

**BOARD OF EDUCATION,  
CITY OF BUFFALO, NEW YORK  
(A Component Unit of the City of Buffalo, New York)**

**FINANCIAL STATEMENTS**

**JUNE 30, 2021**

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK  
(A Component Unit of the City of Buffalo, New York)

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## INDEPENDENT AUDITORS' REPORT

The Board of Education  
Board of Education, City of Buffalo, New York

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of Board of Education, City of Buffalo, New York (the Board), a component unit of the City of Buffalo, New York, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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

### Opinions

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

## **Other Matters**

### *Change in Accounting Principle*

As described in Note 2 to the financial statements, the District adopted GASB Statement No. 84, *Fiduciary Activities*, in 2021. Our opinion is not modified with respect to this matter.

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2021 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Board'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 Board's internal control over financial reporting and compliance.



October 15, 2021

**Management’s Discussion and Analysis (unaudited)**

June 30, 2021

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**Introduction**

Management’s Discussion and Analysis (MD&A) of Board of Education, City of Buffalo, New York (the Board) provides an overview of the Board’s financial activities and performance for the year ended June 30, 2021. The information contained in the MD&A should be considered in conjunction with the information presented as part of the Board’s financial statements that follow. This MD&A, the financial statements, and notes thereto are essential to a full understanding of the Board’s financial position and results of operations. The Board’s financial statements have the following components: (1) government-wide financial statements, (2) governmental fund financial statements, (3) reconciliations between the government-wide and governmental fund financial statements, (4) fiduciary fund statements, (5) notes to the financial statements, and (6) supplementary information.

In 2021, the Board adopted GASB Statement No. 84, *Fiduciary Activities*. This statement redefines activities considered to be fiduciary, and as a result, payroll and employee third party withholdings are now recorded in the general fund. In addition, fiduciary liabilities are only recognized when an event has occurred that compels the Board to disburse fiduciary resources.

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

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

Fiduciary funds are used to report fiduciary activities, which may include pension and other postemployment benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The Board’s custodial fund includes extraclassroom activity funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Board’s programs. The notes to the financial statements provide additional information that is essential for a full understanding of the government-wide, governmental fund, and fiduciary fund financial statements.

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

<b>Condensed Statement of Net Position (in thousands)</b>	<b>2021</b>	<b>2020</b>	<b>Change</b>	
			<b>\$</b>	<b>%</b>
Current and other assets	\$ 553,591	\$ 513,334	\$ 40,257	7.8%
Capital assets	739,386	799,996	(60,610)	(7.6%)
<b>Total assets</b>	<b>1,292,977</b>	<b>1,313,330</b>	<b>(20,353)</b>	<b>(1.5%)</b>
<b>Deferred outflows of resources</b>	<b>817,848</b>	<b>620,884</b>	<b>196,964</b>	<b>31.7%</b>
Long-term liabilities	3,270,537	3,480,424	(209,887)	(6.0%)
Other liabilities	183,240	148,967	34,273	23.0%
<b>Total liabilities</b>	<b>3,453,777</b>	<b>3,629,391</b>	<b>(175,614)</b>	<b>(4.8%)</b>
<b>Deferred inflows of resources</b>	<b>1,064,081</b>	<b>795,947</b>	<b>268,134</b>	<b>33.7%</b>
Net position				
Net investment in capital assets	117,509	98,848	18,661	18.9%
Restricted	53,845	59,102	(5,257)	(8.9%)
Unrestricted	(2,578,387)	(2,649,074)	70,687	(2.7%)
<b>Total net position</b>	<b>\$ (2,407,033)</b>	<b>\$ (2,491,124)</b>	<b>\$ 84,091</b>	<b>(3.4%)</b>

Net position amounted to a deficit of (\$2,407,033) and (\$2,491,124) as of June 30, 2021 and 2020, respectively. The net deficit is a result of recognition of the Board's total other postemployment benefits (OPEB) liability, which is an actuarial estimate of amounts the Board will owe for health insurance for its retirees. The largest positive portion of the Board's net position reflects its investment in capital assets consisting of land, buildings and improvements, and furniture and equipment, less outstanding debt used to acquire those assets. The Board uses capital assets to provide services to students; consequently, these assets are not available for future spending.

The Board's net position also includes resources that are subject to external restrictions on how they may be used, which includes reserves set aside for specific purposes governed by statutory law and regulations. Such reserves include funds for judgments, claims, and property loss, which are used for outstanding litigation or uninsured losses on Board property; the unemployment reserve, which is used to pay the cost of reimbursement to the State Unemployment Insurance Fund; and the stabilization reserve, which is used for unanticipated, extraordinary, or capital needs. Other restricted resources include funds restricted for debt service and special activities.

Total assets decreased by \$20,353 (\$4,392 decrease in 2020). Capital assets decreased \$60,610 due to current year depreciation of \$79,379, while the Board's proportionate share of the NYS Teachers' Retirement System (TRS) net pension position declined from an asset of \$46,418 to a liabilities of \$50,249 as a result of actuarial changes and investment losses. These decreases were offset by increases in current and other assets, including an increase of \$15,110 in cash held by the City of Buffalo as a result of the general fund surplus and State and Federal aid receivable of \$69,460 due to additional grant revenues and timing in collection of these funds.

Long-term liabilities, which include the Board's total OPEB liability of \$2,485,499 (\$2,613,913 in 2020), decreased by \$209,887 (\$173,879 increase in 2020), while other liabilities increased by \$34,273 (\$5,541 decrease in 2020). Other liabilities increased as a result of increases in accounts payable and accrued liabilities, while the amount due to the City of Buffalo for advances to the Special Aid Fund increased as a result of delays in grant reimbursements from New York State. A majority of the decrease in long-term liabilities relates to a decrease in the total OPEB liability of \$128,414, a \$96,358 reduction in total bonded debt due to regular payments made during the fiscal year, and savings resulting from debt refinancing activity. Offsetting these decreases, the Board's proportionate share of the TRS net pension liability and the NYS and Local Employees' Retirement System (ERS) net pension liability had a combined net increase of \$12,062.

Many of the Board's employees participate in TRS and ERS, which are reflected in amounts reported as net pension asset, net pension liability, and deferred outflows and deferred inflows of resources related to pensions. Changes in these balances, along with changes in the total OPEB liability and deferred outflows and deferred inflows related to OPEB, are heavily influenced by actuarial assumptions and investment performance versus expected performance. See the footnotes to the financial statements for further details.

<b>Condensed Statement of Activities (in thousands)</b>	<b>2021</b>	2020	Change	
			\$	%
<b>Revenues</b>				
Program revenues				
Charges for services	\$ 4,106	\$ 4,543	\$ (437)	(9.6%)
Operating grants and contributions	165,294	135,075	30,219	22.4%
Capital grants and contributions	9,046	9,368	(322)	(3.4%)
General revenues				
Contributions from the City and school tax relief	70,823	70,823	-	-
State aid	738,021	779,271	(41,250)	(5.3%)
Sales tax and other	68,897	55,618	13,279	23.9%
<b>Total revenues</b>	<b>1,056,187</b>	<b>1,054,698</b>	<b>1,489</b>	<b>0.1%</b>
<b>Expenses</b>				
Instruction	793,546	835,618	(42,072)	(5.0%)
Support services				
General support	96,819	89,995	6,824	7.6%
Pupil transportation	32,342	43,205	(10,863)	(25.1%)
Food service	26,325	30,974	(4,649)	(15.0%)
Interest and other	23,064	28,114	(5,050)	(18.0%)
<b>Total expenses</b>	<b>972,096</b>	<b>1,027,906</b>	<b>(55,810)</b>	<b>(5.4%)</b>
Change in net position	84,091	26,792	57,299	213.9%
Net position – beginning	(2,491,124)	(2,517,916)	26,792	(1.1%)
<b>Net position – ending</b>	<b>\$ (2,407,033)</b>	<b>\$ (2,491,124)</b>	<b>\$ 84,091</b>	<b>(3.4%)</b>

Board revenues increased by \$1,489 or 0.1% (\$17,408 or 1.6% decrease in 2020). State aid within General Revenues decreased \$41,250 or 5.3% (\$8,620 or 1.1% increase in 2020) primarily as a result of New York State closing its 2020-21 budget deficit by cutting \$29,734 of State aid, which was shifted to Federal CARES Act revenues allocated to the Board. Meanwhile, reduced transportation aid of \$13,200 resulted from lower transportation expenses in the 2019-20 fiscal year as a result of COVID-19 school closures. Offsetting these State aid decreases, operating grants and contributions increased \$30,219 or 22.4% (\$4,314 or 3.1% decrease in 2020) due to the aforementioned Federal CARES Act revenues in the amount of \$27,921, while sales tax and other revenues increased \$13,279 or 23.9% (\$20,165 or 26.6% decrease in 2020) due primarily to an overall increase in sales tax revenues.

Total expenses decreased \$55,810 or 5.4% (\$25,759 or 2.6% increase in 2020). This decrease is primarily due to lower employee-related costs, and the allocation of a \$35,295 decrease in OPEB expense. Payroll and associated benefits are allocated among instruction and support services categories. Additionally, charter school tuition expenditures increased \$4,407. These increases were offset by a decrease in pupil transportation and food service expenses of \$10,863 and \$4,649 respectively, as a result of the closure of District schools related to the COVID-19 crisis, while interest and other expense was reduced \$5,050 due to continued reduction in the Board's outstanding debt as well as debt refinancing activity during 2020-21.

### Financial Analysis of the Board's Funds

Total fund balances for the governmental funds increased from \$323,872 to \$365,615 as described below:

- Total revenues decreased by \$7,599 or 0.7%, mainly due to the reduction in overall State aid of \$45,075, which was offset by Federal aid increases of \$25,398 as a result of CARES Act revenues. Additionally, non property tax items (sales tax) increased by \$5,831, while miscellaneous revenues increased \$7,232 due to refunds of prior year expenditures including workers compensation and unemployment expenses.

- Total expenses decreased \$2,229 or 0.2% as a result of overall reduced spending related to the impact of the COVID-19 closures. Total regular instruction declined \$10,736, primarily in the Special Aid fund, while transportation decreased \$10,953 due to facility closures during the first half of the 2020-21 school year. These decreases were offset by an increase of \$4,407 in charter school tuition expense, and an increase in debt service principal payments of \$9,531 on outstanding bonds during the fiscal year, and an additional contribution towards refunded debt. Additionally, general support increased \$4,968 due to higher costs related to reopening schools in the second half of 2020-21, and providing technology for students and staff working remotely, while benefits increased due to higher TRS pension rates and retiree health insurance.
- The general fund experienced an increase in fund balance of \$46,706, to \$312,695, during 2021 compared to a \$42,326 increase for 2020. Significant changes in fund balance include assigned fund balance - designated for next year's budget which decreased \$21,000, from \$50,000 to \$29,000, as a result of the \$29,000 deficit budgeted in the 2021-22 fiscal year in response to projected increases in State aid in 2021-22. Additionally, assigned fund balance for OPEB and other benefits increased \$20,000 from \$49,146 to \$69,146, while a new assigned fund balance for the continuation of American Rescue Plan (ARP) items when the federal stimulus fund expires in 2024 was created and funded with \$30,000. Unassigned fund balance increased \$15,913, from \$85,055 to \$100,968, with \$38,900 being maintained for the required 4% minimum unassigned fund balance required by Board policy, and \$62,067 being the additional amount in excess of the Board policy minimum.
- The debt service fund experienced a decrease in fund balance of \$5,251 due to annual debt service requirements and refunding in 2020-21. The capital project fund experienced an \$11,097 reduction to negative \$605 due to capital outlay of \$17,046 against operating transfers in of \$5,983. It is anticipated that Smart Schools Bond Act revenue will be received from the State during 2021-22, reimbursing the Board for costs incurred during 2019-20 and 2020-21. The food service fund experienced an increase in fund balance of \$11,392 to \$30,486 due primarily to higher revenues related to Federal stimulus, while expenditures were lower due to the closure of most Board facilities for a large portion of the 2020-21 school year.

### General Fund Budgetary Highlights

The total final revenue budget for 2021 was \$903,350. Actual revenues amounted to \$911,685, a favorable difference of \$8,335 or 0.9%. This favorable variance was primarily caused by \$10,352 in nonproperty tax items (Erie County Sales tax) in excess of the budget due to higher spending in the County as the economy began to recover from COVID-19 restrictions. State aid of \$738,021 was relatively flat, at \$184 over budget, as State aid reserved for in 2019-20 was collected in 2020-21, offsetting declines in certain formula-based aids. Contributions from the City of Buffalo and STAR aid combined were flat with budget at \$70,823. Charges for services were \$1,000 over budget, primarily due to conservative budgeting for tuitions and charges to other school districts, while miscellaneous revenues were \$848 under budget. Federal Stimulus Aid (CARES Act) revenue of \$27,921 was \$1,813 under budget as amounts anticipated to be spent during 2020-21 are now projected to be spent in 2021-22. Federal Medicaid revenues of \$2,168 were \$832 under budget due to reduced billable services provided.

Actual expenditures and carryover encumbrances were less than the final revised budget by \$80,297 or 9.5%. The favorable difference is attributable to many factors and many unknown items when the budget was prepared. As a result of the COVID-19 crisis, schools were closed for in-person education from the start of the 2020-21 school year in September 2021, with all student learning being done remotely, until February 2021, when a limited number of students returned to in-person instruction. Board staff continued to be paid throughout the closure, though many hourly and substitute staff worked less than in a typical year. Many costs related to the Board's vendors or that required in-person service were reduced because services could not be provided, while other costs were higher, including technology and services needed for remote instruction, and cleaning and personal protective equipment in anticipation of students' return to in-person instruction. However, the overall impact of COVID-19 resulted in significant budgetary savings in many of the functional expenditure categories below.

General support - central services, which includes plant and IT costs was \$4,296 under the revised budget because of savings in salary and hourly pay of \$1,622 due to vacancies and reduced overtime. There were further savings in utilities of \$567, software, supplies and repairs of \$824, and contractual costs of \$1,296 due to the closure of Board facilities. All other general support categories had a combined favorable budgetary variance of \$1,937, primarily in staffing.

Instruction, excluding charter school tuition, had budgetary savings of \$22,369 compared to the revised budget. Salaries had a favorable variance of \$17,202 to the revised budget, and \$12,532 to the original budget, with a portion of the difference between the two resulting from increased teaching positions added during the year for reasons of equity or compliance. Teacher salaries had a favorable budgetary variance of \$13,262 to the revised budget and \$6,913 to the original budget. Substitute teachers were utilized less due to the facility closures, resulting in a favorable budgetary variance of \$93 to the revised budget or \$2,744 to the original budget, with unused funds from the original budget being transferred to other lines. Teacher Aides and Assistants had a

favorable variance of \$2,138 to the revised budget and \$1,730 to the original budget. Contractual, software, and supplies costs had favorable budgetary variances of \$3,365 and \$5,707, respectively, to the revised and original budgets. Tuition, primarily to agencies, was \$1,846 favorable to the revised budget.

Charter school tuition was \$1,613 below the revised budget, and \$2,910 below the original budget. In actual dollars per pupil, charter school tuition decreased \$294 from \$13,494 to \$13,200, while charter pupils increased from 9,213 in 2019-20 to 9,749 in 2020-21, continuing the long-term trend of further saturation of charter school seats in Buffalo, which is approximately 25% of total K-12 seats in Buffalo in 2020-21. In response to an audit from the Office of the State Comptroller of New York, during the 2019-20 and 2020-21 fiscal years, the Board withheld cash payments to charter schools amounting to \$3,008 each year, or \$6,008 in total, related to prior year overpayments of special education tuition. These amounts withheld were recorded as expenditures pending final resolution.

Pupil transportation costs were \$35,492 below the revised budget due to the closure of schools from the beginning of the 2020-21 school year through February 2021, with limited bussing through the end of the year. Costs of yellow bus and public transportation were \$23,981 and \$6,470 under budget, respectively, while bus aide costs were \$3,055 under budget. All other transportation costs, including staff, contracts, supplies, and bus fuel were a combined \$1,953 under the revised budget. The Board did not pay for contracted transportation services during the period of the closure, which resulted in significant savings, while the public transportation budget benefited from Federal stimulus aid received by the NFTA to subsidize their costs.

Employee benefit costs were \$14,575 below the revised budget due to several factors. Self-insured employee and retiree health insurance costs paid during the fiscal year did not increase as much as anticipated, which resulted in an \$8,449 favorable variance to the revised budget, while lower salaries, overtime, and extra activity resulted in a \$4,044 favorable variance in pension and social security costs. Termination payments were \$562 under budget, while all other benefits, including supplemental insurance for vision and dental, workers compensation, and unemployment were \$1,520 under budget.

Operating transfers out were 1,146 below the revised budget, due to lower than anticipated transfers to the special aid fund. Operating transfers in were \$3,850 over the revised budget primarily as a result of the reversal of a \$5,200 transfer to the special aid fund that occurred in the prior year to cover the State aid revenue shortfall resulting from potential State withholding of 20% of outstanding State aid receivables at June 30, 2020. During the 2020-21 fiscal year, the State released all amounts withheld. Transfers to the City of Buffalo were flat with the revised budget.

### Capital Assets

	2021	2020
Land	\$ 3,012	\$ 3,012
Construction in progress	36,352	29,354
Buildings and improvements	1,789,623	1,787,924
Equipment and vehicles	51,781	41,821
	<u>1,880,768</u>	1,862,111
Accumulated depreciation	<u>(1,141,382)</u>	(1,062,115)
	<u>\$ 739,386</u>	\$ 799,996

Current year additions of \$18,769 were offset by depreciation of \$79,379.

### Debt

At June 30, 2021, the Board had \$566,200 in bonds outstanding, with \$60,415 due within one year (\$668,805 outstanding at June 30, 2020). Amounts due to New York State amounted to \$6,700, with \$713 due within one year (\$7,413 outstanding at June 30, 2020). Outstanding compensated absences payable were \$24,750 with \$8,594 expected to be paid within one year (\$23,903 outstanding at June 30, 2020).

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

### **Current Financial Issues and Concerns**

Though COVID-19 has been impacting the Buffalo City School District for 18 months now, the ultimate impact of COVID-19 on the Board's operational and financial performance will still be dependent on further developments, including the continued duration and spread of the outbreak and its impact on all school districts and their residents, employees, and vendors. As of September 2021, the Board has fully opened its schools to all of its students, and is following all applicable Federal, State, and County guidance to safely open and keep open its schools. In addition to the COVID-19 health crisis, supply challenges, bus driver shortages, and staffing shortages are all concerns the Board is focusing on at this time.

However, as a result of an unprecedented Federal investment in education, the State adopted a budget for 2021-22 which included the largest increase in State Aid ever for the Board, along with unprecedented Federal Stimulus aid to be spent over the next three to four years. The State anticipates fully funding its Foundation Aid formula by 2023-24, while the Coronavirus Response and Relief Supplemental Appropriations Act and American Rescue Plan Federal stimulus funds are expected to provide necessary supplemental supports for our students to mitigate any impact of the COVID-19 crisis, and accelerate their learning.

### **Contacting the Board's Financial Management**

This financial report is designed to provide our Board's residents, taxpayers, parents, students, investors, and creditors with a general overview of the Board's finances, and to show the Board's accountability for the money it receives. For more detailed information, questions may be directed to the Office of the Chief Financial Officer, Buffalo City School District, 708 City Hall, Buffalo, New York 14202.

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK  
(A Component Unit of the City of Buffalo, New York)

**Statement of Net Position**

June 30, 2021

(With comparative totals as of June 30, 2020)

	2021	2020
<b>Assets</b>		
Cash and cash equivalents	\$ 12,292,758	\$ 10,543,453
Cash held by the City of Buffalo	339,322,237	324,211,910
Cash and cash equivalents with fiscal agent	10,787,410	16,019,666
Cash and cash equivalents - restricted	12,662,591	12,768,728
Due from other governments, net	9,382,380	4,582,974
Accounts receivable, net	12,257,699	10,926,011
State and federal aid receivable, net	155,087,178	85,627,080
Inventory and prepaid expenses	1,798,577	2,235,648
Net pension asset	-	46,418,092
Capital assets (Note 6)	1,880,768,235	1,862,111,777
Accumulated depreciation	(1,141,382,251)	(1,062,115,472)
<b>Total assets</b>	<b>1,292,976,814</b>	<b>1,313,329,867</b>
<b>Deferred Outflows of Resources</b>		
Defeasance loss	19,847,050	22,095,496
Deferred outflows of resources related to pensions	203,966,490	175,950,271
Deferred outflows of resources related to OPEB	594,035,000	422,838,000
<b>Total deferred outflows of resources</b>	<b>817,848,540</b>	<b>620,883,767</b>
<b>Liabilities</b>		
Accounts payable	41,236,499	32,964,748
Accrued liabilities	50,547,672	43,318,094
Due to other governments	1,401,230	1,401,230
Due to retirement systems	33,007,342	31,489,070
Due to fiduciary fund	-	503,704
Due to the City of Buffalo	57,046,886	39,289,914
Long-term liabilities		
Due within one year:		
Bonds	60,415,000	74,320,000
Due to New York State	713,334	713,332
Compensated absences	8,594,000	9,952,000
Workers' compensation	9,396,000	9,623,000
Due beyond one year:		
Bonds and related premiums	592,080,627	674,533,464
Due to New York State	5,986,666	6,700,000
Compensated absences	16,156,249	13,951,228
Workers' compensation	41,300,000	38,383,000
Net pension liability	50,396,473	38,334,713
Total OPEB liability	2,485,499,000	2,613,913,000
<b>Total liabilities</b>	<b>3,453,776,978</b>	<b>3,629,390,497</b>
<b>Deferred Inflows of Resources</b>		
Defeasance gain	8,911,157	-
Deferred inflows of resources related to pensions	75,395,947	70,532,970
Deferred inflows of resources related to OPEB	979,774,000	725,414,000
<b>Total deferred inflows of resources</b>	<b>1,064,081,104</b>	<b>795,946,970</b>
<b>Net Position</b>		
Net investment in capital assets	117,508,660	98,848,003
Restricted	53,845,051	59,102,539
Unrestricted	(2,578,386,439)	(2,649,074,375)
<b>Total net position (deficit)</b>	<b>\$ (2,407,032,728)</b>	<b>\$ (2,491,123,833)</b>

See accompanying notes.

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK  
(A Component Unit of the City of Buffalo, New York)

**Statement of Activities**

For the year ended June 30, 2021

(With summarized comparative totals for June 30, 2020)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	2021	2020
<b>Governmental activities</b>						
General support	\$ 96,818,561	\$ 18,924	\$ -	\$ -	\$ (96,799,637)	\$ (89,965,830)
Instruction - regular	656,731,556	3,895,345	129,178,478	9,045,735	(514,611,998)	(586,787,658)
Instruction - charter	136,814,846	-	-	-	(136,814,846)	(132,408,194)
Pupil transportation	32,341,564	-	-	-	(32,341,564)	(43,205,284)
Interest expense	22,860,629	-	-	-	(22,860,629)	(27,877,972)
School food service	26,324,611	192,074	36,115,077	-	9,982,540	1,561,109
Community service	203,743	-	-	-	(203,743)	(236,154)
	<u>\$ 972,095,510</u>	<u>\$ 4,106,343</u>	<u>\$ 165,293,555</u>	<u>\$ 9,045,735</u>	<u>(793,649,877)</u>	<u>(878,919,983)</u>
<b>General revenues</b>						
					63,903,427	62,148,344
Contribution from City of Buffalo					6,919,331	8,674,414
School tax relief reimbursement					54,352,281	48,519,017
Sales taxes					738,021,384	779,270,635
State aid					14,544,559	7,099,811
Miscellaneous					<u>877,740,982</u>	<u>905,712,221</u>
<b>Total general revenues</b>						
Change in net position					84,091,105	26,792,238
Net position (deficit) - beginning					(2,491,123,833)	(2,517,916,071)
<b>Net position (deficit) - ending</b>					<u>\$ (2,407,032,728)</u>	<u>\$ (2,491,123,833)</u>

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK  
(A Component Unit of the City of Buffalo, New York)

**Balance Sheet - Governmental Funds**

June 30, 2021

(With comparative totals as of June 30, 2020)

	General	Special Aid	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds	
						2021	2020
<b>Assets</b>							
Cash and cash equivalents	\$ 12,009,592	\$ 98,208	\$ -	\$ -	\$ 184,958	\$ 12,292,758	\$ 10,543,453
Cash held by the City of Buffalo	314,380,130	-	255,785	-	24,686,322	339,322,237	324,211,910
Cash and cash equivalents with fiscal agent	-	-	-	10,787,410	-	10,787,410	16,019,666
Cash and cash equivalents - restricted	595,241	-	-	11,757,390	309,960	12,662,591	12,768,728
Due from other governments, net	9,382,380	-	-	-	-	9,382,380	4,582,974
Accounts receivable, net	12,184,699	59,648	-	-	13,352	12,257,699	10,926,011
State and federal aid receivable, net	64,796,184	65,361,479	19,141,178	-	5,788,337	155,087,178	85,627,080
Due from other funds, net	10,430,676	-	-	-	-	10,430,676	9,999,219
Inventory and prepaid expenses	827,426	-	-	-	971,151	1,798,577	2,235,648
<b>Total assets</b>	<b>\$ 424,606,328</b>	<b>\$ 65,519,335</b>	<b>\$ 19,396,963</b>	<b>\$ 22,544,800</b>	<b>\$ 31,954,080</b>	<b>\$ 564,021,506</b>	<b>\$ 476,914,689</b>
<b>Liabilities, Deferred Inflows of Resources, and Fund Balances</b>							
Accounts payable	\$ 33,637,014	\$ 5,507,051	\$ 1,045,953	\$ -	\$ 520,532	\$ 40,710,550	\$ 32,599,960
Accrued liabilities	43,865,483	2,448,137	-	-	453,052	46,766,672	37,759,094
Due to other governments	1,401,230	-	-	-	-	1,401,230	1,401,230
Due to retirement systems	33,007,342	-	-	-	-	33,007,342	31,489,070
Due to other funds, net	-	517,261	9,913,415	-	-	10,430,676	10,502,923
Due to the City of Buffalo	-	57,046,886	-	-	-	57,046,886	39,289,914
<b>Total liabilities</b>	<b>111,911,069</b>	<b>65,519,335</b>	<b>10,959,368</b>	<b>-</b>	<b>973,584</b>	<b>189,363,356</b>	<b>153,042,191</b>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue	-	-	9,042,735	-	-	9,042,735	-
<b>Fund Balances</b>							
Nonspendable:							
Inventory and prepaid expenses	827,426	-	-	-	971,151	1,798,577	2,235,648
Endowment	-	-	-	-	309,960	309,960	312,277
Restricted:							
Unemployment insurance	9,156,044	-	-	-	-	9,156,044	9,156,044
Judgments, property loss, and claims	17,750,000	-	-	-	-	17,750,000	17,750,000
Fiscal stabilization	3,899,589	-	-	-	-	3,899,589	3,899,200
Debt service	-	-	-	22,544,800	-	22,544,800	27,795,408
Special activities	-	-	-	-	184,658	184,658	189,610
Assigned:							
OPEB and other employee benefits	69,146,089	-	-	-	-	69,146,089	49,146,089
American Rescue Plan continuation	30,000,000	-	-	-	-	30,000,000	-
Prior year claims	9,000,000	-	-	-	-	9,000,000	9,000,000
Capital projects and repairs	16,080,000	-	-	-	-	16,080,000	26,571,685
Health Insurance	15,084,559	-	-	-	-	15,084,559	15,084,559
School budget equity	5,000,000	-	-	-	-	5,000,000	5,000,000
School food service	-	-	-	-	29,514,727	29,514,727	17,901,129
Designated for subsequent year's expenditures	29,000,000	-	-	-	-	29,000,000	50,000,000
Other purposes	6,784,000	-	-	-	-	6,784,000	4,776,135
Unassigned	100,967,552	-	(605,140)	-	-	100,362,412	85,054,714
<b>Total fund balances (deficit)</b>	<b>312,695,259</b>	<b>-</b>	<b>(605,140)</b>	<b>22,544,800</b>	<b>30,980,496</b>	<b>365,615,415</b>	<b>323,872,498</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 424,606,328</b>	<b>\$ 65,519,335</b>	<b>\$ 19,396,963</b>	<b>\$ 22,544,800</b>	<b>\$ 31,954,080</b>	<b>\$ 564,021,506</b>	<b>\$ 476,914,689</b>

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK  
(A Component Unit of the City of Buffalo, New York)

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

June 30, 2021

<b>Total fund balances - governmental funds</b>		\$ 365,615,415
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported as assets in governmental funds.		739,385,984
Certain revenues are not considered earned until received in the governmental funds but are recognized when earned in the government-wide statements.		9,042,735
Defeasance losses and gains associated with bond refundings are recognized as deferred outflows of resources and deferred inflows of resources, respectively, in the government-wide statements.		10,935,893
The District's proportionate share of the net pension position as well as pension-related deferred outflows and deferred inflows of resources are recognized on the government-wide statements and include:		
Deferred outflows of resources related to pensions	203,966,490	
Net pension liability	(50,396,473)	
Deferred inflows of resources related to pensions	<u>(75,395,947)</u>	78,174,070
The District's total OPEB liability as well as OPEB-related deferred outflows and deferred inflows of resources are recognized on the government-wide statements and include:		
Deferred outflows of resources related to OPEB	594,035,000	
Total OPEB liability	(2,485,499,000)	
Deferred inflows of resources related to OPEB	<u>(979,774,000)</u>	(2,871,238,000)
Certain liabilities are not due and payable currently and therefore are not reported as liabilities of the governmental funds. These liabilities are:		
Retainages payable	(525,949)	
Accrued interest	(3,781,000)	
Bonds and related premiums	(652,495,627)	
Due to other governments	(6,700,000)	
Compensated absences	(24,750,249)	
Workers' compensation	<u>(50,696,000)</u>	(738,948,825)
<b>Net position - governmental activities</b>		<b>\$ (2,407,032,728)</b>

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK  
(A Component Unit of the City of Buffalo, New York)

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

For the year ended June 30, 2021  
(With summarized comparative totals for June 30, 2020)

	General	Special Aid	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds	
						2021	2020
<b>Revenues</b>							
Contributions from City of Buffalo	\$ 63,903,427	\$ -	\$ -	\$ -	\$ -	\$ 63,903,427	\$ 62,148,344
School tax relief reimbursement	6,919,331	-	-	-	-	6,919,331	8,674,414
Nonproperty tax items	54,352,281	-	-	-	-	54,352,281	48,519,017
Charges for services	3,895,345	-	-	-	-	3,895,345	3,536,185
Use of money and property	464,332	-	7,735	3,489	31	475,587	1,032,832
Sale of property and compensation for loss	7,854	-	-	-	-	7,854	10,513
Miscellaneous	14,032,394	2,604,578	-	-	158,277	16,795,249	9,426,037
State sources	738,021,384	43,837,905	3,000	-	1,100,453	782,962,742	828,037,071
Federal sources	30,088,505	52,647,490	-	-	34,859,906	117,595,901	92,336,103
Sales	-	-	-	-	192,074	192,074	978,051
<b>Total revenues</b>	<b>911,684,853</b>	<b>99,089,973</b>	<b>10,735</b>	<b>3,489</b>	<b>36,310,741</b>	<b>1,047,099,791</b>	<b>1,054,698,567</b>
<b>Expenditures</b>							
General support	78,974,769	3,849,224	44,089	1,042,845	22,851,922	106,762,849	101,794,526
Instruction - regular	334,495,567	69,939,738	-	-	-	404,435,305	415,171,348
Instruction - charter	135,322,196	1,492,650	-	-	-	136,814,846	132,408,193
Pupil transportation	29,764,177	-	-	-	-	29,764,177	40,716,981
Community service	130,942	-	-	-	10,859	141,801	153,754
Employee benefits	177,812,010	19,759,088	-	-	2,040,549	199,611,647	196,158,871
Debt service							
Principal	-	-	-	66,688,332	-	66,688,332	57,158,334
Interest	-	-	-	32,269,091	-	32,269,091	35,086,116
Capital outlay	-	-	17,046,184	-	273,959	17,320,143	17,389,273
<b>Total expenditures</b>	<b>756,499,661</b>	<b>95,040,700</b>	<b>17,090,273</b>	<b>100,000,268</b>	<b>25,177,289</b>	<b>993,808,191</b>	<b>996,037,396</b>
Excess revenues (expenditures)	155,185,192	4,049,273	(17,079,538)	(99,996,779)	11,133,452	53,291,600	58,661,171
<b>Other financing sources (uses)</b>							
Transfer to City of Buffalo for debt service	(9,068,540)	-	-	-	-	(9,068,540)	(11,675,122)
Operating transfers, net	(99,411,075)	(4,049,273)	5,982,713	97,226,314	251,321	-	-
Bond proceeds from current refundings	-	-	-	112,760,000	-	112,760,000	-
Bond premiums	-	-	-	26,674,597	-	26,674,597	-
Payments to escrow agents	-	-	-	(141,914,740)	-	(141,914,740)	-
<b>Total other financing sources (uses)</b>	<b>(108,479,615)</b>	<b>(4,049,273)</b>	<b>5,982,713</b>	<b>94,746,171</b>	<b>251,321</b>	<b>(11,548,683)</b>	<b>(11,675,122)</b>
Net change in fund balances	46,705,577	-	(11,096,825)	(5,250,608)	11,384,773	41,742,917	46,986,049
Fund balances - beginning	265,989,682	-	10,491,685	27,795,408	19,595,723	323,872,498	276,886,449
<b>Fund balances (deficit) - ending</b>	<b>\$ 312,695,259</b>	<b>\$ -</b>	<b>\$ (605,140)</b>	<b>\$ 22,544,800</b>	<b>\$ 30,980,496</b>	<b>\$ 365,615,415</b>	<b>\$ 323,872,498</b>

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK  
(A Component Unit of the City of Buffalo, New York)

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

For the year ended June 30, 2021

<b>Total net change in fund balances - governmental funds</b>		\$ 41,742,917
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. In the statement of activities, the cost of the assets is allocated over estimated useful lives as depreciation expense. This is the amount by which depreciation expense and disposals exceed capital outlays (net of retainages).		(60,771,482)
Certain revenue is not considered available and is therefore not yet recognized in the governmental funds.		9,042,735
Pension expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities. These differences are:		
2021 TRS and ERS contributions	34,952,809	
2021 ERS accrued contribution	1,639,127	
2020 ERS accrued contribution	(1,538,198)	
2021 TRS net pension expense	(66,388,439)	
2021 ERS net pension expense	<u>(3,991,909)</u>	(35,326,610)
OPEB expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities.		45,251,000
Payments of long-term liabilities, including bonds and amounts due to New York State, are reported as expenditures in the governmental funds and as a reduction of debt in the statement of net position.		75,033,332
Net effect of bond refunding.		1,610,403
In the statement of activities, certain expenses are measured by the amounts earned during the year. In the governmental funds these expenditures are reported when paid. These differences are:		
Amortization of defeasance loss	(2,248,446)	
Amortization of bond premiums	11,516,277	
Interest	1,778,000	
Worker's compensation	(2,690,000)	
Compensated absences	<u>(847,021)</u>	7,508,810
<b>Change in net position - governmental activities</b>		<b>\$ 84,091,105</b>

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK  
(A Component Unit of the City of Buffalo, New York)

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

For the year ended June 30, 2021

	Budgeted Amounts		Actual (Budgetary Basis)	Encumbrances	Variance with Final Budget Over/(Under)
	Original	Final			
<b>Revenues</b>					
Local sources					
Contributions from City of Buffalo	\$ 60,348,132	\$ 60,348,132	\$ 63,903,427		\$ 3,555,295
School tax relief reimbursement	10,474,626	10,474,626	6,919,331		(3,555,295)
Nonproperty tax items	44,000,000	44,000,000	54,352,281		10,352,281
Charges for services	2,895,519	2,895,519	3,895,345		999,826
Use of money and property	115,000	115,000	464,332		349,332
Sale of property and compensation for loss	64,939	64,939	7,854		(57,085)
Miscellaneous	14,880,269	14,880,269	14,032,394		(847,875)
State sources	737,987,966	737,837,572	738,021,384		183,812
Federal sources	32,583,549	32,733,943	30,088,505		(2,645,438)
<b>Total revenues</b>	<b>903,350,000</b>	<b>903,350,000</b>	<b>911,684,853</b>		<b>8,334,853</b>
<b>Expenditures</b>					
General support					
Board of education	339,122	345,804	297,596	9,270	(38,938)
Central administration	1,317,014	1,590,735	1,210,942	3,468	(376,325)
Finance	3,707,788	3,766,199	3,303,582	35,451	(427,166)
Staff	3,599,054	3,590,050	2,986,924	80,228	(522,898)
Central services	69,710,287	72,508,796	65,493,219	2,719,240	(4,296,337)
Special items	2,341,584	6,259,822	5,682,506	5,931	(571,385)
Instruction					
Instruction, administration, and improvement	36,255,919	36,591,699	34,383,234	153,601	(2,054,864)
Teaching - regular school	132,612,664	132,648,963	128,164,663	1,405,895	(3,078,405)
Charter school payments	138,232,504	136,935,429	135,322,196	18	(1,613,215)
Programs for children with handicapping conditions	115,598,104	117,300,869	109,351,697	85,490	(7,863,682)
Program for English Language Learners	19,321,262	18,996,237	14,975,413	49,136	(3,971,688)
Occupational education	22,632,010	22,483,817	21,372,421	9,676	(1,101,720)
Teaching - special schools	2,300,288	2,114,596	2,025,713	46	(88,837)
Instructional media	6,398,334	6,431,146	4,528,059	1,746,883	(156,204)
Pupil services	23,134,016	24,141,575	19,694,367	393,175	(4,054,033)
Pupil transportation	65,384,518	65,293,815	29,764,177	37,600	(35,492,038)
Community service	138,019	145,058	130,942	-	(14,116)
Employee benefits	201,612,000	192,436,057	177,812,010	48,892	(14,575,155)
<b>Total expenditures</b>	<b>844,634,487</b>	<b>843,580,667</b>	<b>756,499,661</b>	<b>6,784,000</b>	<b>(80,297,006)</b>
Excess revenues (expenditures)	58,715,513	59,769,333	155,185,192	(6,784,000)	88,631,859
<b>Other financing sources (uses)</b>					
Transfers to City of Buffalo for debt service	(9,084,850)	(9,084,850)	(9,068,540)		(16,310)
Operating transfers in	1,350,000	1,350,000	5,200,000		3,850,000
Operating transfers out	(105,756,798)	(105,756,798)	(104,611,075)		(1,145,723)
Appropriated fund balance, reserves, and carryover encumbrances	54,776,135	53,722,315	-		(53,722,315)
<b>Total other financing sources (uses)</b>	<b>(58,715,513)</b>	<b>(59,769,333)</b>	<b>(108,479,615)</b>		<b>(48,710,282)</b>
<b>Excess revenues (expenditures) and other financing sources (uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 46,705,577</b>	<b>\$ (6,784,000)</b>	<b>\$ 39,921,577</b>

See accompanying notes.

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK  
(A Component Unit of the City of Buffalo, New York)

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**Statement of Fiduciary Net Position - Custodial Fund**

June 30, 2021

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**Assets**

Cash \$ 1,067,860

**Net Position**

Extraclassroom Activity \$ 1,067,860

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BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK  
(A Component Unit of the City of Buffalo, New York)

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**Statement of Changes in Fiduciary Net Position - Custodial Fund**

For the year ended June 30, 2021

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**Additions**

Student activity receipts \$ 404,654

**Deductions**

Student activity disbursements 458,516

Change in net position (53,862)

Net position - beginning 6,007

Cumulative effect of a change in accounting principle (Note 2) 1,115,715

Net position - beginning as restated 1,121,722

**Net position - ending** \$ 1,067,860

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## Notes to Financial Statements

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### 1. Summary of Significant Accounting Policies

#### Reporting Entity

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

The Board provides education and support services such as administration, transportation, and plant maintenance. The Board receives funding from local, state, and federal sources and must comply with requirements of these funding sources. The Board is financially dependent upon the City of Buffalo (the City) and other governments and has no independent authority to contract bonded indebtedness or levy taxes, with the exception of the Special Program Revenue Bonds issued by the State of New York Municipal Bond Bank Agency (Note 7). The Board's reporting entity does not contain any component units as defined by accounting standards.

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

#### Joint Schools Construction Board

The Buffalo Joint Schools Construction Board (the JSCB) is an inter-municipal joint cooperative board created by resolutions of the Board and the City of Buffalo Common Council (the Council) and by amendment of the City Charter, §18-59 and §18-60, to assist in a comprehensive program to redevelop the Board's school buildings and facilities. The JSCB is comprised of two Board designees, the Superintendent of Schools, the Mayor, the City Comptroller, and one Council designee.

As further explained in the JSCB Information section of these financial statements, although the Buffalo Schools Act conferred extensive powers upon the JSCB in relation to the construction of new educational facilities, it assigned to the JSCB only limited functions in relation to the reconstruction of existing schools, which the act authorized the Board to finance and implement as projects of the Erie County Industrial Development Agency (ECIDA). Phases I, II, III, IV, and V of the project were authorized by amendments to the Buffalo Schools Act as ECIDA reconstruction projects. The JSCB's role was principally to assist and advise the Board in developing projects up to the point when plans and specifications had been approved by the State Education Department, financing was completed and available, and construction began. The JSCB was also assigned to monitor implementation of the project's workforce and business diversification plan and to compare the financing available through ECIDA with financing available through the municipal bond agency, and to employ the financing that resulted in the lowest cost to the taxpayers. For Phase III, the JSCB was also required to submit certain cost reports to State officials and could not proceed with the projects if estimated costs did not meet certain limits prescribed in the Phase III regulation.

As a result of the completion of the projects overseen by JSCB, it is not anticipated that any more activity or business will be conducted and the JSCB special-revenue fund is no longer presented within the governmental funds. On a government-wide basis, all related capital assets and long-term debt are included within the Board's financial statements.

## Basis of Presentation

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

The statement of activities presents a comparison between direct expenses and program revenues for each function of the Board's governmental activities.

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

*Fund Financial Statements:* The fund financial statements provide information about the Board's funds, including fiduciary funds. Separate statements for each fund category - *governmental and fiduciary* - are presented. The emphasis of the fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

The Board reports the following major funds:

- *General fund.* This is the Board's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- *Special aid fund.* This fund is used to account for the proceeds of specific revenue sources – other than expendable trusts or major capital projects – such as federal, state, and local grants and awards that are restricted or committed to expenditure for specific purposes. Either governments or other third parties providing the grant funds impose these restrictions.
- *Capital projects fund.* This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- *Debt service fund.* This fund is used to account for resources that are restricted to expenditure for principal and interest on the Board's long-term debt, except for amounts held by the City, which are recorded in the general and capital funds as transfers to the City. Financial resources that are being accumulated for principal and interest payments maturing in future years are also included in this fund.

The Board reports the following governmental funds as nonmajor governmental funds:

- *School food service fund.* This fund is a special revenue fund whose specific revenue sources, including free and reduced meal subsidies received from state and federal programs, are assigned to the operation of the Board's breakfast, lunch, summer food, and Root Culinary programs.
- *Special activities fund.* This fund is used to account for transactions that support miscellaneous local grants and donations. The proceeds are legally restricted to expenditures for specified purposes.
- *Permanent fund.* This fund is used to report resources that are legally restricted to the extent that earnings, and not principal, may be used for the purposes that support the Board's programs.

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report fiduciary activities, which may include pension and other postemployment benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The District maintains a custodial fund for the collection and distribution of student activity accounts.

The financial statements include certain prior year summarized comparative information in total but not by separate governmental activities and major funds. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Board's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

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

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Board receives value directly without giving equal value in exchange, include contributions from the City, sales taxes, grants, and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Board considers all revenues reported in the governmental funds to be available if they are collected within one year after year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset purchases are reported as expenditures in governmental funds. Proceeds of long-term liabilities and equipment and property purchased under capital leases are reported as other financing sources.

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

### **Estimates**

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

### **Budget Process, Amendments, and Encumbrances**

Prior to May 1, the Board submits to the Mayor of the City its budget request and financial plan for the fiscal year beginning July 1. On or before May 1, the Mayor submits to the City Council a complete operating plan which includes the Board's estimated revenues and proposed expenditures. The City Council then acts upon the Mayor's recommended Board budget and may make additions or deletions within its authority as provided by the City Charter. The Board's budget, as approved by the City Council, is limited to total estimated revenues and proposed expenditures.

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

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

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

**Cash and Cash Equivalents**

The Board'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 date of acquisition.

**Inventory and Prepaid Expenses**

Inventories of food and or/supplies in the general and school food service funds are recorded at cost on a first-in, first-out basis. Donated commodities are stated at values which approximate market. Certain payments to vendors reflect expenditures applicable to future periods and are reflected as prepaid expenses.

**Capital Assets**

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

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

	Capitalization Policy	Estimated Useful Life in Years
Land improvements	\$ 5,000	20
Buildings and improvements	\$ 5,000	20-50
Equipment	\$ 5,000	5-10
Vehicles	\$ 5,000	7

**Bond Defeasances**

In the government-wide financial statements, gains or losses on bond refundings represent the difference between the price required to repay previously issued debt and the net carrying amount of the retired debt, and are recorded as either a deferred outflow or deferred inflow of resources. In subsequent years, these amounts are amortized on a straight-line basis as a component of interest expense over the shorter of the life of the old or new debt.

**Unavailable Revenue**

Nonexchange transactions in the form of Smart Schools Bond Act grants from the State are not considered available in the governmental funds and therefore are recorded as deferred inflows of resources.

**Bond Premiums**

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

## Pensions

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

## Other Postemployment Benefits (OPEB)

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

## Compensated Absences

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

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

## Equity Classifications

### Government-Wide Statements

- *Net investment in capital assets* - consists of capital assets, net of accumulated depreciation, and defeasance gains and losses, reduced by outstanding balances of any related debt obligations attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or the terms of the Board's bonds. Restricted net position is consistent with restricted fund balance at June 30, 2021, plus nonspendable net position in the permanent fund.
- *Unrestricted* – the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position and therefore are available for general use by the Board.

### Governmental Fund Statements

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

Restricted fund balances generally result from reserves created by the State of New York Legislature and included in General Municipal Law or State Education Law as authorized for use by the Board of Education. Earnings on invested resources are required to be added to the various reserves.

Committed fund balances are authorized by the Board of Education as recommended by the Board’s management prior to the end of the fiscal year, although funding of the commitment may be established subsequent to year end.

Fund balance restrictions consist of the following reserves:

- *Unemployment insurance* – is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants as the Board has elected to use the benefit reimbursement method.
- *Judgments, property loss, and claims* – is used to cover self-insured property loss retention or liability claims that are not insured.
- *Fiscal stabilization* – created by the State Laws of 2000, Chapter 88, for the purpose of maintaining the fiscal stability of the Board, this reserve can be used to support the Board’s educational programs and any liability incurred by the Board in carrying out its functions and responsibilities under Education Law.
- *Debt service* – is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations (including bond premiums), and remaining bond proceeds not needed for their original purpose as required under §165 of Finance Law. This reserve must be used to pay the debt service obligations for which the original money was generated.
- *Special activities* – is used to account for activity from miscellaneous local grants and donations.

The Board of Education has given the Chief Financial Officer the authority to assign fund balances for specific purposes that are neither restricted nor committed. Assigned fund balances include amounts designated for OPEB, health insurance, capital projects and repairs, and other purposes. Nonspendable fund balances represent resources that cannot be spent as they are not expected to be converted to cash and include inventory, prepaid expenses, and endowment balances.

**Interfund Balances**

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

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

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

**2. Change in Accounting Principle**

Effective July 1, 2020, the District adopted GASB Statement No. 84, *Fiduciary Activities*. This statement redefines activities considered to be fiduciary, and as a result, payroll and employee third party withholdings are recorded in the general fund. In addition, fiduciary liabilities are only recognized when an event has occurred that compels the District to disburse the fiduciary resources or no further action, approval, or condition is required prior to release of the assets. The impact of these required accounting changes is as follows:

	<b>Fiduciary Funds</b>
Fiduciary net position, July 1, 2020	\$ 6,007
Student activity accounts, net	1,115,715
Fiduciary net position, as restated, July 1, 2020	\$ 1,121,722

### **3. Stewardship and Compliance**

The capital projects deficit fund balance of \$605,140 will be funded once grant proceeds become available.

### **4. Cash and Cash Equivalents**

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

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Custodial credit risk is the risk that in the event of a bank failure the Board's deposits may not be returned to it. At June 30, 2021, the Board's bank deposits were fully collateralized by FDIC coverage and securities held by the pledging institutions' trust departments or agents in the Board's name.

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

#### **Cash Held by the City of Buffalo**

Amounts on deposit with the City on behalf of the Board total \$339,322,237. Such amounts represent cash held in the City's bank accounts. The cash is an asset of the Board and is specifically designated for Board purposes. These deposits are subject to applicable City and State investment and collateralization policies. The City has also advanced \$57,046,886 to the Board for purposes of providing cash flow to the special aid fund.

#### **Cash and Cash Equivalents with Fiscal Agent**

In accordance with the Indenture Trust Agreement, an amount of the Series 2009, 2012, 2013, 2015, and 2016 bond proceeds is to be deposited and maintained by the trustee in the debt service fund and amounted to \$10,787,410 as of June 30, 2021.

#### **Restricted Cash and Cash Equivalents**

Cash and cash equivalents in the amount of \$595,241 are restricted in the general fund to support obligations related to workers' compensation claims, along with an account held in trust with the Buffalo Teacher's Federation in relation to a previous teachers' settlement agreement.

In accordance with the Local Share Trust and Depository Agreement, the local share contribution of the JSCB projects is to be held in trust and can only be disbursed as specified by the aforementioned agreement. Such amounts total \$11,757,390 and are restricted within the debt service fund until completion of the related projects.

## 5. Interfund Transactions – Fund Financial Statements

Fund	Receivable	Payable	Transfers	
			In	Out
General	\$ 11,186,552	\$ 755,876	\$ 5,200,000	\$ 104,611,075
Special aid	202,934	720,195	1,150,727	5,200,000
Debt service	-	-	103,132,427	5,906,113
Capital projects	76,600	9,990,015	5,982,713	-
School food service	-	-	251,321	-
	<u>\$ 11,466,086</u>	<u>\$ 11,466,086</u>	<u>\$ 115,717,188</u>	<u>\$ 115,717,188</u>

The general fund provides cash flow to the various other funds; these amounts are repaid when funds are received from the State after final expenditure reports have been submitted and approved or when permanent financing is obtained. The general fund made permanent transfers to the special aid fund to cover its share of costs related to the summer school handicap program, to the school food service program for operations, to the capital projects fund for reconstruction expenditures, and to the debt service fund for principal and interest payments on serial bonds. The special aid fund made a permanent transfer to the general fund for the collection of state aid and grant receivables that were written off in the previous year. In accordance with the State's requirement, the debt service fund also transferred the difference between amounts received from building aid and amounts paid under refinanced JSCB debt agreements to the capital projects fund for capital expenditures.

## 6. Capital Assets

	July 1, 2020	Increases	Retirements/ Reclassifications	June 30, 2021
<b>Non-depreciable capital assets:</b>				
Land	\$ 3,011,900	\$ -	\$ -	\$ 3,011,900
Construction in progress	29,354,345	7,289,910	(292,297)	36,351,958
Total non-depreciable assets	<u>32,366,245</u>	<u>7,289,910</u>	<u>(292,297)</u>	<u>39,363,858</u>
<b>Depreciable capital assets:</b>				
Land improvements	5,542,686	-	-	5,542,686
Buildings and improvements	1,782,381,613	1,406,652	292,297	1,784,080,562
Equipment and vehicles	41,821,233	10,071,949	(112,053)	51,781,129
Total depreciable assets	<u>1,829,745,532</u>	<u>11,478,601</u>	<u>180,244</u>	<u>1,841,404,377</u>
<b>Less accumulated depreciation:</b>				
Land improvements	4,748,443	71,882	-	4,820,325
Buildings and improvements	1,032,189,467	76,515,760	-	1,108,705,227
Equipment and vehicles	25,177,562	2,791,190	(112,053)	27,856,699
Total accumulated depreciation	<u>1,062,115,472</u>	<u>79,378,832</u>	<u>(112,053)</u>	<u>1,141,382,251</u>
Total depreciable assets, net	<u>767,630,060</u>	<u>(67,900,231)</u>	<u>292,297</u>	<u>700,022,126</u>
	<u>\$ 799,996,305</u>	<u>\$ (60,610,321)</u>	<u>\$ -</u>	<u>\$ 739,385,984</u>

Depreciation expense has been allocated to the following functions: general support \$4,927,987, instruction \$71,948,013, pupil transportation \$815,738, and food service \$1,687,094.

As of June 30, 2021, net investment in capital assets consists of the following:

Capital assets, net of accumulated depreciation	\$ 739,385,984
Defeasance loss	19,847,050
Defeasance gain	(8,911,157)
Bonds payable and related premiums, net of unspent proceeds	(632,813,217)
	<u>\$ 117,508,660</u>

## 7. Long-Term Liabilities

	July 1, 2020	Increases	Decreases	June 30, 2021	Amount Due in One Year
Due to City for bonds payable	\$ 25,480,000	\$ 3,625,000	\$ 12,480,000	\$ 16,625,000	\$ 5,130,000
JSCB bonds payable	633,735,000	109,135,000	202,190,000	540,680,000	54,555,000
Revenue bonds payable	9,590,000	-	695,000	8,895,000	730,000
Premium on bonds	80,048,464	26,674,597	20,427,434	86,295,627	11,560,114
Due to New York State	7,413,332	-	713,332	6,700,000	713,334
Compensated absences	23,903,228	847,021	-	24,750,249	8,594,000
Workers' compensation	48,006,000	2,690,000	-	50,696,000	9,396,000
	<u>\$ 828,176,024</u>	<u>\$ 142,971,618</u>	<u>\$ 236,505,766</u>	<u>\$ 734,641,876</u>	<u>\$ 90,678,448</u>

### Due to City for Bonds Payable

Amounts due to the City are for bonds payable issued on behalf of the Board. Payments made to the City for purposes of principal and interest on bonds totaled \$9,068,540 for the year ended June 30, 2021.

### Revenue Bonds Payable

These bonds represent amounts due for Municipal Bond Agency Revenue Bonds issued pursuant to the State of New York Municipal Bond Agency (the Agency) Act and a General Resolution and a Series Resolution to provide funds to finance a portion of the cost of settling litigation between the Board and the Buffalo Teachers Federation, fund the debt service reserve to at least the debt service reserve fund requirement, and to pay legal, accounting, financing, and other fees and expenses related to the issuance of the bonds.

The bonds are special revenue obligations of the Agency and are secured by annual payments by the City from all monies legally available (which availability is, in general, dependent upon annual appropriations by the City), amounts received by the Agency pursuant to the Agency's statutory right to intercept State school aid payable to the City, and all funds and accounts established by the General Resolution described in the Official Statement.

### Due to New York State

In June 2000, the State Legislature passed special legislation to advance the Board \$20,000,000 in lottery aid, interest-free, to help pay a litigation settlement with the Buffalo Teachers' Federation. In June 2006, the Board received an additional lottery aid advance of \$1,400,000.

### Current Refundings of Debt

In March 2021, the City of Buffalo issued a \$10,930,000 bond, which includes \$3,625,000 issued on behalf of the Board, with an interest rate of 5.0% to refund \$4,135,000 of outstanding bonds with interest rates ranging from 3.0% - 4.0%. The net proceeds of \$4,163,117 (including a premium of \$584,608 and payment of \$46,491 for issuance costs) were transferred to a fiscal agent to provide for the debt service payment on the original bonds that were called on April 1, 2021. The refunding decreased total debt service payments for the next 6 years by \$437,000, resulting in an economic impact of \$391,000.

In May 2021, the Board issued bonds totaling \$109,135,000, with an interest rate of 5.0% to refund \$136,910,000 of outstanding bonds with interest rates ranging from 5.00% - 5.25%. The net proceeds of \$134,228,635 (including a premium of \$26,089,989 and payment of \$996,354 for issuance costs) along with \$3,522,988 of additional funds were transferred to a fiscal agent to provide for the debt service payment on the original bonds that were called on June 14, 2021. The refunding decreased total debt service payments for the next 11 years by \$31,486,000, resulting in an economic impact of \$27,558,000.

## Existing Obligations

Description	Maturity	Rate	Balance
Due to New York State	June 2036	0.0%	\$ 6,700,000
2012 Revenue bonds	May 2031	3.0%-5.0%	8,895,000
2012-2021 JSCB revenue and refunding bonds	May 2032	4.0%-5.0%	540,680,000
2011-2021 City of Buffalo serial and refunding bonds	April 2027	2.4%-5.0%	16,625,000
			<u>\$ 572,900,000</u>

## Debt Service Requirements

Years ending June 30,	Bonds Payable		Due to New York State
	Principal	Interest	Principal
2022	\$ 60,415,000	\$ 26,291,748	\$ 713,334
2023	68,410,000	25,512,229	713,334
2024	73,215,000	21,471,116	713,332
2025	88,420,000	17,611,841	713,334
2026	62,740,000	14,109,034	713,334
2027-2031	206,690,000	30,157,264	2,899,999
2032-2036	6,310,000	315,500	233,333
	<u>\$ 566,200,000</u>	<u>\$ 135,468,732</u>	<u>\$ 6,700,000</u>

## Leases

The Board leases property and equipment under the terms of various operating leases. Rental expense for all of such leases amounted to \$7,209,655 for the year ended June 30, 2021. Future minimum rentals to be paid for all noncancelable operating leases are:

Years ending June 30,	
2022	\$ 6,667,000
2023	6,543,000
2024	6,576,000
2025	6,891,000
2026	6,541,000
2027-2031	24,173,000
2032-2035	11,917,000
	<u>\$ 69,308,000</u>

## 8. Pension Plans

### Plan Descriptions

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

- TRS is administered by the New York State Teachers' Retirement Board and provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained from the New York State Teachers' Retirement System at [www.nystrs.org](http://www.nystrs.org).
- ERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute and provide benefits to employees. ERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained from the New York State and Local Retirement System at [www.osc.state.ny.us/retire](http://www.osc.state.ny.us/retire).

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

*Contribution Requirements:* No employee contribution is required for those hired prior to July 1976. The Systems require employee contributions of 3% of salary for the first 10 years of service for those employees who joined the Systems from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3.5% (TRS) or 3% (ERS) of compensation throughout their active membership in the Systems. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. Pursuant to Article 11 of Education Law, an actuarially determined contribution rate is established annually for TRS by the New York State Teachers’ Retirement Board. This rate was 9.53% for 2021. For ERS, the Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the Board to the pension accumulation fund. For 2021, these rates ranged from 9.7% - 21.6%.

The amount outstanding and payable to TRS for the year ended June 30, 2021 was \$28,800,016. A liability to ERS of \$1,639,127 is accrued based on the Board’s legally required contribution for employee services rendered from April 1 through June 30, 2021.

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

At June 30, 2021, the Board reported a liability of \$50,249,458 for its proportionate share of the TRS net pension position and a liability of \$147,015 for its proportionate share of the ERS net pension position.

The TRS net pension position was measured as of June 30, 2020, and the total pension liability was determined by an actuarial valuation as of June 30, 2019, with update procedures applied to roll forward the net pension position to June 30, 2020. The Board’s proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to TRS’s total actuarially determined employer contributions for the fiscal year ended on the measurement date. At June 30, 2020, the Board’s proportion was 1.818478%, an increase of 0.031797 from its proportion measured as of June 30, 2019.

The ERS net pension position was measured as of March 31, 2021, and the total pension liability was determined by an actuarial valuation as of April 1, 2020. The Board’s proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to ERS’s total actuarially determined employer contributions for the fiscal year ended on the measurement date. At the March 31, 2021 measurement date, the Board’s proportion was 0.147644%, an increase of 0.002879 from its proportion measured as of March 31, 2020.

For the year ended June 30, 2021, the Board recognized net pension expense of \$70,380,348 on the government-wide statements (TRS expense of \$66,388,439 and ERS expense of \$3,991,909). At June 30, 2021, the Board reported deferred outflows and deferred inflows of resources as follows:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 44,028,580	\$ 2,575,188	\$ 1,795,447	\$ -
Changes of assumptions	63,553,870	22,653,634	27,031,245	509,817
Net difference between projected and actual earnings on pension plan investments	32,817,301	-	-	42,231,253
Changes in proportion and differences between contributions and proportionate share of contributions	3,126,236	7,426,055	1,174,668	-
Board contributions subsequent to the measurement date	28,800,016	-	1,639,127	-
	<u>\$ 172,326,003</u>	<u>\$ 32,654,877</u>	<u>\$ 31,640,487</u>	<u>\$ 42,741,070</u>

Board contributions subsequent to the measurement date will be recognized as an addition to (a reduction of) the net pension asset (liability) in the year ending June 30, 2022. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30,	TRS	ERS
2022	\$ 18,325,240	\$ (2,025,803)
2023	38,265,470	(559,111)
2024	31,027,320	(2,100,387)
2025	20,184,003	(8,054,409)
2026	990,423	-
Thereafter	2,078,654	-
	<u>\$ 110,871,110</u>	<u>\$(12,739,710)</u>

### Actuarial Assumptions

For TRS, the actuarial assumptions used in the June 30, 2019 valuation, with update procedures used to roll forward the total pension liability to June 30, 2020, were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2014. These assumptions are:

*Inflation* – 2.2%

*Salary increases* – Based on TRS member experience, dependent on service, ranging from 1.90%-4.72%

*Projected Cost of Living Adjustments (COLA)* – 1.3% compounded annually

*Investment rate of return* – 7.1% compounded annually, net of investment expense, including inflation

*Mortality* – Based on TRS member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2019, applied on a generational basis

*Discount rate* – 7.1%

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

For ERS, the actuarial assumptions used in the April 1, 2020 valuation, with update procedures used to roll forward the total pension liability to March 31, 2021, were based on the results of an actuarial experience study for the period April 1, 2015 to March 31, 2020. These assumptions are:

*Inflation* – 2.7%

*Salary increases* – 4.4%

*COLA* – 1.4% annually

*Investment rate of return* – 5.9% compounded annually, net of investment expense, including inflation

*Mortality* – Society of Actuaries' Scale MP-2020

*Discount rate* – 5.9%

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

## Investment Asset Allocation

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

Asset Class	TRS		ERS	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	33%	7.1%	32%	4.1%
Global and international equities	20%	7.4%-7.7%	15%	6.3%
Private equities	8%	10.4%	10%	6.8%
Real estate	11%	6.8%	9%	5.0%
Domestic fixed income securities	16%	1.8%	23%	-
Global fixed income securities	2%	1.0%	-	-
Bonds and mortgages	7%	3.6%	-	-
Short-term	1%	0.7%	1%	0.5%
Other	2%	3.9%-5.2%	10%	3.6%-6.0%
	<u>100%</u>		<u>100%</u>	

## Discount Rate

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

The following presents the Board's proportionate share of its net pension position calculated using the discount rate of 7.1% (TRS) and 5.9% (ERS) and the impact of using a discount rate that is 1% higher or lower than the current rate.

	At Current		
	1.0% Decrease	Discount Rate	1.0% Increase
Board's proportionate share of the TRS net pension asset (liability)	\$ (317,408,514)	\$ (50,249,458)	\$ 173,964,692
Board's proportionate share of the ERS net pension asset (liability)	\$ (40,805,568)	\$ (147,015)	\$ 37,349,688

## 9. OPEB

### Plan Description

The Board maintains a single-employer defined benefit healthcare plan (the Plan) providing for continuation of medical, prescription, vision, and dental insurance for virtually all Board retirees and their spouses. Benefit provisions are based on individual contracts with the Board, as negotiated from time to time. Eligibility is based on covered employees who retire from the Board over the age of 55 and have met vesting requirements. Retirees have various contribution requirements based on the bargaining agreement terms in effect at the time of retirement. The Plan has no assets, does not issue financial statements, and is not a trust.

At June 30, 2021, employees covered by the Plan include:

Active employees	5,429
Inactive employees or beneficiaries currently receiving benefits	4,017
Inactive employees entitled to but not yet receiving benefits	-
	9,446

### Total OPEB Liability

The Board's total OPEB liability of \$2,485,499,000 was measured as of June 30, 2021 and was determined by an actuarial valuation as of the same date.

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

*Healthcare cost trend rate* – based on a combination of employer history, national trend surveys, and professional judgment, initially 8.0% and reduced to an ultimate rate of 4.5% after 2029

*Salary increases* – 1.76% to 10.00%

*Mortality* – MP-2020 Society of Actuaries' Pub-2010 mortality table fully generational for healthy general and teacher retirees

*Discount rate* – 2.19% based on a range of indices of 20-year bonds with an average rating of AA/Aa or higher as of the measurement date

*Inflation rate* – 1.3%

### Changes in the Total OPEB Liability

	Total OPEB Liability (In thousands)
Balance at June 30, 2020	\$ 2,613,913
Changes for the year:	
Service cost	83,558
Interest	70,869
Changes of benefit terms	(420)
Differences between expected and actual experience	(502,178)
Changes of assumptions or other inputs	286,682
Benefit payments	(66,925)
Net changes	(128,414)
Balance at June 30, 2021	\$ 2,485,499

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

	1.0% Decrease (1.19%)	Discount Rate (2.19%)	1.0% Increase (3.19%)
Total OPEB liability	\$ (2,980,370)	\$ (2,485,499)	\$ (2,097,532)

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

	1.0% Decrease (7.00% to 3.50%)	Healthcare Cost Trend Rate (8.00% to 4.50%)	1.0% Increase (9.0% to 5.50%)
Total OPEB liability	\$ (2,049,084)	\$ (2,485,499)	\$ (3,062,689)

## OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2021, the Board recognized OPEB expense of \$21,674,000. At June 30, 2021, the Board reported deferred outflows and deferred inflows of resources related to OPEB from the following sources (amounts in thousands):

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (863,695)
Changes of assumptions or other inputs	594,035	(116,079)
	<u>\$ 594,035</u>	<u>\$ (979,774)</u>

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

Years ending June 30,	Amount (in thousands)
2022	\$ (132,333)
2023	(132,332)
2024	(64,110)
2025	(12,782)
2026	(13,396)
Thereafter	(30,786)
	<u>\$ (385,739)</u>

## 10. Risk Management

### General Liability

The Board is self-insured for most liabilities, but has purchased commercial insurance for various risks including property damage, automobiles, and theft. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three years.

### Health Insurance

The Board maintains a self-funded health insurance plan and the program is managed by a third party administrator. The Board makes weekly payments based on employee claims as well as payments for fees charged for administering the program and for excess insurance coverage. The Board has recorded an estimate for claims liabilities incurred but not paid based on an actuarial valuation. The Board maintains excess insurance coverage that limits their self-funded exposure to \$600,000 per individual occurrence in a given plan year in the aggregate.

At the end of the year, the Board records the liability for claims paid subsequent to year end as an accrued liability and a 21-day pre-funded escrow requirement held on deposit by the third party administrator as a receivable.

Claims activity is as follows:

	2021	2020
Estimated claims liability, beginning of year	\$ 10,235,122	\$ 10,235,122
Current year claims and changes in estimates	128,939,000	127,332,000
Claim payments	(128,939,000)	(127,332,000)
Estimated claims liability, end of year	<u>\$ 10,235,122</u>	<u>\$ 10,235,122</u>

## Workers' Compensation

The Board is self-insured for workers' compensation and has accrued its best estimate of workers' compensation losses based on an actuarial valuation dated August 10, 2021. The estimate represents claims that have occurred and are open due to an actual or future final determination of benefit payout as prescribed by the New York State Workers' Compensation Board as well as anticipated future payouts based on prior experience with actual payments of claims. Management believes the estimated liability is reasonable based upon historical experience and the opinions of internal risk management administrators and legal counsel.

Changes in the reported liability claims for the years ended June 30, 2021 and 2020 are as follows:

	2021	2020
Estimated claims liability, beginning of year	\$ 48,006,000	\$ 44,682,000
Current year claims	8,854,000	11,477,000
Claim payments	(6,164,000)	(8,153,000)
Estimated claims liability, end of year	\$ 50,696,000	\$ 48,006,000

## 11. Commitments and Contingencies

### Grants

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

### Encumbrances

Significant outstanding encumbrances in the general fund as of June 30, 2021 include \$955,401 for equipment, \$3,176,508 for supplies, \$48,892 for benefits, and \$2,603,199 for contractual services.

### Litigation

The Board is subject to claims and lawsuits that arise in the ordinary course of business. Claims probable of resulting in an unfavorable outcome to the Board have been reasonably estimated and are included in accrued liabilities in the government-wide and fund financial statements. For claims not accrued, the ultimate outcome of the suits cannot presently be determined and no provisions for loss, if any, has been made in the accompanying financial statements. In the opinion of management, these claims will not have a material adverse effect upon the financial position of the Board.

Separate from claims and lawsuits that arise in the ordinary course of business, legislation was put in place regarding historical claims that were previously time-barred. In 2019, the Governor of the State passed the Child Victims Act (CVA). Under the CVA, any individual who was a minor at the time they suffered any alleged sexual abuse could file a lawsuit through August 14, 2021. Additionally, the Act extended the look back window to file claims under the CVA regardless of when or how long ago the alleged abuse occurred.

This has resulted in the filing of thousands of lawsuits State-wide. Lawsuits have been initiated against the Board by former students who allege that inappropriate sexual contact occurred between them and employees of the Board between 30 and 50 years ago. The Board is using City of Buffalo Corporation Counsel and is not currently aware of any insurance available for these claims. As a result, the Board has accrued an appropriate amount in the government-wide and fund financial statements at June 30, 2021 based on best estimates as determined with counsel.

## **Commitments**

The Board has approved and plans to spend up to \$59,334,000 for various capital projects that remain in progress at year end. Amounts outstanding under these projects totaled \$8,436,000 at June 30, 2021.

## **12. Risks and Uncertainties**

On January 31, 2020, the United States Secretary of Health and Human Services (HHS) declared a public health emergency related to the global spread of coronavirus COVID-19, and a pandemic was declared by the World Health Organization in February 2020. Efforts to fight the widespread disease continued into 2021, and the Board was required to implement numerous safety measures and remote learning initiatives. The full extent of the impact of COVID-19 on the Board's operational and financial performance will depend on further developments, including the duration and spread of the outbreak and its impact on school districts and their residents, employees, and vendors, none of which can be predicted.

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK  
(A Component Unit of the City of Buffalo, New York)

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

As of the measurement date of June 30,	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension position	1.818478%	1.786681%	1.822042%	1.836709%	1.651498%	1.668248%	1.695591%
District's proportionate share of the net pension asset (liability)	\$ (50,249,458)	\$ 46,418,092	\$ 32,947,326	\$ 13,960,812	\$ (17,688,235)	\$ 173,277,759	\$ 188,878,283
District's covered payroll	\$ 308,657,799	\$ 298,226,111	\$ 348,080,898	\$ 290,635,034	\$ 254,844,736	\$ 250,595,117	\$ 250,465,212
District's proportionate share of the net pension position as a percentage of its covered payroll	16.28%	15.56%	9.47%	4.80%	6.94%	69.15%	75.41%
Plan fiduciary net position as a percentage of the total pension liability	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%

The following is a summary of changes of assumptions:

Inflation	2.2%	2.2%	2.25%	2.5%	2.5%	3.0%	3.0%
Salary increases	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	4.0%-10.9%	4.0%-10.9%
Cost of living adjustments	1.3%	1.3%	1.5%	1.5%	1.5%	1.625%	1.625%
Investment rate of return	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%
Discount rate	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%
Society of Actuaries' mortality scale	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	AA	AA

Data prior to 2014 is unavailable.

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK  
(A Component Unit of the City of Buffalo, New York)

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

For the years ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 28,800,016	\$ 27,347,081	\$ 31,671,613	\$ 34,111,928	\$ 34,062,426	\$ 33,792,412	\$ 43,929,324	\$ 40,700,597	\$ 28,341,558	\$ 26,491,441
Contribution in relation to the contractually required contribution	(28,800,016)	(27,347,081)	(31,671,613)	(34,111,928)	(34,062,426)	(33,792,412)	(43,929,324)	(40,700,597)	(28,341,558)	(26,491,441)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 302,203,736	\$ 308,657,799	\$ 298,226,111	\$ 348,080,898	\$ 290,635,034	\$ 254,844,736	\$ 250,595,117	\$ 250,465,212	\$ 239,371,267	\$ 238,446,814
Contributions as a percentage of covered payroll	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	11.84%	11.11%

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK  
(A Component Unit of the City of Buffalo, New York)

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

As of the measurement date of March 31,	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension position	0.147644%	0.144765%	0.139903%	0.136396%	0.132444%	0.141447%	0.142493%
District's proportionate share of the net pension liability	\$ (147,015)	\$ (38,334,713)	\$ (9,912,527)	\$ (4,402,094)	\$ (12,444,723)	\$ (22,702,665)	\$ (4,813,758)
District's covered payroll	\$ 46,177,444	\$ 44,405,569	\$ 42,572,064	\$ 40,206,979	\$ 41,408,099	\$ 39,110,981	\$ 39,579,898
District's proportionate share of the net pension position as a percentage of its covered payroll	0.32%	86.33%	23.28%	10.95%	30.05%	58.05%	12.16%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
The following is a summary of changes of assumptions:							
Inflation	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.7%
Salary increases	4.4%	4.2%	4.2%	3.8%	3.8%	3.8%	4.9%
Cost of living adjustments	1.4%	1.3%	1.3%	1.3%	1.3%	1.3%	1.4%
Investment rate of return	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Discount rate	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Society of Actuaries' mortality scale	MP-2020	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014	MP-2014

Data prior to 2015 is unavailable.

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK  
(A Component Unit of the City of Buffalo, New York)

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

For the years ended June 30,	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 6,152,793	\$ 5,998,034	\$ 5,947,217	\$ 6,266,223	\$ 6,004,084	\$ 6,923,385	\$ 7,335,763	\$ 8,494,573	\$ 8,436,183	\$ 7,065,431
Contribution in relation to the contractually required contribution	(6,152,793)	(5,998,034)	(5,947,217)	(8,970,690)	(6,252,808)	(7,163,096)	(7,566,788)	(5,070,646)	(8,436,183)	(7,065,431)
Contribution deficiency (excess)*	\$ -	\$ -	\$ -	\$ (2,704,467)	\$ (248,724)	\$ (239,711)	\$ (231,025)	\$ 3,423,927	\$ -	\$ -
District's covered payroll	\$ 46,177,444	\$ 44,405,569	\$ 42,572,064	\$ 40,206,979	\$ 41,408,099	\$ 39,110,981	\$ 39,579,898	\$ 40,651,043	\$ 39,735,784	\$ 34,302,213
Contributions as a percentage of covered payroll	13.32%	13.51%	13.97%	15.58%	14.50%	17.70%	18.53%	20.90%	21.23%	20.60%

*\*In 2014, the District elected to participate in the Contribution Stabilization Program. As a result, the District's 2014 payment was reduced by \$3,423,927, which was deferred and paid in installments over the next four years until fully repaid during 2018.*

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK  
(A Component Unit of the City of Buffalo, New York)

**Required Supplementary Information**  
**Schedule of Changes in the District's Total**  
**OPEB Liability and Related Ratios (In thousands)**

For the years ended June 30,	2021	2020	2019	2018	2017
Total OPEB liability - beginning	\$ 2,613,913	\$ 2,395,142	\$ 2,290,152	\$ 2,535,305	\$ 2,852,359
Changes for the year:					
Service cost	83,558	72,956	71,543	82,946	105,405
Interest	70,869	85,561	90,227	92,126	82,361
Changes of benefit terms	(420)	-	-	509	-
Differences between expected and actual experience	(502,178)	(229,606)	(166,075)	(234,596)	(202,349)
Changes of assumptions or other inputs	286,682	351,329	170,379	(124,707)	(238,475)
Benefit payments	(66,925)	(61,469)	(61,084)	(61,431)	(63,996)
Net change in total OPEB liability	(128,414)	218,771	104,990	(245,153)	(317,054)
Total OPEB liability - ending	\$ 2,485,499	\$ 2,613,913	\$ 2,395,142	\$ 2,290,152	\$ 2,535,305
Covered-employee payroll	\$ 362,378	\$ 373,087	\$ 377,000	\$ 345,602	\$ 344,791
Total OPEB liability as a percentage of covered-employee payroll	685.9%	700.6%	635.3%	662.7%	735.3%

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

The following is a summary of changes of assumptions:

Healthcare cost trend rates	8.0%-4.5%	7.5%-4.5%	8.0%-4.5%	8.5%-5.5%	9.0%-5.0%
Salary increases	1.76%-10.00%	1.76%-10.30%	1.76%-10.30%	1.76%-10.30%	1.76%-10.30%
Discount rate	2.19%	2.66%	3.51%	3.87%	3.56%
Inflation	1.30%	1.30%	1.30%	2.50%	1.30%
Society of Actuaries' mortality scale	MP-2020	MP-2018	MP-2018	MP-2017	MP-2015

Data prior to 2017 is unavailable.

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK  
(A Component Unit of the City of

**Supplementary Information**  
**Combining Balance Sheet - Nonmajor Governmental Funds**

June 30, 2021

	School Food Service	Special Activities	Permanent	Total Nonmajor Governmental Funds	
				2021	2020
<b>Assets</b>					
Cash and cash equivalents	\$ 300	\$ 184,658	\$ -	\$ 184,958	\$ 189,910
Cash held by the City of Buffalo	24,686,322	-	-	24,686,322	17,050,881
Cash and cash equivalents - restricted	-	-	309,960	309,960	312,277
Accounts receivable	13,352	-	-	13,352	56,437
State and federal aid receivable	5,788,337	-	-	5,788,337	2,595,522
Inventory	971,151	-	-	971,151	1,192,707
Total assets	<u>\$ 31,459,462</u>	<u>\$ 184,658</u>	<u>\$ 309,960</u>	<u>\$ 31,954,080</u>	<u>\$ 21,397,734</u>
<b>Liabilities and Fund Balances</b>					
Accounts payable	\$ 520,532	\$ -	\$ -	\$ 520,532	\$ 1,314,423
Accrued liabilities	453,052	-	-	453,052	487,588
Total liabilities	<u>973,584</u>	<u>-</u>	<u>-</u>	<u>973,584</u>	<u>1,802,011</u>
<b>Fund Balances</b>					
Nonspendable:					
Inventory	971,151	-	-	971,151	1,192,707
Endowment	-	-	309,960	309,960	312,277
Restricted:					
Special activities	-	184,658	-	184,658	189,610
Assigned:					
School food service	29,514,727	-	-	29,514,727	17,901,129
Total fund balances	<u>30,485,878</u>	<u>184,658</u>	<u>309,960</u>	<u>30,980,496</u>	<u>19,595,723</u>
Total liabilities and fund balances	<u>\$ 31,459,462</u>	<u>\$ 184,658</u>	<u>\$ 309,960</u>	<u>\$ 31,954,080</u>	<u>\$ 21,397,734</u>

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK  
(A Component Unit of the City of Buffalo, New

**Supplementary Information**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Nonmajor Governmental Funds**

For the year ended June 30, 2021

	School Food Service	Special Activities	Permanent	Total Nonmajor Governmental Funds	
				2021	2020
<b>Revenues</b>					
Use of money and property	\$ -	\$ -	\$ 31	\$ 31	\$ 446
Miscellaneous	154,718	3,559	-	158,277	61,737
State sources	1,100,453	-	-	1,100,453	1,400,541
Federal sources	34,859,906	-	-	34,859,906	30,102,827
Sales	192,074	-	-	192,074	978,051
Total revenues	<u>36,307,151</u>	<u>3,559</u>	<u>31</u>	<u>36,310,741</u>	<u>32,543,602</u>
<b>Expenditures</b>					
General support	22,851,922	-	-	22,851,922	29,066,729
Community service	-	8,511	2,348	10,859	5,770
Employee benefits	2,040,549	-	-	2,040,549	2,299,464
Capital outlay	273,959	-	-	273,959	429,652
Total expenditures	<u>25,166,430</u>	<u>8,511</u>	<u>2,348</u>	<u>25,177,289</u>	<u>31,801,615</u>
Excess revenues (expenditures)	<u>11,140,721</u>	<u>(4,952)</u>	<u>(2,317)</u>	<u>11,133,452</u>	<u>741,987</u>
<b>Other financing sources</b>					
Operating transfers, net	<u>251,321</u>	<u>-</u>	<u>-</u>	<u>251,321</u>	<u>667,194</u>
Net change in fund balances	11,392,042	(4,952)	(2,317)	11,384,773	1,409,181
Fund balances - beginning	19,093,836	189,610	312,277	19,595,723	18,186,542
Fund balances - ending	<u>\$ 30,485,878</u>	<u>\$ 184,658</u>	<u>\$ 309,960</u>	<u>\$ 30,980,496</u>	<u>\$ 19,595,723</u>

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK  
(A Component Unit of the City of Buffalo, New York)

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**Supplementary Information**  
**Schedule of Change from Original to Final Budget**

For the year ended June 30, 2021

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Original expenditure budget	\$ 954,700,000
Encumbrances carried over from prior year	4,776,135
Budget amendments:	
Cancelled encumbrances	<u>(1,053,820)</u>
Revised expenditure budget	<u>\$ 958,422,315</u>

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK  
 (A Component Unit of the City of Buffalo, New York)

**Supplementary Information**  
**Schedule of Capital Project Expenditures**

June 30, 2021

Project Title	Original Budget	Revised Budget	Expenditures			Unexpended Balance
			Prior Years	Current Year	Total	
Partial Refunding Savings Phase IV	11,063,175	11,159,952	10,782,271	173,432	10,955,703	204,249
Joint Schools Construction Board Local Share	-	2,632,956	2,613,256	19,700	2,632,956	-
Refunding Savings Phase III A&B	25,936,750	25,986,069	24,988,311	519,472	25,507,783	478,286
Consolidated Capital Funds	-	4,246,767	-	4,353	4,353	4,242,414
Partial Refunding 2 Savings Phase IV	17,676,113	17,941,237	7,146,463	7,283,492	14,429,955	3,511,282
Smart Schools Bond Act	10,000,000	40,645,722	29,984,994	9,045,735	39,030,729	1,614,993
	\$ 64,676,038	\$ 102,612,703	\$ 75,515,295	\$ 17,046,184	\$ 92,561,479	\$ 10,051,224

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK  
(A Component Unit of the City of Buffalo, New York)

**Supplementary Information**  
**Schedule of Expenditures of Federal Awards**

For the year ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Grant Title	CFDA Number	Grantor Number	Federal Expenditures
U.S. Department of Agriculture			
Passed Through New York State Education Department			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	\$ 736,057
COVID-19 - Summer Food Service Program for Children	10.559	N/A	30,437,689
			31,173,746 <sup>1</sup>
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	TDA01-C00252GG-34100	3,280
Passed Through New York State Office of General Services			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	2,827,193
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	79,758
			2,906,951 <sup>1</sup>
Fresh Fruit and Vegetable Program	10.582	N/A	858,967
Total U.S. Department of Agriculture			34,942,944
U.S. Department of Defense			
ROTC Language and Culture Training Grants	12.357	N/A	507,405
U.S. Department of Education			
Direct programs			
Title I Grants to Local Educational Agencies	84.010	N/A	124,898
Indian Education Grants to Local Educational Agencies	84.060	S060A191033	14,725
Indian Education Grants to Local Educational Agencies	84.060	S060A211033	114,896
Innovative Approaches to Literacy; Promise Neighborhoods; and Full-Service Community Schools	84.215	S215F160281	7,990
Passed Through New York State Education Department			
Special Education Cluster:			
Special Education Grants to States	84.027	0032-20-0202	96,745
Special Education Grants to States	84.027	0032-21-0202	12,352,327
Special Education Grants to States	84.027	0032-22-0202	84,886
Special Education Preschool Grants	84.173	0033-20-0202	2,194
Special Education Preschool Grants	84.173	0033-21-0202	601,290
Special Education Preschool Grants	84.173	0033-22-0202	10,449
Total Special Education Cluster			13,147,891

<sup>1</sup> Total Child Nutrition Cluster - \$34,080,697

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK  
(A Component Unit of the City of Buffalo, New York)

**Supplementary Information**  
**Schedule of Expenditures of Federal Awards (continued)**

For the year ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Grant Title	CFDA Number	Grantor Number	Federal Expenditures
U.S. Department of Education, continued			
Passed Through New York State Education Department			
Adult Education - Basic Grants to States	84.002	0040-20-2096	\$ (100,018)
Adult Education - Basic Grants to States	84.002	0040-21-2096	78,826
Adult Education - Basic Grants to States	84.002	0138-20-2059	(7,076)
Adult Education - Basic Grants to States	84.002	0138-21-2059	161,428
Adult Education - Basic Grants to States	84.002	2338-20-3132	-
Adult Education - Basic Grants to States	84.002	2338-21-3132	506,624
Adult Education - Basic Grants to States	84.002	2338-20-3224	(13,989)
Adult Education - Basic Grants to States	84.002	2338-21-3224	74,977
Adult Education - Basic Grants to States	84.002	2338-20-3225	(44,488)
Adult Education - Basic Grants to States	84.002	2338-21-3225	86,306
Adult Education - Basic Grants to States	84.002	2338-20-3223	(186)
Adult Education - Basic Grants to States	84.002	2338-21-3223	90,141
Title I Grants to Local Educational Agencies	84.010	0011-20-2002	122,570
Title I Grants to Local Educational Agencies	84.010	0011-21-2002	1,361,274
Title I Grants to Local Educational Agencies	84.010	0011-20-2302	546
Title I Grants to Local Educational Agencies	84.010	0011-21-2302	125,626
Title I Grants to Local Educational Agencies	84.010	0011-20-2702	112,794
Title I Grants to Local Educational Agencies	84.010	0011-21-2702	342,773
Title I Grants to Local Educational Agencies	84.010	0011-20-5030	67,098
Title I Grants to Local Educational Agencies	84.010	0011-20-5032	63,513
Title I Grants to Local Educational Agencies	84.010	0011-20-5050	(2,409)
Title I Grants to Local Educational Agencies	84.010	0011-21-5050	490,180
Title I Grants to Local Educational Agencies	84.010	0011-20-5051	(5,894)
Title I Grants to Local Educational Agencies	84.010	0011-21-5051	495,149
Title I Grants to Local Educational Agencies	84.010	0011-20-5052	(228)
Title I Grants to Local Educational Agencies	84.010	0011-21-5052	408,754
Title I Grants to Local Educational Agencies	84.010	0011-20-5053	4,692
Title I Grants to Local Educational Agencies	84.010	0011-21-5053	459,014
Title I Grants to Local Educational Agencies	84.010	0011-20-5054	2,406
Title I Grants to Local Educational Agencies	84.010	0011-21-5054	389,015
Title I Grants to Local Educational Agencies	84.010	0011-20-5055	251
Title I Grants to Local Educational Agencies	84.010	0011-21-5055	442,159
Title I Grants to Local Educational Agencies	84.010	0011-19-7120	22
Title I Grants to Local Educational Agencies	84.010	0016-20-0740	26,687
Title I Grants to Local Educational Agencies	84.010	0016-21-0740	211,289
Title I Grants to Local Educational Agencies	84.010	0021-19-0740	3,140
Title I Grants to Local Educational Agencies	84.010	0021-20-0740	527,777
Title I Grants to Local Educational Agencies	84.010	0021-21-0740	22,329,405

See accompanying notes.

BOARD OF EDUCATION, CITY OF BUFFALO, NEW YORK  
(A Component Unit of the City of Buffalo, New York)

**Supplementary Information**  
**Schedule of Expenditures of Federal Awards (continued)**

For the year ended June 30, 2021

Federal Grantor/Pass-Through Grantor/Program Grant Title	CFDA Number	Grantor Number	Federal Expenditures
U.S. Department of Education, continued			
Passed Through New York State Education Department, continued			
School Improvement Grants	84.377	0123-20-7002	\$ 1,624
School Improvement Grants	84.377	0123-21-7002	2,287
Career and Technical Education - Basic Grants to States	84.048	8000-20-0075	(3,989)
Career and Technical Education - Basic Grants to States	84.048	8000-21-0075	477,554
Career and Technical Education - Basic Grants to States	84.048	8000-20-9002	(54,289)
Career and Technical Education - Basic Grants to States	84.048	8000-21-9002	306,347
Career and Technical Education - Basic Grants to States	84.048	8000-22-9002	1,072
English Language Acquisition State Grants	84.365	0293-20-0740	102,548
English Language Acquisition State Grants	84.365	0293-21-0740	417,093
Supporting Effective Instruction State Grants	84.367	0145-20-1005	85,459
Supporting Effective Instruction State Grants	84.367	0145-21-1005	116,780
Supporting Effective Instruction State Grants	84.367	0147-20-0740	516,585
Supporting Effective Instruction State Grants	84.367	0147-21-0740	1,885,194
Student Support and Academic Enrichment Program	84.424	0204-20-0740	226,903
Student Support and Academic Enrichment Program	84.424	0204-21-0740	1,605,513
Education Stabilization Fund - Governor's Emergency Education Relief Fund	84.425C	N/A	7,001
Education Stabilization Fund - Governor's Emergency Education Relief Fund	84.425C	5895-21-0740	4,309,079
Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-0740	23,604,568
Education Stabilization Fund - Elementary and Secondary School Emergency Relief Fund	84.425D	N/A	16,076
Total U.S. Department of Education			75,843,953
U.S. Department of Health and Human Services			
Teenage Pregnancy Prevention Program	93.297	N/A	61,523
Title V Sexual Risk Avoidance Education Program	93.787	90TS002-01-00	67,911
Total U.S. Department of Health and Human Services			129,434
U.S. Department of the Treasury			
Passed Through Erie County			
Coronavirus Relief Fund	21.019	2-20200030	4,396,846
Total Expenditures of Federal Awards			\$ 115,820,582

See accompanying notes.

**Notes to Schedule of Expenditures of Federal Awards**

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**1. Summary of Significant Accounting Policies**

**Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs administered by Board of Education, City of Buffalo, New York (the Board), a component unit of the City of Buffalo, New York, an entity as defined in Note 1 to the Board’s basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other governmental agencies, are included on the Schedule of Expenditures of Federal Awards.

**Basis of Accounting**

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

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

**Indirect Costs**

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

**Non-Monetary Federal Program**

The Board is the recipient of a federal award program that does not result in cash receipts or disbursements, termed a “non-monetary program.” During the year ended June 30, 2021, the Board used \$2,827,193 worth of commodities under the National School Lunch Program (CFDA Number 10.555).

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

The Board of Education  
Board of Education, City of Buffalo, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the remaining fund information of Board of Education, City of Buffalo, New York (the Board), a component unit of the City of Buffalo, New York, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated October 15, 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.

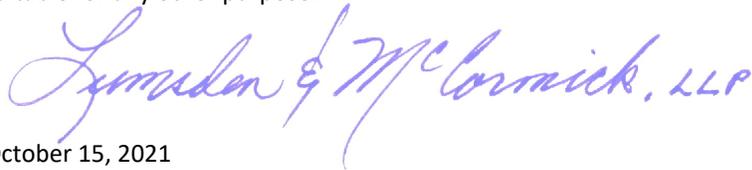
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 Board'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 Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in blue ink that reads "Lynden & McCormick, LLP". The signature is written in a cursive, flowing style.

October 15, 2021

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

The Board of Education  
Board of Education, City of Buffalo, New York

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

We have audited Board of Education, City of Buffalo, New York's (the Board), a component unit of the City of Buffalo, New York, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Board's major federal programs for the year ended June 30, 2021. The Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditors' Responsibility**

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

**Opinion on Each Major Federal Program**

In our opinion, the Board 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.

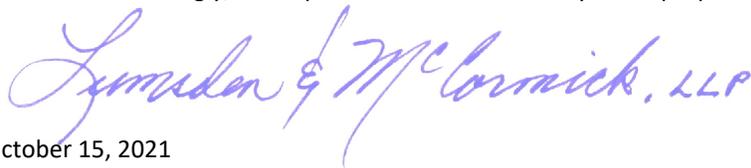
## Report on Internal Control Over Compliance

Management of the Board 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 Board'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 Board'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.

A handwritten signature in blue ink that reads "Lumsden & McCormick, LLP". The signature is written in a cursive, flowing style.

October 15, 2021

**Schedule of Findings and Questioned Costs**

For the year ended June 30, 2021

**Section I. Summary of Auditors' Results**

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

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

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

Identification of major programs:

Name of Federal Program or Cluster	CFDA #	Amount
Child Nutrition Cluster:		
COVID-19 – School Food Service Program for Children	10.559	\$ 30,437,689
National School Lunch Program	10.555	3,563,250
		<u>34,000,939</u>
Education Stabilization Fund:		
Governor's Emergency Education Relief Fund	84.425C	4,316,080
Elementary and Secondary School Emergency Relief Fund	84.425D	23,620,644
		<u>27,936,724</u>
Coronavirus Relief Fund	21.019	4,396,846
		<u>\$ 66,334,509</u>

Dollar threshold used to distinguish between type A and type B programs: \$3,474,617

Auditee qualified as low-risk auditee? No

**Section II. Financial Statement Findings**

No matters were reported.

**Section III. Federal Award Findings and Questioned Costs**

No matters were reported.

**JOINT SCHOOLS CONSTRUCTION BOARD INFORMATION**

## Information Regarding Joint Schools Construction Board Debt

For the year ended June 30, 2021

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### The Program

#### Authorization

The Program was developed by the Joint Schools Construction Board (JSCB) in conjunction with the Program Provider pursuant to the Buffalo Schools Act, the resolutions of the Board of Education and the Common Council, and the Charter of the City, and encompassed a comprehensive redevelopment program for the reconstruction of existing public schools and the construction of new public schools for the Buffalo City School District (Buffalo CSD). Prior to the Program, few new public schools had been built in the City and many elementary and secondary schools in the City were in need of substantial improvement, renovation, and reconstruction. The Buffalo Schools Act was enacted to encourage the City and the Buffalo CSD to cooperatively undertake new and innovative ways of renovating, building, and financing public schools within the City.

#### Program Overview

To date, \$1.304 billion aggregate principal amount of Project Bonds (excluding Project Bonds issued for refunding purposes) have been issued and are dedicated to the Program. Each phase of the Program has been completed. Currently no additional phases are anticipated to be undertaken for the Program.

In September 2003, the Erie County Industrial Development Agency (the Agency) issued its Series 2003 Bonds to provide funds for Phase I of the Program (the "Series 2003 Project"). The Series 2003 Project provided for the general reconstruction of nine school facilities and included site work, exterior and interior building improvements, mechanical and electrical upgrades, and the renovation and improvement of Buffalo CSD's telecommunications system and an energy program on a district-wide basis. Phase I was completed in April 2005. The Series 2003 Bonds were refunded in whole from proceeds of the sale of the Series 2011B Bonds, which were subsequently refunded in whole from proceeds of the sale of Series 2021B bonds on May 19, 2021.

In December 2004, the Agency issued its Series 2004 Bonds to provide funds for a portion of the cost of Phase II of the Program (the "Series 2004 Project"). The Series 2004 Project provided for the reconstruction of 13 existing schools, continued the construction of the district-wide technology and energy upgrades to create a state of the art educational environment, and provided for renovation of an outdoor sports facility for use district-wide. A portion of the proceeds of the Series 2007A Bonds was applied to finance additional costs relating to Phase II of the Program. Phase II of the Program was completed in July 2008. The Series 2004 Bonds were ultimately fully refunded from proceeds of the sale of the Series 2012A Bonds.

In August 2007, the Agency issued its Series 2007A Bonds to provide funds for a portion of the cost of Phase II of the Program and a portion of the cost of Phase III of the Program (the "Series 2007 Project"). The Series 2007 Project provided for the general reconstruction of four school facilities, including site work, exterior and interior building improvements, and continuation of the construction of the technology and energy upgrades begun with the Series 2003 Project. The technology portion of the Series 2004 Project and of the Series 2007 Project included an ongoing program known as E-RATE to renovate and improve the Buffalo CSD's telecommunications system on a district-wide basis.

In February 2008, the Agency issued its Series 2008A Bonds to provide funds for the balance of the cost of Phase III of the Program (the "Series 2008 Project"). The Series 2008 Project provided for the general reconstruction of five school facilities including site work, exterior and interior building improvements, and continuation of the construction of the technology and energy upgrades. The technology portion of the Series 2008 Project included E-RATE to renovate and improve the Buffalo CSD's telecommunications system on a district-wide basis. These improvements are designed to deliver the flexible educational spaces, instructional technology, and social support necessary to enhance student achievement. Phase III of the Program is complete. The Series 2007A and 2008A Bonds were fully refunded from proceeds of the sale of the Series 2015A Bonds on June 24, 2015.

In November 2009, the Issuer issued its Series 2009A Bonds to provide funds for Phase IV of the Program (the “Series 2009 Project”). The Series 2009 project provided for the general reconstruction of 10 school facilities, including site work, exterior and interior building improvements, and continuation of the construction of the technology and energy upgrades. The technology portion of the Series 2009 Project includes expanded security cameras and an access control system on a district-wide basis. These improvements were designed to deliver the flexible educational spaces, instructional technology, and social support necessary to enhance student achievement. Phase IV of the Program is complete. The Series 2009A Bonds were refunded in part from proceeds of the sale of the Series 2013A bonds and partially from the proceeds of the Series 2016A Bonds.

In July 2011, the Issuer issued its Series 2011A Bonds to provide funds for Phase V of the Program (the “Series 2011 Project”). The Series 2011 Project provided for the general reconstruction of seven school facilities, including site work, exterior and interior building improvements, and continuation of the construction of the technology and energy upgrades. The technology portion of the Series 2011 project includes the creation of data server hubs for the Buffalo CSD at two school locations and improved network technology and access on a district-wide basis. Phase V of the Program is complete. The Series 2011A Bonds were refunded in whole from proceeds of the sale of the Series 2021A Bonds on May 19, 2021.

### The Buffalo City School District and Board of Education

The Buffalo CSD is dependent on funding from the City, the County, the State, and the Federal government. It is governed by an independently elected nine-member Board of Education and operates pursuant to the New York State Education Law (the Education Law). The administration of the schools is the responsibility of the Superintendent of Schools who is appointed by the Board of Education of the Buffalo CSD. The school system operates 20 secondary schools, 37 elementary and intermediate schools, and 2 special schools. There are 21 charter schools that operate independently from the Buffalo CSD. All charter schools receive the same per pupil tuition rate for Buffalo Resident pupils, regardless of their location.

The following table sets forth information relating to the size of the school system:

Years ended June 30,	Size of Buffalo School System									
	2022 <sup>(4)</sup>	2021	2020	2019	2018	2017	2016	2015	2014	2013
Enrollment	31,382	30,850	33,290	33,286	33,512	33,834	34,174	34,402	33,938	32,765
Schools <sup>(1)</sup>	59	59	61	61	61	61	61	62	65	68
Instructional staff <sup>(2)</sup>	3,571	3,643	3,626	3,631	3,624	3,542	3,489	3,416	3,489	3,403
Administrative personnel <sup>(2)</sup>	257	255	258	262	257	240	243	241	240	208
Non-certified personnel <sup>(2)(3)</sup>	1,418	1,504	1,523	1,561	1,531	1,545	1,525	1,521	1,517	1,454

Source: Buffalo CSD, Finance Office

<sup>(1)</sup> Includes active schools (with student enrollment)

<sup>(2)</sup> Paid from Buffalo CSD General, Grants, and Food Service Funds

<sup>(3)</sup> Includes clerical, custodial, transportation, maintenance, instructional aides, exempt personnel, and other full-time non-certified personnel

<sup>(4)</sup> Projected as of September 30, 2021

### State Aid

State Aid (All Funds)	
Buffalo CSD	
Years ended June 30,	(in Millions)
2022 <sup>(1)</sup>	\$ 857.9
2021	783.0
2020	830.2
2019	822.1
2018	811.8
2017	764.7
2016	721.9
2015	697.9
2014	679.8
2013	661.8

Source: City of Buffalo Board of Education

<sup>(1)</sup> Projected as of September 30, 2021

### Buffalo City School District Bargaining Units

Six employee contracts of the 11 bargaining units representing the employees of the Buffalo CSD are in place for the 2021-22 fiscal year, while one contract is expected to be ratified by the Buffalo Board of Education on October 20, 2021, as shown in the chart below. The remaining four contracts have expired and are under negotiation.

The following chart describes the Buffalo CSD unions, approximate number of employees represented, and the present agreement expiration dates. For those agreements that have expired, negotiations have begun. The number of employees is effective as of September 30, 2021.

<u>Unions</u>	<u>Number of Employees<sup>(1)</sup></u>	<u>Present Agreements Expire</u>
BTF (Teachers)	3,571	06/30/19
BCSA (Administrators)	257	09/01/20
PCTEA (White Collar)	412	06/30/22
Local 264 (Blue Collar) <sup>(2)</sup>	57	06/30/13
Local 264 (Cook Managers)	23	06/30/22
Local 264 (Food Service)	Variable	06/30/22
BEST (Teachers Aides & Assistants)	810	06/30/25
Substitutes United (Substitute Teachers)	Variable	06/30/21
BASA (Substitue Administrators)	Variable	06/30/23
TAB (Bus Aides)	Variable	06/30/24
Local 409 (Engineers)	44	06/30/10
Trades	31	N/A
Exempt (includes Board)	41	N/A

Source: Buffalo CSD, Finance Office

<sup>(1)</sup>Includes General, Grants and Food Service Funds as of September 30, 2021

<sup>(2)</sup>A tentative agreement through 06/30/25 is expected to be ratified by the Buffalo Board of Education on October 20, 2021