

AUBURN ENLARGED CITY SCHOOL DISTRICT

**Financial Statements as of and for the year ended
June 30, 2021
Together with Independent
Auditor's Report and Reports Required by the Uniform
Guidance**

Bonadio & Co., LLP
Certified Public Accountants

AUBURN ENLARGED CITY SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

October 6, 2021

To the Board of Education of the
Auburn Enlarged City School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Auburn Enlarged City School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter - Change in Accounting Principle

As discussed in Note 15 to the financial statements, during the year ended June 30, 2021, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities. Our opinions are not modified with respect to this matter.

Other Matters***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedules of contributions-pension plans, proportionate share of the net pension liability (asset), and changes in total OPEB liability and related ratios, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining balance sheet and combining statement of revenues, expenditures, and change in fund balances, schedule of change from original budget to revised budget and the real property tax limit - general fund, schedule of project expenditures - capital projects fund, and the schedule of net investment in capital assets are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

The schedule of change from original budget to revised budget and the real property tax limit - general fund, schedule of project expenditures - capital projects fund, and the schedule of net investment in capital assets have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) June 30, 2021

The following is a discussion and analysis of the Auburn Enlarged City School District's (the District) financial performance. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2021 total liabilities (what the District owes) exceeded its total assets (what the District owns) by \$189,729,638 (net position) and at June 30, 2020 total liabilities exceeded total assets by \$170,633,869 (as restated), a decrease of \$19,095,769 from 2020 to 2021. This decrease in net position is primarily due to a changes in the valuation of postemployment benefit obligations.
- Capital asset additions during fiscal 2021 amounted to approximately \$8.8 million, primarily due to \$5.1 million of capital project expenditures related to ongoing capital projects, a \$3.5 million additions to buildings and site improvements, and approximately \$186,000 of furniture and equipment purchases.
- General revenue, which includes State aid, and property taxes accounted for \$78,257,020 (or 90%) of all revenue. Program specific revenue in the form of Charges for Services and Operating Grants and Contributions accounted for \$8,688,417 (or 10%) of total revenue.
- Total expenses in the district-wide financial statements totaled \$106,041,206 and \$112,042,831 in 2021 and 2020, respectively.
- As of the close of the fiscal year, the District's governmental funds reported a combined fund balance of \$13,984,409, in 2021, a decrease of \$181,114 from 2020 to 2021.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are Governmental fund financial statements that focus on individual activities of the District, reporting the operation in more detail than the District-wide statements.
 - The Governmental fund statements tell how basic services, such as instruction and support functions, were financed in the short-term, as well as what remains for future spending.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison to the District's budget for the year. Table A-1 shows how the various parts of this annual report are arranged and related to one another.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)
June 30, 2021

Table A-1 Organization of the District's Annual Financial Report

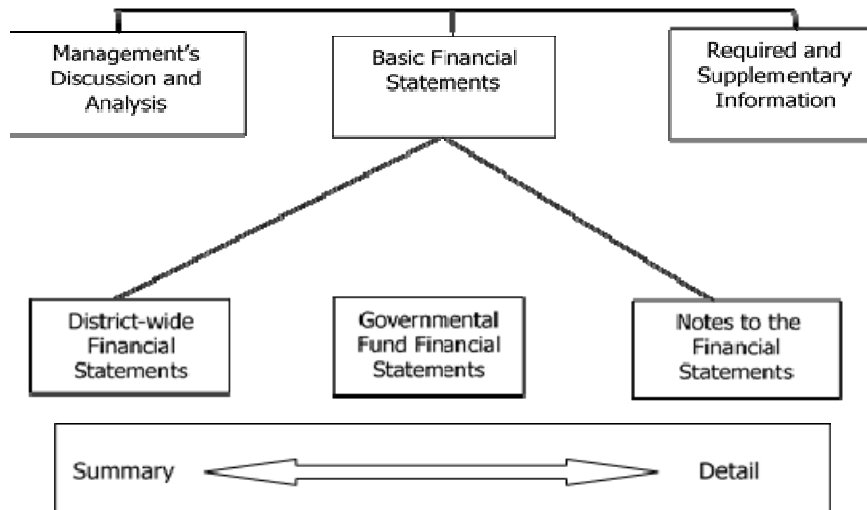


Table A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) June 30, 2021

Table A-2 Major Features of the District-Wide and Fund Financial Statements

		Fund Financial Statements
	District-Wide	Governmental Funds
Scope	Entire District	The day-to-day operating activities of the District, such as instruction and special education
Required financial statements	<ul style="list-style-type: none">• Statement of net position• Statement of activities	<ul style="list-style-type: none">• Balance sheet• Statement of revenue, expenditures, and changes in fund balance
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/deferred inflows-outflows of resources/liability information	All assets/deferred outflows and liabilities/inflows, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon after; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

District-Wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's net position and how it has changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the District, additional nonfinancial factors, such as changes in the property tax base and the condition of buildings and other facilities, should be considered.

Net position of the governmental activities differs from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (dollars) are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated. Capital assets and long-term debt are accounted for in account groups and do not affect fund balances.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)

June 30, 2021

District-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare the statement of net position:

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Depreciate capital assets and allocate the depreciation to the proper function.
- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
 - Net investment in capital assets.
 - Restricted net position includes resources with constraints placed on use by external sources or imposed by law.
 - Unrestricted net position is net position that does not meet any of the above restrictions.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. The funds have been established by the State of New York.

The District has one type of fund:

- **Governmental Funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out of the District and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information in the reconciliation of the governmental fund statements explain the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the General fund, Special Aid fund, School Lunch fund, Debt Service fund and the Capital Projects fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund balance.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) June 30, 2021

Financial Analysis of the District as a Whole

Our analysis below focuses on the net position (Table A-3) and the change in net position (Table A-4) of the District-wide governmental activities.

Table A-3 Condensed Statements of Net Position - Governmental Activities

	Fiscal Year 2021	Fiscal Year 2020 (as restated)	Percent Change
Current and other assets	\$ 46,333,891	\$ 32,032,684	44.6%
Non-current assets	<u>70,057,797</u>	<u>71,869,571</u>	-2.5%
Total assets	<u>116,391,688</u>	<u>103,902,255</u>	12.0%
Deferred outflows of resources	<u>58,517,797</u>	<u>90,791,150</u>	-35.5%
Current liabilities	32,401,974	17,015,820	90.4%
Long-term liabilities	<u>286,451,607</u>	<u>292,561,457</u>	-2.1%
Total liabilities	<u>318,853,581</u>	<u>309,577,277</u>	3.0%
Deferred inflows of resources	<u>45,785,542</u>	<u>55,749,997</u>	-17.9%
Net position:			
Net investment in capital assets	36,494,602	27,123,638	34.5%
Restricted	26,747,717	15,764,176	69.7%
Unrestricted	<u>(252,971,957)</u>	<u>(213,521,683)</u>	18.5%
Total net position	<u>\$ (189,729,638)</u>	<u>\$ (170,633,869)</u>	11.2%

In Table A-3, total assets at June 30, 2021 were approximately \$12.5 million higher than at June 30, 2020. Non-current assets decreased approximately \$1.8 million, due primarily to the District having a net pension asset at June 30, 2020 for TRS. At June 30, 2021 the District has a net pension liability for TRS. Current assets increased approximately \$14.3 million, due to an increase in cash at June 30, 2021 arising from current year activities of the District.

Deferred outflows of resources at June 30, 2021 were approximately \$32 million lower than at June 30, 2020, due to a decrease in the other postemployment benefit related deferred outflows of resources.

Total liabilities increased by approximately \$9.3 million, due primarily to an increase in current liabilities of approximately \$15.4 million. The increase in current liabilities is due to an increase in the bond anticipation notes payable as of year-end.

Deferred inflows of resources at June 30, 2021 were approximately \$10 million lower than at June 30, 2020, due primarily to a decrease in deferred inflows of resources related to other postemployment benefits.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) June 30, 2021

Table A-4 Changes in Net Position from Operating Results - Governmental Activities

	<u>Fiscal Year 2021</u>	<u>Fiscal Year 2020</u>	<u>Percent Change</u>
Revenues:			
Program revenue -			
Charges for services	\$ 561,363	\$ 908,673	-38.2%
Operating grants and contributions	8,127,054	8,037,420	1.1%
General revenue -			
Taxes	33,197,455	32,635,160	1.7%
State sources	41,975,369	43,092,593	-2.6%
Use of money and property	175,376	200,410	-12.5%
Miscellaneous	<u>2,908,820</u>	<u>2,194,677</u>	32.5%
Total revenues	<u>86,945,437</u>	<u>87,068,933</u>	-0.1%
Expenses:			
General support	14,401,662	15,040,762	-4.2%
Instruction	86,966,408	91,392,629	-4.8%
Transportation	2,320,510	2,569,028	-9.7%
Debt service - interest	1,225,137	1,199,366	2.1%
School lunch program	<u>1,127,489</u>	<u>1,841,046</u>	-38.8%
Total expenses	<u>106,041,206</u>	<u>112,042,831</u>	-5.4%
Increase (Decrease) in net position	<u>\$ (19,095,769)</u>	<u>\$ (24,973,898)</u>	-23.5%

Changes in Net Position

The District's fiscal year 2021 revenues totaled \$86,945,437 (Table A-4). Property taxes (including other tax items) and state sources accounted for most of the District's revenue by contributing \$0.86 and \$0.87 of every dollar raised in 2021 and 2020, respectively (Table A-5). The remainder of revenue came from fees charged for services, operating grants, use of money and property, and other miscellaneous sources.

The total cost of all programs and services totaled \$106,041,206 for fiscal year 2021. These expenses are predominately related to general instruction, which account for 82% of the District expenses (See Table A-6). The District's general support activities accounted for 14% of total costs.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) June 30, 2021

Table A-5 Sources of Revenue for Fiscal Year 2021

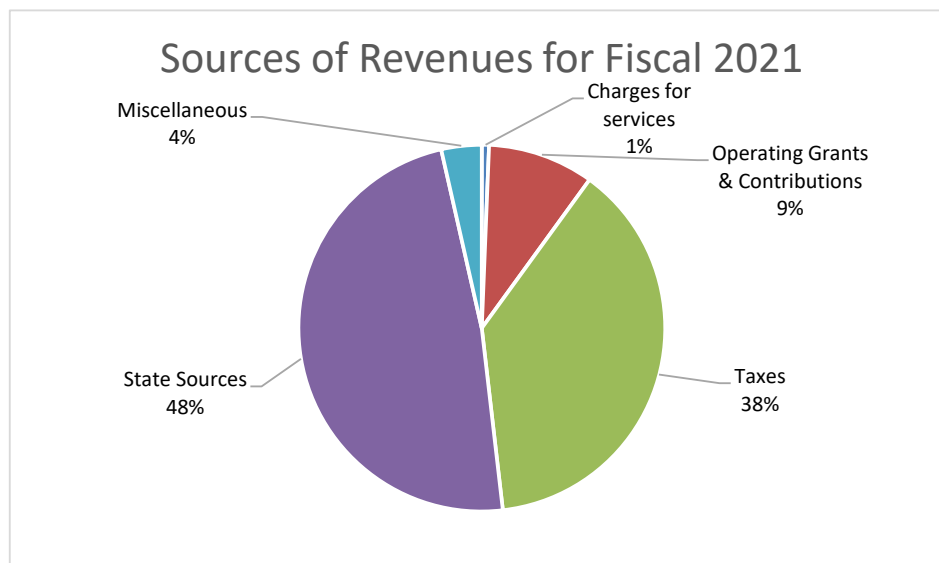
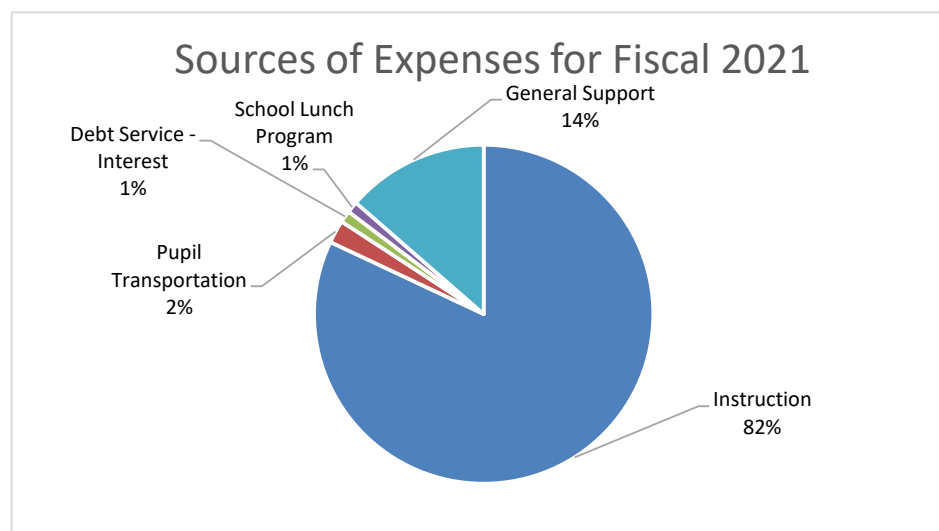


Table A-6 Expenses for Fiscal Year 2021



Financial Analysis of the District's Funds

Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term debt, liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

At June 30, 2021, the District, in its governmental funds, reported combined fund balances of \$13.984 million, an increase of \$139 thousand from the prior year.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) June 30, 2021

General Fund Budgetary Highlights

This section presents an analysis of significant variances between original and final budget amounts and between final budget amounts and actual results for the General fund.

Table A-7 Results vs. Budget

	Original Budget	Final Budget	Actual	Encumbrances	Variance (Actual / Budget)
Revenues:					
Local sources	\$ 34,872,344	\$ 34,921,885	\$ 35,465,701	\$ -	\$ 543,816
State sources	42,532,054	42,532,054	42,885,813	-	353,759
Federal sources	1,398,264	1,398,264	1,396,006	-	(2,258)
Medicaid reimbursement	325,000	325,000	205,426	-	(119,574)
Appropriations	1,047,897	1,403,328	-	-	(1,403,328)
Transfers in	550,000	550,000	-	-	(550,000)
Total	<u>80,725,559</u>	<u>81,130,531</u>	<u>79,952,946</u>	<u>-</u>	<u>(1,177,585)</u>
Expenditures:					
General support	8,458,137	8,926,644	7,811,252	290,249	825,143
Instruction	43,527,953	43,523,756	41,976,363	292,632	1,254,761
Pupil transportation	2,772,905	2,762,905	2,214,511	2,000	546,394
Employee benefits	20,162,574	20,113,236	18,681,376	-	1,431,860
Debt service	5,686,490	5,686,490	5,087,248	-	599,242
Transfers out	117,500	117,500	-	-	117,500
Total	<u>80,725,559</u>	<u>81,130,531</u>	<u>75,770,750</u>	<u>584,881</u>	<u>4,774,900</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,182,196</u>	<u>\$ (584,881)</u>	<u>\$ 3,597,315</u>

- The General fund is the only fund for which a budget is legally adopted.
- Total revenues came in within 2% of budget.
- Total expenditures came in within 6% of budget.

Capital Assets

As of June 30, 2021, the District had a net investment of \$70.1 million in a broad range of capital assets including land, buildings, athletic facilities, computers and other educational equipment.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) June 30, 2021

Table A-8 Capital Assets

Category	Fiscal Year 2021	Fiscal Year 2020	Percent Change
Land	\$ 866,980	\$ 866,980	0.0%
Construction in progress	7,890,143	5,752,576	37.2%
Site improvements	15,395,931	14,359,812	7.2%
Buildings	103,508,552	101,017,107	2.5%
Furniture and equipment	8,521,708	8,809,663	-3.3%
Total	136,183,314	130,806,138	4.1%
Less: Accumulated depreciation	(66,125,517)	(63,154,642)	4.7%
Net capital assets	<u>\$ 70,057,797</u>	<u>\$ 67,651,496</u>	3.6%

Long-Term Debt

At year-end, the District had \$28.5 million in serial bonds outstanding and \$161 thousand in other long-term liabilities. More detailed information about the District's long-term liabilities is presented in the notes to the financial statements.

Table A-9 Outstanding Long-Term Liabilities

Category	2021	2020
Serial bonds payable	\$ 28,374,781	\$ 32,127,552
Other long-term liabilities	<u>161,100</u>	<u>181,028</u>
Total	<u>\$ 28,535,881</u>	<u>\$ 32,308,580</u>

FACTORS BEARING ON THE FUTURE OF THE DISTRICT

The District relies heavily on state aid to finance its operations; approximately 50-55% of the District's General Fund revenues are from state aid. Foundation aid is still not fully funded but New York State has passed legislation ensuring 100% funding of foundation aid by 2023-24. The District has been hit hard by state economic woes in the past and any future uncertainties could negatively impact the amount of state aid the District receives. The District is continuing its advocacy campaign to fix the foundation aid formula and to phase-in full funding, and is hopeful that will happen in the next two years.

In addition, the state has enacted a tax levy limit for all municipalities and school districts which is tied to the rate of inflation. This limits the District's ability to increase the tax levy by more than 2% per year, thus serving to further increase the District's reliance on state aid increases.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) June 30, 2021

Health insurance costs are one of the largest expenses in the District's annual budget. The District provides postemployment health insurance coverage to retirees in accordance with various employment contracts. The cost of this coverage is recognized by the District annually as payments are made (pay-as-you-go basis); however, the true actuarially calculated liability for this coverage is estimated at approximately \$253 million. The District has not made current provisions to fund this obligation and going forward the size of this liability may impact the District's ability to fund other programs.

Legislation signed into law by the President of the United States in 2020 and 2021 (CRRSA and ARP Acts), resulted in the District being awarded almost \$13.7 million to address lost instructional time as well as to respond to students' academic, social and emotional needs. These funds will lessen the District's financial concerns for the next 3 to 4 years, but will cause a funding cliff in years thereafter.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the finances of the District and to demonstrate the District's accountability with the funds it receives. If you have any questions about this report or need additional financial information, please contact: Lisa Green, School Business Executive, Auburn Enlarged City School District, 78 Thornton Ave., Auburn, New York 13021.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Statement of Net Position June 30, 2021

ASSETS

CURRENT ASSETS:

Cash	\$ 15,784,982
Cash - restricted	18,784,098
Taxes receivable	1,977,005
State and federal aid receivable	9,630,424
Other receivables	128,789
Inventory	28,593
Total current assets	<u>46,333,891</u>

NON-CURRENT ASSETS:

Capital assets, net	<u>70,057,797</u>
Total non-current assets	<u>70,057,797</u>
Total assets	<u>116,391,688</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension related-TRS	16,432,344
Pension related-ERS	4,339,209
Other postemployment benefits	37,234,135
Deferred amount on refunding	512,109
Total deferred outflows of resources	<u>58,517,797</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable	4,171,169
Accrued liabilities	1,903,468
Accrued interest	52,492
Due to teachers' retirement system	3,054,772
Due to employees' retirement system	240,700
Unearned revenue	29,373
Bond anticipation note	<u>22,950,000</u>
Total current liabilities	<u>32,401,974</u>

LIABILITIES (Continued)

LONG-TERM LIABILITIES:

Due and payable within one year -	
Current portion of compensated absences	19,342
Current portion of bonds payable, net of premium	2,700,000
Current portion of installment debt	836,957
Due and payable after one year -	
Net pension liability - ERS	20,197
Net pension liability - TRS	4,566,339
Compensated absences	141,758
Bonds payable, net of premium	19,593,743
Installment debt	5,244,081
Total other postemployment benefits liability	<u>253,329,190</u>
Total long-term liabilities	<u>286,451,607</u>
Total liabilities	<u>318,853,581</u>

DEFERRED INFLOWS OF RESOURCES

Pension related-TRS	2,748,338
Pension related-ERS	5,878,973
Other postemployment benefits	<u>37,158,231</u>
Total deferred inflows of resources	<u>45,785,542</u>

NET POSITION

Net investment in capital assets	36,494,602
Restricted	26,747,717
Unrestricted	<u>(252,971,957)</u>
Total net position	<u>\$ (189,729,638)</u>

The accompanying notes are an integral part of these statements.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Statement of Activities

For the Year Ended June 30, 2021

		Program Revenue		
	Expenses	Charges for Services	Operating Grants	Net (Expense Revenue and Changes in Net Position)
FUNCTIONS/PROGRAMS:				
General support	\$ 14,401,662	\$ 105,508	\$ -	\$ (14,296,154)
Instruction	86,966,408	455,855	7,132,694	(79,377,859)
Pupil transportation	2,320,510	-	-	(2,320,510)
Debt service - interest	1,225,137	-	-	(1,225,137)
School lunch program	1,127,489	-	994,360	(133,129)
TOTAL FUNCTIONS/PROGRAMS	<u>\$ 106,041,206</u>	<u>\$ 561,363</u>	<u>\$ 8,127,054</u>	<u>(97,352,789)</u>
GENERAL REVENUE:				
Real property taxes				28,578,654
Other tax items				4,618,801
Use of money and property				175,376
Sale of property and compensation for loss				3,715
Medicaid reimbursement				205,426
State sources				41,975,369
Miscellaneous				<u>2,699,679</u>
TOTAL GENERAL REVENUE				<u>78,257,020</u>
CHANGE IN NET POSITION				<u>(19,095,769)</u>
NET POSITION - beginning of year, as previously reported				(170,954,479)
Restatement (footnote 15)				<u>320,610</u>
NET POSITION - beginning of year, as restated				(170,633,869)
CHANGE IN NET POSITION				<u>(19,095,769)</u>
NET POSITION - end of year				<u>\$ (189,729,638)</u>

The accompanying notes are an integral part of these statements.

AUBURN ENLARGED CITY SCHOOL DISTRICT
**Balance Sheet - Governmental Funds
June 30, 2021**

	General	Special Aid	Capital Projects	Nonmajor Governmental Funds	Total
ASSETS					
Cash	\$ 12,201,093	\$ 3,476,873	\$ -	\$ 107,016	\$ 15,784,982
Cash - restricted	953,755	-	17,249,477	580,866	18,784,098
Taxes receivable	1,977,005	-	-	-	1,977,005
State and federal aid receivable	5,833,856	3,685,163	-	111,405	9,630,424
Due from other funds	7,400,581	-	-	470	7,401,051
Other receivables	128,789	-	-	-	128,789
Inventory	-	-	-	28,593	28,593
TOTAL ASSETS	\$ 28,495,079	\$ 7,162,036	\$ 17,249,477	\$ 828,350	\$ 53,734,942
LIABILITIES AND FUND BALANCE					
LIABILITIES:					
Accounts payable	\$ 2,909,651	\$ 499,987	\$ 677,725	\$ 83,806	\$ 4,171,169
Accrued liabilities	1,903,468	-	-	-	1,903,468
Due to other funds	-	6,662,047	475,838	263,166	7,401,051
Due to teachers' retirement system	3,054,772	-	-	-	3,054,772
Due to employees' retirement system	240,700	-	-	-	240,700
Unearned revenue	15,145	-	-	14,228	29,373
Bond anticipation notes payable	-	-	22,950,000	-	22,950,000
TOTAL LIABILITIES	8,123,736	7,162,034	24,103,563	361,200	39,750,533
FUND BALANCE:					
Nonspendable -					
Inventory	-	-	-	28,593	28,593
Restricted -					
Retirement	3,043,852	-	-	-	3,043,852
Unemployment insurance	150,721	-	-	-	150,721
Debt service	-	-	-	10,929	10,929
Capital	1,253,537	-	17,249,477	-	18,503,014
Tax certiorari	2,766,559	-	-	-	2,766,559
Insurance	459,283	-	-	-	459,283
Liability	502,110	-	-	-	502,110
Employee benefits accrued liability	212,378	-	-	-	212,378
Worker's comp reserve	832,343	-	-	-	832,343
Other	-	-	-	427,628	427,628
Total restricted fund balance	9,220,783	-	17,249,477	438,557	26,908,817
Assigned -					
Other appropriations	584,881	-	-	-	584,881
Appropriated for subsequent year's expenditures	1,435,965	-	-	-	1,435,965
Total assigned fund balance	2,020,846	-	-	-	2,020,846
Unassigned	9,129,714	2	(24,103,563)	-	(14,973,847)
TOTAL FUND BALANCE	20,371,343	2	(6,854,086)	467,150	13,984,409
TOTAL LIABILITIES AND FUND BALANCE	\$ 28,495,079	\$ 7,162,036	\$ 17,249,477	\$ 828,350	\$ 53,734,942

The accompanying notes are an integral part of these statements.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position June 30, 2021

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

Fund balance - total governmental funds	\$ 13,984,409
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Capital assets used in governmental activities are not financial resources and; therefore, are not reported in the funds.	70,057,797
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Deferred outflows/inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows - ERS/TRS	20,771,553
Deferred inflows - ERS/TRS	(8,627,311)
Deferred outflows - Refunding	512,109
Deferred outflows - OPEB	37,234,135
Deferred inflows - OPEB	(37,158,231)

Net pension obligations are not due and payable in the current period and; therefore, are not reported in the funds.

Net pension liability - TRS	(4,566,339)
Net pension liability - ERS	(20,197)

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore are not reported in the funds.

Bonds payable, net of bond premium	(22,293,743)
Installment purchase debt	(6,081,038)
Other postemployment benefits obligation	(253,329,190)
Compensated absences	(161,100)
Accrued interest	(52,492)

NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ (189,729,638)</u>
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AUBURN ENLARGED CITY SCHOOL DISTRICT
**Statement of Revenue, Expenditures, and Changes in Fund Balance - Governmental Funds
For the Year Ended June 30, 2021**

	General	Special Aid	Capital Projects	Nonmajor Governmental Funds	Total
REVENUE:					
Real property taxes	\$ 28,578,654	\$ -	\$ -	\$ -	\$ 28,578,654
Other tax items	4,618,801	-	-	-	4,618,801
Charges for services	105,508	455,855	-	-	561,363
Use of money and property	167,186	-	-	8,190	175,376
Sale of property and compensation for loss	3,715	-	-	-	3,715
Miscellaneous	1,991,837	-	-	69,693	2,061,530
State sources	42,885,813	2,672,869	-	23,680	45,582,362
Federal sources	1,396,006	3,063,819	-	970,680	5,430,505
Medicaid reimbursement	205,426	-	-	-	205,426
Total revenue	<u>79,952,946</u>	<u>6,192,543</u>	<u>-</u>	<u>1,072,243</u>	<u>87,217,732</u>
EXPENDITURES:					
General support	7,811,252	-	-	-	7,811,252
Instruction	41,976,363	6,172,543	-	-	48,148,906
Pupil transportation	2,214,511	20,000	-	-	2,234,511
Employee benefits	18,681,376	-	-	34,105	18,715,481
Debt service - principal	3,990,500	-	-	-	3,990,500
Debt service - interest	1,096,748	-	135,000	-	1,231,748
Cost of sales	-	-	-	948,925	948,925
Other expenditures	-	-	-	83,062	83,062
Capital outlay	-	-	5,077,998	-	5,077,998
Total expenditures	<u>75,770,750</u>	<u>6,192,543</u>	<u>5,212,998</u>	<u>1,066,092</u>	<u>88,242,383</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	<u>4,182,196</u>	<u>-</u>	<u>(5,212,998)</u>	<u>6,151</u>	<u>(1,024,651)</u>
OTHER SOURCES AND (USES):					
Proceeds from issuance of debt	-	-	-	1,925,000	1,925,000
BANS's redeemed from appropriations	-	-	550,000	-	550,000
Premium on obligations	-	-	293,537	229,926	523,463
Payment to escrow agent	-	-	-	(2,154,926)	(2,154,926)
Total other sources (uses)	<u>-</u>	<u>-</u>	<u>843,537</u>	<u>-</u>	<u>843,537</u>
CHANGE IN FUND BALANCE	4,182,196	-	(4,369,461)	6,151	(181,114)
FUND BALANCE - beginning of year, as previously reported	<u>16,189,147</u>	<u>2</u>	<u>(2,484,625)</u>	<u>140,389</u>	<u>13,844,913</u>
RESTATEMENT (FOOTNOTE 15)	<u>-</u>	<u>-</u>	<u>-</u>	<u>320,610</u>	<u>320,610</u>
FUND BALANCE - beginning of year, as restated	<u>16,189,147</u>	<u>2</u>	<u>(2,484,625)</u>	<u>460,999</u>	<u>14,165,523</u>
FUND BALANCE - end of year	<u>\$ 20,371,343</u>	<u>\$ 2</u>	<u>\$ (6,854,086)</u>	<u>\$ 467,150</u>	<u>\$ 13,984,409</u>

The accompanying notes are an integral part of these statements.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balance - Governmental Funds to the Statement of Activities For the Year Ended June 30, 2021

Net changes in fund balance - Total governmental funds	\$ (181,114)
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position.	
Capital asset additions	5,850,848
Loss on disposition of capital assets	(24,682)
Depreciation expense	(3,419,865)
Repayments of installment purchase debt are recorded as expenditures in the governmental funds, but are recorded as reductions of liabilities in the statement of net position.	790,500
Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as reductions of liabilities in the statement of net position.	4,685,000
Bond proceeds from refunding are recorded as an other financing source in the governmental funds but are recorded as an increase in long-term debt in the statement of net position.	(1,925,000)
Amortization of premiums associated with long-term debt is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	202,271
Amortization of the deferred amount on refunding is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(87,585)
ERS pension (expense)/income resulting from the change in the pension related (liabilities)/assets and deferred outflows and inflows of resources, that are long-term in nature and therefore not reported in the funds.	
Net pension liability/asset	5,178,005
Deferred outflows of resources	934,531
Deferred inflows of resources	(5,770,747)
TRS pension (expense)/income resulting from the change in the pension related (liabilities)/assets and deferred outflows and inflows of resources, that are long-term in nature and therefore not reported in the funds.	
Net pension liability/asset	(8,784,414)
Deferred outflows of resources	2,025,331
Deferred inflows of resources	3,302,748
Other postemployment benefits (expense)/income resulting from the change in the pension related (liabilities)/assets and deferred outflows and inflows of resources, pension related (liabilities)/assets that are long-term in nature and therefore not reported in the funds.	
Other postemployment benefits liability	1,725,485
Deferred outflows of resources	(35,145,630)
Deferred inflows of resources	12,432,454
Compensated absences do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds	19,928
Certain expenses in the statement of activities do not require the use of current resources and are, therefore, not reported as expenditures in the governmental funds:	
Change in accrued interest	6,611
Governmental activities recognize revenue based on economic resources measurement. Fund activities utilize current financial resources. Revenues that are reported in the governmental funds that are not reported as revenue in the statement of activities.	(910,444)
Change in net position - governmental activities	\$ (19,095,769)

The accompanying notes are an integral part of these statements.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

1. NATURE OF OPERATIONS

Auburn Enlarged City School District (the District) provides free K-12 public education to students living within its geographic borders.

Reporting Entity

The District is governed by the Laws of New York State. The District is an independent entity governed by an elected Board of Education (BOE) consisting of 7 members. The President of the Board serves as chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by the Governmental Accounting Standards Board (GASB) and consists of the primary government, and when applicable, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the School District. The accompanying financial statements present the activities of the District including the Extraclassroom Activity Funds (the ECA Funds).

The Extraclassroom Activity Funds represent funds of the students of the District. The Board of Education exercises general oversight of these funds; however, these funds are used as designated by student management. The District accounts for the activities of these various student organizations in the Miscellaneous Special Revenue Fund. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the District's business office.

Joint Venture

The District is a component school district in the Cayuga-Onondaga Counties Board of Cooperative Education Services (BOCES). BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES board is considered a corporate body. Members of a BOCES board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES board as a corporation (§1950(6)). In addition, BOCES boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

A BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component school district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component school districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed \$12,577,537 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,367,367.

Financial statements for the BOCES are available from the BOCES administrative office.

2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the District are described below.

Basis of Presentation

The District's financial statements consist of district-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund level financial statements which provide more detailed information.

District-Wide Statements

The statement of net position and the statement of activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenue, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific

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

Fund Financial Statements

The fund statements provide information about the District's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The District reports the following major governmental funds:

AUBURN ENLARGED CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

General Fund - This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

Special Revenue Fund - This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

- **Special Aid Fund:** Used to account for proceeds from State and Federal grants that are restricted for specific educational programs.

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

The District reports the following nonmajor governmental funds:

- **Debt Service Fund:** this fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.
- **School Lunch Fund:** Used to account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for school lunch operations. These legal
- **Extraclassroom Activities:** This fund accounts for the activities of the student run clubs and organization of the District.
- **Scholarships:** This fund accounts for amounts contributed to fund scholarships and the distribution of scholarships.

Measurement Focus and Basis of Accounting

Measurement focus refers to what is being measured, whereas basis of accounting refers to when revenues and expenditures are recognized. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The District-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place.

Non-exchange transactions in which the District gives or receives value without directly receiving or giving equal value in exchange include property taxes, grants, and donations.

On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The district considers all revenues reported in the governmental funds to be available if the revenues are collected within sixty days after the end of the fiscal year as it matches the liquidation of related obligations.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

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

Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the state. Permissible investments include obligations of the United States Treasury, United States agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies; and obligations of the State and its municipalities and Districts.

Restricted Cash

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets include amounts required by statute to be reserved for various purposes.

Property Taxes

Real property taxes are levied annually by the BOE no later than September 1, and become a lien on September 1. Taxes are collected during the period September 1 to December 1. Taxes not collected by December 1 are turned over to the City and County who assume all responsibility for collection. Uncollected real property taxes are subsequently enforced by the City and County in which the District is located. The City and County pay an amount representing uncollected real property taxes transmitted to the City and County for enforcement to the District no later than the following August 31.

Real property taxes receivable expected to be collected within 60 days of year-end are recognized as revenue. Otherwise, a deferred inflows of resources offset real property taxes receivable.

Due From Other Governments

Due from other governments recorded as an asset at June 30, 2021, relates to receivables due from BOCES and other school districts. Management does not believe an allowance for doubtful accounts is necessary.

State and Federal Aid Receivable

State and federal aid receivable recorded as an asset at June 30, 2021 relates to receivables due from New York State and/or the federal government. Management does not believe an allowance for doubtful accounts is necessary.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

Other Receivables

Other receivables are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since management believes that such allowance would not be material.

Inventory and Prepaid Items

Inventory of food in the school lunch fund is recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 7 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

Capital Assets

In the District-wide financial statements, capital assets are accounted for at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold is used to report capital assets and the range of estimated useful lives by type of assets is as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$ 5,000	SL	40
Building improvements	\$ 5,000	SL	40
Site improvements	\$ 5,000	SL	15 - 20
Furniture and equipment	\$ 5,000	SL	5 - 20

Vested Employee Benefits

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical time. Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

The liability has been calculated using the vesting/termination method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the fund statements only the amount of matured liabilities is accrued within the General fund based upon expendable and available financial resources. These amounts are recognized as expenditures on a pay-as-you-go basis.

Retirement Benefits

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

Other Postemployment Benefits

In addition to providing retirement benefits, the District provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provisions of various current employment contracts. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through self-insured plans and claims are paid by the District. The District recognizes the cost of providing health insurance by recording its share of insurance claims when they are paid.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred outflows/inflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Unearned Revenue

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

Short Term Debt

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

The District may issue Bond Anticipation Notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. Such notes may be classified as part of the General Long-Term Debt Account Group when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance-sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities, and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments and compensated absences that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position is available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these notes.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

District-wide Statements - Equity Classifications

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

Net investment in capital assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

Restricted net position - reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position - reports all other net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the District.

Governmental Fund Financial Statements - Equity classifications

In the fund basis statements there are five classifications of fund balance:

Nonspendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted fund balance - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The capital projects fund has other restricted fund balance of \$17,249,477 at June 30, 2021 related to the District's current active capital projects. The extraclassroom activity special revenue fund has other restricted fund balance of \$109,318 related to extraclassroom activities. The scholarship special revenue has other restricted fund balance of \$197,923 scholarship funds. The District has available the following restricted fund balances:

Capital reserve

According to Education Law §3651, this reserve must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. The Reserve is accounted for in the General Fund under restricted fund balance.

Reserve for Debt Service

According to General Municipal Law §6-l, the Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of the sale. Also, earnings on project monies invested together with unused proceeds are reported here.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

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Repair

Repair reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, that are of a type not recurring annually. The BOE, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the general fund.

Employee Benefit Accrued Liability Reserve

According to General Municipal Law §6-p, this reserve must be used for the payment of accrued employee benefits due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

Insurance Reserve

According to General Municipal Law §6-n, this reserve must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriation, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve, however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval.

Liability Reserve

According to General Municipal Law § 1709(8)(c), this reserve must be used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and this reserve may not in total exceed 3% of the annual budget or \$15,000, whichever is greater.

Tax Certiorari

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

Retirement Contribution

Retirement contribution reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of operation and condition of the fund must be provided to the board. This reserve is accounted for in the general fund.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

Workers' Compensation

According to General Municipal Law §6-j, must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the General Fund.

Unemployment Insurance Reserve

This reserve (GML §6-m) is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the District has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to the tax (contribution) basis, excess resources in the fund may be transferred to any other reserve fund. The reserve is accounted for in the General fund under restricted fund balance.

Reserve for Tax Reduction

This reserve (EL §1604, §1709) is used for the gradual use of the proceeds of the sale of District real property where such proceeds are not required to be placed in a mandatory reserve for debt service. Specifically, the District is permitted to retain the proceeds of the sale for a period not to exceed ten years, and to use them during that period for tax reduction. This reserve is accounted for in the general fund.

Reserve for Insurance Recoveries

Reserve for Insurance Recoveries (Education Law §1718(2)) is used at the end of the fiscal year to account for unexpended proceeds of insurance recoveries. They will be held there pending action by the Board on their disposition. This reserve will not be used if the insurance recovery is expended in the same fiscal year in which it was received. The reserve is accounted for in the general fund.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

Restricted fund balance includes the following:

General Fund	
Employee benefits accrued liability	\$ 212,378
Unemployment insurance	150,721
Liability reserve	502,110
Capital reserve	1,253,537
Tax certiorari reserve	2,766,559
Retirement reserve	3,043,852
Worker's comp reserve	832,343
Insurance reserve	<u>459,283</u>
Total restricted fund balance	<u>\$ 9,220,783</u>
Debt Service Fund	\$ 10,929
Scholarships Fund	\$ 197,923
Extraclassroom Activities Fund	\$ 109,318

Committed fund balance - Includes amounts that can be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, the BOE. The District has no committed fund balances as of June 30, 2021.

Assigned fund balance - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General fund are classified as assigned fund balance in the General fund. Encumbrances represent purchase commitments made by the District's purchasing agent through their authorization of a purchase order prior to year-end. The District assignment is based on the functional level of expenditures.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the General Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year. Encumbrances are classified as assigned fund balance.

Unassigned fund balance - Includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District.

New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds the District can retain to no more than 4% of the District's budget for the general fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year's budget and encumbrances are also excluded from the 4% limitation.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

Order of Fund Balance Spending Policy

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the general fund are classified as restricted fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

Use of Estimates

The preparation of basic 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 basic financial statements and the accompanying notes. Actual results could differ from these estimates, particularly given the economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic, and such differences may be significant.

3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

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

Total fund balances of the District's governmental funds differ from net position of governmental activities reported in the statement of net position. This difference results from the additional long-term economic focus of the statement of net position versus the solely current financial resources focus of the governmental fund balance sheets.

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

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

- **Long Term Revenue and Expense Differences**
Long-term revenue differences arise because governmental funds report revenue only when it is considered "available," whereas the statement of activities reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the statement of activities.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

- **Capital Related Differences**
Capital related differences include the difference between proceeds from the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the statement of activities.
- **Long Term Debt Transaction Differences**
Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.
- **Pension Differences**
Pension differences occur as a result of changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.
- **OPEB Differences**
OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the District is subject to various federal, state and local laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over District resources follows.

Budgets

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

The voters of the District approved the proposed appropriation budget.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved the BOE as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restriction, if the board approves them because of a need that exists which was not determined at the time the budget was adopted. There were no supplemental appropriations during the year.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2021.

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

Encumbrances

Encumbrance accounting is used for budgetary control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as assignments of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

The portion of the District's fund balance subject to the New York State Real Property Tax Law §1318 limit exceeded the amount allowable, which is 4% of the District's budget for the upcoming school year. Actions the District plans to pursue to address this issue include reducing future tax levies and committing funds for capital asset projects and purchases.

Fund Balance Deficit

The Capital Projects Fund had a deficit fund balance at June 30, 2021. This will be funded when the District obtains permanent financing.

Fund Balance

The District's unrestricted fund balance in its General fund was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year.

Portions of the fund balances are restricted and are not available for current expenditures or expenses, as reported in the governmental funds balance sheet.

5. CASH

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these Notes.

AUBURN ENLARGED CITY SCHOOL DISTRICT**Notes to Basic Financial Statements****June 30, 2021**

At June 30, 2021, the reported amount of the District's deposits was \$34,569,080 and the bank balance was \$36,938,755. Of the bank balance \$777,164 was covered by federal depository insurance or by collateral held by the District's agent in the District's name, and the remaining was covered by collateral held in the pledging bank's trust department in the District's name.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$18,784,098 within the governmental funds.

6. CAPITAL ASSETS

Capital asset balances and activity were as follows:

	Balance <u>7/1/2020</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/2021</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 866,980	\$ -	\$ -	\$ 866,980
Construction in progress	5,752,576	5,077,999	(2,940,432)	7,890,143
Total nondepreciable cost	<u>6,619,556</u>	<u>5,077,999</u>	<u>(2,940,432)</u>	<u>8,757,123</u>
Capital assets that are depreciated:				
Buildings	101,017,107	2,491,445	-	103,508,552
Buildings/site improvements	14,359,812	1,036,119	-	15,395,931
Furniture and equipment	8,809,663	185,717	(473,672)	8,521,708
Total depreciable historical cost	<u>124,186,582</u>	<u>3,713,281</u>	<u>(473,672)</u>	<u>127,426,191</u>
Less accumulated depreciation:				
Buildings	(49,728,607)	(2,634,065)	-	(52,362,672)
Buildings/site improvements	(4,967,745)	(593,537)	-	(5,561,282)
Furniture and equipment	(8,458,290)	(192,263)	448,990	(8,201,563)
Total accumulated depreciation	<u>(63,154,642)</u>	<u>(3,419,865)</u>	<u>448,990</u>	<u>(66,125,517)</u>
Total depreciable cost - net	<u>61,031,940</u>	<u>293,416</u>	<u>(24,682)</u>	<u>61,300,674</u>
Total capital assets, net	<u>\$ 67,651,496</u>	<u>\$ 5,371,415</u>	<u>\$ (2,965,114)</u>	<u>\$ 70,057,797</u>

Depreciation expense was allocated to specific functions as follows:

General support	\$ 3,227,602
Instruction	137,552
Pupil transportation	41,746
School lunch	12,965
Total depreciation	<u>\$ 3,419,865</u>

AUBURN ENLARGED CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

7. INTERFUND BALANCES AND ACTIVITY

	Interfund	
	<u>Receivable</u>	<u>Payable</u>
General	\$ 7,400,581	\$ -
Special Grant	-	6,662,047
Capital Projects	-	475,838
Nonmajor funds	470	263,166
Total	<u>\$ 7,401,051</u>	<u>\$ 7,401,051</u>

Interfund receivables and payables are eliminated on the statement of net position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

8. SHORT-TERM OBLIGATIONS

On June 22, 2021, the District renewed their 2020 bond anticipation note to finance certain capital improvements consisting of reconstruction of school buildings and facilities within the District.

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

	<u>Maturity</u>	<u>Stated Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
2020 BAN	June 23, 2021	1.50%	\$ 9,000,000	\$ -	\$ (9,000,000)	\$ -
2021 BAN						
Renewal	June 22, 2022	1.50%	-	22,950,000	-	22,950,000
Total			<u>\$ 9,000,000</u>	<u>\$ 22,950,000</u>	<u>\$ (9,000,000)</u>	<u>\$ 22,950,000</u>

9. LONG-TERM OBLIGATIONS

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

	<u>Balance 6/30/2020</u>	<u>Additions</u>	<u>Deletions {a}</u>	<u>Balance 6/30/2021</u>	<u>Due Within One Year</u>
Governmental Activities:					
General obligation bonds	\$ 23,730,000	\$ 1,925,000	\$ (4,685,000)	\$ 20,970,000	\$ 2,700,000
Installment purchase debt -					
direct borrowing	6,871,538	-	(790,500)	6,081,038	836,957
Premium on bonds payable	1,526,014	-	(202,271)	1,323,743	-
Serial bonds payable	<u>\$ 32,127,552</u>	<u>\$ 1,925,000</u>	<u>\$ (5,677,771)</u>	<u>\$ 28,374,781</u>	<u>\$ 3,536,957</u>

AUBURN ENLARGED CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

	Balance 6/30/2020	Additions	Deletions	Balance 6/30/2021	Due Within One Year
Other liabilities:					
Compensated absences {a}	\$ 181,028	\$ -	\$ (19,928)	\$ 161,100	\$ 19,342

{a} Additions and deletions to compensated absences are shown net because it is impractical to determine these amounts separately.

Interest on all debt for the year was composed of:

Interest paid	\$ 1,231,748
Less: Interest accrued in the prior year	(59,103)
Plus: Interest accrued in the current year	52,492
Total interest expense	\$ 1,225,137

Issue dates, maturities, and interest rates on outstanding debt are as follows:

Bond Issue	Issued	Maturity	Interest Rate	6/30/2021 Balance
Capital Project	2009	2024	2.50-4.75%	\$ 6,115,000
Refunding	2013	2029	2.75-3.50%	355,000
Refunding	2015	2032	2.00-3.50%	5,380,000
Refunding	2016	2024	1.84%	2,270,000
Serial Bond	2017	2033	2.00-3.00%	3,480,000
Serial Bond	2018	2033	2.99%	1,450,000
Refunding	2021	2029	1.00%	1,920,000
Total bond issue				\$ 20,970,000

Installment purchase debt - direct borrowing:

Energy performance contracts	2007-2016	2021-2032	3.306-3.97%	\$ 6,081,038
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AUBURN ENLARGED CITY SCHOOL DISTRICT**Notes to Basic Financial Statements****June 30, 2021**

The following is a summary of the maturity of long-term indebtedness as of June 30, 2021:

		(Direct Borrowing) Installment Purchase Debt		(Direct Borrowing) Installment Purchase Debt	Total Debt
	Principal	Principal	Interest	Interest	Service
2022	\$ 2,700,000	\$ 836,957	\$ 807,269	\$ 160,179	\$ 4,504,405
2023	2,780,000	825,685	707,538	157,751	4,470,974
2024	2,535,000	560,536	608,350	129,590	3,833,476
2025	1,870,000	580,270	495,338	102,792	3,048,400
2026	1,940,000	434,024	418,138	84,390	2,876,552
2027-2031	7,850,000	1,977,432	963,174	234,635	11,025,241
2032-2036	1,295,000	866,134	49,895	45,886	2,256,915
Totals	<u>\$ 20,970,000</u>	<u>\$ 6,081,038</u>	<u>\$ 4,049,702</u>	<u>\$ 915,223</u>	<u>\$ 32,015,963</u>

Debt Refunding

On March 10, 2021, the District deposited cash on hand of \$2,067,434 into an irrevocable escrow to refund, through an in-substance defeasance, \$2,035,000 of the Series 2013 School District Serial Bonds. As a result, the Series 2013 Bonds are considered to be defeased and the escrowed assets and the liability for the bonds have been removed from these financial statements. The District achieved a cash flow difference and an economic gain of \$32,434 as a result of the refunding. At June 30, 2021, \$1,925,000 of the defeased bonds are outstanding.

10. PENSION PLANS***New York State Employees' Retirement System***

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

AUBURN ENLARGED CITY SCHOOL DISTRICT**Notes to Basic Financial Statements****June 30, 2021**

The system is noncontributory except for employees who joined the System after July 27th, 1976, who contribute 3.0% percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier 6 vary based on a sliding salary scale. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	ERS
2021	\$ 962,835
2020	\$ 833,374
2019	\$ 819,502

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2021, the District reported a net pension liability of \$20,197 for its proportionate share of the ERS net pension liability. The net pension liability was measured as of March 31, 2021, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2021, the District's proportionate share was 0.0202836%, which was an increase of 0.0006534% from its proportionate share at June 30, 2020.

For the year ended June 30, 2021, the District recognized pension expense of \$533,268. At June 30, 2021, the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 246,662	\$ -
Changes of assumptions	3,713,611	70,040
Net difference between projected and actual earnings on pension plan investments	-	5,801,822
Changes in proportion and differences between the District's contributions and proportionate share of contributions	138,236	7,111
Contributions subsequent to the measurement date	240,700	-
Total	<u>\$ 4,339,209</u>	<u>\$ 5,878,973</u>

AUBURN ENLARGED CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

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

Plan's Year Ended March 31:

2022	\$ (290,511)
2023	(88,286)
2024	(300,084)
2025	<u>(1,101,583)</u>
	<u>\$ (1,780,464)</u>

The District recognized \$240,700 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2021 which will be recognized on a reduction of the net pension liability in the year ended June 30, 2022.

Actuarial Assumptions

The total pension liability at March 31, 2021 was determined by using an actuarial valuation as of April 1, 2020, with update procedures used to roll forward the total pension liability to March 31, 2021.

The actuarial valuation used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.70%
Salary scale	4.4% indexed by service
Projected COLAs	1.4% compounded annually
Decrement	Developed from the Plan's 2020 experience study of the period April 1, 2015 through March 31, 2020
Mortality improvement	Society of Actuaries Scale MP-2020
Investment Rate of Return	5.9% compounded annually, net of investment expenses

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment 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.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

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

Asset Type	Target Allocations in %	Long-Term expected real rate of return in %
Domestic equity	32.0	4.05
International equity	15.0	6.30
Private equity	10.0	6.75
Real estate	9.0	4.95
Opportunistic/ARS portfolio	3.0	4.50
Credit	4.0	3.63
Real assets	3.0	5.95
Fixed income	23.0	0.00
Cash	1.0	0.50
	<u>100.0</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the Plan's 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.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 5.9%, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (4.9%) or 1% higher (6.9%) than the current rate:

	1% Decrease <u>4.90%</u>	Current Discount <u>5.90%</u>	1% Increase <u>6.90%</u>
Proportionate Share of Net Pension liability (asset)	<u>\$ 5,605,958</u>	<u>\$ 20,197</u>	<u>\$ (5,131,182)</u>

Pension Plan Fiduciary Net Position (000's)

The components of the current-year net pension liability (in 000's) of the employers as of March 31, 2021, were as follows:

Total pension liability	\$ 220,680,157
Net position	<u>220,580,583</u>
Net pension liability (asset)	<u>\$ 99,574</u>
ERS net position as a percentage of total pension liability	99.95%

AUBURN ENLARGED CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

New York State Teachers' Retirement System

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report and/or the Report on the Schedule of Employer Allocations and Schedules of Pension Amounts by Employer, which can be found on the System's website at www.nystrs.org.

The New York State Teachers' Retirement Board administers NYSTRS. NYSTRS 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. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the system. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

Contributions

NYSTRS is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the NYSTRS after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, contributions of 3.5% are paid throughout their active membership.

For employees who joined after April 1, 2012, required contributions of 3.5% of their salary are paid until April 1, 2013 and they then contribute 3% to 6% of their salary throughout their active membership. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The District is required to contribute at an actuarially determined rate. The District contributions made to NYSTRS were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	<u>TRS</u>
2021	\$ 2,787,398
2020	\$ 2,687,065
2019	\$ 3,067,938

AUBURN ENLARGED CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

At June 30, 2021, the District reported a net pension liability of \$4,566,339 for its proportionate share of the TRS net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2021 the District's proportionate share was 0.165251%, which was an increase of 0.002893% from its proportionate share at June 30, 2020.

For the year ended June 30, 2021, the District recognized pension expense of \$6,245,163. At June 30, 2021 the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,001,027	\$ 234,016
Changes of assumptions	5,775,357	2,058,613
Net difference between projected and actual earnings on pension plan investments	2,982,220	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	886,342	455,709
Contributions subsequent to the measurement date	<u>2,787,398</u>	<u>-</u>
Total	<u>\$ 16,432,344</u>	<u>\$ 2,748,338</u>

The District recognized \$2,787,398 as a deferred outflow of resources related to pensions resulting from the District's contributions subsequent to the measurement date June 30, 2020 which will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

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

Plan's Year Ended June 30:

2021	\$ 1,876,103
2022	3,688,140
2023	3,022,496
2024	1,971,435
2025	144,989
Thereafter	<u>193,445</u>
Total	<u>\$ 10,896,608</u>

AUBURN ENLARGED CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

Actuarial Assumptions

The total pension liability at the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020. These actuarial valuations used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.20%
Projected Salary Increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.

	<u>Service</u>	<u>Rate</u>
	5	4.72%
	15	3.46%
	25	2.37%
	35	1.90%
Projected COLAs	1.3% compounded annually	
Investment Rate of Return	7.10% compounded annually, net of pension plan investment expense,	

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2019, applied on a generational basis.

The actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014. Active member mortality rates are based on plan member experience.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expect 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.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

The Long-Term Expected Real Rates of Return are presented by asset allocation classification, which differs from the financial statement presentation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the measurement date of June 30, 2020 are summarized in the following table:

Asset Type	Target Allocations in %	Long-term expected real rate of return in %
Domestic Equity	33.0	7.1
International Equity	16.0	7.7
Global Equity	4.0	7.4
Real Estate Equity	11.0	6.8
Private Equity	8.0	10.4
Domestic Fixed Income	16.0	1.8
Global Bonds	2.0	1.0
High-Yield Bonds	1.0	3.9
Private Debt	1.0	5.2
Real Estate Debt	7.0	3.6
Cash equivalents	1.0	0.7
	<u>100.0</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the NYSTRS' 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.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate

The following presents the net pension liability (asset) of the school districts calculated using the discount rate of 7.10%, as well as what the school districts' net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.10%) or 1-percentage-point higher (8.10%) than the current rate:

	1% Decrease <u>6.10%</u>	Current Discount <u>7.10%</u>	1% Increase <u>8.10%</u>
Proportionate Share of Net Pension Liability (asset)	<u>\$ 28,843,993</u>	<u>\$ 4,566,339</u>	<u>\$(15,808,764)</u>

AUBURN ENLARGED CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability (asset) of the participating school districts at June 30, 2020, were as follows:

Total pension liability	\$	123,242,776,215
Net position		<u>120,479,505,380</u>
Net pension liability (asset)	\$	<u>2,763,270,835</u>
NYSTRS net position as a percentage of total pension liability		97.8%

Payables to the Pension Plans

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS System.

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

	<u>June 30, 2021</u>
ERS Liability	\$ 240,700
TRS Liability	\$ 3,054,772

11. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The District's defined benefit OPEB plan, provides OPEB for all employees who meet the NYSTRS/NYSERS eligibility requirements. Teachers and Administrators age 55 with 5 years of service who are eligible to retire and collect benefits according to the NYSTRS are eligible for retiree health care benefits for life from the District. Support staff hired before January 1, 2010 age 55 with 5 years of service are eligible to retire and collect benefits for life from the District according to NYSERS. Members after January 1, 2010 must be 55 years old with 10 years of service to qualify for NYSERS health care benefits.

The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The District provides healthcare benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

Employees Covered by Benefit Terms

At June 30, 2021, the following employees were covered by the benefit terms:

Active not eligible to retire	424
Actives eligible to retire	97
Retired and surviving spouses	600
Retiree spouses covered	268
Total participants	<u>1,389</u>

Total OPEB Liability

The District's total OPEB liability of \$253,329,190 was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2021 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.2 percent per year
Payroll Growth	3.11 percent as of June 30, 2021, 3.22 percent as of June 30, 2020
Discount Rate	2.27 percent as of June 30, 2021, 2.48 percent as of June 30, 2020
Healthcare Cost Trend Rates	4.0 percent for 2021, decreasing to an ultimate rate of 4.08 percent for years after 2070
Share of Benefit-Related Costs	25 percent share of GDP above which cost growth is assumed to meet resistance
Cost Method	Entry Age Normal, Level Percent of Pay

The discount rate was based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were MP-2020 Dataset Mortality Table fully generational as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the June 30, 2021 valuation were based on large scale retirement plan population data. The plan's estimated termination and retirement experience is then analyzed and the base table is adjusted accordingly. There is no formal experience study done for the plan.

AUBURN ENLARGED CITY SCHOOL DISTRICT**Notes to Basic Financial Statements****June 30, 2021****Changes in the Total OPEB Liability**

Balance at June 30, 2020	<u>\$ 255,054,675</u>
Changes for the Year-	
Service cost	6,348,067
Interest	6,301,625
Changes of benefit terms	(1,421,383)
Changes in assumptions or other inputs	(10,331,637)
Differences between expected and actual experience	4,682,822
Benefit payments	<u>(7,304,979)</u>
Net changes	<u>(1,725,485)</u>
Balance at June 30, 2021	<u><u>\$ 253,329,190</u></u>

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

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.27%) or 1 percentage point higher (3.27%) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
	<u>1.27%</u>	<u>2.27%</u>	<u>3.27%</u>
Total OPEB Liability	<u>\$ 300,469,996</u>	<u>\$ 253,329,190</u>	<u>\$ 216,307,563</u>

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

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

	Healthcare		
	Current		
	1% Decrease	Discount	1% Increase
	(3.00% to	(4.00% to	(5.00% to
	<u>3.08%)</u>	<u>4.08%)</u>	<u>5.08%)</u>
Total OPEB Liability	<u>\$ 212,787,316</u>	<u>\$ 253,329,190</u>	<u>\$ 306,086,380</u>

AUBURN ENLARGED CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$28,371,483. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,162,868	\$ 29,820,185
Changes of assumptions	24,245,022	7,338,046
Contributions after measurement date	<u>1,826,245</u>	<u>-</u>
Total	<u>\$ 37,234,135</u>	<u>\$ 37,158,231</u>

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

<u>Fiscal Year Ending June</u>	<u>Amount</u>
2022	\$ (735,486)
2023	(1,956,700)
2024	(426,796)
2025	380,178
2026	380,178
Thereafter	<u>608,285</u>
	<u>\$ (1,750,341)</u>

The District recognized \$1,826,245 as a deferred outflow of resources resulting from the benefit payments made subsequent to the measurement date of June 30, 2021 which will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022.

12. RISK MANAGEMENT

General

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

AUBURN ENLARGED CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

Worker's Compensation

The District is a member of the Onondaga-Cortland-Madison Counties BOCES Consortium Workers' Compensation Self-Insurance Plan (the Plan). Current membership of the Plan includes various municipal entities. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. The Plan participants are charged an annual assessment which is allocated in light of comparative experience and relative exposure based on the estimated total liability of the participating members actuarially computed each year.

The Plan purchases, on an annual basis, stop-loss insurance to limit its exposure for claims.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claim costs depend on complex factors, the process used in computing claim liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claim liabilities are charged or credited to expense in the periods in which they are made. During the year ended June 30, 2021, the District incurred premiums or contribution expenditures totaling \$376,094.

Health Insurance Plan

The District has a District-wide self-insured Health Insurance Plan administered through a third party insurance carrier. Claims incurred but not reported (IBNR) was approximately \$1,758,000 at June 30, 2021 and was recorded in the General Fund in accrued liabilities.

Unemployment

Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar for dollar reimbursement to the fund for the benefits paid from the fund to former employees. The expenditures of this program for the 2020-2021 fiscal year totaled \$92,643. In addition, as of June 30, 2021, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

13. CONTINGENCIES AND COMMITMENTS

Litigation

The District has been named as defendant in several tax certiorari cases. A review by the District and the District's attorneys indicate these actions are not substantial enough to materially affect the financial position of the District.

The District has also been named as a defendant in certain other actions. The District intends to defend itself vigorously in each of these cases. Accordingly, no loss contingency has been accrued.

Other Contingencies

The District has received grants which are subject to audit by agencies of the state and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior audits, the District's administration believes disallowances, if any, will be immaterial.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

14. TAX ABATEMENT

The following information summarizes the PILOT agreements entered into by Cayuga County IDA relating to the District:

Year Began	Agreement / Property	Total Assessed Value	Abatement Rate	Pilot Taxable Value	School Tax Rate / 1000	Regular Taxable Amount	Pilot Payment Received	Taxes Abated
2012	Auburn Community Hotel	\$ 10,000,000	Set Payment	\$ 819,000	18.688521	\$ 186,885	\$ 15,306	\$ 171,579
2001	Bluefield Manor	\$ 5,693,100	Set Payment	\$ 95,570	18.688521	\$ 106,396	\$ 43,772	\$ 62,623
2014	Calamar (RM11)	\$ 8,800,000	60%	\$ 5,280,000	18.688521	\$ 164,459	\$ 98,675	\$ 65,784
2016	Carovail	\$ 1,081,999	40%	\$ 432,800	18.688521	\$ 20,221	\$ 8,088	\$ 12,133
2000	Central Building	\$ 3,500,000	Set Payment	\$ 52,000	18.688521	\$ 65,410	\$ 24,336	\$ 41,073
2003	Community Computer	\$ 1,800,000	Varies	\$ 769,430	18.688521	\$ 33,639	\$ 14,380	\$ 19,260
2013	Currier/ Gen West	\$ 3,225,300	49%	\$ 1,580,397	18.688521	\$ 60,276	\$ 29,535	\$ 30,741
1995	FLRR	\$ 765,250	Sale Based Fee	\$ 53,163	18.503486	\$ 14,160	\$ 6,707	\$ 7,453
2013	JBj	\$ 4,824,197	Set Payment	\$ 3,018,191	18.688521	\$ 90,157	\$ 61,382	\$ 28,775
2010	Logan Lofts	\$ 2,078,000	36%	\$ 1,366,482	18.688521	\$ 38,835	\$ 9,194	\$ 29,641
2015	Mack Studios	\$ 1,025,000	35%	\$ 1,025,000	18.688521	\$ 19,156	\$ 6,705	\$ 12,451
2003	McQuay/Tessy	\$ 13,000,000	Set Payment	\$ 8,000,000	18.688521	\$ 242,951	\$ 149,508	\$ 93,443
2012	NUCOR	\$ 31,000,999	Set Payment	\$ 179,544	18.688521	\$ 579,363	\$ 84,027	\$ 495,336
2012	PBMM	\$ 1,718,200	80%	\$ 1,374,560	18.688521	\$ 32,111	\$ 25,688	\$ 6,422
2012	Seminary Commons	\$ 1,601,000	Set Payment	\$ 700,000	18.688521	\$ 29,920	\$ 13,082	\$ 16,838
2014	WST33	\$ 2,740,000	Set Value	\$ 1,500,000	18.688521	\$ 51,207	\$ 12,119	\$ 39,088
						<u>\$ 1,735,144</u>	<u>\$ 602,504</u>	<u>\$ 1,132,640</u>

AUBURN ENLARGED CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

15. CHANGE IN ACCOUNTING PRINCIPLE

The District adopted GASB Statement No. 84, Fiduciary Activities, during the year ended June 30, 2021. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

Beginning assets, liabilities and fund balance / net position were adjusted as noted below for the following opinion units:

	Fiduciary Activities (former agency and private purpose trust)			General Fund	
	Assets	Liabilities	Net Position	Assets	Liabilities
Balance at June 30, 2020, as previously reported	\$ 663,443	\$ 464,890	\$ 198,552	\$ 23,924,522	\$ 6,824,931
Restatement of beginning balance - Adoption of GASB Statement No. 84	<u>(663,443)</u>	<u>(464,890)</u>	<u>(198,552)</u>	<u>91,395</u>	<u>91,395</u>
Balance at July 1, 2020 as restated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,015,917</u>	<u>\$ 6,916,326</u>
	Extraclassroom Activities Fund		Scholarships Fund		
	Assets	Fund Balance	Assets	Liabilities	Fund Balance
Balance at June 30, 2020, as previously reported	\$ -	\$ -	\$ -	\$ -	\$ -
Restatement of beginning balance - Adoption of GASB Statement No. 84	<u>122,058</u>	<u>122,058</u>	<u>449,990</u>	<u>251,438</u>	<u>198,552</u>
Balance at July 1, 2020 as restated	<u>\$ 122,058</u>	<u>\$ 122,058</u>	<u>\$ 449,990</u>	<u>\$ 251,438</u>	<u>\$ 198,552</u>
	Governmental Activities				
	Assets	Liabilities	Net Position		
Balance at June 30, 2020, as previously reported	\$ 103,238,812	\$ 309,234,444	\$ 170,954,479		
Restatement of beginning balance - Adoption of GASB Statement No. 84	<u>663,443</u>	<u>342,833</u>	<u>(320,610)</u>		
Balance at July 1, 2020 as restated	<u>\$ 103,902,255</u>	<u>\$ 309,577,277</u>	<u>\$ 170,633,869</u>		

AUBURN ENLARGED CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

16. SUBSEQUENT EVENTS

At June 30, 2021, the District held school lunch inventory in the amount of \$28,593. On August 10, 2021, the District experienced a freezer breakdown causing school lunch inventory, included in the June 30, 2021 value, in the amount of \$22,422 to become obsolete.

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

On December 27, 2020, the President signed into law the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA Act). The CRRSA Act authorizes funding for a second Education Stabilization Fund to prevent, prepare for and respond to the coronavirus. The District is expected to receive and expend Elementary and Secondary School Emergency Relief (ESSER 2) funds as well as Governor's Emergency Education Relief (GEER 2) funds.

On March 11, 2021, the President signed into law the American Rescue Plan Act of 2021 (ARP). These funds are focused on supporting the safe return to in-person instruction and continuity of services, addressing the impact of lost instructional time through summer or extended school programs, responding to students' academic, social, and emotional needs, and addressing the disproportionate impact of the coronavirus on economically disadvantaged students, children with disabilities, English learners, racial and ethnic minorities, migrant students, students experiencing homelessness, and children and youth in foster care. The District is expected to receive and expend ARP ESSER 3 funds.

REQUIRED SUPPLEMENTARY INFORMATION

AUBURN ENLARGED CITY SCHOOL DISTRICT
**Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund (Unaudited)
For the Year Ended June 30, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Final Budget Variance with Actual (Budgetary)</u>
REVENUE					
Local sources:					
Real property taxes	\$ 32,506,722	\$ 28,584,801	\$ 28,578,654	\$ -	\$ (6,147)
Other tax items	693,472	4,615,393	4,618,801	-	3,408
Charges for services	120,650	120,650	105,508	-	(15,142)
Use of money and property	166,000	166,000	167,186	-	1,186
Sale of property and compensation for loss	10,500	10,500	3,715	-	(6,785)
Miscellaneous	<u>1,375,000</u>	<u>1,424,541</u>	<u>1,991,837</u>	<u>-</u>	<u>567,296</u>
Total local sources	<u>34,872,344</u>	<u>34,921,885</u>	<u>35,465,701</u>	<u>-</u>	<u>543,816</u>
State sources	42,532,054	42,532,054	42,885,813	-	353,759
Federal sources	1,398,264	1,398,264	1,396,006	-	(2,258)
Medicaid reimbursement	<u>325,000</u>	<u>325,000</u>	<u>205,426</u>	<u>-</u>	<u>(119,574)</u>
Total revenue	<u>79,127,662</u>	<u>79,177,203</u>	<u>79,952,946</u>	<u>-</u>	<u>775,743</u>
EXPENDITURES					
General support					
Board of education	46,250	34,800	16,872	-	17,928
Central administration	264,876	264,876	251,324	-	13,552
Finance	473,298	487,067	462,846	1,608	22,613
Staff	982,315	1,022,615	809,362	82,134	131,119
Central services	5,403,898	5,806,567	4,992,245	206,507	607,815
Special items	<u>1,287,500</u>	<u>1,310,719</u>	<u>1,278,603</u>	<u>-</u>	<u>32,116</u>
Total general support	<u>8,458,137</u>	<u>8,926,644</u>	<u>7,811,252</u>	<u>290,249</u>	<u>825,143</u>
Instruction					
Instruction, administration & improvement	2,280,880	2,326,142	2,288,133	12,989	25,020
Teaching - regular school	20,247,537	20,679,970	20,056,945	131,655	491,370
Programs for students with disabilities	12,970,715	12,025,044	11,556,960	82,090	385,994
Occupational education	2,245,125	2,214,546	2,205,265	839	8,442
Teaching - special schools	321,500	122,069	115,771	-	6,298
Instructional media	3,107,289	3,775,716	3,714,846	32,073	28,797
Pupil services	<u>2,354,907</u>	<u>2,380,269</u>	<u>2,038,443</u>	<u>32,986</u>	<u>308,840</u>
Total instruction	<u>43,527,953</u>	<u>43,523,756</u>	<u>41,976,363</u>	<u>292,632</u>	<u>1,254,761</u>
Pupil transportation	2,772,905	2,762,905	2,214,511	2,000	546,394
Employee benefits	20,162,574	20,113,236	18,681,376	-	1,431,860
Debt service - Principal	3,720,502	3,990,502	3,990,500	-	2
Debt service - Interest	<u>1,965,988</u>	<u>1,695,988</u>	<u>1,096,748</u>	<u>-</u>	<u>599,240</u>
Total expenditures	<u>80,608,059</u>	<u>81,013,031</u>	<u>75,770,750</u>	<u>584,881</u>	<u>4,657,400</u>
Excess (deficiency) of revenue over expenditures	<u>(1,480,397)</u>	<u>(1,835,828)</u>	<u>4,182,196</u>	<u>(584,881)</u>	<u>5,433,143</u>
OTHER FINANCING SOURCES (USES):					
Transfer from debt					
Transfer from other funds	550,000	550,000	-	-	(550,000)
Transfers to other funds	(117,500)	(117,500)	-	-	117,500
Appropriations	<u>1,047,897</u>	<u>1,403,328</u>	<u>-</u>	<u>-</u>	<u>(1,403,328)</u>
Total other financing sources (uses)	<u>1,480,397</u>	<u>1,835,828</u>	<u>-</u>	<u>-</u>	<u>(1,835,828)</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>4,182,196</u>	<u>\$ (584,881)</u>	<u>\$ 3,597,315</u>
FUND BALANCE - beginning of year			<u>16,189,147</u>		
FUND BALANCE - end of year			<u>\$ 20,371,343</u>		

AUBURN ENLARGED CITY SCHOOL DISTRICT

Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited) For the Year Ended June 30, 2021

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total OPEB Liability										
Service cost	\$ 6,348	\$ 6,876	\$ 6,289	\$ 6,057	\$ 5,723					
Interest	6,301	8,924	6,779	6,433	5,232					
Changes of benefit terms	(1,421)	(1,708)	(813)	72	-					
Differences between expected and actual experience	(10,332)	(59,841)	21,050	3,413	17,307					
Changes in assumptions	4,683	48,274	44,757	5,148	(12,897)					
Benefit payments	(7,305)	(7,009)	(2,881)	(2,595)	(2,403)					
Total change in total OPEB liability	(1,726)	(4,484)	75,181	18,528	12,962					
Total OPEB liability - beginning	255,055	259,539	184,358	165,830	152,868					
Total OPEB liability - ending (a)	\$ 253,329	\$ 255,055	\$ 259,539	\$ 184,358	\$ 165,830					
 Covered-employee payroll	 \$ 32,937	 \$ 32,781	 \$ 31,759	 \$ 30,741	 \$ 30,741					
 Total OPEB liability as a percentage of covered-employee payroll	 769.1%	 778.1%	 817.2%	 599.7%	 539.4%					

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Notes to schedule:

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

Discount rate	<u>2.27%</u>	<u>2.48%</u>	<u>3.44%</u>	<u>3.61%</u>	<u>3.80%</u>
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Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

The actuarial cost method has been updated from Projected Unit Credit to Entry Age Normal, which caused a decrease in liabilities.

The healthcare trend cost rates have been reset to an initial rate of 5.2% decreasing to an ultimate rate of 3.8% in 2070.

Plan Assets. No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Schedule of Proportionate Share of Net Pension Liability (Asset) (Unaudited)

For the Year Ended June 30, 2021

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Proportion of the net pension liability (asset)	0.020%	0.020%	0.019%	0.019%	0.018%	0.019%	0.018%			
Proportionate share of the net pension liability (asset)	<u>\$ 20</u>	<u>\$ 5,198</u>	<u>\$ 1,404</u>	<u>\$ 602</u>	<u>\$ 1,645</u>	<u>\$ 2,975</u>	<u>\$ 612</u>			
Covered-employee payroll	<u>\$ 6,283</u>	<u>\$ 6,165</u>	<u>\$ 6,033</u>	<u>\$ 5,564</u>	<u>\$ 5,468</u>	<u>\$ 5,262</u>	<u>\$ 4,915</u>			
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>0.32%</u>	<u>84.31%</u>	<u>23.27%</u>	<u>10.82%</u>	<u>30.08%</u>	<u>56.54%</u>	<u>12.45%</u>			
Plan fiduciary net position as a percentage of the total pension liability (asset)	<u>99.95%</u>	<u>86.39%</u>	<u>96.27%</u>	<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>			

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Proportion of the net pension liability (asset)	<u>0.165%</u>	<u>0.162%</u>	<u>0.181%</u>	<u>0.181%</u>	<u>0.173%</u>	<u>0.175%</u>	<u>0.172%</u>			
Proportionate share of the net pension liability (asset)	<u>\$ 4,566</u>	<u>\$ (4,218)</u>	<u>\$ (3,075)</u>	<u>\$ (1,373)</u>	<u>\$ 1,848</u>	<u>\$ (18,195)</u>	<u>\$ (19,108)</u>			
Covered-employee payroll	<u>\$ 29,249</u>	<u>\$ 28,048</u>	<u>\$ 29,368</u>	<u>\$ 27,703</u>	<u>\$ 28,632</u>	<u>\$ 26,624</u>	<u>\$ 37,432</u>			
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>15.61%</u>	<u>-15.04%</u>	<u>-10.47%</u>	<u>-4.96%</u>	<u>6.45%</u>	<u>-68.34%</u>	<u>-51.05%</u>			
Plan fiduciary net position as a percentage of the total pension liability (asset)	<u>97.80%</u>	<u>102.20%</u>	<u>101.53%</u>	<u>100.66%</u>	<u>99.01%</u>	<u>110.46%</u>	<u>111.48%</u>			

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Schedule of Contributions - Pension Plans (Unaudited)

For the Year Ended June 30, 2021

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 841	\$ 833	\$ 813	\$ 776	\$ 791	\$ 779	\$ 924			
Contributions in relation to the contractually required contribution	<u>841</u>	<u>833</u>	<u>813</u>	<u>776</u>	<u>791</u>	<u>779</u>	<u>924</u>			
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
Covered-employee payroll	<u>\$ 6,283</u>	<u>\$ 6,165</u>	<u>\$ 6,033</u>	<u>\$ 5,564</u>	<u>\$ 5,468</u>	<u>\$ 5,262</u>	<u>\$ 4,915</u>			
Contributions as a percentage of covered-employee payroll	<u>13.39%</u>	<u>13.51%</u>	<u>13.48%</u>	<u>13.95%</u>	<u>14.47%</u>	<u>14.80%</u>	<u>18.80%</u>			

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 2,787	\$ 2,485	\$ 3,068	\$ 2,894	\$ 3,555	\$ 3,722	\$ 4,808			
Contributions in relation to the contractually required contribution	<u>2,787</u>	<u>2,485</u>	<u>3,068</u>	<u>2,894</u>	<u>3,555</u>	<u>3,722</u>	<u>4,808</u>			
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
Covered-employee payroll	<u>\$ 29,249</u>	<u>\$ 28,048</u>	<u>\$ 29,368</u>	<u>\$ 27,703</u>	<u>\$ 28,632</u>	<u>\$ 26,624</u>	<u>\$ 37,432</u>			
Contributions as a percentage of covered-employee payroll	<u>9.53%</u>	<u>8.86%</u>	<u>10.45%</u>	<u>10.45%</u>	<u>12.42%</u>	<u>13.98%</u>	<u>12.84%</u>			

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as they become available.

SUPPLEMENTARY INFORMATION

AUBURN ENLARGED CITY SCHOOL DISTRICT

Supplementary Information

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2021

		Misc. Special Revenue			
		Extra-			
		classroom			
	School Lunch	Activities	Scholarships	Debt Service	Total
ASSETS					
Cash	\$ 107,016	\$ -	\$ -	\$ -	\$ 107,016
Cash - restricted	-	109,318	461,089	10,459	580,866
State and federal aid receivable	111,405	-	-	-	111,405
Due from other funds	-	-	-	470	470
Inventory	28,593	-	-	-	28,593
TOTAL ASSETS	\$ 247,014	\$ 109,318	\$ 461,089	\$ 10,929	\$ 828,350
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
LIABILITIES:					
Accounts payable	\$ 83,806	\$ -	\$ -	\$ -	\$ 83,806
Due to other funds	-	-	263,166	-	263,166
Unearned revenue	14,228	-	-	-	14,228
TOTAL LIABILITIES	98,034	-	263,166	-	361,200
FUND BALANCE:					
Nonspendable -					
Inventory	28,593	-	-	-	28,593
Restricted -					
Debt service	-	-	-	10,929	10,929
Other	120,387	109,318	197,923	-	427,628
Total restricted fund balance	120,387	109,318	197,923	10,929	438,557
Unassigned	-	-	-	-	-
TOTAL FUND BALANCE	148,980	109,318	197,923	10,929	467,150
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 247,014	\$ 109,318	\$ 461,089	\$ 10,929	\$ 828,350

The accompanying notes are an integral part of these statements.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Supplementary Information

**Combining Statement of Revenue, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds
For the Year Ended June 30, 2021**

		Misc. Special Revenue				
		Extra-				
		classroom				
	School Lunch	Activities	Scholarships	Debt Service	Total	
REVENUE:						
Use of money and property	\$ 102	\$ -	\$ -	\$ 8,088	\$ 8,190	
Miscellaneous	-	57,822	11,871	-	69,693	
State sources	23,680	-	-	-	23,680	
Federal sources	970,680	-	-	-	970,680	
Total revenue	994,462	57,822	11,871	8,088	1,072,243	
EXPENDITURES:						
General support	-	-	-	-	-	
Employee benefits	34,105	-	-	-	34,105	
Cost of sales	948,925	-	-	-	948,925	
Other expenditures	-	70,562	12,500	-	83,062	
Total expenditures	983,030	70,562	12,500	-	1,066,092	
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	11,432	(12,740)	(629)	8,088	6,151	
OTHER SOURCES AND (USES):						
Proceeds from issuance of debt	-	-	-	1,925,000	1,925,000	
Premium on obligations	-	-	-	229,926	229,926	
Payment to escrow agent	-	-	-	(2,154,926)	(2,154,926)	
Total other sources (uses)	-	-	-	-	-	
CHANGE IN FUND BALANCE	11,432	(12,740)	(629)	8,088	6,151	
FUND BALANCE - beginning of year, as previously reported	137,548	-	-	2,841	140,389	
PRIOR PERIOD ADJUSTMENT (NOTE 15)	-	122,058	198,552	-	320,610	
FUND BALANCE - beginning of year, as restated	137,548	122,058	198,552	2,841	460,999	
FUND BALANCE - end of year	\$ 148,980	\$ 109,318	\$ 197,923	\$ 10,929	\$ 467,150	

OTHER INFORMATION (UNAUDITED)

AUBURN ENLARGED CITY SCHOOL DISTRICT

Schedule of Change from Original Budget to Revised Budget and Schedule of Section 1318 of Real Property Tax Law Limit Calculation - General Fund (Unaudited) For the Year Ended June 30, 2021

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget	\$ 80,725,559
Add: Prior year's encumbrances	<u>355,431</u>
Original budget	81,080,990
Budget revisions	<u>49,541</u>
Final budget	<u><u>\$ 81,130,531</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021-22 voter-approved expenditure budget	\$ 83,861,951
Maximum allowed (4% of 2020-21 subsequent year's budget):	<u><u>\$ 3,354,478</u></u>

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

Unrestricted fund balance:	
Assigned fund balance	2,020,846
Unassigned fund balance	<u>9,129,714</u>
Total unrestricted fund balance	<u><u>\$ 11,150,560</u></u>

Less:

Appropriated fund balance	\$ 1,435,965
Encumbrances included in assigned fund balance	<u>584,881</u>
Total adjustments	<u><u>2,020,846</u></u>

General Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 9,129,714</u></u>
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Actual percentage	<u><u>10.89%</u></u>
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AUBURN ENLARGED CITY SCHOOL DISTRICT

Schedule of Project Expenditures - Capital Projects Fund (Unaudited) For the Year Ended June 30, 2021

	Authorization		Expenditures			Available Balance
	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	
Smart School Bond	\$ 3,701,117	\$ 3,701,117	\$ 3,650,532	\$ 11,694	\$ 3,662,226	\$ 38,891
Pre-Referendum	43,745,300	43,745,300	4,362,912	3,662,231	8,025,143	35,720,157
Emergency AJHS Gym	990,816	990,816	941,932	-	941,932	48,884
Energy Performance Contract	2,090,096	2,090,096	551,023	1,539,073	2,090,096	-
	<u>\$ 50,527,329</u>	<u>\$ 50,527,329</u>	<u>\$ 9,506,399</u>	<u>\$ 5,212,998</u>	<u>\$ 14,719,397</u>	<u>\$ 35,807,932</u>

AUBURN ENLARGED CITY SCHOOL DISTRICT

Schedule of Net Investment in Capital Assets (Unaudited)

June 30, 2021

Capital assets, net	\$ 70,057,797
Add:	
Deferred amounts on refunding	512,109
Unspent bond anticipation notes proceeds	17,249,477
Deduct:	
Short-term portion of bonds payable	(2,700,000)
Long-term portion of bonds payable	(19,593,743)
Short-term portion of installment debt payable	(836,957)
Long-term portion of installment debt payable	(5,244,081)
Bond anticipation note payable	<u>(22,950,000)</u>
Net investment in capital assets	<u>\$ 36,494,602</u>

UNIFORM GUIDANCE

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

October 6, 2021

To the Board of Education of
Auburn Enlarged City 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 aggregate remaining fund information of Auburn Enlarged City School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 6, 2021.

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) as a basis for designing 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

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

October 6, 2021

To the Board of Education of
Auburn Enlarged City School District

Report on Compliance for Each Major Federal Program

We have audited the Auburn Enlarged City School District's (the District's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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 Requirement, 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, 2021.

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.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2021

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing</u>	<u>Pass Through Grant Number</u>	<u>Expenditures</u>
U.S. Department of Agriculture:			
Child Nutrition Cluster:			
National school lunch program	10.555	N/A	\$ 83,712
Passed through New York State Department of Education:			
School breakfast program	10.553	N/A	316,476
National school lunch program	10.555	N/A	570,492
<i>Total Passed through New York State Department of Education</i>			<u>886,968</u>
<i>Subtotal Child Nutrition Cluster</i>			<u>970,680</u>
Total U.S. Department of Agriculture			<u>970,680</u>
U.S. Department of Education			
Passed through New York State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	0021-21-0280	1,223,245
Title I Grants to Local Educational Agencies	84.010	0011-21-2018	290,541
Title I Grants to Local Educational Agencies	84.010	0011-21-2318	15,978
<i>Subtotal Title I Grants to Local Educational Agencies</i>			<u>1,529,764</u>
School Safety National Activities	84.184	N/A	29,663
Special Education Cluster -			
Special Education Grants to States	84.027	0032-21-0087	980,946
Special Education Preschool Grants	84.173	0033-21-0087	34,328
<i>Subtotal Special Education Cluster</i>			<u>1,015,274</u>
Rural Education	84.358	0006-21-0280	91,217
Supporting Effective Instruction State Grants	84.367	0147-21-0280	189,702
Support and Academic Enrichment	84.424	0204-21-0280	123,375
Education for Homeless Children and Youth	84.196	0212-21-3100	46,950
COVID-19 - Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act - Governor's Emergency Education Relief (GEER) Fund	84.425C	5895-21-0280	202,846
COVID-19 - Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act - Elementary and Secondary School Emergency Relief	84.425D	5890-21-0280	1,193,161
<i>Subtotal -84.425 - COVID-19 - Education Stabilization Fund</i>			<u>1,396,007</u>

<i>Total Passed through New York State Department of Education</i>			<u>4,421,952</u>
Total U.S. Department of Education			<u>4,421,952</u>
Department of Housing and Urban Development			
Passed through the City of Auburn:			
COVID-19 - Community Development Block Grants/Entitlement Grants	14.218	N/A	<u>37,875</u>
<i>Total Passed through the City of Auburn</i>			<u>37,875</u>
Total Department of Housing and Urban Development			<u>37,875</u>
Total expenditures of federal awards			<u>\$ 5,430,507</u>
<u>Total Program Expenditures by CFDA Number</u>			
National School Lunch Program	10.555	N/A	<u>\$ 654,204</u>

The accompanying notes are an integral part of this schedule.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Notes to Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2021

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of the Auburn Enlarged City School District (District), under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or the respective changes in financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are presented in conformity with accounting principles generally accepted in the United States and the amounts presented are derived from the District's general ledger.

3. PASS-THROUGH PROGRAMS

Where the District receives funds from a government entity other than the federal government (pass-through), the funds are accumulated based upon the Assistance Listing number advised by the pass-through grantor.

Identifying numbers, other than the Assistance Listing numbers, which may be assigned by pass-through grantors are not maintained in the District's financial management system. The District has identified certain pass-through identifying numbers and included them in the schedule of expenditures of federal awards, as available.

4. INDIRECT COSTS

Indirect costs are included in the reported expenditures to the extent they are included in the financial reports used as the source for the expenditures presented.

The District did not elect to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

5. MATCHING COSTS

Matching costs, i.e., the District's share of certain program costs, are not included in the reported expenditures.

6. NON-MONETARY FEDERAL PROGRAM

The District is the recipient of a federal financial award program that does not result in cash receipts or disbursements termed a "non-monetary" program. During the year ended June 30, 2021, the District received food commodities, the fair value of which amounted to \$83,712, is presented in the Schedule as National School Lunch Program (Division of Donated Foods, AL#10.555) and was considered in the District's single audit.

AUBURN ENLARGED CITY SCHOOL DISTRICT

Schedule of Findings and Questioned Costs For the Year Ended June 30, 2021

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of independent auditor's report issued on whether the financial statements were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(ies) identified not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ none reported

Federal Awards

Internal control over major programs:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(ies) identified not considered to be material weaknesses? ☐ yes ☒ none reported

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? ☐ yes ☒ no

The major federal programs of the District for the year ended June 30, 2021 were as follows:

U.S. Department of Education

COVID-19 - Governor's Emergency Education Relief Fund (84.425C)

COVID-19 - Elementary and Secondary School Emergency Relief Fund (84.425D)

U.S. Department of Agriculture

Child Nutrition Cluster

National School Lunch Program (10.555)

Summer Food Service Lunch Program (10.559)

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

Auditee qualified as low-risk auditee? ☒ yes ☐ no

B. FINDINGS - FINANCIAL STATEMENT AUDIT

None reported.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None reported.