GRAND ISLAND CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2020

GRAND ISLAND CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Grand Island Central School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of Grand Island Central School District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the 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 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 financial statements, and other knowledge we obtained during our audit of the 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.

Supplementary Information

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

The accompanying supplementary information including the schedule of expenditures of federal awards is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information including the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2020 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the District's internal control over financial reporting and compliance.

Lumsden & McCormick, LLP

October 8, 2020

Management's Discussion and Analysis (unaudited)

June 30, 2020

Introduction

Management's Discussion and Analysis (MD&A) of Grand Island Central School District (the District) provides an overview of the District's financial performance and activities for the year ended June 30, 2020. The information contained in the MD&A should be considered in conjunction with the information presented as part of the District's financial statements which follow. This MD&A, the financial statements, and notes thereto are essential to obtaining a full understanding of the District's financial position and results of operations. The District's financial statements have the following components: (1) government-wide financial statements, (2) governmental fund financial statements, (3) reconciliations between the government-wide and governmental fund financial statements, (4) agency fund statements, (5) notes to the financial statements, and (6) supplementary information.

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the net difference reported as net position. The statement of activities presents information showing how the District's net position changed during each year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future periods. The government-wide financial statements present information about the District as a whole. All of the activities of the District are considered to be governmental activities.

Governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of resources available at the end of the year. Such information may be useful in evaluating the District's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the District's near-term financing decisions. The reconciliation portion of the financial statements facilitates the comparison between governmental funds and governmental activities.

Agency funds are used to account for resources held for the benefit of parties outside the District. Agency funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's programs. The notes to the financial statements provide additional information that is essential for a full understanding of the government-wide and governmental fund financial statements.

Supplementary information further explains and supports the financial statements and includes information required by generally accepted accounting principles and the New York State Education Department.

Condensed Statement of Net Position	2020	2019	Change $	Change %
Current and other assets	$ 21,028,000	$ 19,072,000	$ 1,956,000	10.3%
Capital assets	70,924,000	67,230,000	3,694,000	5.5%
Total assets	91,952,000	86,302,000	5,650,000	6.5%
Deferred outflows of resources	17,025,000	16,968,000	57,000	0.3%
Long-term liabilities	70,514,000	68,832,000	1,682,000	2.4%
Other liabilities	9,307,000	3,879,000	5,428,000	139.9%
Total liabilities	79,821,000	72,711,000	7,110,000	9.8%
Deferred inflows of resources	5,296,000	3,993,000	1,303,000	32.6%
Net position				
Net investment in capital assets	24,812,000	20,290,000	4,522,000	22.3%
Restricted	5,857,000	8,583,000	(2,726,000)	(31.8%)
Unrestricted	(6,809,000)	(2,307,000)	(4,502,000)	195.1%
Total net position	$ 23,860,000	$ 26,566,000	$ (2,706,000)	(10.2%)

Net position amounted to $23,860,000 and $26,566,000 at June 30, 2020 and 2019. The largest portion of the District's net position reflects its investment in capital assets consisting of land, buildings and improvements, and furniture and equipment, less outstanding debt used to acquire those assets. The District uses capital assets to provide services to students; consequently, these assets are not available for future spending.

The District's net position includes resources that are subject to external restrictions on how they may be used which includes reserves set aside for specific purposes governed by law and regulations. Such items include the retirement contribution reserve, restricted to fund contributions paid by the District for the New York State and Local Employees' Retirement System (ERS); the debt service reserve, which is set aside for the repayment of bonds issued to finance capital projects; and the employee benefit accrued liability reserve, which must be used to pay future accumulated vacation and sick time. Other restricted resources include unemployment insurance, capital, and tax certiorari reserves.

Total assets increased by $5,650,000 ($14,344,000 or 14.3% decrease in 2019) as a result of ongoing capital project spending and bus purchases. Included in current and other assets is the net pension asset at the proportionate share of the New York State Teachers' Retirement System (TRS) net pension position and increased $1,073,000.

Total liabilities increased $7,110,000 ($631,000 or 0.9% increase in 2019). The increase in long-term liabilities is mainly due to an increase in the net ERS pension liability resulting from changes in actuarial assumptions and a reduction in the Plan's investment earnings. The increase in other liabilities is due to a $5,300,000 Bond Anticipation Note (BAN) issuance.

Changes in deferred outflows and deferred inflows of resources include changes in pension activity at the State level which are required to be reflected on the District's financial statements. Deferred outflows of resources include contributions required to be paid by the District to the State pension systems after the measurement date, and as such are not included in the current net pension position. Deferred outflows and deferred inflows of resources also reflect variances from actuarial assumptions, actual results of investment earnings compared to projected earnings, and changes of assumptions. The District has no control or authority over these transactions.

Condensed Statement of Activities	2020	2019	Change $	Change %
Revenues				
Program revenues				
Charges for services	**$ 520,000**	$ 783,000	$ (263,000)	(33.6%)
Operating grants and contributions	**2,675,000**	2,683,000	(8,000)	(0.3%)
Capital grants and contributions	**595,000**	-	595,000	100.0%
General revenues				
Property and sales tax	**37,928,000**	37,084,000	844,000	2.3%
State aid	**19,934,000**	20,484,000	(550,000)	(2.7%)
Other	**653,000**	526,000	127,000	24.1%
Total revenue	**62,305,000**	61,560,000	745,000	1.2%
Expenses				
Instruction	**50,701,000**	48,085,000	2,616,000	5.4%
Support services				
General support	**7,999,000**	7,575,000	424,000	5.6%
Pupil transportation	**3,831,000**	3,900,000	(69,000)	(1.8%)
Food service	**987,000**	1,091,000	(104,000)	(9.5%)
Interest expense	**1,493,000**	1,120,000	373,000	33.3%
Total expenses	**65,011,000**	61,771,000	3,240,000	5.2%
Change in net position	**(2,706,000)**	(211,000)	(2,495,000)	1182.5%
Net position – beginning	**26,566,000**	26,777,000	(211,000)	(0.8%)
Net position – ending	**$ 23,860,000**	$ 26,566,000	$ (2,706,000)	(10.2%)

District revenues increased by $745,000 ($156,000 or 0.3% increase in 2019). This increase was largely generated by the increase in capital grants due to Smart Schools Bond Act proceeds. Property and sales tax increased $844,000 due to an increase in the property tax levy. These increases were partially offset by a decrease in state aid of $550,000 mainly due to a decrease in State building aid.

Total expenses increased $3,240,000 ($3,215,000 or 5.5% increase in 2019). Payroll expense increased $572,000 as a result of annual contractual increases. Pension expense increased $3,178,000 as a result of actuarial changes and significant differences between investment earnings versus projected earnings in TRS and ERS.

Financial Analysis of the District's Funds

Total fund balances for the governmental funds are $8,322,000, a decrease of $4,464,000 from the 2019 fund balances of $12,786,000.

- Total fund revenue increased $738,000 or 1.2% ($145,000 or 0.2% in 2019) and total fund expenditures increased $3,894,000 or 6.1% ($268,000 or 0.4% in 2019). The increased revenue is due to property taxes and Smart Schools Bond Act funding offset by State aid as mentioned above. Capital outlay expenditures increased $4,310,000 as a result of ongoing capital projects. Additionally, the District's payroll expense increased $572,000.
- Fund balance in the general fund decreased $2,197,000 primarily as a result of $2,500,000 of interfund transfers mainly to the capital projects fund.
- The school lunch fund's deficit fund balance was $879,000 as of June 30, 2020, an increase in the deficit of $58,000 from June 30, 2019.
- The capital projects fund balance deficit was $1,450,000 ($759,000 fund balance in 2019) due to expenditures related to capital spending.

General Fund Budgetary Highlights

The final general fund revenue budget for 2020 was $59,052,000; actual revenues were $59,166,000, resulting in a $115,000 favorable variance from budget. This variance is due to nonproperty taxes exceeding budget by $359,000, federal sources exceeding budget by $334,000, offset by state source revenue below budget by $934,000.

Actual expenditures and carryover encumbrances were $4,832,000 less than the final amended budget of $63,923,000. This difference is attributable to many factors and many unknown items when the budget is prepared.

Capital Assets

	2020	2019
Land and land improvements	$ 2,248,000	$ 2,161,000
Buildings and improvements	94,744,000	94,828,000
Furniture and equipment	4,885,000	4,947,000
Vehicles	7,454,000	8,091,000
Construction in progress	6,291,000	1,066,000
	115,622,000	111,093,000
Accumulated depreciation	(44,698,000)	(43,863,000)
	$ 70,924,000	$ 67,230,000

Current year additions and adjustments related to asset values of $7,284,000 were offset by depreciation expense totaling $3,590,000.

Debt

At June 30, 2020, the District had $39,622,000 of outstanding bonds, with $3,424,000 due within one year ($42,215,000 outstanding in 2019). Outstanding compensated absences were $14,181,000 ($13,684,000 in 2019) with $1,951,000 expected to be paid within one year.

Additional information on the District's long-term liabilities can be found in the notes to the financial statements.

Current Financial Issues and Concerns

The extent of COVID-19 on the District's operational and financial performance will depend on further developments, including the duration and spread of the outbreak and its impact on all school districts and their residents, employees, and vendors, none of which can be predicted. The District has already experienced a 20% holdback of State aid that could become permanent. Significant reductions are expected in 2020-2021 for State aid and local sales tax. Federal revenue sources are expected to increase but the extent of Federal assistance is not yet known.

The District will need to plan accordingly to mitigate the impact of rising expenses and less aid. The District may need to use reserve funds, as permitted by law, to lessen the budgetary impact. The property tax levy cap requires creative budgeting by management and the Board of Education. These issues and concerns are exacerbated by COVID-19 requiring management to plan carefully and prudently to provide the educational resources necessary to meet student needs and flexibility on how students are taught.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Rubie Harris, Assistant Superintendent for School Business and Finance, Grand Island Central School District, 1100 Ransom Road, Grand Island, New York 14072.

Statement of Net Position

June 30, 2020
(With comparative totals as of June 30, 2019)

	2020	2019
Assets		
Cash	**$ 13,041,353**	$ 11,946,735
Due from other governments, net	**1,719,680**	1,955,589
Accounts receivable	**93,411**	156,553
State and federal aid receivable, net	**1,250,602**	1,215,682
Due from fiduciary funds	**1,247,649**	1,194,700
Inventory	**31,488**	31,625
Net pension asset	**3,643,593**	2,570,774
Capital assets (Note 5)	**115,621,547**	111,092,852
Accumulated depreciation	**(44,697,881)**	(43,862,960)
Total assets	**91,951,442**	86,301,550
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	**15,044,395**	14,596,032
Deferred outflows of resources related to OPEB	**1,981,005**	2,371,679
Total deferred outflows of resources	**17,025,400**	16,967,711
Liabilities		
Accounts payable	**1,016,032**	592,522
Accrued liabilities	**525,785**	468,049
Due to retirement systems	**2,465,226**	2,817,686
Bond anticipation notes	**5,300,000**	-
Long-term liabilities		
Due within one year:		
Bonds	**3,423,959**	3,278,015
Compensated absences	**1,951,000**	2,020,000
Due beyond one year:		
Bonds and related premiums	**41,239,812**	44,420,420
Compensated absences	**12,230,000**	11,664,000
Net pension liability	**4,864,011**	1,451,670
Total OPEB liability	**6,805,403**	5,998,232
Total liabilities	**79,821,228**	72,710,594
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	**5,279,705**	3,954,638
Deferred inflows of resources related to OPEB	**16,243**	38,366
Total deferred inflows of resources	**5,295,948**	3,993,004
Net Position		
Net investment in capital assets	**24,812,075**	20,290,462
Restricted	**5,857,214**	8,582,867
Unrestricted	**(6,809,623)**	(2,307,666)
Total net position	**$ 23,859,666**	$ 26,565,663

See accompanying notes.

Statement of Activities

For the year ended June 30, 2020
(With summarized comparative totals for June 30, 2019)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue: 2020	Net (Expense) Revenue: 2019
Governmental activities						
General support	$ 7,998,322	$ 15,670	$ -	$ -	**$ (7,982,652)**	$ (7,547,842)
Instruction	50,701,423	153,380	2,269,880	594,552	**(47,683,611)**	(45,509,490)
Pupil transportation	3,831,356	-	-	-	**(3,831,356)**	(3,900,295)
Community service	-	-	-	-	**-**	(2,663)
Interest expense	1,493,486	-	-	-	**(1,493,486)**	(1,117,370)
School food service	986,773	350,456	405,808	-	**(230,509)**	(227,319)
	$ 65,011,360	$ 519,506	$ 2,675,688	$ 594,552	**(61,221,614)**	(58,304,979)
General revenues						
Real property taxes					**34,516,169**	33,562,083
Sales tax					**3,411,483**	3,522,326
Miscellaneous					**653,060**	525,578
State aid					**19,934,905**	20,483,801
Total general revenues					**58,515,617**	58,093,788
Change in net position					**(2,705,997)**	(211,191)
Net position - beginning					**26,565,663**	26,776,854
Net position - ending					**$ 23,859,666**	$ 26,565,663

See accompanying notes.

Balance Sheet - Governmental Funds

June 30, 2020
(With summarized comparative totals as of June 30, 2019)

	General	School Lunch	Capital Projects	Special Aid	Total Governmental Funds 2020	Total Governmental Funds 2019
Assets						
Cash	$ 11,256,564	$ 377,620	$ 1,273,995	$ 133,174	**$ 13,041,353**	$ 11,946,735
Due from other governments, net	1,719,680	-	-	-	**1,719,680**	1,955,589
Accounts receivable	93,411	-	-	-	**93,411**	156,553
State and federal aid receivable, net	442,990	118,001	-	689,611	**1,250,602**	1,215,682
Due from other funds, net	227,775	-	3,211,399	-	**3,439,174**	2,932,383
Inventory	-	31,488	-	-	**31,488**	31,625
Total assets	$ 13,740,420	$ 527,109	$ 4,485,394	$ 822,785	**$ 19,575,708**	$ 18,238,567
Liabilities and Fund Balances						
Accounts payable	$ 343,019	$ 2,490	$ 635,214	$ 35,309	**$ 1,016,032**	$ 592,522
Accrued liabilities	280,785	-	-	-	**280,785**	305,049
Due to retirement systems	2,465,226	-	-	-	**2,465,226**	2,817,686
Due to other funds, net	-	1,404,049	-	787,476	**2,191,525**	1,737,683
Bond anticipation notes	-	-	5,300,000	-	**5,300,000**	-
Total liabilities	3,089,030	1,406,539	5,935,214	822,785	**11,253,568**	5,452,940
Fund Balances						
Nonspendable:						
Inventory	-	31,488	-	-	**31,488**	31,625
Restricted:						
Capital	412,203	-	-	-	**412,203**	1,168,782
Debt service	2,465,331	-	-	-	**2,465,331**	4,737,284
Employee benefit accrued liability	1,677,272	-	-	-	**1,677,272**	2,140,703
Retirement contribution	1,018,239	-	-	-	**1,018,239**	1,012,246
Unemployment insurance	222,975	-	-	-	**222,975**	221,663
Tax certiorari	61,194	-	-	-	**61,194**	61,194
Assigned:						
Designated for subsequent year's expenditures	1,950,000	-	-	-	**1,950,000**	1,950,000
Other purposes	228,671	-	-	-	**228,671**	461,645
Unassigned	2,615,505	(910,918)	(1,449,820)	-	**254,767**	1,000,485
Total fund balances (deficit)	10,651,390	(879,430)	(1,449,820)	-	**8,322,140**	12,785,627
Total liabilities and fund balances	$ 13,740,420	$ 527,109	$ 4,485,394	$ 822,785	**$ 19,575,708**	$ 18,238,567

See accompanying notes.

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2020

Total fund balances - governmental funds		$ 8,322,140
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 are not reported as assets in governmental funds.		70,923,666
The District's proportionate share of net pension position as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:		
Net pension asset	3,643,593	
Deferred outflows of resources related to pensions	15,044,395	
Net pension liability	(4,864,011)	
Deferred inflows of resources related to pensions	(5,279,705)	8,544,272
The District's total OPEB liability as well as OPEB-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:		
Deferred outflows of resources related to OPEB	1,981,005	
Total OPEB liability	(6,805,403)	
Deferred inflows of resources related to OPEB	(16,243)	(4,840,641)
Certain liabilities are not due and payable currently and therefore are not reported as liabilities of the governmental funds. These liabilities are:		
Bonds and related premiums	(44,663,771)	
Accrued interest	(245,000)	
Compensated absences	(14,181,000)	(59,089,771)
Net position - governmental activities		$ 23,859,666

See accompanying notes.

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

For the year ended June 30, 2020
(With summarized comparative totals for June 30, 2019)

	General	School Lunch	Capital Projects	Special Aid	Total Governmental Funds 2020	Total Governmental Funds 2019
Revenues						
Real property taxes	$ 30,789,383	$ -	$ -	$ -	**$ 30,789,383**	$ 29,456,365
Real property tax items	3,726,786	-	-	-	**3,726,786**	4,105,718
Nonproperty taxes	3,411,483	-	-	-	**3,411,483**	3,522,326
Charges for services	153,380	-	-	-	**153,380**	274,399
Use of money and property	86,097	101	4,718	-	**90,916**	176,045
Sale of property and compensation for loss	166,247	-	-	-	**166,247**	63,223
Miscellaneous	411,668	1,828	-	-	**413,496**	323,392
State sources	19,934,905	16,649	594,552	643,531	**21,189,637**	21,021,876
Federal sources	486,457	387,230	-	1,139,892	**2,013,579**	2,142,290
Sales	-	350,456	-	-	**350,456**	481,760
Total revenues	59,166,406	756,264	599,270	1,783,423	**62,305,363**	61,567,394
Expenditures						
General support	5,971,510	413,944	-	-	**6,385,454**	6,192,431
Instruction	31,278,368	-	-	1,686,312	**32,964,680**	32,259,645
Pupil transportation	2,195,922	-	667,458	157,111	**3,020,491**	3,320,166
Community service	-	-	-	-	**-**	2,663
Employee benefits	14,286,145	120,005	-	-	**14,406,150**	15,354,492
Debt service						
Principal	3,278,015	-	-	-	**3,278,015**	3,169,987
Interest	1,853,135	-	-	-	**1,853,135**	1,965,019
Cost of sales	-	320,288	-	-	**320,288**	379,124
Capital outlay	-	-	5,225,637	-	**5,225,637**	915,942
Total expenditures	58,863,095	854,237	5,893,095	1,843,423	**67,453,850**	63,559,469
Excess revenues (expenditures)	303,311	(97,973)	(5,293,825)	(60,000)	**(5,148,487)**	(1,992,075)
Other financing sources (uses)						
Proceeds from issuance of debt	-	-	685,000	-	**685,000**	650,000
Operating transfers	(2,500,000)	40,000	2,400,000	60,000	**-**	-
Total other financing sources (uses)	(2,500,000)	40,000	3,085,000	60,000	**685,000**	650,000
Net change in fund balances	(2,196,689)	(57,973)	(2,208,825)	-	**(4,463,487)**	(1,342,075)
Fund balances (deficit) - beginning	12,848,079	(821,457)	759,005	-	**12,785,627**	14,127,702
Fund balances (deficit) - ending	$ 10,651,390	$ (879,430)	$ (1,449,820)	$ -	**$ 8,322,140**	$ 12,785,627

See accompanying notes.

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the year ended June 30, 2020

Total net change in fund balances - governmental funds		$ (4,463,487)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in the governmental funds as expenditures. In the statement of activities, the cost of the assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay and adjustments exceeds depreciation expense and disposals.		3,693,774
Pension expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities. These differences are:		
2020 TRS and ERS contributions	3,019,782	
2020 ERS accrued contribution	233,208	
2019 ERS accrued contribution	(233,208)	
2020 TRS pension expense	(4,454,207)	
2020 ERS pension expense	(1,781,801)	(3,216,226)
Debt proceeds are recorded as other financing sources in the governmental funds but increase long-term liabilities in the statement of net position.		(685,000)
OPEB expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities.		(1,175,722)
Payments of long-term liabilities are reported as expenditures in governmental funds and as a reduction of debt in the statement of net position.		3,278,015
In the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds these expenditures are reported when paid. These differences are:		
Amortization of bond premiums	441,649	
Compensated absences	(497,000)	
Interest	(82,000)	(137,351)
Change in net position - governmental activities		$ (2,705,997)

See accompanying notes.

Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP) and Actual - General Fund

For the year ended June 30, 2020

	Budgeted Amounts		Actual (Budgetary Basis)	Encumbrances	Variance with Final Budget Over/(Under)
	Original	Final			
Revenues					
Local sources					
Real property taxes	$ 30,227,651	$ 30,227,651	**$ 30,789,383**		$ 561,732
Real property tax items	4,224,300	4,224,300	**3,726,786**		(497,514)
Nonproperty taxes	3,052,941	3,052,941	**3,411,483**		358,542
Charges for services	181,500	181,500	**153,380**		(28,120)
Use of money and property	67,300	67,300	**86,097**		18,797
Sale of property and compensation for loss	11,000	11,000	**166,247**		155,247
Miscellaneous	266,500	266,500	**411,668**		145,168
State sources	20,868,502	20,868,502	**19,934,905**		(933,597)
Federal sources	152,000	152,000	**486,457**		334,457
Total revenues	59,051,694	59,051,694	**59,166,406**		114,712
Expenditures					
General support					
Board of education	55,700	64,686	**53,491**	-	(11,195)
Central administration	248,570	253,576	**247,755**	-	(5,821)
Finance	648,936	606,741	**481,390**	-	(125,351)
Staff	352,677	372,631	**293,806**	-	(78,825)
Central services	4,734,098	4,969,518	**4,342,325**	18,972	(608,221)
Special items	667,716	667,716	**552,743**	-	(114,973)
Instruction					
Instruction, administration, and improvement	1,733,890	1,698,022	**1,582,527**	-	(115,495)
Teaching - regular school	18,298,323	18,323,490	**17,511,078**	3,707	(808,705)
Programs for children with handicapping conditions	7,386,868	7,230,129	**6,338,570**	183,096	(708,463)
Occupational education	1,453,732	1,453,243	**1,441,705**	285	(11,253)
Teaching - special schools	224,273	199,240	**130,770**	-	(68,470)
Instructional media	1,787,785	1,691,776	**1,618,000**	6,808	(66,968)
Pupil services	2,709,291	2,839,669	**2,655,718**	13,480	(170,471)
Pupil transportation	2,808,956	2,810,822	**2,195,922**	2,323	(612,577)
Community service	17,045	17,045	**-**	-	(17,045)
Employee benefits	15,660,029	15,589,585	**14,286,145**	-	(1,303,440)
Debt service					
Principal	3,288,015	3,282,325	**3,278,015**	-	(4,310)
Interest	887,445	1,853,135	**1,853,135**	-	-
Total expenditures	62,963,349	63,923,349	**58,863,095**	228,671	(4,831,583)
Excess revenues (expenditures)	(3,911,655)	(4,871,655)	**303,311**	(228,671)	4,946,295
Other financing sources (uses)					
Operating transfers out	(1,160,000)	(1,540,000)	**(2,500,000)**		(960,000)
Appropriated fund balance, reserves, and carryover encumbrances	5,071,655	6,411,655	**-**		(6,411,655)
Total other financing sources (uses)	3,911,655	4,871,655	**(2,500,000)**		(7,371,655)
Excess revenues (expenditures) and other financing sources (uses)	$ -	$ -	**$ (2,196,689)**	$ (228,671)	$ (2,425,360)

See accompanying notes.

GRAND ISLAND CENTRAL SCHOOL DISTRICT

Statement of Fiduciary Net Position

June 30, 2020

	Private-Purpose Trusts	Agency
Assets		
Cash	$ 174,849	$ 1,598,220
Liabilities		
Extraclassroom activities balances	-	$ 116,423
Agency liabilities	-	234,148
Due to governmental funds	-	1,247,649
Total liabilities	-	$ 1,598,220
Net Position		
Restricted for scholarships	$ 174,849	

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GRAND ISLAND CENTRAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position

For the year ended June 30, 2020

	Private-Purpose Trusts
Additions	
Gifts and donations	$ 122,527
Interest income	3,044
	125,571
Deductions	
Scholarship awards	37,938
Change in net position	87,633
Net position - beginning	87,216
Net position - ending	$ 174,849

See accompanying notes.

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

Grand Island Central School District (the District) is governed by Education and other laws of the State of New York (the State). The District's Board of Education has responsibility and control over all activities related to public school education within the District. The District's Superintendent is the chief executive officer and the President of the Board serves as the chief fiscal officer. The Board members are elected by the public and have decision-making authority, the power to designate management, the ability to influence operations, and the primary accountability for fiscal matters.

The District provides education and support services such as administration, transportation, and plant maintenance. The District receives funding from local, state, and federal sources and must comply with requirements of these funding sources. However, the District is not included in any other governmental reporting entity as defined by accounting principles generally accepted in the United States of America, nor does it contain any component units.

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

Joint Venture

The District is one of 19 participating school districts in the Erie 1 Board of Cooperative Educational Services (BOCES). Formed under §1950 of Education Law, a BOCES is a voluntary cooperative association of school districts in a geographic area that shares planning, services, and programs, and also provides educational and support activities. There is no authority or process by which the District can terminate its status as a component of BOCES.

The component school district boards elect the members of the BOCES governing body. There are no equity interests and no single participant controls the financial or operating policies. BOCES may also contract with other municipalities on a cooperative basis under State General Municipal Law.

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

During the year ended June 30, 2020, the District was billed $3,872,000 for BOCES administrative and program costs and recognized revenue of $209,000 as a refund from prior year expenditures paid to BOCES. Audited financial statements are available from BOCES' administrative offices.

Public Entity Risk Pools

The District participates in the NY44 Health Benefits Plan Trust which is a public entity risk pool. The plan is designed to provide health insurance coverage for participating entities. This activity is further discussed in Note 10.

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize double counting of internal activities. These statements are required to distinguish between *governmental* and *business-type* activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The District does not maintain any business-type activities.

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 a program or are clearly identifiable to a particular function. Indirect expenses relate to the administration and support of the District's programs, including personnel, overall administration, and finance. Employee benefits are allocated to functional expenses as a percentage of related payroll expense.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational requirements of a particular program, and (c) capital grants and contributions limited to the purchase or construction of specific capital assets. Revenues that are not classified as program revenues, including all taxes and state aid, are presented as general revenues.

Fund Financial Statements: The fund financial 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 the fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major funds:

- *General fund.* This is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- *School lunch fund.* This fund is a special revenue fund whose specific revenue sources, including free and reduced meal subsidies received from state and federal programs, are assigned to the operation of the District's breakfast and lunch programs.
- *Capital projects fund.* This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District also elected to display the following as a major fund:

- *Special aid fund.* This fund is used to account for the proceeds of specific revenue sources – other than expendable trusts or major capital projects – such as federal, state, and local grants and awards that are restricted or committed to expenditure for specific purposes. Either governments or other third parties providing the grant funds impose these restrictions.

The District has elected not to use a debt service fund as debt activity is currently reflected in the general fund. Amounts accumulated for the payment of future principal and interest payments restricted for such purpose are included in the general fund.

The District reports the following fiduciary funds:

- *Private-purpose trust fund.* This fund reports trust arrangements under which principal and income benefit various third party scholarship arrangements.
- *Agency fund.* This fund accounts for assets held by the District as agent for various student groups and clubs, payroll, and employee third party withholdings. The agency fund is custodial in nature and does not involve measurement of results of operations.

The financial statements include certain prior year summarized comparative information in total but not by separate governmental activities and major funds. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Basis of Accounting and Measurement Focus

The government-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 flows take place. Nonexchange transactions, in which the District receives value directly without giving equal value in exchange, include property and sales taxes, grants, and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds 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 they are collected within ninety days after year end. 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. Capital asset purchases are reported as expenditures in governmental funds. Proceeds of long-term liabilities and equipment and property purchased under capital leases are reported as other financing sources.

Under the terms of grant agreements, revenues are recognized to the extent of program expenditures. Amounts received in advance of the expenditures are considered unearned and reported as revenue when the expense is incurred.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Property Taxes

The District levies real property taxes no later than September 1. For the year ended June 30, 2020, the tax lien was issued on August 27, 2019 for collection from September 1, 2019 through December 1, 2019. Thereafter, uncollected amounts became the responsibility of Erie County and were submitted to the District by April 1st of the following year as required by law.

Budget Process, Amendments, and Encumbrances

District administration prepares a proposed budget for the general fund requiring approval by the Board. A public hearing is held upon completion and filing of the tentative budget. Subsequently, the budget is adopted by the Board. The proposed budget is then presented to voters of the District. The budget for the fiscal year beginning July 1, 2019 was approved by a majority of the voters in a general election held on May 21, 2019.

Annual appropriations are adopted and employed for control of the general fund. These budgets are adopted on a GAAP basis under the modified accrual basis of accounting. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations authorized for the current year may be increased by the planned use of specific restricted, committed, and assigned fund balances and subsequent budget amendments approved by the Board as a result of new revenue sources not included in the original budget.

Major capital expenditures are subject to individual project budgets based on the cost of the project and external financing rather than annual appropriations. For the capital projects fund, these budgets do not lapse at year end and are carried over to the completion of the project.

Encumbrance accounting is used to assure budgetary control over commitments related to unperformed (executory) contracts for goods or services outstanding at the end of each year. Encumbrances are budgetary expenditures in the year committed and again in the subsequent period when the expenditure is paid. All budget appropriations that are unencumbered lapse at the end of the fiscal year. Encumbrances outstanding at year end are presented for GAAP-related purposes as committed or assigned fund balances and do not constitute expenditures or liabilities. At July 1, encumbrances carried forward from the prior year are reestablished through budget appropriations.

Inventory

Inventory consists of food and similar food service goods related to school lunch operations and is recorded at the lower of first-in, first-out cost or net realizable value. Donated commodities are stated at values which approximate market.

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals. Contributed assets are recorded at fair value at the time received. Depreciation is provided in the government-wide statements over estimated useful lives using the straight-line method. Maintenance and repairs are expensed as incurred; significant improvements are capitalized.

Capitalization thresholds for determining which asset purchases are added to capital accounts and the estimated useful lives of capital assets are:

	Capitalization Policy	Estimated Useful Life in Years
Land improvements	$ 500	20
Buildings and improvements	$ 500	30 - 50
Furniture and equipment	$ 500	5 - 20
Vehicles	$ 500	8

Bond Premiums

Premiums received upon the issuance of debt are included as other financing sources in the governmental funds statements when issued. In the government-wide statements, premiums are recognized with the related debt issue and amortized on a straight-line basis as a component of interest expense over the life of the related obligation.

Pensions

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS) (the Systems) as mandated by State law. The Systems recognize benefit payments when due and payable in accordance with benefit terms; investment assets are reported at fair value. On the government-wide statements, the District recognizes its proportionate share of net pension position, deferred outflows and deferred inflows of resources, pension expense (revenue), and information about and changes in the fiduciary net position on the same basis as reported by the respective defined benefit pension plans.

Other Postemployment Benefits (OPEB)

On the government-wide statements, the total OPEB liability, deferred outflows and deferred inflows of resources, and OPEB expense of the District's defined benefit healthcare plan (Note 9) have been measured on the same basis as reported by the plan. Benefit payments are due and payable in accordance with benefit terms.

Compensated Absences

The liability for compensated absences reported in the government-wide financial statements consists of unpaid accumulated sick and vacation time. The liability has been calculated using the vesting method, in which leave amounts for both employees currently eligible to receive payments and those expected to become eligible to receive such payments are included. Sick pay is accrued on the basis of negotiated contracts with administrators and employee groups which provide for the payment of accumulated sick time at retirement or the option of converting this vested amount to provide for payment of health insurance until exhausted.

The government-wide financial statements reflect the estimated liability, while in the governmental funds financial statements, only the amount of matured liabilities is accrued based on expendable available financial resources.

Equity Classifications

Government-Wide Statements

- *Net investment in capital assets* – consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any related debt obligations that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or the terms of the District's bonds.
- *Unrestricted* – the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position and therefore are available for general use by the District.

Governmental Fund Statements

The District considers unrestricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, unless the use of the restricted amount was appropriated in the current year's budget. Within unrestricted fund balance, the District considers committed, assigned, then unassigned resources to have been spent when an expenditure is incurred for which amounts in any of those fund balance classifications could be used.

Restricted fund balances generally result from reserves created by the State of New York Legislature and included in General Municipal Law, State Education Law, or Real Property Tax Law as authorized for use by the Board of Education. Certain reserves may require voter approval for their establishment and/or use. Earnings on invested resources are required to be added to the various reserves.

Committed fund balances are authorized by the Board of Education as recommended by the District's management prior to the end of the fiscal year, although funding of the commitment may be established subsequent to year end. Assigned fund balances include the planned use of existing fund balance to offset the subsequent year's tax levy. Additionally, the Board of Education has given the District's management the authority to assign fund balances for specific purposes that are neither restricted nor committed. Nonspendable fund balances represent resources that cannot be spent as they are not expected to be converted to cash and include inventory.

Fund balance restrictions consist of the following reserves:

- *Capital* – 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 reserve and payments from the reserve. In 2008, the District voters approved a capital reserve that can be funded up to $10,000,000. To date, $8,629,000 of this reserve has been funded.

- *Debt service* – is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations (including bond premiums), and remaining bond proceeds not needed for their original purpose as required by §165 of Finance Law. This reserve must be used to pay the debt service obligations for which the original money was generated.
- *Employee benefit accrued liability* – is used to account for the payment of accumulated vacation and sick time due upon termination of an employee's services. It is established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.
- *Retirement contribution* – is used to finance retirement contributions payable to ERS.
- *Unemployment insurance* – is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants as the District has elected to use the benefit reimbursement method.
- *Tax certiorari* – is used to pay judgments and claims resulting from certiorari proceedings. Funds not used by July 1 of the fourth fiscal year following their deposit must be returned to unassigned fund balance.

Interfund Balances

The operations of the District include transactions between funds including resources for cash flow purposes. These interfund receivables and payables are repaid within one year. Permanent transfers of funds include transfers to provide financing or other services.

In the government-wide statements, the amounts reported on the statement of net position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to fiduciary funds.

Interfund receivables and payables are netted on the accompanying governmental funds balance sheet as the right of legal offset exists. It is the District's practice to settle these amounts at the net balances due between funds.

2. Stewardship and Compliance

The capital projects deficit fund balance of $1,449,820 will be funded when the District obtains permanent financing for its projects. The school lunch fund reflects a deficit of $879,430 and the District anticipates operations will improve over time.

3. Cash

Cash management is governed by State laws and as established in the District's written policies. Cash resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. The District's banking policies permit the Treasurer to use demand accounts and certificates of deposit. Invested resources are limited to obligations of the United States Treasury and its Agencies, repurchase agreements, and obligations of the 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 districts.

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. At June 30, 2020, the District's bank deposits were fully collateralized by FDIC coverage and securities held by the pledging institutions' agents in the District's name.

4. Interfund Transactions – Fund Financial Statements

Fund	Receivable	Payable	Transfers In	Transfers Out
General	$ 13,278,926	$ 13,051,151	$ -	$ 2,500,000
School lunch	1,148,664	2,552,713	40,000	-
Capital projects	3,255,574	44,175	2,400,000	-
Special aid	2,094,723	2,882,199	60,000	-
Fiduciary	55,747	1,303,396	-	-
	$ 19,833,634	$ 19,833,634	$ 2,500,000	$ 2,500,000

The general fund provides cash flow to various other funds; these amounts will be repaid when funds are received from the State after final expenditure reports have been submitted and approved or when permanent financing is obtained. The general fund made permanent transfers to the special aid fund to cover its share of costs related to the summer school handicap program, to the school lunch fund to pay for a portion of its deficit, and to the capital projects fund to cover costs of capital projects.

5. Capital Assets

	July 1, 2019	Increases	Retirements/ Reclassifications	June 30, 2020
Non-depreciable capital assets:				
Land	$ 152,746	$ -	$ -	$ 152,746
Construction in progress	1,065,729	5,225,637	-	6,291,366
Total non-depreciable assets	1,218,475	5,225,637	-	6,444,112
Depreciable capital assets:				
Land improvements	2,008,422	-	87,078	2,095,500
Buildings and improvements	94,827,935	-	(84,700)	94,743,235
Furniture and equipment	4,946,655	58,000	(119,955)	4,884,700
Vehicles	8,091,365	558,700	(1,196,065)	7,454,000
Total depreciable assets	109,874,377	616,700	(1,313,642)	109,177,435
Less accumulated depreciation:				
Land improvements	1,991,235	59,115	(538,475)	1,511,875
Buildings and improvements	32,068,813	2,455,319	1,071,916	35,596,048
Furniture and equipment	3,885,622	412,614	(1,639,026)	2,659,210
Vehicles	5,917,290	663,385	(1,649,927)	4,930,748
Total accumulated depreciation	43,862,960	3,590,433	(2,755,512)	44,697,881
Total depreciable assets, net	66,011,417	(2,973,733)	1,441,870	64,479,554
	$ 67,229,892	$ 2,251,904	$ 1,441,870	$ 70,923,666

Depreciation expense has been allocated to the following functions: general support $326,322, instruction $3,002,114, pupil transportation $214,357, and school food service $47,640.

As of June 30, 2020, net investment in capital assets consists of the following:

Capital assets, net of accumulated depreciation	$ 70,923,666
Bonds and related premiums	(44,663,771)
Cash and related assets, net of related payables	3,852,180
Bond anticipation notes	(5,300,000)
	$ 24,812,075

6. Short-Term Debt,

Aggregate bond anticipation notes (BANs) outstanding at June 30, 2020 amounted to $5,300,000 and carry interest at 2.0%. In August 2020 the outstanding BANs matured, the District issued $18,200,000 in BANs with interest at 1.5% maturing in August 2021.

7. Long-Term Liabilities

	July 1, 2019	Increases	Decreases	June 30, 2020	Amount Due in One Year
Bonds	$ 42,214,629	$ 685,000	$ 3,278,015	$ 39,621,614	$ 3,423,959
Bond premiums	5,483,806	-	441,649	5,042,157	-
Compensated absences	13,684,000	497,000	-	14,181,000	1,951,000
	$ 61,382,435	$ 1,182,000	$ 3,719,664	$ 58,844,771	$ 5,374,959

Existing Obligations

Description	Maturity	Rate	Balance
2008 bond	August 2023	3.38%-4.10%	$ 980,000
2016 bond	June 2021	1.58%	130,000
2017 bond (1)	June 2022	1.98%	258,531
2017 bond (2)	December 2031	3.0%-5.0%	36,650,000
2018 bond	June 2023	3.21%	398,083
2019 bond	May 2024	2.76%	520,000
2020 bond	June 2025	1.99%	685,000
			$ 39,621,614

Debt Service Requirements

Years ending June 30,	Principal	Interest
2021	$ 3,423,959	$ 1,719,020
2022	3,433,959	1,564,433
2023	3,454,696	1,404,749
2024	3,477,000	1,239,971
2025	3,237,000	1,077,076
2026-2030	17,965,000	2,897,175
2031	4,630,000	117,100
	$ 39,621,614	$ 10,019,524

8. Pension Plans

Plan Descriptions

The District participates in the following cost-sharing, multiple employer, public employee retirement systems:

- TRS is administered by the New York State Teachers' Retirement Board and provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained from the New York State Teachers' Retirement System at www.nystrs.org.

- ERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute and provide benefits to employees. ERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained from the New York State and Local Retirement System at www.osc.state.ny.us/retire.

Benefits: The Systems provide retirement, disability, and death benefits for eligible members, including automatic cost of living adjustments. In general, retirement benefits are determined based on an employee's individual circumstances using a pension factor, an age factor, and final average salary. The benefits vary depending on the individual's employment tier. Pension factors are determined based on tier and an employee's years of service, among other factors.

Contribution Requirements: No employee contribution is required for those hired prior to July 1976. The Systems require employee contributions of 3% of salary for the first 10 years of service for those employees who joined the Systems from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3.5% (TRS) or 3% (ERS) of compensation throughout their active membership in the Systems. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. Pursuant to Article 11 of Education Law, an actuarially determined contribution rate is established annually for TRS by the New York State Teachers' Retirement Board. This rate was 8.86% for 2020. For ERS, the Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the District to the pension accumulation fund. For 2020, these rates ranged from 9.4%-19.6%.

The amount outstanding and payable to TRS for the year ended June 30, 2020 was $2,110,162. A liability to ERS of $233,208 is accrued based on the District's legally required contribution for employee services rendered from April 1 through June 30, 2020.

Net Pension Position, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources

At June 30, 2019, the District reported an asset of $3,643,593 for its proportionate share of the TRS net pension position and a liability of $4,864,011 for its proportionate share of the ERS net pension position.

The TRS net pension position was measured as of June 30, 2019, and the total pension liability was determined by an actuarial valuation as of June 30, 2018, with update procedures applied to roll forward the net pension position to June 30, 2019. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to TRS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At June 30, 2019, the District's proportion was 0.140246%, a decrease of 0.001922 from its proportion measured as of June 30, 2018.

The ERS net pension position was measured as of March 31, 2020, and the total pension liability was determined by an actuarial valuation as of April 1, 2019. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At the March 31, 2020 measurement date, the District's proportion was 0.0183682%, a decrease of 0.0021203 from its proportion measured as of March 31, 2019.

For the year ended June 30, 2020, the District recognized pension expense of $6,236,008 on the government-wide statements (TRS expense of $4,454,207 and ERS expense of $1,781,801). At June 30, 2020, the District reported deferred outflows and deferred inflows of resources as follows:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,469,170	$ 270,945	$ 286,267	$ -
Changes of assumptions	6,883,236	1,678,327	97,938	84,568
Net difference between projected and actual earnings on pension plan investments	-	2,921,974	2,493,529	-
Changes in proportion and differences between contributions and proportionate share of contributions	152,233	188,106	318,652	135,785
District contributions subsequent to the measurement date	2,110,162	-	233,208	-
	$ 11,614,801	$ 5,059,352	$ 3,429,594	$ 220,353

District contributions subsequent to the measurement date will be recognized as an addition to (a reduction of) the net pension asset (liability) in the year ending June 30, 2021. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30,	TRS	ERS
2021	$ 1,619,838	$ 549,899
2022	76,020	762,353
2023	1,613,863	926,980
2024	1,090,026	736,801
2025	144,433	-
Thereafter	(98,893)	-
	$ 4,445,287	$ 2,976,033

Actuarial Assumptions

For TRS, the actuarial assumptions used in the June 30, 2018 valuation, with update procedures used to roll forward the total pension liability to June 30, 2019, were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014. These assumptions are:

Inflation – 2.2%
Salary increases – Based on TRS member experience, dependent on service, ranging from 1.90%-4.72%
Projected Cost of Living Adjustments (COLA) – 1.3% compounded annually
Investment rate of return – 7.1% compounded annually, net of investment expense, including inflation
Mortality – Based on TRS member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2018, applied on a generational basis
Discount rate – 7.1%

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

For ERS, the actuarial assumptions used in the April 1, 2019 valuation, with update procedures used to roll forward the total pension liability to March 31, 2020, were based on the results of an actuarial experience study for the period April 1, 2010 to March 31, 2015. These assumptions are:

Inflation – 2.5%
Salary increases – 4.2%
COLA – 1.3% annually
Investment rate of return – 6.8% compounded annually, net of investment expense, including inflation
Mortality – Society of Actuaries' Scale MP-2018
Discount rate – 6.8%

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

Investment Asset Allocation

Best estimates of arithmetic real rates of return (net of the long-term inflation assumption) for each major asset class and the Systems' target asset allocations as of the applicable valuation dates are summarized as follows:

	TRS		ERS	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	33%	6.3%	36%	4.1%
Global and international equities	20%	7.2%-7.8%	14%	6.2%
Private equities	8%	9.9%	10%	6.8%
Real estate	11%	4.6%	10%	5.0%
Inflation-indexed bonds	-	-	4%	0.5%
Domestic fixed income securities	16%	1.3%	-	-
Global fixed income securities	2%	0.9%	-	-
Bonds and mortgages	7%	2.9%	17%	0.8%
Short-term	1%	0.3%	1%	-
Other	2%	3.6%-6.5%	8%	3.3%-6.0%
	100%		100%	

Discount Rate

The discount rate projection of cash flows assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the District's proportionate share of its net pension position calculated using the discount rate of 7.1% (TRS) and 6.8% (ERS) and the impact of using a discount rate that is 1% higher or lower than the current rate.

	1.0% Decrease	At Current Discount Rate	1.0% Increase
District's proportionate share of the TRS net pension asset (liability)	$ (16,446,800)	$ 3,643,593	$ 20,497,166
District's proportionate share of the ERS net pension asset (liability)	$ (8,926,834)	$ (4,864,011)	$ (1,122,134)

9. OPEB

Plan Description

The District maintains a single-employer defined benefit healthcare plan (the Plan) providing for continuation of medical, dental, and vision insurance benefits for certain District employees and their spouses based on various bargaining unit agreements and individual contracts. Eligibility for benefits is based on covered employees who retire from the District at age 55 or older and have met vesting requirements. Retirees are provided with health insurance at different cost percentages depending on their retirement date and bargaining unit. The District principally provides a fixed per annum contribution towards insurance for those employee groups covered. The Plan has no assets, does not issue financial statements, and is not a trust.

At February 6, 2019, employees covered by the Plan include:

Active employees	523
Inactive employees or beneficiaries currently receiving benefits	148
Inactive employees entitled to but not yet receiving benefits	-
	671

Total OPEB Liability

The District's total OPEB liability of $6,805,403 was measured as of March 31, 2020 and was determined by an actuarial valuation as of February 6, 2019, with update procedures used to roll forward the total OPEB liability to June 30, 2020.

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

Healthcare cost trend rates – based on the National Health Expenditure Projections 2011-2027 for short-term rates and the Society of Actuaries Getzen Long-Term Healthcare Cost Trend Resource Model for long-term rates, initially 5.20%, with an ultimate rate of 4.18% after 2070
Salary increases – 3.22%
Mortality – Pub-2010 Public Retirement Plans Mortality Tables, headcount weighted, without separate contingent survivor mortality, fully generational using Scale MP-2019
Discount rate – 2.48% based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date
Inflation rate – 2.20%

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2019	$ 5,998,232
Changes for the year:	
Service cost	301,993
Interest	208,377
Changes of benefit terms	22,323
Differences between expected and actual experience	30,815
Changes of assumptions or other inputs	486,418
Benefit payments	(242,755)
Net changes	807,171
Balance at June 30, 2020	$ 6,805,403

The following presents the sensitivity of the District's total OPEB liability to changes in the discount rate, including what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% higher or lower than the current discount rate:

	1.0% Decrease (1.48%)	Discount Rate (2.48%)	1.0% Increase (3.48%)
Total OPEB liability	$ (7,271,654)	$ (6,805,403)	$ (6,354,754)

The following presents the sensitivity of the District's total OPEB liability to changes in the healthcare cost trend rates, including what the District's total OPEB liability would be if it were calculated using trend rates that are 1% higher or lower than the current healthcare cost trend rates:

	1.0% Decrease (4.20% to 3.18%)	Healthcare Cost Trend Rate (5.20% to 4.18%)	1.0% Increase (6.20% to 5.18%)
Total OPEB liability	$ (6,096,151)	$ (6,805,403)	$ (7,631,907)

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2020, the District recognized OPEB expense of $1,418,477. At June 30, 2020, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,612,198	$ 15,002
Changes of assumptions or other inputs	368,807	1,241
	$ 1,981,005	$ 16,243

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

Years ending June 30,	
2021	$ 891,971
2022	760,810
2023	151,202
2024	42,311
2025	42,311
Thereafter	76,157
	$ 1,964,762

10. Risk Management

General Liability

The District purchases commercial insurance for various risks of loss due to torts, theft, damage, errors and omissions, and natural disasters. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three years.

Health Insurance

The District participates in the NY44 Health Benefits Plan Trust (the Plan) for certain collective bargaining units. The Plan has been established to administer a health insurance program to lower the costs of such coverage to the 37 participating members as of June 30, 2019 (the most recent information available).

The District has transferred all risk to the Plan. Plan members pay monthly premium equivalents based upon a pro-rata share of expenditures. All funds received are pooled and administered as a common fund. Refunds are not made nor additional assessments charged other than the annual premium equivalents. If the Plan's assets were to be exhausted, members would be equally responsible for the remaining liabilities.

The Plan has published its own financial report for the year ended June 30, 2019, which can be obtained from Erie 1 BOCES, 355 Harlem Road, West Seneca, New York 14224.

The District maintains a self-funded health insurance plan for certain collective bargaining units. The District provides a monthly premium equivalent equal to adjusted actual claims and an excess amount to fund an approximate 20% allowance for claims run-off and other uncertainties. The District purchases excess insurance that limits their self-funded exposure to $150,000 per incident.

Claims activity for the plan is as follows:

	Beginning of Year	Current Claims and Changes in Estimates	Claims Paid	End of Year
2020	$ 305,049	$ 7,748,451	$ 7,802,500	$ 251,000
2019	$ -	$ 5,144,865	$ 4,839,816	$ 305,049

The estimated liability has been accrued on the government-wide and governmental funds financial statements as it is expected to be paid with currently available financial resources.

11. Commitments and Contingencies

Grants

The District receives financial assistance from federal and state agencies in the form of grants and calculated aid as determined by the State. The expenditure of grant funds generally requires compliance with the terms and conditions specified in the agreements and is subject to audit by the grantor agencies. State aid payments are based upon estimated expenditures and pupil statistics, are complex, and subject to adjustment. Any disallowed claims resulting from such audits could become a liability of the District. Based on prior experience, management expects such amounts to be immaterial.

Litigation

The District is subject to claims and lawsuits that arise in the ordinary course of business. In the opinion of management, these claims and lawsuits will not have a material adverse effect upon the financial position of the District.

Commitments

The District's taxpayers have approved two capital projects that remain in progress at year end and are expected to cost $81,004,000. As of June 30, 2020, $61,748,000 has been expended on the projects and numerous open contracts are in place.

12. Risks and Uncertainties

On January 31, 2020 the United States Secretary of Health and Human Services (HHS) declared a public health emergency related to the global spread of coronavirus COVID-19, and a pandemic was declared by the World Health Organization in February 2020. Efforts to fight the widespread disease included limiting or closing many businesses and all schools, resulting in a severe disruption of operations for organizations. The extent of COVID-19 on the District's operational and financial performance will depend on further developments, including the duration and spread of the outbreak and its impact on school districts, its residents, employees, and vendors, none of which can be predicted.

Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Position
New York State Teachers' Retirement System

As of the measurement date of June 30,	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension position	0.140246%	0.142168%	0.141555%	0.140340%	0.137018%	0.139025%	0.136296%
District's proportionate share of the net pension asset (liability)	$ 3,643,593	$ 2,570,774	$ 1,075,957	$ (1,503,095)	$ 14,231,761	$ 15,486,556	$ 897,174
District's covered payroll	$ 23,217,674	$ 23,333,337	$ 22,275,870	$ 21,655,468	$ 20,581,900	$ 20,536,209	$ 19,964,426
District's proportionate share of the net pension position as a percentage of its covered payroll	15.69%	11.02%	4.83%	6.94%	69.15%	75.41%	4.49%
Plan fiduciary net position as a percentage of the total pension liability	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%
The following is a summary of changes of assumptions:							
Inflation	2.2%	2.25%	2.5%	2.5%	3.0%	3.0%	3.0%
Salary increases	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	1.90%-4.92%	4.0%-10.9%	4.0%-10.9%	4.0%-10.9%
Cost of living adjustments	1.3%	1.5%	1.5%	1.5%	1.625%	1.625%	1.625%
Investment rate of return	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Discount rate	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Society of Actuaries' mortality scale	MP-2018	MP-2014	MP-2014	MP-2014	AA	AA	AA

Data prior to 2013 is unavailable.

Required Supplementary Information
Schedule of District Contributions
New York State Teachers' Retirement System

June 30,	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 2,110,162	$ 2,465,717	$ 2,286,667	$ 2,610,732	$ 2,871,515	$ 3,607,866	$ 3,337,134	$ 2,363,788
Contribution in relation to the contractually required contribution	(2,110,162)	(2,465,717)	(2,286,667)	(2,610,732)	(2,871,515)	(3,607,866)	(3,337,134)	(2,363,788)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 23,816,727	$ 23,217,674	$ 23,333,337	$ 22,275,870	$ 21,655,468	$ 20,581,900	$ 20,536,209	$ 19,964,426
Contributions as a percentage of covered payroll	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%

Data prior to 2013 is unavailable.

Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Position
New York State and Local Employees' Retirement System

As of the measurement date of March 31,	2020	2019	2018	2017	2016	2015
District's proportion of the net pension position	0.0183682%	0.0204885%	0.0213092%	0.0209045%	0.021361%	0.020798%
District's proportionate share of the net pension liability	$ (4,864,011)	$ (1,451,670)	$ (687,742)	$ (1,964,235)	$ (3,428,496)	$ (702,621)
District's covered payroll	$ 6,543,005	$ 6,584,111	$ 6,765,626	$ 6,306,994	$ 6,329,519	$ 6,185,341
District's proportionate share of the net pension position as a percentage of its covered payroll	74.34%	22.05%	10.17%	31.14%	54.17%	11.36%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
The following is a summary of changes of assumptions:						
Inflation	2.5%	2.5%	2.5%	2.5%	2.5%	2.7%
Salary increases	4.2%	4.2%	3.8%	3.8%	3.8%	4.9%
Cost of living adjustments	1.3%	1.3%	1.3%	1.3%	1.3%	1.4%
Investment rate of return	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Discount rate	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Society of Actuaries' mortality scale	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014	MP-2014

Data prior to 2015 is unavailable.

Required Supplementary Information
Schedule of District Contributions
New York State and Local Employees' Retirement System

June 30,	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 909,620	$ 920,564	$ 993,655	$ 940,676	$ 1,158,683	$ 1,138,001	$ 1,276,662	$ 1,124,884
Contribution in relation to the contractually required contribution	(909,620)	(920,564)	(993,655)	(940,676)	(1,158,683)	(1,138,001)	(1,276,662)	(1,124,884)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	6,543,005	$ 6,584,111	$ 6,765,626	$ 6,306,994	$ 6,329,519	$ 6,185,341	$ 6,169,985	$ 6,046,960
Contributions as a percentage of covered payroll	13.90%	13.98%	14.69%	14.91%	18.31%	18.40%	20.69%	18.60%

Data prior to 2013 is unavailable.

Required Supplementary Information
Schedule of Changes in the District's
Total OPEB Liability and Related Ratios

June 30,	2020	2019	2018	2017
Total OPEB liability - beginning	$ 5,998,232	$ 3,197,110	$ 3,252,592	$ 2,801,293
Changes for the year:				
Service cost	301,993	151,116	153,717	139,477
Interest	208,377	112,607	119,836	90,618
Changes of benefit terms	22,323	-	-	-
Differences between expected and actual experience	30,815	2,768,950	(79,304)	441,348
Changes of assumptions or other inputs	486,418	(2,619)	2,999	15,608
Benefit payments	(242,755)	(228,932)	(252,730)	(235,752)
Net change in total OPEB liability	807,171	2,801,122	(55,482)	451,299
Total OPEB liability - ending	$ 6,805,403	$ 5,998,232	$ 3,197,110	$ 3,252,592
Covered-employee payroll	$ 28,365,559	$ 28,365,559	$ 27,456,741	$ 27,456,741
Total OPEB liability as a percentage of covered-employee payroll	24.0%	21.1%	11.6%	11.8%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Annual differences between expected and actual experience are due to changes in healthcare trend rates.

The following is a summary of changes of assumptions:

Healthcare cost trend rates	5.20% - 4.18%	5.20% - 4.32%	6.20% - 4.17%	5.30% - 4.17%
Inflation	2.20%	2.36%	2.20%	2.31%
Salary increases	3.22%	3.36%	3.31%	3.31%
Discount rate	2.48%	3.44%	3.61%	3.80%
Society of Actuaries' mortality scale	MP-2019	MP-2018	MP-2017	MP-2016

Data prior to 2017 is unavailable.

Supplementary Information
Schedule of Change from Original to Final Budget and Calculation of Unrestricted Fund Balance Limit - General Fund

For the year ended June 30, 2020

Original expenditure budget	$	63,661,704
Encumbrances carried over from prior year		461,645
Budget amendment - use of debt service reserve		1,340,000
Revised expenditure budget	$	65,463,349

* * *

Unrestricted Fund Balance

Assigned	$	2,178,671
Unassigned		2,615,505
		4,794,176
Encumbrances included in assigned fund balance		(228,671)
Appropriated fund balance used for tax levy		(1,950,000)
Amount subject to 4% limit pursuant to Real Property Tax Law §1318	$	2,615,505

§1318 of Real Property Tax Law - unrestricted fund balance limit calculation

2021 expenditure budget (unaudited)	$	64,626,568
4% of budget		2,585,063
Actual percentage of 2021 expenditure budget		4.0%

Supplementary Information
Schedule of Capital Project Expenditures

June 30, 2020

Project Title	Original Budget	Revised Budget	Expenditures Prior Years	Expenditures Current Year	Expenditures Total	Unexpended Balance
2012 Capital Project	$ 51,425,315	$ 57,995,955	$ 57,220,307	$ 597,935	$ 57,818,242	$ 177,713
2020 Capital Project	23,008,228	23,008,228	-	3,929,880	3,929,880	19,078,348
2020 Capital Outlay	143,193	100,000	-	90,668	90,668	9,332
Smart Schools Bond Act	1,629,396	2,418,040	-	607,154	607,154	1,810,886
	$ 76,206,132	$ 83,522,223	$ 57,220,307	$ 5,225,637	$ 62,445,944	$ 21,076,279

Supplementary Information
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grantor Number	Expenditures
U.S. Department of Education:			
Passed Through New York State Education Department			
Special Education Cluster:			
Special Education Grants to States	84.027	0032-18-0227	$ 1,280
Special Education Grants to States	84.027	0032-19-0227	7,766
Special Education Grants to States	84.027	0032-20-0227	610,931
Special Education Preschool Grants	84.173	0033-19-0227	303
Special Education Preschool Grants	84.173	0033-20-0227	7,312
Total Special Education Cluster			627,592
Title I Grants to Local Educational Agencies	84.010	0021-19-0795	19,942
Title I Grants to Local Educational Agencies	84.010	0021-20-0795	392,646
Supporting Effective Instruction State Grants	84.367	0147-19-0795	8,794
Supporting Effective Instruction State Grants	84.367	0147-20-0795	76,067
Student Support and Academic Enrichment Program	84.424	0204-20-0795	14,851
Total U.S. Department of Education			1,139,892
U.S. Department of Agriculture:			
Passed Through New York State Education Department			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	19,897
COVID-19 - School Breakfast Program	10.553	N/A	43,760
National School Lunch Program	10.555	N/A	187,423
COVID-19 - National School Lunch Program	10.555	N/A	85,683
			336,763
Passed Through New York State Office of General Services			
National School Lunch Program	10.555	N/A	50,467
Total Child Nutrition Cluster and U.S. Department of Agriculture			387,230
Total Expenditures of Federal Awards			$ 1,527,122

See accompanying notes.

Notes to Schedule of Expenditures of Federal Awards

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs administered by Grand Island Central School District (the District), an entity as defined in Note 1 to the District's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other governmental agencies, are included on the Schedule of Expenditures of Federal Awards.

Basis of Accounting

The District uses the modified accrual basis of accounting for each federal program, consistent with the fund basis financial statements.

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.

Indirect Costs

The District does not use the 10% de minimis indirect cost rate introduced by the Uniform Guidance.

Non-Monetary Federal Program

The District is the recipient of a federal award program that does not result in cash receipts or disbursements, termed a "non-monetary program." During the year ended June 30, 2020, the District used $50,467 worth of commodities under the National School Lunch Program (CFDA Number 10.555).

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

The Board of Education
Grand Island Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the remaining fund information of Grand Island Central School District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 8, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



October 8, 2020

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

The Board of Education
Grand Island Central School District

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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



October 8, 2020

Schedule of Findings and Questioned Costs

For the year ended June 30, 2020

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	*Unmodified*
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	*Unmodified*
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	No

Identification of major programs:

Name of Federal Program or Cluster	CFDA #	Amount
Special Education Cluster:		
Special Education Grants to States	84.027	$ 619,977
Special Education Preschool Grants	84.173	7,615
Total Special Education Cluster		$ 627,592

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II. Financial Statement Findings

No matters were reported.

Section III. Federal Award Findings and Questioned Costs

No matters were reported.