,850
Net difference between projected and actual earnings on pension plan investments	1,248,563	-	-	1,418,657
Changes in proportion and differences between the Districts contributions and proportionate share of contributions	137,128	208,041	24,541	219,890
District's contributions subsequent to the measurement date	111,159	1,072,206	-	-
Total	\$ 1,689,230	\$ 5,820,962	\$ 66,886	\$ 2,584,944

EAST AURORA UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

VI. Liabilities (continued)

A. Pension Plans (continued)

3. Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

District contributions subsequent to the measurement date which 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:

	ERS	TRS
Year ending:		
2021	\$ 278,472	\$ 805,398
2022	383,862	55,855
2023	474,071	802,498
2024	374,780	526,460
2025	-	61,615
Thereafter	-	(88,014)

4. Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	3/31/20	6/30/19
Actuarial valuation date	4/1/19	6/30/18
Interest rate	6.8%	7.10%
Salary scale	4.2% average	1.90% - 4.72%
	4/1/10 – 3/31/15	7/1/09 – 6/30/14
	System's	System's
Decrement tables	Experience	Experience
Inflation rate	2.5%	2.20%

NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)

VI. Liabilities (continued)

A. Pension Plans (continued)

4. Actuarial Assumptions (continued)

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

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

The long term rate of return on 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	ERS 3/31/20	Expected Rate of Return	TRS 6/30/19	Expected Rate of Return
Asset Type:				
Domestic Equity	36%	4.05%	33%	6.3%
International Equity	14%	6.15%	16%	7.8%
Global Equity	-	-	4%	7.2%
Private Equity	10%	6.75%	8%	9.9%
Real Estate	10%	4.95%	11%	4.6%
Absolute return strategies	2%	3.25%	-	-
Opportunistic portfolio	3%	4.65%	-	-
Real assets	3%	5.95%	-	-
Domestic fixed income securities	-	-	16%	1.3%
Global fixed income securities	-	-	2%	.9%
High-yield fixed income	-	-	1%	3.6%
Private debt	-	-	1%	-
Bonds and Mortgages	17%	.75%	7%	2.9%
Cash	1%	-	1%	.3%
Inflation-indexed bonds	4%	.5%	-	-
Total:	100%		100%	

**EAST AURORA UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

VI. Liabilities (continued)

A. Pension Plans (continued)

5. Discount Rate

The discount rate used to calculate the total pension asset (liability) was 6.8% for ERS and 7.10% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset (liability).

6. Sensitivity of the Proportionate Share of the Net Pension Asset (Liability) to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 6.8% for ERS and 7.10% for TRS, as well as what the District's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1- percentage point lower (5.8% for ERS and 6.10% for TRS) or 1-percentage point higher (7.8% for ERS and 8.10% for TRS) than the current rate:

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
ERS			
Employer's proportionate share of the net pension asset (liability)	\$ (4,469,856)	\$ (2,435,514)	\$ (561,877)

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

VI. Liabilities (continued)

A. Pension Plans (continued)

6. Sensitivity of the Proportionate Share of the Net Pension Asset (Liability) to the Discount Rate Assumption (continued)

	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
TRS			
Employer's proportionate share of the net pension asset (liability)	\$ (7,985,137)	\$ 1,769,012	\$ 9,951,642

7. Pension Plan Fiduciary Net Position

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

	(Dollars in Thousands)	
	ERS	TRS
Measurement date	3/31/20	6/30/19
Employers' total pension liability	\$ 194,596,261	\$ 119,879,474
Plan net position	\$ 168,115,682	\$ 122,477,481
Employers' net pension liability	\$ (26,480,579)	\$ 2,598,007
Ratio of plan net position to the Employers' total pension asset/ (liability)	86.39%	102.2%

**EAST AURORA UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

VI. Liabilities (continued)

A. Pension Plans (continued)

8. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 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 \$111,159.

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 \$1,121,832 (employer contribution of \$1,072,206 and employee contribution of \$49,626).

B. Other Post-Employment Benefits

Plan Description

The District maintains a single-employer defined benefit healthcare plan (the Plan). The Plan provides medical and dental insurance benefits to eligible retirees and their spouses. Benefit provisions are based on bargaining agreements as negotiated from time to time. The Plan does not issue a publicly available financial report. Eligibility for the Plan is established by the District and specified in the District's employment contracts.

Employees Covered by Benefit Terms

For the fiscal year ended June 30, 2020 the plan had total active employees of 210 and total retirees and spouses of 43.

Total OPEB Liability

The District's total OPEB liability of \$2,853,562 was measured as of March 31, 2020 and was determined by an actuarial valuation as of July 1, 2018.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

VI. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

Actuarial Methods and Other Inputs

The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.22% per year
Salary increases	3.22%
Discount rate	2.48%
	2020 – 5.20% reduced to an ultimate rate of 4.18% after 2070.
Healthcare cost trend rates	2070.
Retirees' share of benefit-related costs	Varies based on employment contracts

The discount rate was based on a yield for 20 year tax-exempt general obligation municipal bonds.

The actuarial assumptions used in the July 1, 2018 valuation were chosen to be consistent with the requirements of GASB 75 and Actuarial Standards of Practice.

Changes in the Total OPEB Liability

Service cost	\$ 119,441
Interest	95,222
Differences between expected and actual experience	(258,375)
Changes in assumptions	248,631
Benefit payments	(104,051)
Net changes	100,868
Net OPEB liability – beginning of year	2,752,694
Net OPEB liability – end of year	<u>\$ 2,853,562</u>

Changes in assumptions reflect a change in the discount rate from 3.44% in 2019 to 2.48% in 2020; salary scale from 3.36% in 2019 to 3.22% in 2020; changes in health insurance trend rates 5.20%-4.32% in 2019 to 5.20%-4.18% in 2020; and mortality rates were based on the Pub-201 Public Retirement Plans Mortality Tables, Headcount-Weighted, without separate Contingent Survivor mortality, fully generational using scale MP-2018 in 2019 to fully generational using scale MP-2019 in 2020

**EAST AURORA UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

VI. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.48%) or 1 percentage point higher (4.48%) than the current discount rate:

	1% Decrease (1.48%)	Current Assumption (2.48%)	1% Increase (3.48%)
Total OPEB liability	\$ 3,087,561	\$ 2,853,562	\$ 2,633,936

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease (4.20% to 3.18%)	Current Assumption (5.20% - 4.18%)	1% Increase (6.20% - 5.18%)
Total OPEB liability	\$ 2,510,382	\$ 2,853,562	\$ 3,256,661

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$300,667. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

VI. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 234,897	\$ 208,091
Changes in assumptions	284,268	53,429
Benefits paid subsequent to measurement date	25,941	-
Total	\$ 545,106	\$ 261,520

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

Year ending:	
2021	\$ 86,004
2022	86,004
2023	72,787
2024	1,325
2025	3,113
Thereafter	8,412

C. Indebtedness

1. Short-Term Debt

a. Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds is recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. Such notes may be classified as part of the financial statements when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date. Proceeds are utilized to finance capital projects.

**EAST AURORA UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

VI. Liabilities (continued)

C. Indebtedness (continued)

1. Short-Term Debt (continued)

a. Bond Anticipation Notes (continued)

On July 31, 2018, the District issued bond anticipation notes in the amount of \$23,550,000. These notes were used finance the capital project, along with paying down the BAN which matured on August 1, 2018. In addition, there was \$26,361 of BANs redeemed from appropriations. The notes carried an interest rate of 2.75% (with an effective interest rate of 1.86%) and matured on July 31, 2019 at which time the District issued serial bonds. The District issued serial bond 2019 series A in the amount of \$19,870,000 (par value) with interest rates ranging from 2.25% to 5.00%. The net proceeds of \$21,854,317 (after bond premium of \$1,984,317). The District also transferred \$888,493 from Debt Service fund to the Capital project fund to pay off the outstanding BAN. Lastly the District made a principal payment (BAN redeemed from appropriation) in the amount of \$807,190 on the BAN.

b. Short-term interest

During the fiscal year ended June 30, 2020, the District had interest on short-term debt in the amount of \$647,625, which is included in the General Fund.

2. Long-Term Debt

a. Debt Limit

At June 30, 2020, the total indebtedness represents approximately 74% of its debt limit.

b. Serial Bonds

The District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of capital assets. These long-term liabilities, which are full faith and credit debt of the District, are recorded in the Statement of Net Position from taxpayers and others for liquidation of the long-term liabilities.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

VI. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

b. Serial Bonds (continued)

The provisions to be made in future budgets for capital indebtedness represents the amount, exclusive of interest, authorized to be collected in future years

c. Changes

The changes in the School District's indebtedness during the year ended June 30, 2020 and 2019 are summarized as follows:

	Balance June 30, 2020	Balance June 30, 2019	Amounts Due Within One Year
2016 Serial Bond	\$ 6,200,901	\$ 6,712,346	\$ 485,000
2013 Serial Bond	11,019,508	12,430,091	1,310,000
2019 Serial Bond	1,272,023	1,381,335	85,000
2019A Serial Bond	21,854,317	-	775,000
Compensated Absences	543,000	525,000	-
Capital Leases	26,919	66,519	26,919
Net Pension Liability			
ERS	2,435,514	658,645	-
OPEB Liability	2,853,562	2,752,694	-
	<u>\$ 46,205,744</u>	<u>\$ 24,526,630</u>	<u>\$ 2,681,919</u>

During the year, the District issued a new serial bond in the amount of \$19,870,000 and made principal payments on its serial bonds in the amount of \$1,840,000. The District received a new bond premium related to the issuance of the new serial bond in the amount of \$1,984,317 and amortized bond premiums on its bonds in the amount of \$191,340. The District also paid \$39,600 on its capital leases. The net change in compensated absences was an increase of \$18,000 during the fiscal year ended June 30, 2020. During the current year, other post-employment benefits liability increased in the amount of \$100,868. Lastly, the District's proportionate share of the NYSERS net pension liability - ERS increased by \$1,776,869 during the current year.

**EAST AURORA UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

VI. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

d. Summary

The following is a summary of maturity of indebtedness:

Description of Issue	Outstanding June 30, 2020
Serial Bonds, issued in 2013 with a maturity date of June 2029, bonds carry interest from 3.25%-5.00%.	\$ 9,915,000
Unamortized bond premium related to 2013 Serial Bond	1,104,508
Serial Bonds, issued in 2016 with a maturity date of June 2031, bonds carry interest from 2.125%-4.00%.	5,800,000
Unamortized bond premium related to 2016 Serial Bond	400,901
Serial Bonds, issued in 2019 with a maturity date of June 2032, bonds carry interest from 3.00%-5.00%.	1,125,000
Unamortized bond premium related to 2019 Serial Bond	147,023
Serial Bonds, issued in 2019A with a maturity date of July 2033, bonds carry interest from 2.25%-5.00%.	19,870,000
Unamortized bond premium related to 2019A Serial Bond	1,984,317
	<u>\$ 40,346,749</u>

e. Maturity

1. The following is a summary of maturity of serial bonds indebtedness on June 30, 2020.

Year	Serial Bond 2013	
	Principal	Interest
2021	\$ 1,310,000	\$ 411,913
2022	1,340,000	345,662
2023	1,380,000	277,662
2024	1,415,000	207,788
2025	1,055,000	146,038
2026-2029	3,415,000	252,094
Total	<u>\$ 9,915,000</u>	<u>\$ 1,641,157</u>

Year	Serial Bond 2016	
	Principal	Interest
2021	\$ 485,000	\$ 164,888
2022	495,000	155,188
2023	500,000	145,288
2024	510,000	125,287
2025	525,000	104,888
2026-2030	2,800,000	264,400
2031	485,000	12,125
Total	<u>\$ 5,800,000</u>	<u>\$ 972,064</u>

NOTE 3 - DETAIL NOTES ON ALL FUNDS (CONTINUED)

VI. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

e. Maturity (continued)

Year	Serial Bond 2019	
	Principal	Interest
2021	\$ 85,000	\$ 52,150
2022	85,000	47,900
2023	90,000	43,650
2024	90,000	39,150
2025	90,000	34,650
2026-2030	480,000	104,000
2031-2032	205,000	9,150
Total	<u>\$ 1,125,000</u>	<u>\$ 330,650</u>

Year	Serial Bond 2019A	
	Principal	Interest
2021	\$ 775,000	\$ 1,062,253
2022	1,160,000	673,938
2023	1,215,000	614,563
2024	1,275,000	552,313
2025	1,320,000	507,238
2026-2030	7,525,000	1,595,888
2031-2034	6,600,000	299,706
Total	<u>\$ 19,870,000</u>	<u>\$ 5,305,899</u>

Year	Capital Leases	
	Principal	Interest
2021	\$ 26,619	-
Total	<u>\$ 26,619</u>	<u>-</u>

f. Long-Term Debt Interest

Interest on long-term debt for the year ended June 30, 2020 amounted to \$715,227 and is included in the General Fund.

3. Bond Premiums, Debt Issuance Costs and Amortization

Net premiums resulting from bond and other debt refinancing are being amortized over the life of the relating debt using the interest method. These premiums are accordingly included in the outstanding principal balances for the bonds. Debt issuance costs related to the bonds were expensed in accordance with GASB 65.

**EAST AURORA UNION FREE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

**NOTE 3 - DETAIL NOTES ON ALL FUNDS
(CONTINUED)**

VII. Fund Equity

A. Classification

The District's fund equity is comprised of various components.

Category / Fund	Description	Balance June 30, 2020
Nonspendable:		
Food Service	Reserve for inventory	\$ 18,083
Restricted:		
General		
	Reserve for retirement contributions	\$ 86,138
	TRS reserve subfund	80,215
	Capital reserve	646,868
	Reserve for repairs	399,095
	Reserve for liability	42,217
	Reserve for tax certiorari	124,307
	Reserve for accrued employee benefit liability	297,726
		<u>\$ 1,676,566</u>
Debt Service	Reserve for debt service	\$ 298,862
Trust and Agency	Reserve for endowment scholarships	\$ 23,231
Assigned:		
General	Appropriated fund balance	\$ 418,148
General	Encumbrances	21,086
		<u>\$ 439,234</u>
Food Service	Fund equity	\$ 117,021

B. District-wide Net Position

Net position of the District include restricted net position of \$1,975,428 which represent restricted amounts in the general and debt service funds as presented above.

NOTE 4 - COMMITMENTS AND CONTINGENCIES

A. Risk Financing and Related Insurance

1. General Information

The *East Aurora Union Free School District* is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

2. Risk Sharing Pools

For its employee health and accident coverage, the *East Aurora Union Free School District* is a member of the Alliance of Western New York Benefit Fund. The Fund has been established to administer a health insurance program to lower the cost of coverage to the participants.

The *East Aurora Union Free School District* has transferred partial risk to the Fund. Members pay monthly premium equivalents based upon a pro-rate share of Fund expenditures. All funds received are pooled and administered as a common fund. Plan members could be subject to a pro-rata supplemental assessment as deemed necessary by the trustees of the Fund. Over the three prior years, there have been no such assessments.

The *East Aurora Union Free School District* also participates in a risk sharing pool, Erie 2 – Chautauqua-Cattaraugus BOCES, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. Administrators of the Plan have indicated that the Plan's reserves are believed to be in excess of estimated unbilled and open claims.

B. Federal and State Grants

The District has received grants reported in the special aid fund which are subject to audit by agencies of the state and federal government. Such audits may result in disallowances and a request for a return of funds. Based on past audits and no known significant areas of non-compliance, the District believes disallowances, if any, will not be material.

**NOTE 4 - COMMITMENTS AND CONTINGENCIES
(CONTINUED)**

C. Compensated Absences

The District does not accrue a liability for accumulating, non-vesting sick leave, since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, the value for accumulating, non-vesting sick leave is considered a contingent liability. The District reports approximately \$666,000 as of June 30, 2020 for accumulating non-vesting sick leave.

D. Litigation

The District may be a party to various claims and legal proceedings covering a wide range of matters that arise in the course of the District's business. In August, 2019, a claim was brought by a former student against the District under the New York State Child Victims Act. Discovery of this matter is in the early stages and the scope of damages, if any, cannot presently be assessed. The District is being defended under a reservation of rights by its insurance carrier and intends to vigorously defend this matter.

NOTE 5 – TAX ABATEMENTS

The District does not have any significant tax abatement programs that are required to be disclosed under GASB 77.

NOTE 6 – CAPITAL PROJECT

The voters of *East Aurora Union Free School District* approved a resolution authorizing a capital project with a maximum amount of \$23,550,000 to be financed with serial bonds and District funds. During the year ended June 30, 2020, the District expended a total of \$5,283,505 related to the project. The project was completed as of June 30, 2020.

During the fiscal year ended June 30, 2020, the District expended \$296,487 related to BOCES Project. As of June 30, 2020 the District had expended a total of \$1,236,362 related to the BOCES project. The project was completed as of June 30, 2020.

During the fiscal year ended June 30, 2020, the District also had costs associated with its current year capital outlay project in the amount of \$98,355.

NOTE 7 – COVID 19 PANDEMIC

In March 2020, the World Health Organization declared the novel strain of COVID-19 (coronavirus) a global pandemic and has become increasingly widespread in the United States. The coronavirus outbreak has had a significant impact on financial markets and general economic conditions.

NOTE 7 – COVID 19 PANDEMIC (CONTINUED)

As a result, the District was forced to close its school buildings and move to a remote learning environment for the remainder of the school year. The District froze certain spending but maintained the majority of its workforce and contracted services. The District also provided free breakfast and lunches to all students (except those who opted out) through the Federal Seamless Summer Option program.

Also, in March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was passed which provides funding and emergency assistance to Organizations including public school Districts. The New York State Department of Education has allocated approximately \$213,000 of CARES Act assistance to the District which is for the funding period of March 13, 2020 through October 7, 2022. As of June 30, 2020 the District has not applied any expenditures against this funding. In addition, 2020-21 State aid includes a reduced "Pandemic Adjustment" which is being offset with Federal Stimulus funds.

Lastly, New York State enacted 2020-21 budget grants the authority to the Division of Budget (DOB) Director to reduce aid-to-localities appropriations and disbursements by any amount needed to achieve a balanced budget, as estimated by DOB which includes the ability to withhold and reduce specific local aid payments during the fiscal year. The State budget is deemed out of balance for the fiscal year, and the Director's powers are activated, if actual tax receipts are less than 99 percent of estimated tax receipts, or actual disbursements are more than 101 percent of estimated disbursements, as measured at three points during the year (April 1-30, May 1-June 30, and July 1-December 31).

Given the uncertainty regarding the COVID-19 Pandemic, the overall financial impact to the District cannot be reasonably predicted or estimated at this time.

NOTE 8 - SUBSEQUENT EVENTS

Subsequent events were evaluated by Management through October 7, 2020, which is the date the financial statements were available to be issued.

For the 2020-21 year, the District is following its reopening plan that was submitted to New York State in July 2020. The District will continue to evaluate the plan and make necessary changes based on District assessments, along with County and State guidance.

SUPPLEMENTARY INFORMATION

EAST AURORA UNION FREE SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

Schedule SS1

	Adopted Budget	Final Budget	Current Year's Revenue	Over (Under) Revised Budget
Revenues				
Local Sources:				
Real property taxes and tax items	\$ 22,574,452	\$ 22,574,452	\$ 22,591,766	\$ 17,314
Non property taxes	2,000,000	2,000,000	2,176,684	176,684
Charges for services	302,000	302,000	598,328	296,328
Use of money and property	105,500	105,500	147,594	42,094
Sale of property and compensation for loss	1,000	1,000	42,117	41,117
Miscellaneous	170,000	170,000	313,829	143,829
State Sources:				
Basic formula	9,159,805	9,159,805	8,581,972	(577,833)
BOCES	835,560	835,560	1,152,121	316,561
Textbooks	116,092	116,092	116,326	234
All other aid	49,297	49,297	191,826	142,529
Federal Sources:				
Medicaid reimbursement	150,000	150,000	224,065	74,065
Total revenue	35,463,706	35,463,706	36,136,628	672,922
Other Sources:				
Operating transfer in	-	-	211,952	211,952
Total other sources	-	-	211,952	211,952
Total revenue and other sources	35,463,706	35,463,706	\$ 36,348,580	\$ 884,874
Appropriated fund equity - subsequent years budget and prior year reserve for encumbrances	868,148	892,754		
Total revenue, other sources and appropriated fund equity	\$ 36,331,854	\$ 36,356,460		

See accompanying independent auditor's report.

	Adopted Budget	Final Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
Expenditures					
General Support:					
Board of education	\$ 38,600	\$ 48,984	\$ 45,940	\$ -	\$ 3,044
Central administration	254,797	285,758	285,509	-	249
Finance	461,579	518,519	475,329	-	43,190
Staff	184,449	285,739	257,510	-	28,229
Central services	3,235,933	3,017,391	2,880,651	17,465	119,275
Special items	525,424	556,331	551,129	-	5,202
Instructional:					
Instruction, administration and improvement	1,119,115	1,163,955	1,088,408	379	75,168
Teaching - regular school	9,017,945	8,929,569	8,745,539	3,242	180,788
Programs for children with handicapping conditions	5,598,017	6,013,895	5,960,053	-	53,842
Teaching - special schools	20,750	14,000	5,290	-	8,710
Occupational education	1,342,441	1,413,162	1,400,348	-	12,814
Instructional media	850,302	888,998	827,418	-	61,580
Pupil services	1,512,152	1,506,994	1,250,927	-	256,067
Pupil Transportation	1,953,084	1,972,623	1,386,982	-	585,641
Community Services	4,840	4,840	4,148	-	692
Employee Benefits	6,258,618	5,754,283	5,556,052	-	198,231
Debt Service:					
Debt service principal	2,653,870	2,653,870	2,647,190	-	6,680
Debt service interest	1,124,938	1,152,549	1,362,852	-	(210,303)
Total expenditures	36,156,854	36,181,460	34,731,275	21,086	1,429,099
Other Uses:					
Transfer to other funds	175,000	175,000	170,878	-	4,122
Total other uses	175,000	175,000	170,878	-	4,122
Total expenditures and other uses	\$ 36,331,854	\$ 36,356,460	34,902,153	\$ 21,086	\$ 1,433,221
Excess revenue and other sources over expenditures and other uses			\$ 1,446,427		

EAST AURORA UNION FREE SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES
IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

Schedule SS1A

Page 37

	School Food Service Fund		
	Budget (Adopted)	Actual	Variance Fav. (Unf.)
Revenue			
State sources	\$ 12,000	\$ 27,021	\$ 15,021
Federal sources	153,000	790,330	637,330
Sales	309,000	209,139	(99,861)
Miscellaneous	-	90	90
Surplus food	31,000	64,794	33,794
Total revenue	<u>505,000</u>	<u>1,091,374</u>	<u>586,374</u>
Expenditures			
Cost of sales	456,500	968,692	(512,192)
Other expenses	53,500	70,185	(16,685)
Total expenditures	<u>510,000</u>	<u>1,038,877</u>	<u>(528,877)</u>
Excess (deficiency) of revenue over expenditures	(5,000)	52,497	57,497
Other sources (uses)			
Transfer from general fund	5,000	4,682	(318)
Excess of revenue and other sources over expenditures and other uses	<u>\$ -</u>	<u>57,179</u>	<u>\$ 57,179</u>
Fund equity, beginning of year		<u>77,925</u>	
Fund equity, end of year		<u>\$ 135,104</u>	

EAST AURORA UNION FREE SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND THE REAL PROPERTY TAX LIMIT
FOR THE YEAR ENDED JUNE 30, 2020

Schedule SS2

Page 38

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	\$ 36,331,854
Additions:	
Prior year's encumbrances	<u>24,606</u>
Original budget	<u>36,356,460</u>
Final budget	<u><u>\$ 36,356,460</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-21 voter-approved expenditure budget	\$ 38,171,727
Maximum allowed (4% of 2020-21 budget)	\$ 1,526,869

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:

Unrestricted fund balance:

Assigned fund balance	\$ 439,234
Unassigned fund balance	<u>3,312,381</u>
Total unrestricted fund balance	<u>3,751,615</u>

Less:

Appropriated fund balance	418,148
Encumbrances included in committed and assigned fund balance	<u>21,086</u>
Total adjustments	<u>439,234</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	<u><u>\$ 3,312,381</u></u>
--	-----------------------------------

Actual percentage	8.68%
--------------------------	--------------

* Per Office of State Comptroller's "Fund Balance Reporting and Governmental Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of the 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.

EAST AURORA UNION FREE SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2020

Project Title	Original Appropriation	Revised Appropriation	Expenditures				Unexpended (Overexpended) Balance	Proceeds of Obligations	Methods of financing			Fund Balance June 30, 2020
			Prior Years	Current Year	Interfund Transfer	Total			State Sources	Local Sources	Total	
Capital Facilities Project 2016	\$ 23,550,000	\$ 23,550,000	\$ 18,266,360	\$ 5,283,505	\$ 134	\$ 23,549,999	\$ 1	\$ 23,550,000	\$ -	\$ -	\$ 23,550,000	\$ -
Smart Schools Bond Act	6,851,010	6,851,010	175,119	-	-	175,119	6,675,891	-	-	175,119	175,119	-
BOCES Project	1,235,361	1,235,361	938,874	296,487	1,001	1,236,362	(1,001)	1,236,362	-	-	1,236,362	-
Capital Outlay Project 19-20	100,000	100,000	-	98,355	1,645	100,000	-	-	-	100,000	100,000	-
	<u>\$ 31,736,371</u>	<u>\$ 31,736,371</u>	<u>\$ 19,380,353</u>	<u>\$ 5,678,347</u>	<u>\$ 2,780</u>	<u>\$ 25,061,480</u>	<u>\$ 6,674,891</u>	<u>\$ 24,786,362</u>	<u>\$ -</u>	<u>\$ 275,119</u>	<u>\$ 25,061,481</u>	<u>\$ -</u>

EAST AURORA UNION FREE SCHOOL DISTRICT
BUDGET COMPARISON STATEMENT FOR STATE AND
OTHER GRANT PROGRAMS - SPECIAL AID AND FOOD SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

Schedule SS4A

Page 40

Grant Title	Grantors Project No.	Grant Period	Award/ Program Budget	Total Revenue	Total Expenditures
School lunch programs	N/A	2020	\$ 12,888	\$ 12,888	\$ 12,888
School breakfast programs	N/A	2020	14,133	14,133	14,133
Summer school *	N/A	2020	333,264	333,264	333,264
Total expenditures and revenue			<u>\$ 360,285</u>	<u>\$ 360,285</u>	<u>\$ 360,285</u>

* Revenue includes transfer from the general fund in the amount of \$66,196 for local share of summer school expenditures.

EAST AURORA UNION FREE SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Schedule SS4B

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the **East Aurora Union Free School District** and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Basis of Accounting

The basis of accounting varies by Federal program consistent with underlying regulations pertaining to each program. The amounts reported as Federal expenditures generally were obtained from the appropriate Federal financial reports for the applicable programs and periods. The amounts reported in these Federal financial reports are prepared from records maintained for each program, which are periodically reconciled with the District's financial reporting system.

Note 2 - Non-monetary Federal Program

The accompanying **East Aurora Union Free School District** is the recipient of a non-monetary federal award program. During the year ended June 30, 2020, the District reported in the Schedule of Federal Awards \$64,794 of donated commodities at fair market value received and disbursed.

Note 3 – Indirect Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance in the current year.

EAST AURORA UNION FREE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Schedule SS4C

Page 41

Federal Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Revenue	Expenditures
US Department of Education:					
Passed through NYS					
Department of Education:					
Title I	84.010A	0021-20-0735	\$ 198,752	\$ 185,026	\$ 185,026
Title I	84.010A	0021-19-0735	1	1	1
Title II, Part A	84.367A	0147-20-0735	50,431	48,146	48,146
Title II, Part A	84.367A	0147-19-0735	88,524	34,036	34,036
Title IV	84.424A	0204-20-0735	24,890	20,009	20,009
Title IV	84.424A	0204-19-0735	14,819	3,000	3,000
IDEA, Part B, Section 611*	84.027A	0032-20-0201	416,543	414,758	414,758
IDEA, Part B, Section 619*	84.173A	0033-20-0201	10,292	10,292	10,292
Total U.S. Department of Education				715,268	715,268
US Department of Agriculture:					
Passed through NYS					
Department of Education:					
National School Lunch Program **	10.555	N/A	N/A	61,614	61,614
COVID-19 National School Lunch Program - Seamless Summer Option **	10.555	N/A	N/A	471,373	471,373
School Breakfast Program **	10.553	N/A	N/A	10,131	10,131
COVID-19 School Breakfast Program - Seamless Summer Option **	10.553	N/A	N/A	247,212	247,212
Passed through NYS					
Office of General Services:					
National School Lunch Program **					
Non-cash assistance (donated commodities)	10.555	N/A	N/A	64,794	64,794
Total U.S. Department of Agriculture				855,124	855,124
Total expenditures and revenue				\$ 1,570,392	\$ 1,570,392

* Constitutes a cluster of Federal programs named Special Education Cluster with total revenue and expenditures of \$ 425,050
** Constitutes a cluster of Federal programs named Child Nutrition Cluster with total revenue and expenditures of \$ 855,124

EAST AURORA UNION FREE SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
AS OF JUNE 30, 2020

Schedule SS5

Page 42

Capital assets	\$ 62,169,897
Less:	
Serial bonds, net	(40,346,749)
Capital Lease	<u>(26,919)</u>
Net Investment in Capital Assets	<u>\$ 21,796,229</u>

EAST AURORA UNION FREE SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S NET
OPEB LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED JUNE 30, 2017 THROUGH JUNE 30, 2020

Schedule SS6

Page 43

For the year ended June 30,	2020	2019	2018	2017
Total OPEB Liability				
Service cost	\$ 119,441	\$ 98,654	\$ 97,444	\$ 98,916
Interest	95,222	82,428	84,749	73,842
Differences between expected and actual experience	(258,375)	266,105	(5,938)	117,614
Changes in assumptions	248,631	120,838	36,090	(81,185)
Benefit payments	(104,051)	(160,465)	(181,735)	(179,436)
Net change in total OPEB liability	100,868	407,560	30,610	29,751
Total OPEB liability - beginning	2,752,694	2,345,134	2,314,524	2,284,773
Total OPEB liability - ending	<u>\$ 2,853,562</u>	<u>\$ 2,752,694</u>	<u>\$ 2,345,134</u>	<u>\$ 2,314,524</u>
Plan fiduciary net position				
Contributions - employer	\$ 104,051	\$ 160,465	\$ 181,735	\$ 179,436
Net investment income	-	-	-	-
Benefit payments	(104,051)	(160,465)	(181,735)	(179,436)
Net change in plan fiduciary net position	-	-	-	-
Plan fiduciary net position - beginning	-	-	-	-
Plan fiduciary net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's net OPEB liability	<u>\$ 2,853,562</u>	<u>\$ 2,752,694</u>	<u>\$ 2,345,134</u>	<u>\$ 2,314,524</u>
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	\$ 12,065,709	\$ 12,065,709	\$ 10,744,863	\$ 10,744,863
District's net OPEB liability as a percentage of covered-employee payroll	23.65%	22.81%	21.83%	21.54%

Notes to Schedule:

Benefit Changes: none

Changes in assumptions: Discount rate from 3.44% in 2019 to 2.48% in 2020
Salary scale from 3.36% in 2019 to 3.22% in 2020
Health insurance trend rates from 5.20%-4.32% in 2019 to 5.20%-4.18% in 2020
Mortality rates Pub-2010 Public Retirement Plans Mortality Tables, Headcount-weighted, without separate Contingent Survivor mortality, fully generational using scale MP-2018 in 2019 to MP-2019 in 2020

EAST AURORA UNION FREE SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – OPEB
FOR THE YEARS ENDED JUNE 30, 2017 THROUGH JUNE 30, 2020

Schedule SS7

Page 44

For the year ended June 30,	2020	2019	2018	2017
Actuarially determined contributions	\$ 104,051	\$ 160,465	\$ 181,735	\$ 179,436
Contributions in relation to the actuarially determined contribution	(104,051)	(160,465)	(181,735)	(179,436)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 12,065,709	\$ 12,065,709	\$ 10,744,863	\$ 10,744,863
Contributions as a percentage of District's covered-employee payroll	0.86%	1.33%	1.69%	1.67%

Notes to Schedule

Valuation date: July 1, 2018 actuarially rolled forward to March 31, 2020 measurement date

Actuarially determined contribution rates are based on expected benefit payments between the measurement date and fiscal year end

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Average future service to retirement
Inflation	2.22% per year
Healthcare cost trend rates	range 5.20% to 4.53% in year 2070, with an ultimate rate of 4.18%
Salary increases	3.22%
Mortality	Pub-201 Public Retirement Plans Mortality Tables, Headcount-Weighted, without separate Contingent Survivor mortality, fully generational using scale MP-2019
Discount rate	2.48%

EAST AURORA UNION FREE SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – NYSTRS AND NYSLERS
FOR THE YEARS ENDED JUNE 30, 2013 THOROUGH JUNE 30, 2020

Schedule SS8

Page 45

New York State Teachers' Retirement System (TRS)

For the year ended June 30,	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 1,072,206	\$ 1,207,018	\$ 1,040,726	\$ 1,259,298	\$ 1,370,369	\$ 1,797,632	\$ 1,692,991	\$ 1,181,023
Contributions in relation to the contractually required contribution	(1,072,206)	(1,207,018)	(1,040,726)	(1,259,298)	(1,370,369)	(1,797,632)	(1,692,991)	(1,181,023)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 12,101,648	\$ 11,365,518	\$ 10,619,653	\$ 10,744,863	\$ 10,334,608	\$ 10,254,604	\$ 10,418,406	\$ 9,974,856
Contributions as a percentage of District's covered-employee payroll	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%

New York State Local Employees' Retirement System (ERS)

For the year ended March 31,	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contributions	\$ 424,964	\$ 445,934	\$ 442,510	\$ 451,006	\$ 505,302	\$ 547,236	\$ 619,979	\$ 478,948
Contributions in relation to the contractually required contribution	(424,964)	(445,934)	(442,510)	(451,006)	(505,302)	(547,236)	(619,979)	(478,948)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 3,225,513	\$ 3,069,253	\$ 2,980,217	\$ 2,918,921	\$ 2,850,950	\$ 2,897,992	\$ 2,854,436	\$ 2,621,303
Contributions as a percentage of District's covered-employee payroll	13.18%	14.53%	14.85%	15.45%	17.72%	18.88%	21.72%	18.27%

See accompanying independent auditor's report.

EAST AURORA UNION FREE SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE
NET PENSION ASSET (LIABILITY) – NYSTRS AND PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY – NYSLERS
FOR THE YEARS ENDED JUNE 30, 2013 THOROUGH JUNE 30, 2020

New York State Teachers' Retirement System (TRS)

As of the measurement date of June 30,	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension asset (liability)	n/a	0.068091%	0.065196%	0.067805%	0.066973%	0.068267%	0.070530%	0.068098%
District's proportionate share of the net pension asset (liability)	n/a	\$ 1,769,012	\$ 1,178,911	\$ 515,385	\$ (717,309)	\$ 7,090,748	\$ 7,856,625	\$ 448,257
District's covered-employee payroll	n/a	\$ 11,365,518	\$ 10,619,653	\$ 10,744,863	\$ 10,334,608	\$ 10,254,604	\$ 10,418,406	\$ 9,974,856
District's proportionate share of the net pension asset (liability) as a percentage of its covered employee payroll	n/a	15.56%	11.10%	4.80%	6.94%	69.15%	75.41%	4.49%
Plan fiduciary net position as a percentage of the total pension liability	n/a	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

New York State Local Employees' Retirement System (ERS)

As of the measurement date of March 31,	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension (liability)	0.0091970%	0.0092959%	0.0097460%	0.0099132%	0.0100662%	0.0101716%	n/a	n/a
District's proportionate share of the net pension (liability)	\$ (2,435,514)	\$ (658,645)	\$ (314,546)	\$ (931,467)	\$ (1,615,661)	\$ (343,622)	n/a	n/a
District's covered-employee payroll	\$ 3,225,513	\$ 3,069,253	\$ 2,980,217	\$ 2,918,921	\$ 2,850,950	\$ 2,897,992	n/a	n/a
District's proportionate share of the net pension (liability) as a percentage of its covered employee payroll	75.51%	21.46%	10.55%	31.91%	56.67%	11.86%	n/a	n/a
Plan fiduciary net position as a percentage of the total pension (liability)	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%	n/a	n/a

**INDEPENDENT AUDITOR'S 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"**

**To the President and
Members of the Board of Education
East Aurora Union Free School District
East Aurora, New York**

We have audited 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, the financial statements of the governmental activities and each major fund of *East Aurora Union Free School District* as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise *East Aurora Union Free School District's* basic financial statements and have issued our report thereon dated October 7, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered *East Aurora Union Free School 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 *East Aurora Union Free School District's* internal control. Accordingly, we do not express an opinion on the effectiveness of *East Aurora Union Free School District's* internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency as item II.A.2020-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether *East Aurora Union Free School District's* financial statements are free of 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as item II.B.2020-002.

District's Response to Finding

East Aurora Union Free School District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. *East Aurora Union Free School District's* responses were not subjected to auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 result of that testing, and not provided 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.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 7, 2020**

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

**To the President and
Members of the Board of Education
East Aurora Union Free School District
East Aurora, New York**

Report on Compliance for Each Major Federal Program

We have audited *East Aurora Union Free School District's* compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of *East Aurora Union Free School District's* major federal programs for the year ended June 30, 2020. *East Aurora Union Free School District's* major federal programs are identified in the Summary of Audit Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of *East Aurora Union Free School 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 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 *East Aurora Union Free School 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 legal determination on *East Aurora Union Free School District's* compliance.

Basis for Qualified Opinion on Child Nutrition Cluster (CFDA # 10.553 and 10.555)

As described in the accompanying schedule of findings and questioned costs, *East Aurora Union Free School District* did not comply with requirements regarding Child Nutrition Cluster (National School Lunch and Breakfast and Seamless Summer Option Programs (CFDA # 10.553 and 10.555)) as described in finding number 2020-003 for cash management. Compliance with such requirements is necessary, in our opinion, for *East Aurora Union Free School District* to comply with the requirements applicable to that program.

Qualified Opinion on Child Nutrition Cluster (CFDA # 10.553 and 10.555)

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, *East Aurora Union Free School District* complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Child Nutrition Cluster (National School Lunch and Breakfast and Seamless Summer Option Programs) for the year ended June 30, 2020.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the *East Aurora Union Free School District* complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2020.

District's Response to Noncompliance Finding

East Aurora Union Free School District's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. ***East Aurora Union Free School District's*** response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of ***East Aurora Union Free School 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 ***East Aurora Union Free School 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 the 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 a 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2020-003 that we consider to be a material weakness.

District's Response to Internal Control over Noncompliance Finding

East Aurora Union Free School District's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. ***East Aurora Union Free School District's*** response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of Report

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.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 7, 2020**

**EAST AURORA UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's opinion(s) issued or whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> yes	<u> x </u> no
Significant deficiency(ies) identified?	<u> x </u> yes	<u> </u> none reported

Noncompliance material to financial statements noted?	<u> x </u> yes	<u> </u> no
---	--------------------------	------------------------------

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> x </u> yes	<u> </u> no
Significant deficiency(ies) identified?	<u> </u> yes	<u> x </u> none reported

Type of auditor's opinion issued on compliance for major programs:

Modified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR-200.516(a)	<u> x </u> yes	<u> </u> no
---	--------------------------	------------------------------

Federal Program Title	Federal CFDA Number	Amount
Total expenditures of Federal Awards		<u><u>\$ 1,570,392</u></u>

Identification of Major Programs Tested:

U.S. Department of Education - Title I	84.010A	\$ 185,027
U.S. Department of Education - IDEA, Part B Section 611 *	84.027A	414,758
U.S. Department of Education - IDEA, Part B Section 619 *	84.173A	10,292
National School Lunch Program **	10.555	61,614
COVID-19 National School Lunch Program - Seamless Summer Option**	10.555	471,373
School Breakfast Program **	10.553	10,131
COVID-19 School Breakfast Program - Seamless Summer Option**	10.553	247,212
National School Lunch Program - Non-cash assistance (donated commodities)**	10.555	<u>64,794</u>

Total major programs tested	<u><u>\$ 1,465,201</u></u>
-----------------------------	----------------------------

% of Federal programs tested	<u><u>93%</u></u>
------------------------------	-------------------

* Constitutes a cluster of Federal programs

** Constitutes a cluster of Federal programs

Dollar threshold used to distinguish between Type A and Type B programs:	<u><u>\$ 750,000</u></u>
--	--------------------------

Auditee qualified as low risk?	<u> x </u> yes	<u> </u> no
--------------------------------	--------------------------	------------------------------

**EAST AURORA UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

II. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2020-001 Adjusting Journal Entries, Required Disclosures and Draft Financial Statements

Year ended June 30, 2020

Condition and Criteria: During the current year, adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly reflect the financial statements in accordance with generally accepted accounting principles (GAAP). Some of the adjustments and footnotes were related to converting to the full accrual method for GASB 34 purposes. In addition, a draft of the financial statements was prepared by the auditors.

Cause and Effect: AU-C section 265 entitled Communicating Internal Control Related Matters Identified in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency. Without this assistance, the potential risk exists of the District's financial statements not conforming with Generally Accepted Accounting Principles (GAAP).

Auditor's Recommendation: Although auditor's may continue to provide such assistance both now and in the future, under the new pronouncement, the District should continue to review and accept both proposed adjusting journal entries and footnote disclosures, along with the draft financial statements.

School District's Response: The District has received, reviewed and accepted all journal entries, footnote disclosures and draft financial statements proposed for the current year audit and will continue to review similar information in future years. Further, the District believes it has a thorough understanding of these financial statements and the ability to make informed judgments based on these financial statements.

B. COMPLIANCE AND OTHER MATTERS

2020-002 Unassigned Fund Balance

Year ended June 30, 2020

Conditions and criteria: **East Aurora Union Free School District's** unassigned fund balance as of June 30, 2020 amounted to \$3,312,381 . This amount constitutes 8.68% of the 2020-2021 school budget.

Cause and Effect: The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

Auditor's Recommendation: **East Aurora Union Free School District** should continue to monitor fund balance throughout the year and continue to review its options with regards to reservation and designation of fund balance.

District's Response: Throughout the 2020-21 fiscal year, the District will continue to monitor the unassigned fund balance as more State Aid information becomes available from the State of New York. Once the District has obtained a clearer picture from the State of New York regarding potential mid-year state aid reductions, the District, along with the Board of Education will make decisions regarding appropriating additional unassigned fund balance and or the funding of appropriate reserve funds.

**EAST AURORA UNION FREE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

III. MAJOR FEDERAL AWARD PROGRAMS AUDIT - FINDINGS AND QUESTIONED COSTS

A. COMPLIANCE

Child Nutrition Cluster – National School Lunch and Breakfast and COVID-19 Seamless Summer Option Programs (CFDA 10.555 and 10.553)

2020-003 Cash Management

Year ended June 30, 2020

Condition and Criteria: During the Pandemic, the District moved from the traditional National School Lunch and Breakfast program to the Seamless Summer Option Program. Under the Seamless Summer Option program, 100% of meals served are reimbursed by the Federal and State government at the prescribed free rate. While participating in the Seamless Summer Option Program the District submitted for reimbursement based on estimated meals to be served rather than actual meals served. In addition controls were not in place to understand the guidelines with respect to claiming for reimbursement under the new program.

Cause: The District was unaware of the requirement to submit claims for reimbursement of meals based on those served versus meals estimated.

Effect: The District was reimbursed for estimated number of meals served versus actual number of meals served during the Pandemic, as a result, the District was not in compliance with 7 CFR 210.8.

Questioned Costs: The dollar amount associated with the number of estimated versus actual meals served is undetermined at this time.

Auditor's Recommendation: Because the Seamless Summer Option has been extended through December 2020, the District should begin to submit claims based on those served. In addition, the District should go back and perform a reconciliation of the actual meals served during the Pandemic to the number of meals claimed for reimbursement. Once quantified, the District should contact New York State to determine the process for amending prior claim forms. We also recommend the District develop a process whereby someone independent of the individual responsible for submitting claims for reimbursement, review documentation and associated claims.

School District's Response: The District, along with Personal Touch is in the process of performing a daily reconciliation of the Seamless Summer Option, in order to balance the number of meals prepared versus the actual number of meals served. Upon completion of this reconciliation, and moving forward through December 31, 2020 (and beyond if extended) the District will make adjustments to the claims filed and claim meals "served" with New York State Child Nutrition.

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2020

2020-003 Cash Management

Same finding as that reported in 2020-003 above.

**EAST AURORA UNION FREE SCHOOL DISTRICT
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

I. FINANCIAL STATEMENTS AUDIT – FINDINGS

2019-001 Adjusting Journal Entries, Required Disclosures and Draft Financial Statements

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

Year ended June 30, 2019

Summary of Prior Year Finding: Adjusting journal entries, along with footnote disclosures. During the current year, adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted accounting principles. In addition, a draft of the financial statements was prepared by the auditors and reviewed and accepted by the District. AU-C Section 265 entitled Communicating Internal Control Related Matters identified in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency.

Current Status: Similar finding related to internal control over financial reporting is being reported upon during the year ended June 30, 2020 as finding 2020-001.

B. COMPLIANCE AND OTHER MATTERS

Year Ended June 30, 2019

There were no findings related to compliance and other matters for the year ended June 30, 2019.

II. MAJOR FEDERAL AWARD PROGRAMS AUDIT - FINDINGS AND QUESTIONED COSTS

A. COMPLIANCE

Year ended June 30, 2019

There were no findings related to compliance during the year ended June 30, 2019.

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2019

No findings related to internal control over compliance were reported during the fiscal year ended June 30, 2019.



**To the President and Members of the
Board of Education
and School Administration
East Aurora Union Free School District
East Aurora, New York**

Ladies and Gentlemen:

We have completed our audit for the year ended June 30, 2020 of the District's financial statements and have issued our reports thereon dated October 7, 2020. Our audit report expressed an unmodified opinion which states that the District's financial statements are in accordance with generally accepted accounting principles for governments and school districts located in New York State. In addition, we have issued a separate report on internal controls over financial reporting and compliance with laws and regulations as required by *Government Auditing Standards*.

In planning and performing our audit of the financial statements of the *East Aurora Union Free School District* for the year ended June 30, 2020, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure and its operation.

Attached to this letter we have presented a summary of additional comments which we desire to bring to the board and administration's attention involving various matters. Although such matters were not of sufficient nature to be disclosed in the previously mentioned reports, we do feel the comments should be reviewed and acted upon primarily by the business staff. *East Aurora Union Free School District's* has provided responses to additional comments that follow, however, we did not audit such responses and, accordingly, we express no opinion on them.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 7, 2020**

**EAST AURORA UNION FREE SCHOOL DISTRICT
SUMMARY OF ADDITIONAL COMMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

Section 4408 Program

We commend the District for its attention and efforts with regard to the billing and collections of the Section 4408 Program. We recommend that the District continue to enhance the worksheet it has developed so that individual claims (for each student) submitted by the District are tracked until their receipt. Amounts claimed by the District and not reimbursed by the State in a timely manner should be reviewed and if applicable, followed-up upon. Tracking and reconciling receivables will ensure that claims submitted for reimbursement are received, along with verifying their accuracy. In addition, the State releases a report on an annual basis (August of each year) that outlines all the claims submitted by the District and whether the amounts have been paid or remain outstanding. We recommend that this report be reconciled to the District's worksheet

District Response: The District is continuing to monitor and improve its tracking, reporting and filing of STAC's in this program.

Future Governmental Accounting Standards

In May 2020, the Governmental Accounting Standards Board issued Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance*, which extends the implementation dates of new GASB standards for an additional year, including two standards outlined below that may have significance to the District.

GASB 84 – Fiduciary Activities

In 2017, the Governmental Accounting Standards Board issued Statement No. 84, Fiduciary Activities, which will be effective for the fiscal year ending June 30, 2021. This new standard's objective is to improve the guidance regarding the identification and reporting of fiduciary activities and focuses on the source of the revenue and control over activity assets. One of the characteristics of a fiduciary activity as defined by the standard are that the assets are for the benefit of individuals and the district does not have administrative involvement with the assets or direct financial involvement with the assets. School districts will be required to evaluate activity currently recorded in the trust and agency fund, including extraclassroom activities. Those activities that do not meet the fiduciary definition will be required to be reported in the governmental funds, either in the general fund or special revenue fund. The change also affects how certain fiduciary activities, custodial funds, are reported by requiring additions and subtractions to be included on the Statement of Changes in Fiduciary Net Position. We recommend the District review the new fiduciary activity standard to ensure proper adherence.

GASB 87- Accounting for Leases

In 2017, the Governmental Accounting Standards Board issued Statement No. 87, Accounting for Leases, which will be effective for the fiscal year ending June 30, 2022. The primary objective of this is new standard is to bring most leases onto the balance sheet. The goal is to determine if any operating leases contain a right-to-use asset and record an asset and liability related to that lease. Also under the new standard there will be changes in the terms used for the two classifications; operating leases and finance leases (previously capital leases). We recommend that the District begin to collect pertinent data on all lease agreements for evaluation along with familiarizing themselves with the new lease standard, which may include continuing education, webinars and further training.

District response: The District is starting to gather the data needed for the GASB 84 and GASB 87 Statements. The District will also attend training for these standards as it becomes available.

**EAST AURORA UNION FREE SCHOOL DISTRICT
SUMMARY OF ADDITIONAL COMMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

COVID-19 Pandemic

Federal Aid

In March 2020, the Coronavirus Aid, Relief and Economic Security (CARES) Act was passed which provides funding and emergency assistance to school Districts. The New York State Department of Education has allocated approximately \$213,000 of CARES Act assistance to the District which is for the funding period of March 13, 2020 through October 7, 2022. We recommend the District continue to review Federal guidance, including compliance requirements, related to this funding.

Internal Controls IT Risks

During the initial phases of the Pandemic, certain processes of the District that were previously performed in-person were completed remotely. Because significant data is being transmitted electronically, the District may consider performing a penetration/security test of its IT network. In addition, the District shall continue to periodically review listing of employees with access to the internal local area network to determine if accounts should be disabled or deleted and continue to periodically review user access rights to determine that employees only have rights that are commensurate with their job responsibilities.

District response: The East Aurora Union Free School District uses data interoperability solutions to automate the creation, maintenance and depreciation of our user accounts to ensure adherence with the least-privilege administrative model. Local network storage is not accessible remotely and does not need to be audited as a pandemic response. Cloud based storage, communication and productivity has not changed as a result of the pandemic and remains encrypted at rest and in transit. The District will continue to closely monitor its Internal Controls regarding IT Risks.

Federal Programs

During our review of major Federal programs, we noted that certain internal control processes over compliance required by Uniform Guidance are being completed but not documented, including the review of information by someone independent of the preparer. Adequate documentation would include a signature/initials and date by the preparer and reviewer for such items including: Maintenance of Effort form; Gradation rate submission; budget versus actual comparisons, etc. We recommend the District review each control and define how documentation will be evidenced.

District response: During the 2020-2021 Fiscal year, the District will review each control and document the procedures and processes it uses for these programs.

EAST AURORA UNION FREE SCHOOL DISTRICT

***EXTRACLASSROOM ACTIVITY FUND
FINANCIAL STATEMENT***

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

***WITH REPORT OF
CERTIFIED PUBLIC ACCOUNTANTS***

**EAST AURORA UNION FREE SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND**

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1
Extraclassroom Financial Statements	
Statement of Receipts and Disbursements – Cash Basis.....	2
Notes to Financial Statements.....	3

INDEPENDENT AUDITOR'S REPORT

**To the President and
Members of the Board of Education
East Aurora Union Free School District
East Aurora, New York**

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity Fund of the **East Aurora Union Free School District** for the year ended June 30, 2020, and the related notes to the financial statement.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement 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 the *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 statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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

Basis for Qualified Opinion

The records of the Extraclassroom funds of the **East Aurora Union Free School District** were not adequate to permit the application of adequate auditing procedures to indicate whether all receipts were recorded.

Qualified Opinion

In our opinion, except for the effects of any adjustments that might have been determined to be necessary had we been able to perform adequate auditing procedures in regards to the receipts referred to in the basis for qualified opinion paragraph, the financial statements referred to above present fairly, in all material respects, the cash transactions of the Extraclassroom Activity Fund of the **East Aurora Union Free School District** for the year ended June 30, 2020 on the basis of accounting described in Note 1.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 7, 2020**

EAST AURORA UNION FREE SCHOOL DISTRICT
STATEMENT OF RECEIPTS AND DISBURSEMENTS – CASH BASIS
JULY 1, 2019 THROUGH JUNE 30, 2020

	Balances July 01, 2019	Total Receipts	Total Receipts & Balances	Total Payments	Balances June 30, 2020
High School Extraclassroom activities:					
Sales Tax - NYS	\$ 318	\$ 3,080	\$ 3,398	\$ 3,395	\$ 3
Student Government	2,853	13,538	16,391	12,814	3,577
Class of 2019 -graduated	6,005	-	6,005	6,004	1
Class of 2020 - seniors	10,733	6,461	17,194	14,316	2,878
Class of 2021 - juniors	1,239	13,504	14,743	5,188	9,555
Class of 2022 - sophomores	1,864	2,820	4,684	3,227	1,457
Class of 2023 - freshman	-	5,154	5,154	3,254	1,900
Adventure Club	7,732	5,006	12,738	4,501	8,237
AFS	1,261	19,765	21,026	20,732	294
Auroran	5,891	3,152	9,043	-	9,043
Band	1,877	114,199	116,076	108,179	7,897
CCI Exchange	367	-	367	-	367
Chorus	3,478	-	3,478	-	3,478
DECA	1,598	69	1,667	-	1,667
Drama Production	3,463	200	3,663	343	3,320
Film Academy	677	-	677	562	115
Fine Arts	21,797	29,901	51,698	22,070	29,628
Future Educators/Outreach	991	1,647	2,638	1,853	785
Key Club	431	520	951	312	639
Literary Magazine	251	-	251	-	251
Model UN	-	772	772	764	8
National Honor Society	293	1,138	1,431	863	568
Orchestra	985	703	1,688	902	786
SADD	180	-	180	-	180
Science Club	1,592	965	2,557	1,475	1,082
Spirit Club	1,198	872	2,070	1,123	947
Technology Club	771	952	1,723	1,308	415
Middle School Extraclassroom Activities					
Band	494	3,577	4,071	2,394	1,677
Builders Club	1,013	-	1,013	-	1,013
Chorus	1,800	912	2,712	758	1,954
DECA	575	200	775	201	574
Drama	2,559	-	2,559	1,098	1,461
Elementary Band	152	5,583	5,735	3,781	1,954
Elementary Orchestra	5,806	27,844	33,650	24,920	8,730
Explorers Club	152	-	152	-	152
Honor Society	47	-	47	-	47
International	10	-	10	-	10
Latin Club	4,249	3,344	7,593	5,281	2,312
Marching Band	39	-	39	-	39
Math Club	47	-	47	-	47
Orchestra	326	7,145	7,471	6,867	604
SADD	93	-	93	19	74
Science	115	-	115	-	115
Spirit Club	312	933	1,245	832	413
Student Council	10,172	7,356	17,528	9,750	7,778
Technology Club	10	-	10	-	10
Unreconciled difference	(686)	26	(660)	-	(660)
Total activity fund	\$ 105,130	\$ 281,338	\$ 386,468	\$ 269,086	\$ 117,382

**EAST AURORA UNION FREE SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND
NOTES TO FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020**

Page 3

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Fund are not considered part of the reporting entity of *East Aurora Union Free School District*. Consequently, such transactions are not included in the financial statements of the School District. However, cash balances of \$117,382 are included in the Trust and Agency Fund as restricted cash, with a corresponding amount recorded as a liability in the Fund.

The accounts of the Extraclassroom Activity Fund of *East Aurora Union Free School District* are maintained on a cash basis, and the statement of cash receipts and disbursements reflects only cash received and disbursed. Therefore, receivables and payables, inventories, long-lived assets, and accrued income and expenses, which would be recognized under generally accepted accounting principles, and which may be material in amount, are not recognized in the accompanying financial statement.



To the President and Members of the
Board of Education and School Administration
East Aurora Union Free School District
East Aurora, New York

Ladies and Gentlemen:

In planning and performing our audit of the statement of cash receipts and disbursements – cash basis of the Extraclassroom Activity Fund of *East Aurora Union Free School District* as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered *East Aurora Union Free School District's* internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the effectiveness of *East Aurora Union Free School District's* internal control. Accordingly, we do not express an opinion on the effectiveness of *East Aurora Union Free School District's* internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified deficiencies in internal control that we consider to be material weaknesses.

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 probability that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiencies in internal control to be material weaknesses:

Point of Sale Records

We commend the District for its improvement in this area from prior year. We noted certain instances where the receipt of cash lacked point of sale records. Each cash receipt received by the central treasurer should be accompanied by supporting documentation which reconciles cash received to participation times rates/fees. Due to the lack of point of sale records, cash receipts are not adequate to permit the application of the necessary auditing procedures to indicate whether receipts were recorded. We recommend that point of sale records be filled out in detail or an appropriate summary be attached by the student treasurer or teacher advisor and be verified or reviewed by the central treasurer.

District's response: - The District will continue to provide training opportunities to its staff members involved in the implementation of the Extra Curricular Student clubs and improve upon its processes for Point of Sale records and documentation.

Additional Comments

Also included in this letter is a summary of additional comments, which we desire to bring to the Board and management's attention involving various matters.

Funds Raised for Certain Purposes

School districts were faced with difficult decisions during school closures resulting from the Pandemic including what to do with funds raised by students for certain purposes (i.e. student trip) that didn't take place. We recommend that the District develop a policy to address this situation if it occurs in the future and consider reviewing the policy with its legal counsel.

District's response: The District will look into developing a Policy regarding funds raised by certain students and the individual By-Laws of each club in order to document and address this issue.

This communication is intended solely for the information and use of management, Board of Education, and other within **East Aurora Union Free School District**, and is not intended to be, and should not be, used by anyone other than these specified parties.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

**Olean, New York
October 7, 2020**



October 7, 2020

To the Audit Committee
and Board of Education
East Aurora Union Free School District
East Aurora, New York

We have audited the financial statements of **East Aurora Union Free School District** as of and for the year ended June 30, 2020. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Governmental Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 17, 2020. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by **East Aurora Union Free School District** are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2020. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements were:

Management's estimate of depreciation is based on estimates of useful lives of assets and cost basis of certain assets were derived from a third-party independent appraisal company. We evaluated the key factors and assumptions used to develop depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

In addition, the District also has estimated future costs associated with pension and other post-employment benefits and has recorded a net pension liability (ERS), a net pension asset (TRS) and an other post-employment benefit liability based on an actuarial study performed by a third-party actuary. We evaluated the key assumptions used to develop this study and its reasonableness in relation to the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures on long-term debt in Note 3VI and the Covid-19 Pandemic in Note 7 to the financial statements, due to their significance.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 7, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI), which supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Board and management of **East Aurora Union Free School District** and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.