PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 23, 2020

REFUNDING ISSUE **SERIAL BONDS**

S&P GLOBAL RATINGS: "AA-" STABLE OUTLOOK **See "BOND RATING" herein**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds. See "TAX MATTERS" herein.

The Bonds will be designated "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

$2,595,000*

EAST ROCHESTER UNION FREE SCHOOL DISTRICT

MONROE COUNTY, NEW YORK

GENERAL OBLIGATIONS
CUSIP BASE: 274731

$2,595,000* School District Refunding (Serial) Bonds, 2020

(the "Bonds")

Dated: Date of Delivery **Due: March 15, 2021-2027**

MATURITIES

Year	Amount	Rate	Yield	CSP	Year	Amount	Rate	Yield	CSP	Year	Amount	Rate	Yield	CSP
2021	$ 475,000	%	%		2024	$ 495,000	%	%		2027	$ 90,000	%	%	
2022	460,000				2025	510,000								
2023	475,000				2026	90,000								

The Bonds are not subject to redemption prior to maturity.

The Bonds are general obligations of the East Rochester Union Free School District, Monroe County, New York (the "District"), and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the District has power and statutory authorization to levy ad valorem taxes on all real property within the District subject to such taxation by the District without limitation as to rate or amount. See "TAX LEVY LIMITATION LAW" and "NATURE OF OBLIGATION" herein.

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 each or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. (See "BOOK-ENTRY-ONLY SYSTEM").

Interest on the Bonds will be payable semi-annually on March 15 and September 15 in each year until maturity commencing March 15, 2021. Principal and interest will be paid by the District to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds, as described herein.

The Bonds are offered when, as and if issued and received by the underwriter and subject to the receipt of the approving legal opinion as to the validity of the Bonds of Orrick, Herrington & Sutcliffe, LLP, Bond Counsel, New York, New York. Certain legal matters will be passed on for the Underwriter by its counsel, The Law Offices of Timothy R. McGill, Esq., Fairport, New York. It is anticipated that the Bonds will be available for delivery through the facilities of DTC located in Jersey City, New Jersey on or about November 13, 2020.

The District is unable to identify and state herein all of the direct or indirect effects, if any, of the COVID-19 pandemic on the District or on the fair market value, at any time, of the Bonds.

ROOSEVELT & CROSS INCORPORATED

October __, 2020

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* Preliminary, subject to change.
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SCHOOL DISTRICT OFFICIALS

2020-2021 BOARD OF EDUCATION

JENNIFER MAJEWSKI LESINSKI
President

VINCENT ANTONICELLI
Vice President

TIM HENRY
Member

MATT HOGAN
Member

PATRICK FLANAGAN
Member

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SCHOOL DISTRICT ADMINISTRATION

JAMES HAUGH
Superintendent

STACI SANSOUCIE
School Business Official

BOBBIE L. BILINSKI
District Treasurer

KRISTEN ADLER
School District Clerk

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

ORRICK, HERRINGTON & SUTCLIFFE LLP
Bond Counsel

No person has been authorized by East Rochester Union Free School District to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Bonds in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of East Rochester Union Free School District.

The Underwriter has provided the following sentence for inclusion in this Official Statement. "The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of its responsibilities under the federal securities law as applied to the facts and circumstances of this transaction, but the Underwriter does not guaranty the accuracy or completeness of such information."

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKETS. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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PREPARED WITH THE ASSISTANCE OF

Fiscal Advisors & Marketing, Inc.
250 South Clinton Street, Suite 502
Syracuse, New York 13202
(315) 752-0051

http://www.fiscaladvisors.com

OFFICIAL STATEMENT

of the

EAST ROCHESTER UNION FREE SCHOOL DISTRICT MONROE COUNTY, NEW YORK

Relating To

$2,595,000* School District Refunding (Serial) Bonds, 2020

This Official Statement, which includes the cover page and appendices, has been prepared by the East Rochester Union Free School District, Monroe County, New York (the "School District" or "District", "Counties", and "State", respectively) in connection with the sale by the District of $2,595,000* principal amount of School District Refunding (Serial) Bonds, 2020 (the "Bonds").

The factors affecting the District's financial condition and the Bonds are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the District tax base, revenues, and expenditures, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the District contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof, and all references to the Bonds and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive forms of the Bonds and such proceedings.

Statements in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the District management's beliefs as well as assumptions made by, and information currently available to, the District's management and staff. This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the District's overall economic situation and outlook (and all of the specific District-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify. See "THE SCHOOL DISTRICT-State Aid" and "MARKET AND RISK FACTORS" herein.

THE BONDS

Nature of the Obligation

Each Bond when duly issued and paid for will constitute a contract between the District and the holder thereof.

Holders of any series of notes or bonds of the District may bring an action or commence a proceeding in accordance with the civil practice law and rules to enforce the rights of the holders of such series of notes or bonds.

The Bonds will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the District has power and statutory authorization to levy ad valorem taxes on all real property within the District subject to such taxation by the District, without limitation as to rate or amount.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay "interest on or principal of indebtedness theretofore contracted" prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). Chapter 97 of the New York Laws of 2011 as amended, (as amended, the "Tax Levy Limitation Law" or "Chapter 97") applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

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* Preliminary, subject to change.

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the District's power to increase its annual tax levy, with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See "TAX LEVY LIMITATION LAW" herein.

The Constitutionally-mandated general obligation pledge of municipalities and school districts in New York State has been interpreted by the Court of Appeals, the State's highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

> "A pledge of the city's faith and credit is both a commitment to pay and a commitment of the City's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City's "faith and credit" is secured by a promise both to pay and to use in good faith the city's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit" are used and they are not tautological. That is what the words say and this is what the courts have held they mean…So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted…While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded".

In addition, the Court of Appeals in the Flushing National Bank (1976) case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of political subdivisions in New York State.

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution, which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term "faith and credit" in its context is "not qualified in any way". Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, "with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations." According to the Court in Quirk, the State Constitution "requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness."

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In Quirk v. Municipal Assistance Corp., the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

While the courts in New York State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

Description of the Bonds

The Bonds are general obligations of the District, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Bonds as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the District is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, without limitation as to rate or amount. See "TAX LEVY LIMITATION LAW" herein.

The Bonds will be dated the date of delivery and will mature in the principal amounts as set forth on the cover page. The "Record Date" of the Bonds will be the last business day of the calendar month preceding each such interest payment date.

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable semi-annually on March 15 and September 15 in each year until maturity commencing March 15, 2021. Principal and interest will be paid by the District to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein.

No Optional Redemption

The Bonds are <u>not</u> subject to redemption prior to maturity.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

THE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE DISTRICT MAKES NO REPRESENTATION AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF MATERIAL ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

Certificated Bonds

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law, or the District may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Bonds will be issued in fully registered form in denominations of $5,000 each or any integral multiple thereof for any single maturity. Principal of the Bonds when due will be payable upon presentation at the office of a bank or trust company located and authorized to do business in the State as a fiscal agent bank to be named by the District upon termination of the book-entry-only system. Interest on the Bonds will be payable semi-annually on March 15 and September 15 in each year until maturity commencing March 15, 2021. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the last business day of the calendar month preceding each such interest payment date. Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Refunding Bond Certificate of the President of the Board of Education authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of Bonds between the last business day of the calendar month preceding an interest payment date and such interest payment date.

AUTHORIZATION AND PLAN OF REFUNDING

Authorization and Purposes

The Bonds are being issued pursuant to the Constitution and statutes of the State, including particularly section 90.10 of the Local Finance Law, a refunding bond resolution adopted by the Board of Education on October 20, 2020 (the "Refunding Bond Resolution") and other proceedings and determinations related thereto. The Refunding Bond Resolution authorizes the refunding of all or a portion of the $625,000, outstanding principal balance of the School District (Serial) Bonds, 2007, dated October 15, 2007, originally issued by the School District in the aggregate principal amount of $1,400,0000 and all or a portion of the $2,080,000, outstanding principal balance of the School District (Serial) Bonds, 2010, dated March 15, 2010, originally issued by the School District in the aggregate principal amount of $5,353,140 (referred to herein as the "Refunded Bonds") and authorizes issuance of the Bonds to provide the funds necessary to effect the refunding of the Refunded Bonds.

The Refunded Bonds were authorized by the Board of Education pursuant to a bond resolution adopted to provide funds for the following purposes and amounts:

$1,400,000 School District (Serial) Bonds, 2007 – October 15, 2007

Purpose	Amount Originally Issued
Capital Project	$ 1,400,000

$5,353,140 School District (Serial) Bonds, 2010 – March 15, 2010

Purpose	Amount Originally Issued
Capital Project	$ 5,353,140

The proceeds of the Bonds are intended to be used to purchase a portfolio of non-callable direct obligations of the United States of America (the "Government Obligations") and pay certain costs of issuance related to the Bonds. The principal of and investment income on the portfolio of Government Obligations together with other available cash on deposit in the Escrow Deposit Fund (as hereinafter defined) are expected to be sufficient to pay the maturing principal of and interest on the Refunded Bonds.

The Refunding Financial Plan

The Bonds are being issued to effect the refunding of the Refunded Bonds pursuant to the District's refunding financial plan (the "Refunding Financial Plan") dated October 20, 2020. The Refunding Financial Plan provides that the proceeds of the Bonds (after payment of the underwriting fee and other costs of issuance related to the Bonds) are to be applied to the purchase of the Government Obligations. The Government Obligations are to be placed in an irrevocable trust fund (the "Escrow Deposit Fund") with Wilmington Trust, N.A. (the "Escrow Holder"), pursuant to the terms of an escrow contract (the "Escrow Contract") by and between the District and the Escrow Holder. The Refunding Financial Plan further provides that the Government Obligations will mature in amounts and bear interest sufficient, together with any un-invested cash deposited into the Escrow Deposit Fund from proceeds of the Bonds, to meet principal and interest payments with respect to the Refunded Bonds on the dates such payments are due or, in the case of Refunded Bonds subject to redemption prior to maturity, upon their earliest redemption dates (the "Payment Dates"). The Refunding Financial Plan calls for the Escrow Holder, pursuant to the Refunding Bond Resolution and the Escrow Contract, to call for redemption all the then outstanding Refunded Bonds on their respective first permitted redemption date. The owners of the Refunded Bonds will have a first lien on all of the respective cash and securities necessary for the refunding in the Escrow Deposit Fund into which are required to be deposited all investment income on and maturing principal of the Government Obligations, together with the un-invested cash deposit, until the Refunded Bonds have been paid, whereupon the Escrow Contract, given certain conditions precedent, shall terminate.

The District is expected to realize, as a result of the issuance of the Bonds, and in accordance with the Refunding Financial Plan, cumulative dollar and present value debt service savings.

Under the Refunding Financial Plan, the Refunded Bonds will continue to be general obligations of the District and will continue to be payable from District sources legally available therefore. However, inasmuch as the Government Obligations and cash held in the Escrow Deposit Fund will have been verified to be sufficient to meet all required payments of principal and interest on the Refunded Bonds, it is not anticipated that such District sources of payment will be used.

The list of Refunded Bond maturities set forth below may be changed by the District in its sole discretion due to market or other factors considered relevant by the District at the time of pricing of the Bonds and no assurance can be given that any particular series of bonds listed or that any particular maturity thereof will be refunded.

$1,400,000 School District (Serial) Bonds, 2007 – October 15, 2007
CUSIP BASE: 274731

Due June 15th	Principal Amount	Interest Rate	Redemption Date	Redemption Price	CSP
2021	$ 80,000	4.300%	12/15/2020	100.00%	FX1
2022	80,000	4.300	12/15/2020	100.00	FY9
2023	85,000	4.300	12/15/2020	100.00	FZ6
2024	90,000	4.300	12/15/2020	100.00	GA0
2025	90,000	4.300	12/15/2020	100.00	GB8
2026	100,000	4.300	12/15/2020	100.00	GC6
2027	100,000	4.300	12/15/2020	100.00	GD4
	$ 625,000				

$5,353,140 School District (Serial) Bonds, 2010 – March 15, 2010
CUSIP BASE: 274731

Due March 15th	Principal Amount	Interest Rate	Redemption Date	Redemption Price	CSP
2021	$ 390,000	3.250%	12/15/2020	100.00%	GR3
2022	400,000	3.250	12/15/2020	100.00	GS1
2023	415,000	3.500	12/15/2020	100.00	GT9
2024	430,000	4.000	12/15/2020	100.00	GU6
2025	445,000	4.000	12/15/2020	100.00	GV4
	$ 2,080,000				

The proceeds of the Refunded Bonds have been expended.

Verification of Mathematical Computations

Causey Demgen & Moore PC, a firm of independent public accountants, will deliver to the District, on or before the date of delivery of the Bonds, its attestation report indicating that it has verified, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the District and its representatives. Included in the scope of its engagement will be a verification of the mathematical accuracy of the mathematical computations of the adequacy of the cash and the maturing principal of and interest on, the Government Obligations used to fund the Escrow Deposit Fund to be established by the Escrow Holder to pay, when due, the maturing principal of and interest on the Refunded Bonds.

The verification performed by Causey Demgen & Moore PC will be solely based upon data, information and documents provided to Causey Demgen & Moore PC by the District and its representatives. Causey Demgen & Moore PC reports of its verification will state Causey Demgen & Moore PC has no obligations to update the report because of events occurring, or data or information coming to their attention, subsequent to the date of the report.

Sources and Uses of Bond Proceeds

Proceeds of the Bonds are to be applied as follows:

Sources:	Par Amount of the Bonds		$
	Original Issue Premium (Discount)		
		Total	$
Uses:	Deposit to Escrow Fund		$
	Underwriter's Discount		
	Costs of Issuance and Contingency		
		Total	$

THE SCHOOL DISTRICT

General Information

The District encompasses an area of about 3.2 square miles and is located six miles southeast of the City of Rochester. The District includes the entire coterminous Town of East Rochester and portions of the Towns of Pittsford and Perinton.

The District is in close proximity to New York State Route 490. East Rochester is primarily a residential community and many of its residents hold professional and executive positions.

Rochester Gas and Electric Corporation provides electricity and gas. East Rochester maintains its own police department. It is supplemented by the Monroe County Sheriff's Department and New York State Police. A volunteer fire department provides fire protection and ambulance service is provided by a private contract service.

Saint John Fisher College and Nazareth College are located in close proximity to the District and provide extensive undergraduate and graduate degree programs. In addition, Monroe Community College provides cultural and educational benefits for area residents. A number of major universities including the University of Rochester, Rochester Institute of Technology and SUNY College at Geneseo are within an hour's drive of East Rochester.

Source: District officials.

Population

The current estimated population of the District is 8,921. (Source: 2018 U.S. Census Bureau estimate)

Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which includes the District, are the Towns and the County listed below. The figures set below with respect to such Towns and County are included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the Towns or the County are necessarily representative of the District, or vice versa.

	Per Capita Income			Median Family Income		
	2000	2006-2010	2014-2018	2000	2006-2010	2014-2018
Towns of:						
Pittsford	$ 42,723	$ 50,484	$ 59,839	$102,215	$114,456	$ 140,197
Perinton	31,948	38,306	43,390	80,606	94,209	103,639
East Rochester	18,875	21,961	26,270	48,553	52,794	64,688
County of:						
Monroe	22,821	26,999	32,502	55,900	65,240	76,185
State of:						
New York	23,389	30,948	37,470	51,961	67,405	80,419

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2014-2018 American Community Survey data.

Larger Employers

The following employers are within or in close proximity to the District:

Name	Type	Employees
St. John Fisher College	Higher Education	877
Nazareth College	Higher Education	650
Wegmans	Retail Food Service	265
East Rochester UFSD	Public Education	202
Paychex (Despatch Drive)	Payroll Company	100

Note: The list and figures above have not been updated since the outbreak of the COVID-19 pandemic.

Source: District officials.

Unemployment Rate Statistics

Unemployment statistics are not available for the School District as such. The smallest area for which such statistics are available (which includes the School District) is the County listed below. The information set forth below with respect to the County is included for informational purposes only. It should not be implied from the inclusion of such data in this Official Statement that the County are necessarily representative of the School District, or vice versa.

Annual Average

	2013	2014	2015	2016	2017	2018	2019
Monroe County	7.0%	5.8%	5.1%	4.7%	4.9%	4.3%	4.2%
New York State	7.7	6.3	5.3	4.9	4.7	4.1%	4.0%

2020 Monthly Figures

	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct
Monroe County	4.5%	4.3%	4.4%	15.1%	11.4%	11.9%	13.7%	10.5%	4.9%	N/A
New York State	4.1%	3.9%	4.2%	15.1%	14.2%	15.5%	16.0%	12.6%	9.4%	N/A

Note: Unemployment rates for October 2020 are not available as of the date of this Official Statement. Due to the impact of the COVID-19 pandemic, unemployment rates for April, May, June, July, August and September 2020 were substantially higher than for previous periods and unemployment rate are expected to remain higher for the foreseeable future.

Source: Department of Labor, State of New York. (Note: Figures not seasonally adjusted).

Form of School Government

The Board of Education, which is the policy-making body of the District, consists of five members with overlapping three year terms so that as nearly as possible an equal number are elected to the Board each year. Each Board member must be a qualified voter of the District and no Board member may hold certain other district offices or positions while serving on the Board of Education. The President and the Vice President are elected by the Board members.

Budgetary Procedures

Pursuant to the Education Law, the Board of Education annually prepares a detailed statement of estimated sums necessary for the various expenditures of the District for the ensuing fiscal year (tentative budget) and distributes that statement not less than fourteen days prior to the date on which the School District's annual meeting is conducted, at which time such tentative budget is voted upon. Notice of the annual meeting is published as required by statute with a first publication not less than forty-five days prior to the day of such meeting. If the qualified voters at the annual meeting approve the tentative budget, the Board of Education, by resolution, adopts it as the budget of the District for the ensuing fiscal year.

Pursuant to Chapter 97 of the Laws of 2011 ("Chapter 97"), beginning with the 2012 – 2013 fiscal year, if the proposed budget requires a tax levy increase that does not exceed the lesser of 2% or the rate of inflation (the "Tax Cap") plus exclusions, then a majority vote is required for approval. If the proposed budget requires a tax levy that exceeds the Tax Cap, the budget proposition must include special language and a 60% vote is required for approval. Any separate proposition that would cause the District to exceed the Tax Cap also must receive at least 60% voter approval.

If the proposed budget is not approved by the required margin, the Board of Education may resubmit the original budget or a revised budget to the voters on the 3rd Tuesday in June, or adopt a contingency budget (which would provide for ordinary contingent expenses, including debt service) that levies a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy).

If the resubmitted and/or revised budget is not approved by the required margin, the Board of Education must adopt a budget that requires a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy). For a complete discussion of Chapter 97, see "TAX LEVY LIMITATION LAW" herein.

Recent Budget Vote Results

The budget for the 2019-20 fiscal year was approved by the qualified voters on May 21, 2019 by a vote of 297 to 90. The 2019-2020 adopted budget calls for a total tax levy increase of 2.01%, which is equal to the District tax levy limit of 2.01%

The budget for the 2020-21 fiscal year was approved by the qualified voters on June 9, 2020 by a vote of 960 to 211. The District's budget for the 2020-21 fiscal year remains within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget calls for a total tax levy increase of 2.98%, which is below the District tax levy limit of 4.02%.

Investment Policy

Pursuant to the statutes of the State of New York, the District is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the District; (6) obligations of a New York public corporation which are made lawful investments by the District pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of District moneys held in certain reserve funds established pursuant to law, obligations issued by the District. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law. The District does not invest in reverse repurchase obligations or other derivative type investments.

Consistent with the above statutory limitations, it is the District's current policy to invest in: (1) Savings Accounts; (2) N.O.W. Accounts; (3) Money Market Deposit Accounts; (4) Super N.O.W. Accounts; (5) 7 to 31 – Day Accounts; (6) Certificates of Deposit; and (7) U.S. Treasury Bonds, Bills and Notes.

The Treasurer is authorized to contract for the purchase of investments, including through a written repurchase agreement with a third party custodian, from an authorized trading partner. The District does not invest in reverse repurchase agreement on other derivative type investments.

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2020-2021 fiscal year, approximately 37.68% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

The amount of State aid to school districts is dependent in part upon the financial condition of the State. Currently, due the outbreak of COVID-19 the State has declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time; however, it is anticipated that the State will experience budgetary restrictions which will require certain gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District.

The State's 2020-2021 Adopted Budget authorizes the State's Budget Director to make periodic adjustments to nearly all State spending, including State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. Specifically, the legislation provides that the State Budget Director will determine whether the State's 2020-2021 budget is balanced during three "measurement periods": April 1 to April 30, May 1 to June 30, and July 1 to Dec. 31. According to the legislation, if "a General Fund imbalance has occurred during any Measurement Period," the State's Budget Director will be empowered to "adjust or reduce any general fund and/or state special revenue fund appropriation … and related cash disbursement by any amount needed to maintain a balanced budget," and "such adjustments or reductions shall be done uniformly across the board to the extent practicably or by specific appropriations as needed." The legislation further provides that prior to making any adjustments or reductions, the State's Budget Director must notify the Legislature in writing and the Legislature has 10 days following receipt of such notice to prepare and approve its own plan. If the Legislature fails to approve its own plan, the Budget Director's reductions take effect automatically. See "*State Aid History*" herein.

It is anticipated that the State Budget Director's powers discussed herein will be activated and across-the-board and targeted reductions to local aid programs will be taken to close a substantial portion of the State fiscal year 2021 budget gap caused by the receipts shortfall. On April 25, 2020, the New York State Division of the Budget announced that the State fiscal year 2021 Enacted State Budget Financial Plan (the "Financial Plan"), projects a $13.3 billion shortfall as a direct consequence of the COVID-19 pandemic. As a result, in the absence of Federal assistance, initial budget control actions are expected to significantly reduce State spending in several areas, including "aid-to-localities," a broad spending category that includes funding for health care, K-12 schools, and higher education as well as support for local governments, public transit systems, and not-for-profits. Reduced receipts are expected to carry through each subsequent year of the four year Financial Plan through State fiscal year 2024. Reductions or delays in the payment of State aid could adversely affect the financial condition of school districts in the State. See "*State Aid History*" herein.

On August 20, 2020, The State Education Department released a notice based on the August 13, 2020 New York State Division of Budget's (the "DOB") Fiscal Year 2021 Quarterly State Budget Financial Plan Update, which states that, in the absence of Federal action since enactment of the Fiscal Year 2021 budget, DOB began withholding 20 percent of most local aid payments in June, and that all or a portion of these withholds may be converted to permanent reductions, depending on the size and timing of new Federal aid, if any. In July, DOB began approving General Support for Public Schools (GSPS) payments to school districts (including 3609-a General Aid, 3609-b Excess Cost Aid, and 3609-d BOCES Aid payments) at 80% of the otherwise scheduled amounts. DOB's Updated Financial Plan includes $8.2 billion in recurring local aid reductions, and states that the earliest DOB expects to transmit a detailed aid-to-localities reduction plan to the Legislature is late in the second quarter of the State's Fiscal Year 2021, and that, in the absence of unrestricted Federal aid, DOB will continue to withhold a range of payments through the second quarter of FY 2021.

Source: NYS Dept. Of Education, State Aid Website. This source pertains only to the August 2020 updates detailed in the paragraph above.

Note: Reference to website implies no warranty of accuracy of information therein, and the website is not incorporated herein by reference.

The availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in the adoption of the State budget. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

There can be no assurance that the State appropriation for building aid and other State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid, including building aid appropriated and apportioned to the School District, can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget or their elimination therefrom.

The State is not constitutionally obligated to maintain or continue State aid to the District. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which could eliminate or substantially reduce State aid could have a material adverse effect upon the District, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures (See also "MARKET AND RISK FACTORS").

Should the District fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies or by a mid-year reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid. In the event of a mid-year reduction of State aid, deficiency notes may be issued under certain circumstances.

Potential reductions in Federal aid received by the State.

The State receives a substantial amount of Federal aid for education. Many of the policies that drive this Federal aid are subject to change under the current presidential administration and Congress. However, the State's current financial projections concerning Federal aid, and the assumptions on which they are based, are subject to revision as more information becomes available about the proposals for Federal tax policy and legislation, health care, including amendments to the Affordable Care Act, infrastructure, taxation, the Budget Control Act of 2011 (as amended), Federal regulatory reform, and other issues that may arise.

Reductions in Federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the new administration and Congress, the State budget may be adversely affected by other actions taken by the Federal government, including audits, disallowances, and changes to Federal participation rates or other Medicaid rules.

There can be no assurance that the State's financial position will not change materially and adversely from current projections. If this were to occur, the State would be required to take additional gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations; delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. Reductions in the payment of State aid could adversely affect the financial condition of school districts in the State.

Building Aid

A portion of the District's State aid consists of building aid which is related to outstanding indebtedness for capital project purposes. In order to receive building aid, the District must have building plans and specifications approved by the Facilities Planning Unit of the State Education Department. A maximum construction and incidental cost allowance is computed for each building project that takes into account a pupil construction cost allowance and assigned pupil capacity. For each project financed with debt obligations, a bond percentage is computed. The bond percentage is derived from the ratio of total approved cost allowances to the total principal borrowed. Approved cost allowances are estimated until a project final cost report is completed.

Aid on debt service is generally paid in the current fiscal year provided such debt service is reported to the Commissioner of Education by November 15 of that year. Any debt service in excess of amounts reported by November 15 will not be aided until the following fiscal year. The building aid received is equal to the approved building expense, or bond percent, times the building aid ratio that is assigned to the District. The building aid ratio is calculated based on a formula that involves the full valuation per pupil in the District compared to a State-wide average.

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2020-2021 preliminary building aid ratios, the District expects to receive State building aid of approximately 78.0% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

The State building aid ratio is calculated each year based upon a formula which reflects Resident Weighted Average Daily Attendance (RWADA) and the full value per pupil compared with the State average. Consequently, the estimated aid will vary over the life of each issue. State building aid is further dependent upon the continued apportionment of funds by the State Legislature.

State aid history

Following a State budgetary crisis in 2009, State aid to school districts in the State decreased for a number of years with increases established in more recent years. However, as discussed below the COVID-19 outbreak has affected and is expected to continue to affect State aid to school district.

School district fiscal year (2015-2016): The 2015-2016 State budget included a partial reduction in the Gap Elimination Adjustment with $603 million in GEA cuts being restored, and provided an additional $428 million in foundation aid and $268 million in expense base aids which reimbursed school districts for prior year expenses in school construction, transportation, BOCES and special education services.

School district fiscal year (2016-2017): The 2016-17 State budget included a school aid increase of $991 million over 2015-16, $863 million of which consists of traditional operating aid. In addition to full-funding of expense based aids ($408 million), the budget also includes a $266 million increase in Foundation Aid and an $189 million restoration to the Gap Elimination Adjustment. The bulk of the remaining increase included $100 million in Community Schools Aid, an aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families. The District received $0 in State aid (in the form of Foundation aid) to be used on community schools activities. The District was not a part of the Community Schools Grant Initiative (CSGI).

Gap Elimination Adjustment (GEA). The GEA law was first introduced for the 2010-2011 fiscal year (although it existed in 2009-10 and was called "Deficit Reduction Assessment") as a way to help close the State's then $10 billion budget deficit. Under the legislation, a portion of the funding shortfall at the State level is divided among all school districts throughout the State and reflected as a reduction in school district State aid. The GEA is a negative number, money that is deducted from the aid originally due to the District. The total GEA and Deficit Reduction Assessment reduction in school aid for the District amounted to approximately $7,780,306. The District was forced to deliver programs in new and creative ways, while reducing where necessary based on student-driven needs and increasing taxes accordingly. The District did not lose any additional State aid as a result of the GEA in 2016-2017 fiscal year as the Gap Elimination Adjustment was completely eliminated in the 2016-2017 Enacted State Budget.

School district fiscal year (2017-2018): The State 2017-18 Enacted Budget increased State aid to education by $1.1 billion, including a $700 million increase in Foundation Aid, bringing the total amount of State aid to education to $25.8 billion or an increase of 4.4%. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State 2017-18 Enacted Budget continued to link school aid increases for 2017-18 and 2018-19 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d. The State 2017-18 Enacted Budget allowed the Governor to reduce aid to school districts mid-year if receipts from the federal government were less than what was expected. The Legislature then will have 90 days to approve the Governor's plan.

School district fiscal year (2018-2019): The State's 2018-2019 Enacted Budget included nearly $1 billion in additional education funding, representing a 3.9% increase over 2017-2018. Approximately $859 million of that increase was comprised of traditional public school aid, including increased Foundation Aid and full-funding of expense-based aids. Formula-based school aid stood at $26.03 billion statewide, a 3.4% increase over the prior year. The State's 2018-19 Enacted Budget included an increase of $618 million in Foundation Aid for school districts. Foundation Aid totaled nearly $17.8 billion statewide. For the seventh consecutive year, the Foundation Aid increase was distributed using a one year, off formula methodology. The State's 2018-2019 Enacted Budget guaranteed that all school districts receive an increase in Foundation Aid over their 2017-2018 levels. $50 million of the Foundation Aid increase was "set aside" for certain school districts to fund community schools. The State's 2018-2019 Enacted Budget fully funded all expense-based aid for 2018-2019, including building, transportation, BOCES and special education aid. These categories served as State reimbursements for school district expenses made in the prior year, based on school district-specific aid ratios. A total of $240 million was approved for increases in all expense-based aids in 2018-2019. The State 2018-2019 Enacted Budget continued to allow the Governor to reduce aid to school districts mid-year if receipts from the Federal government are less than what was expected.

School district fiscal year (2019-2020): The State 2019-2020 Enacted Budget included a total of $27.69 billion for School Aid, a year-to-year funding increase of $956 million or 3.6 percent and will provide additional funding for Foundation Aid of $338.0 million and $409.65 million in reimbursements for expense-based aids. In addition, the 2019-2020 Enacted Budget increases the Community Schools set-aside funding amount by $49.99 million to a total of $250.0 million. This increased funding is targeted to districts with failing schools and/or districts experiencing significant growth in English language learners. The State 2019-2020 Enacted Budget increases the minimum community schools funding amount from $75,000 to $100,000. This ensures all high-need districts across the State can apply the funds to a wide-range of activities.

School District Fiscal Year (2020-21): The State's 2020-21 Enacted Budget includes a year-to-year funding increase for State aid of $95.0 million of .035%. Foundation Aid to school districts is frozen at the same level as the 2019-2020 fiscal year; while other aids, calculated according to formulas in current law, are responsible for the increase. The State's 2020-2021 Enacted Budget includes $10 million in new funding for grants to school districts for student mental health services. It should be noted that there was an actual year-to-year decrease of State aid implemented through a reduction of each school district's State aid allocation form the 2019-2020 fiscal year. The reduction is being referred to as a "Pandemic Adjustment." However, the decrease in State aid is expected to be fully offset by an allocation received by the State of funds from the recently approved federal stimulus bill. Absent the federal stimulus funds, there would have been a $1.127 billion decrease in State aid from the 2019-2020 fiscal year. In addition, the State's 2020-2021 Enacted Budget authorized the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues come in below 99% of estimates or if actual disbursements exceed 101% of estimates. See "State Aid" herein for a discussion of this provision set forth in the 2020-2021 Enacted Budget.

State Aid Litigation

In January 2001, the State Supreme Court issued a decision in Campaign for Fiscal Equity v. New York mandating that the system of apportionment of State aid to school districts within the State be restructured by the Governor and the State Legislature. On June 25, 2002, the Appellate Division of the State Supreme Court reversed that decision. On June 26, 2003, the State Court of Appeals, the highest court in the State, reversed the Appellate Division, holding that the State must, by July 30, 2004, ascertain the actual cost of providing a sound basic education, enact reforms to the system of school funding and ensure a system of accountability for such reforms. The Court of Appeals further modified the decision of the Appellate Division by deciding against a Statewide remedy and instead limited its ruling solely to the New York City school system.

After further litigation, on appeal in 2006, the Court of Appeals held that $1.93 billion of additional funds for the New York City schools – as initially proposed by the Governor and presented to the Legislature as an amount sufficient to provide a sound basic education – was reasonably determined. State legislative reforms in the wake of The Campaign for Fiscal Equity decision included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid for school districts in the State into one classroom operating formula referred to as foundation aid. The stated purpose of foundation aid is to prioritize funding distribution based upon student need. As a result of the Court of Appeals ruling schools were to receive $5.5 billion increase in foundation aid over a four fiscal year phase-in covering 2007 to 2011.

In school district fiscal year 2009-2010, foundation aid funding was frozen by the State Legislature to the prior fiscal year level, and in the fiscal year thereafter foundation aid funding was reduced through a "gap elimination adjustment" as described above, and other aid adjustments. The final phase-in of foundation aid as originally projected has not occurred as of this date.

A case related to the Campaign for Fiscal Equity, Inc. v. State of New York was heard on appeal on May 30, 2017 in New Yorkers for Students' Educational Rights v. State of New York ("NYSER") and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the Campaign for Fiscal Equity case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a "sound basic education" as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the CFE case that absent "gross education inadequacies", claims regarding state funding for a "sound basic education" must be made on a district-by-district basis based on the specific facts therein.

There can be no assurance that the State appropriation for building aid and other State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid, including building aid appropriated and apportioned to the District, can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget or their elimination therefrom.

State Aid Revenues

The following table illustrates the percentage of total revenues of the District for each of the below completed fiscal years, and budgeted figures for the 2020-21 fiscal year comprised of State aid.

Fiscal Year	Total Revenues [1]	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2015-2016	$ 26,071,091	$ 10,076,574	38.65%
2016-2017	27,021,951	11,105,073	41.10
2017-2018	27,872,566	11,613,080	41.66
2018-2019	28,570,933	11,692,567	40.92
2019-2020	27,607,764	11,344,377	41.09
2020-2021 (Budgeted)	27,401,334	11,092,013	40.48

(1) General fund only, does not include inter-fund transfers or reserve funds.

Source: Audited Financial Statement for the 2015-2016 fiscal year through and including the 2019-2020 fiscal year and the adopted budget for 2020-2021 fiscal year. This table is not audited.

District Facilities

Name	Grades	Capacity	Year(s) Built/Additions
Campus Facility	K-12	1,800	1957, 1995

Source: District officials.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2016-2017	1,016	2021-2022	1,010
2017-2018	1,025	2022-2023	1,000
2018-2019	1,009	2023-2024	1,000
2019-2020	1,013	2024-2025	1,000
2020-2021	1,024	2025-2026	1,000

Source: District officials.

Employees

The District employs a total of approximately 201 full time and part time employees with representation by various unions as follows:

Number of Employees	Union Representation	Contract Expiration Date
12	East Rochester Administrators Association	June 30, 2022
109	East Rochester Teachers Association	June 30, 2026
80	CSEA/AFSCME Local 1000/AFL-CIO Local Unit #828	June 30, 2023

Status and Financing of Employee Pension Benefits

Substantially all employees of the District are members of either the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees) or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members working less than ten years must contribute 3% (ERS) or 3.5% (TRS) of gross annual salary towards the cost of retirement programs.

On December 12, 2009, a new Tier V was signed into law. The legislation created a new Tier V pension level, the most significant reform of the State's pension system in more than a quarter-century. Key components of Tier V include:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring ERS employees to continue contributing 3% of their salaries and TRS employees to continue contributing 3.5% toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at $15,000 per year, and for police and firefighters at 15% of non-overtime wages. On March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6% and contributions at such rates continue so long as such employee continues to accumulate pension credits, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for the final average salary calculation from 3 years to 5 years. Tier VI employees will vest in the system after ten years of employment and will continue to make employee contribution throughout employment.

The District is required to contribute at an actuarially determined rate. The actual contributions for each of the below completed fiscal years, and budgeted figures for the 2020-2021 fiscal year are as follows:

Fiscal Year	ERS	TRS
2014-2015	$ 288,455	$ 1,342,553
2015-2016	242,975	1,095,941
2016-2017	228,077	980,185
2017-2018	247,662	816,283
2018-2019	236,037	906,796
2019-2020	248,214	739,249
2020-2021 (Budgeted)	297,701	865,604

Source: District records.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The School District currently has early retirement incentive programs. The District is in its last year of a 3 year retirement incentive constructed by the District

The District offered early retirement incentives as follows:

Fiscal Year	Staff Participants	Replacement Cost	Savings
2016-2017	8	$ 228,728	$ 224,142
2017-2018	5	186,033	10,231
2018-2019	9	97,000	431,954

The District currently has no early retirement incentive programs for the 2019-2020 fiscal year.

Source: District officials.

Historical Trends and Contribution Rates. Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of average ERS and TRS rates as a percent of payroll (2017 to 2021) is shown below:

Year	ERS	TRS
2016-17	15.5%	11.72%
2017-18	15.3	9.80
2018-19	14.9	10.62
2019-20	14.6	8.86
2020-21	14.6	9.53

In 2003, Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and the Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program for ERS. The reform program established a minimum contribution for any local governmental employer equal to 4.5% of pensionable salaries for bills which were due December 15, 2003 and for all fiscal years thereafter, as a minimum annual contribution where the actual rate would otherwise be 4.5% or less due to the investment performance of the fund. In addition, the reform program instituted a billing system to match the budget cycle of municipalities and school districts that will advise such employers over one year in advance concerning actual pension contribution rates for the next annual billing cycle. Under the previous method, the requisite ERS contributions for a fiscal year could not be determined until after the local budget adoption process was complete. Under the new system, a contribution for a given fiscal year is based on the valuation of the pension fund on the prior April 1 of the calendar year preceding the contribution due date instead of the following April 1 in the year of contribution so that the exact amount may now be included in a budget.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating employers, if they so elect, to amortize an eligible portion of their annual required contributions to ERS when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a "graded" rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by the State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year's amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer's graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

The District is not amortizing any pension payments nor does it intend to do so in the foreseeable future.

Stable Rate Pension Contribution Option: The 2013-14 State Budget included a provision that provides local governments and school districts, including the District, with the option to "lock-in" long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and TRS. The stable rates would be 12% for ERS and 14% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but will require higher than normal contributions in later years.

The District did not participate in the Stable Rate Pension Contribution Option nor does it intend to do so in the foreseeable future.

The investment of monies, and assumptions underlying same, of the Retirement Systems covering the District's employees is not subject to the direction of the District. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems ("UAALs"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the District which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

The State's 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. As of June 2019, the District established such a fund for the purpose of funding the cost of TRS contributions.

Other Post Employee Benefits

Healthcare Benefits. It should also be noted that the District provides employment healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that requires governmental entities, such as the District, to account for employment healthcare benefits as it accounts for vested pension benefits. GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), described below, requires such accounting.

School districts and Boards of Cooperative Educational Services, unlike other municipal units of government in the State, have been prohibited from reducing health benefits received by or increasing health care contributions paid by retirees below the level of benefits or contributions afforded to or required from active employees since the implementation of Chapter 729 of the Laws of 1994. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of this date. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

GASB 75 and OPEB. In 2015, the GASB released new accounting standards for public other postemployment benefits (OPEB) plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. For the fiscal year ended June 30, 2017 the District implemented GASB 75. The implementation of this statement requires District's to report Other Post-Employment Benefits (OPEB) liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required the District to calculate and report a net other postemployment benefit obligation. However, under GASB 45 districts could amortize the OPEB liability over a period of years, whereas GASB 75 requires districts to report the entire OPEB liability on the statement of net position.

The District contracted with The Burke Group, an actuarial firm, to calculate its actuarial valuation under GASB 75

The following outlines the changes to the Total OPEB Liability during the past two fiscal years, by source.

Balance at:	June 30, 2018	June 30, 2019
	$ 50,590,728	$ 55,525,869
Changes for the year:		
Service cost	1,334,748	1,650,401
Interest	1,839,017	1,928,086
Changes in benefit terms	-	-
Differences between expected and actual experience	3,346,958	(8,855,758)
Changes in assumptions or other inputs	(602,395)	11,452,199
Benefit payments	(983,187)	(1,127,271)
Net Changes	$ 4,935,141	$ 5,047,657
Balance at:	June 30, 2019	June 30, 2020
	$ 55,525,869	**$ 60,573,526**

Note: The above table is not audited. For additional information see "APPENDIX - D" attached hereto.

There is no authority in current State law to establish a trust account or reserve fund for this liability. The District has reserved $0 towards its OPEB liability. The District funds this liability on a pay-as-you-go basis.

The District's unfunded actuarial accrued OPEB liability could have a material adverse impact upon the District's finances and could force the District to reduce services, raise taxes or both.

Under GASB 75, an actuarial valuation will be required every 2 years for all plans, however, the Alternative Measurement Method continues to be available for plans with less than 100 members.

In April 2015, the State Comptroller announced legislation to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The proposed legislation would allow the following:

- Authorize the creation of irrevocable OPEB trusts, not part of the New York State Common Retirement Fund, so that New York state and its local governments can, at their option, help fund their OPEB liabilities;
- Establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the state and participating eligible local governments;
- Designate the president of the Civil Service Commission as the trustee of the state's OPEB trust and the governing boards as trustee for local governments; and
- Allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established.

Under the State Comptroller's proposal, there are no restrictions on the amount a government can deposit into the trust. The proposed legislation was not enacted into law in the last two legislative sessions. It is not possible to predict whether the Comptroller's proposed legislation will be reintroduced or enacted if introduced.

Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose, for which the Bonds are to be issued is the Education Law and the Local Finance Law.

The District is in compliance with the procedure for the publication of the estoppel notice with respect to the Bonds as provided in Title 6 of Article 2 of the Local Finance Law.

No principal or interest upon any obligation of the District is past due.

The fiscal year of the District is July 1 to June 30.

Except for as shown under "STATUS OF INDEBTEDNESS – Estimated Overlapping Indebtedness", this Official Statement does not include the financial data of any political subdivision having power to levy taxes within the District.

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2020 and is attached hereto as "APPENDIX – D". Certain financial information of the District can be found attached as Appendices to the Official Statement.

The District complies with the Uniform System of Accounts as prescribed for school districts in New York State by the State. This system differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting (GAAFR), published by the Governmental Accounting Standards Board (GASB).

Beginning with the fiscal year ending June 30, 2003, the District issues its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis.

New York State Comptroller Report of Examination

The State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the District has complied with the requirements of various State and Federal statutes. These audits can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

The State Comptroller's office released an audit report of the District on July 1, 2016. The purpose of the audit was to review the District's financial management for the period July 1, 2012 through November 24, 2015 and examine the District's calculation of separation payments for the period July 1, 2013 through November 24, 2015.

Key Findings:

- The Board did not adopt budgets based on historical or known trends.
- As of June 30 2015, the District overstated encumbrances by at least $198,771, which understated the amount of available unrestricted fund balance. As a result, unrestricted fund balance was actually 6.3 percent of the 2015-16 budget.
- District officials did not have written policies and procedures governing separation payments and did not maintain adequate supporting documentation for each separation payment.

Key Recommendations:

- Adopt budgets that reflect the District's actual needs and include realistic estimates based on historical trends or other identified analysis.
- Ensure that year-end encumbrances relate to the fiscal year that they are recorded in and avoid recording invalid encumbrances that result in circumventing the fund balance limitation.
- Develop written policies and procedures to govern the separation payments process and ensure that all separation payments have adequate and consistent supporting documentation with evidence of appropriate review.

The District provided a complete response to the State Comptroller's office on June 1, 2016. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

As of the date of this Official Statement, there are no other State Comptrollers audits of the District that are currently in progress or pending release.

Note: Reference to website implies no warranty of accuracy of information therein, and the website is not incorporated herein by reference.

The State Comptroller's Fiscal Stress Monitoring System

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "Significant Fiscal Stress", in "Moderate Fiscal Stress," as "Susceptible Fiscal Stress" or "No Designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "No Designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The reports of the State Comptroller for the past three fiscal years of the District are as follows:

Fiscal Year Ending In	Stress Designation	Fiscal Score
2019	No Designation	3.3%
2018	No Designation	3.3%
2017	No Designation	3.3%

Source: Website of the Office of the New York State Comptroller.

Note: Reference to website implies no warranty of accuracy of information therein, and the website is not incorporated herein by reference.

TAX INFORMATION

Taxable Assessed Valuations

Fiscal Year Ending June 30:	2017	2018	2019	2020	2021
Towns of:					
East Rochester	$ 309,707,898	$ 309,679,641	$ 323,195,439	$ 326,054,729	$ 327,388,326
Pittsford	166,113,049	166,502,761	173,618,460	165,644,899	166,713,295
Perinton	45,115,326	44,460,818	45,226,554	45,104,059	45,205,288
Total Assessed Values	$ 520,936,273	$ 520,643,220	$ 542,040,453	$ 536,803,687	$ 539,306,909
State Equalization Rates					
Towns of:					
East Rochester	100.00%	100.00%	100.00%	100.00%	99.00%
Pittsford	100.00%	100.00%	100.00%	100.00%	95.00%
Perinton	100.00%	100.00%	100.00%	100.00%	93.00%
Total Taxable Full Valuation	$ 520,936,273	$ 520,643,220	$ 542,040,453	$ 536,803,687	$ 554,790,794

Tax Rate Per $1,000 (Assessed)

Fiscal Year Ending June 30:	2017	2018	2019	2020	2021
Towns of:					
East Rochester	$ 25.93	$ 26.32	$ 25.84	$ 26.62	$ 26.77
Pittsford	25.93	26.32	25.84	26.62	27.90
Perinton	25.93	26.32	25.84	26.62	28.50

Tax Levy and Tax Collection Record

Fiscal Year Ending June 30:	2017	2018	2019	2020	2021
Total Tax Levy	$ 13,523,946	$ 13,723,747	$ 14,016,778	$ 14,298,719	$ 14,724,821
Amount Uncollected (1)	444,261	480,316	361,850	277,430	N/A
% Uncollected	3.28%	3.50%	2.58%	1.94%	N/A

(1) District taxes are made whole by the County. See "Tax Collection Procedure" herein.

Tax Collection Procedure

Tax payments are due during the month of September without penalty. A 2% penalty is imposed for late payment. On or about November 18th, uncollected taxes are returnable to the County of Monroe for collection. The School District receives this amount of uncollected taxes from said County on or before April 1st, thereby assuring 100% tax collection annually.

Real Property Tax Revenues

The following table illustrates the percentage of total revenues of the District for each of the below completed fiscal years, and budgeted figures for the 2020-21 fiscal year comprised of real property taxes and tax items:

Fiscal Year	Total Revenues [1]	Total Real Property Tax Levy & Tax Items	Percentage of Total Revenues Consisting of Real Property Tax Levy & Tax Items
2015-2016	$ 26,071,091	$ 13,569,008	52.05%
2016-2017	27,021,951	13,627,013	50.43
2017-2018	27,872,566	13,852,283	49.70
2018-2019	28,570,933	14,169,089	49.59
2019-2020	27,607,764	14,419,163	52.23
2020-2021 (Budgeted)	27,401,334	14,849,821	54.19

(1) General fund only, does not include inter-fund transfers or reserve funds.

Source: Audited Financial Statement for the 2015-2016 fiscal year through and including the 2019-2020 fiscal year, and the adopted budget for 2020-2021 fiscal year. This table is not audited.

Larger Taxpayers 2020 for the 2020-2021 Tax Rolls

Name	Type	Est. Full Valuation
Pittsford 490 Joint Venture (Linden Oaks) [1]	Professional Building	$ 24,443,000
Rochester Gas & Electric	Utility	17,438,236
Wegmans Food Markets	Grocery Store – Country Club Plaza	7,668,500
Team Piano LLC (Piano Works Mall)	Commercial	6,950,000
Hoselton Realty Corp.	Auto Dealer	6,559,800
Gleason Estates Assoc LP	Real Estate	6,500,000
Rochester General Hospital	Medical	6,059,800
Brush, John D. & Co. Inc.	Manufacturing	6,120,300
Techniplex Associates LP	Commercial	7,356,800
1260 Broadway Albany Corp.	Manufacturing	2,667,400

(1) The District currently has an outstanding tax certiorari that is known or believed to have a material impact on the District. In August 2018, the District received a tax certiorari Notice of Claim from Mark Gianniny & Pittsford 490 Joint Venture who is looking to reduce its full value assessment on two of its properties. This could prove to be substantial, however; the District currently has $1,934,234 in its Reserve for Tax Certiorari which would be enough to cover a judgement against the District.

The ten larger taxpayers listed above have a total estimated full valuation of $91,763,836, which represents approximately 16.5% of the tax base of the District for the 2020-2021 fiscal year.

Note: The list above remains unchanged from the 2019-2020 tax roll.

Source: District Tax Rolls.

STAR – School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School Districts are reimbursed by the State for real property taxes exempted pursuant to the STAR Program.

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and undisclosed retirement annuities ("STAR Adjusted Gross Income") of $86,300 or less for 2019 benefits and $88,050 or less for 2020 benefits, increased annually according to a Cost-of-Living adjustment, are eligible for an "enhanced" exemption. Other homeowners with household STAR Adjusted Gross income not in excess of $250,000 ($500,000 in the case of a STAR credit, as discussed below) are eligible for a $30,000 "full value" exemption on their primary residence.

Part A of Chapter 60 of the Laws of 2016 of the State of New York ("Chapter 60") gradually converts the STAR program from a real property tax exemption to a personal income tax credit. Chapter 60 prohibits new STAR exemptions from being granted unless at least one of the applicants held title to the property on the taxable status date of the assessment roll that was used to levy school district taxes for the 2015-2016 school year (generally, March 1, 2015), and the property was granted a STAR exemption on that assessment roll. A new homeowner may receive a new personal income tax credit in the form of a check. A taxpayer who is eligible for the new credit will receive a check from the State equal to the amount by which the STAR exemption would have reduced his or her school tax bill. A homeowner who owned his or her home on the taxable status date for the assessment roll used to levy taxes for the 2015-2016 school year, and who received a STAR exemption on that roll, may continue to receive a STAR exemption on that home as long as he or she still owns and primarily resides in it. No further action is required (unless the homeowner has been receiving Basic STAR and wants to apply for Enhanced STAR, which is permissible).

The 2019-20 Enacted State Budget makes several changes to the STAR program, which went into effect immediately. The changes are intended to encourage homeowners to switch from the STAR exemption to the STAR credit. The income limit for the exemption has been lowered to $250,000, compared with a $500,000 limit for the credit. The amount received for the STAR exemption will remain the same each year, while the amount of the STAR credit can increase up to two percent annually. Homeowners with STAR Adjusted Gross Income of $250,000 or less have the option to select the credit or the exemption.

The 2020-21 Executive Budget would withhold STAR benefits to taxpayers who are delinquent in the payment of their school taxes and would lower the income limit for the exemption to $200,000, compared with a $500,000 limit for the credit. The 2020-21 Executive Budget is subject to approval by the New York State Legislature and then must be signed into law by the Governor. There is no assurance that the 2020-21 Executive Budget will be adopted and no way to predict what changes the Governor and the Legislature may agree to.

The below table lists the basic and enhanced exemption amounts for the 2020-21 District tax roll for the municipalities applicable to the District:

Towns of:	Enhanced Exemption	Basic Exemption	Date Certified
East Rochester	$ 69,800	$ 30,000	4/10/2020
Pittsford	69,800	30,000	4/10/2020
Perinton	69,800	30,000	4/10/2020

$2,033,236 of the District's $14,016,778 school tax levy for the 2018-2019 fiscal year was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January, 2019.

$1,898,449 of the District's $14,298,719 school tax levy for the 2019-2020 fiscal year was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January, 2020.

Additional Tax Information

Real property located in the District is assessed by the Towns.

Senior Citizens' exemptions are offered to those who qualify.

The total valuation of the District is estimated to be categorized as follows: Residential-78%, and Commercial- 22%.

The estimated total annual property tax bill of a $108,500 market value residential property located in the District in the Town of East Rochester is approximately $2,941 (or $2,128 with the Basic STAR exemption) including County, Town, School District, and Fire District taxes.

TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 (the "Tax Levy Limit Law" or "TLLL") was enacted. The Tax Levy Limit Law expires on June 16, 2020 unless extended. The Tax Levy Limit Law imposes a tax levy limitation on the School District for any fiscal year each commencing after January 1, 2012 without providing an express exclusion for real property taxes levied for payment of principal of and interest on general obligations issued by the School District under the Local Finance Law. Accordingly, the power of the School District to levy real property taxes on all taxable real property within the School District without limitation as to rate or amount in furtherance of the pledge of its faith and credit as required in the New York Constitution is subject to statutory limitations pursuant to formulae set forth in the Tax Levy Limit Law.

The Tax Levy Limit Law restricts the increase in the amount of the succeeding year's tax levy to no more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. The TLLL also provides for certain adjustments for taxable real property full valuation increases or changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. The 2% limit can be increased and overridden annually through a local law enacted by a 60% supermajority vote of the qualified electors of the School District adopting the annual budget. Computation of the tax levy limit by the school district must be submitted to the Office of the State Comptroller for review. Express exclusions from the 2% limit of TLLL include (i) funds needed to pay judgments in excess of 5% of the prior year's tax levy, (ii) retirement systems growth in the average actuarial contribution rate in excess of 2% and (iii) voter approved capital expenditures, defined as taxes associated with budgeted expenditures resulting from the financing, refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of, or otherwise providing for school district capital facilities or school district capital equipment, including debt service and lease expenditures, and transportation capital debt service. Certain values related to growth of value of the real property tax base in the School District, as computed by the commissioner of taxation and finance, may result in an increase adjustment in the real property tax levy notwithstanding the 2% limit in the TLLL. The School District is also permitted to carry forward a certain portion of its unused levy limitation from a prior year. The school district's calculation of each fiscal year's tax levy limit is subject to review by the Commissioner of Education and the Commissioner of Taxation and Finance prior to adoption of each fiscal year budget. Nonetheless, the TLLL does not provide an express exclusion from the tax levy limitation for payment of principal and interest on general obligations authorized and issued by a School District under the Local Finance Law.

On February 20, 2013, the New York State United Teachers ("NYSUT") and several individuals filed a lawsuit in State Supreme Court in Albany County seeking a declaratory judgment and a preliminary injunction that the Tax Levy Limitation Law is unconstitutional as it applies to public school districts. On September 23, 2014, a justice of the New York State Supreme Court dismissed each of NYSUT's causes of action but granted NYSUT's motion to amend the complaint. NYSUT subsequently served a second amended complaint seeking a preliminary injunction and challenging the Tax Levy Limitation Law as violative of the Education Article of the New York State Constitution, the Equal Protection and Due Process clauses and the First Amendment. On March 16, 2015 a New York State Supreme Court Justice denied NYSUT's motion for a preliminary injunction and dismissed all causes of action contained in NYSUT's second amended complaint. NYSUT appealed the decision to continue its challenge to the constitutionality of the Tax Levy Limitation Law. On May 5, 2016 the Appellate Division upheld the lower court dismissal, noting that while the State is required to provide the opportunity of a sound basic education, the Constitution "does not require that equal educational offerings be provided to every student", and further noted "the legitimate government interest of restraining crippling property tax increases". An appeal by NYSUT was dismissed on October 20, 2016 by the Court of Appeals, New York's highest court, on the ground that no substantial constitutional question was directly involved and thereafter leave to appeal was denied on January 14, 2017 by the Court of Appeals.

STATUS OF INDEBTEDNESS

Constitutional Requirements

The New York State Constitution and Local Finance Law limit the power of the District (and other municipalities and certain school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional and statutory limitations in summary form, and as generally applicable to the District and the Bonds, include the following:

Purpose and Pledge. The District shall not give or loan any money or property to or in aid of any individual or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The District may contract indebtedness only for a school district purpose and shall pledge its faith and credit for the payment of the principal of and interest thereon.

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its Bonds.

Debt Limit. The District has the power to contract indebtedness for any school district purpose authorized by the legislature of the State; provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District and subject to certain enumerated deductions and exclusions set forth in the Local Finance Law. The constitutional and statutory method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined.

There is no constitutional limitation on the amount of real property taxes which may be levied in any fiscal year to pay the principal of and interest on the Bonds. Further, the New York Constitution prohibits the State Legislature from restricting the power of the District to levy real estate taxes for the payment of principal of and interest on indebtedness authorized and issued under the Local Finance Law. However, Chapter 97 of the Laws of 2011 imposes a statutory limit on the District's power to increase its annual real property tax levy, including such taxes to pay the principal of and interest on the Bonds. See "LEGAL MATTERS" herein.

Statutory Procedure

In general, the State Legislature has, by the enactment of the Local Finance Law, authorized the powers and procedure for the District to borrow and incur indebtedness subject, of course, to the constitutional provisions set forth above. The power to spend money, however, generally derives from other law, including the Education Law.

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds, and notes in anticipation of the bonds.

Debt Limit. The District has the power to contract indebtedness for any District purpose authorized by the Legislature of the State of New York provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District and subject to certain enumerated deductions such as State aid for building purposes. The statutory method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the equalization rate which such assessed valuation bears to the full valuation; such rate is determined by the State Office of Real Property Services. The Legislature prescribes the manner by which such rate shall be determined.

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

(1) Such obligations are authorized for a purpose for which the District is not authorized to expend money, or

(2) There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication or,

(3) Such obligations are authorized in violation of the provisions of the Constitution.

Except on rare occasions the District complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

The Board of Education, as the finance board of the District, has the power to enact bond resolutions. In addition, such finance board has the power to authorize the sale and issuance of obligations. However, such finance board may delegate the power to sell the obligations to the President of the Board of Education, the chief fiscal officer of the District, pursuant to the Local Finance Law.

The District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness; however, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.

Debt Outstanding End of Fiscal Year

Fiscal Years Ending June 30th:	2016	2017	2018	2019	2020
Bonds	$ 12,295,000	$ 13,540,000	$ 11,500,000	$ 9,360,000	$ 8,075,000
Bond Anticipation Notes	3,000,000	0	0	2,000,000	5,075,000
Other Debt (1)	422,369	344,897	264,073	179,751	91,780
Total Debt Outstanding	$ 15,717,369	$ 13,884,897	$ 11,764,073	$ 11,539,751	$ 13,241,780

(1) Represents an Energy Performance Contract ("EPC"). EPCs do not count toward the debt limit. See "Capital Lease" herein.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of October 23, 2020.

Type of Indebtedness	Maturity		Amount
Bonds	2021-2031		$ 8,075,000
Bond Anticipation Notes			
Capital Project	June 25, 2021		5,075,000 (1)
		Total Indebtedness	$ 13.150.000

(1) To be redeemed with proceeds of a future bond anticipation note and/or serial bond issue.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of October 23, 2020:

Full Valuation of Taxable Real Property			$ 554,790,794
Debt Limit 10% thereof			55,479,079
Inclusions:			
Bonds	$ 8,075,000		
Bond Anticipation Notes	5,075,000		
Principal of this Issue	2,595,000 *		
Total Inclusions		$ 15,745,000	
Exclusions:			
State Building Aid (1)	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness			$ 15,745,000
Net Debt-Contracting Margin			$ 39,734,079
The percent of debt contracting power exhausted is			28.38%

(1) Based on preliminary 2020-2021 building aid estimates, the District anticipates State Building aid of 78.0% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.

Note: The State Constitution does not provide for the inclusion of tax anticipation or revenue anticipation notes in the computation of the net indebtedness of the District.

$2,705,000* of the serial bonds listed above are expected to be refunded with the proceeds of the Bonds.

Bonded Debt Service

A schedule of bonded debt service may be found in "APPENDIX – B" to this Official Statement.

* Preliminary, subject to change.

Cash Flow Borrowings

The District has not issued tax and/or revenue anticipation notes in the past five fiscal years. The District has a revenue anticipation note resolution in place and will assess the cash flow needs of the District dependent on State Aid receipts.

Capital Project Plans

On November 15, 2018, the qualified voters of the District voted on a $9.6 million capital improvement project that will utilize $4.25 million from the Capital Reserve Fund. On September 5, 2019, the District issued $2 million bond anticipation notes as the first borrowing against this authorization. On June 25, 2020, the District issued $5,075,000 bond anticipation notes which renewed $2 million bond anticipation notes less a principal reduction of $275,000 and provided $3,350,000 of new monies for the capital project.

Other than as stated above, there are no other capital projects authorized or unissued by the District, nor are any contemplated.

Capital Leases

The District is obligated under a capital lease under an Energy Performance Contract currently outstanding. The following is a summary of debt service requirements.

The following is a summary of debt service requirements.

Year	Principal	Interest
2021	$ 91,781	$ 2,456
TOTAL	$ 91,781	$ 2,456

Source: 2020 Audited Financial Statements attached hereto as "APPENDIX -D" to this Official Statement.

Estimated Overlapping Indebtedness

In addition to the School District, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the School District. The estimated outstanding indebtedness of such political subdivisions is as follows:

Municipality	Status of Debt as of	Gross Indebtedness (1)	Exclusions (2)	Net Indebtedness	District Share	Net Overlapping Indebtedness
County of:						
Monroe	12/31/2018	$ 825,499,223	$ 72,868,195	$ 752,631,028	1.27%	$ 9,558,414
Town of:						
Pittsford	12/31/2018	22,329,076	-	22,329,076	5.43%	1,212,469
Perinton	12/31/2018	18,795,000	18,795,000	-	1.14%	-
East Rochester	12/31/2018	-	-	-	100.00%	-
Village of:						
East Rochester	5/31/2019	6,595,000	-	6,595,000	100.00%	6,595,000
					Total:	$ 17,365,883

(1) Bonds and bond anticipation notes. Not adjusted to include subsequent bond sales, if any.

(2) Water and sewer debt and appropriations. Pursuant to the Local Finance Law, this indebtedness is excluded from the constitutional debt limit.

Source: Comptroller's Special Report on Municipal Affairs for Local Finance Years Ended in 2018 and 2019.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of October 23, 2020:

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness [c]	$ 15,745,000	$ 1,764.94	2.84%
Net Indebtedness Plus Net Overlapping Indebtedness [d]	33,110,883	3,711.57	5.97

(a) The current estimated population of the District is 8,921. (See "THE SCHOOL DISTRICT - Population" herein.)
(b) The District's full value of taxable real estate for the 2020-21 fiscal year is $554,790,794. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)
(c) See "Debt Statement Summary" for the calculation of Net Direct Indebtedness, herein.
(d) The District's applicable share of Estimated net overlapping indebtedness is estimated to be $17,365,883. (See "Estimated Overlapping Indebtedness" herein.)

Note: The above ratios do not take into account State building aid the District will receive for past and current construction building projects.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

State Aid Intercept for School Districts. In the event of a default in the payment of the principal of and/or interest on the Bonds, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Bonds. The covenant between the State of New York and the purchasers and the holders and owners from time to time of the notes and bonds issued by the school districts in the State for school purposes provides that it will not repeal, revoke or rescind the provisions of Section 99-b, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

Said section provides that in the event a holder or owner of any bond issued by a school district for school purposes shall file with the State Comptroller a verified statement describing such bond and alleging default in the payment thereof or the interest thereon or both, it shall be the duty of the State Comptroller to immediately investigate the circumstances of the alleged default and prepare and file in his office a certificate setting forth his determinations with respect thereto and to serve a copy thereof by registered mail upon the chief fiscal officer of the school district which issued the bond. Such investigation by the State Comptroller shall cover the current status with respect to the payment of principal of and interest on all outstanding bonds of such school district issued for school purposes and the statement prepared and filed by the State Comptroller shall set forth a description of all such bonds of the school district found to be in default and the amount of principal and interest thereon past due.

Upon the filing of such a certificate in the office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district's contribution to the State teachers retirement system, and (b) the principal of and interest on such bonds of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on bonds shall be forwarded promptly to the paying agent or agents for the bonds in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds. If any of such successive allotments, apportionments or payments of such State Aid so deducted or withheld shall be less than the amount of all principal and interest on the bonds in default with respect to which the same was so deducted or withheld, then the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such bonds in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds of such school district. The State Comptroller shall promptly notify the chief fiscal officer of such school district of any payment or payments made to any paying agent or agents of defaulted bonds pursuant to said Section 99-b.

General Municipal Law Contract Creditors' Provision. Each Note when duly issued and paid for will constitute a contract between the District and the holder thereof. Under current law, provision is made for contract creditors of the District to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the District upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Bonds in the event of a default in the payment of the principal of and interest on the Bonds.

Execution/Attachment of Municipal Property. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to municipalities, judgments against the District may not be enforced by levy and execution against property owned by the District.

Authority to File For Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not be made so applicable in the future.

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See "General Municipal Law Contract Creditors' Provision" herein.

The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

Default Litigation. In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crises as they may occur in the State and in political subdivisions of the State require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

No Past Due Debt. No principal of or interest on School District indebtedness is past due. The School District has never defaulted in the payment of the principal of and interest on any indebtedness.

MARKET AND RISK FACTORS

There are various forms of risk associated with investing in the Bonds. The following is a discussion of certain events that could affect the risk of investing in the Bonds. In addition to the events cited herein, there are other potential risk factors that an investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential risk.

The financial condition of the District as well as the market for the Bonds could be affected by a variety of factors, some of which are beyond the District's control. There can be no assurance that adverse events in the State or in other jurisdictions in the country, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Bonds. If a significant default or other financial crisis should occur in the affairs of the State or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the District to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected.

The District relies in part on State aid to fund its operations. There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget, the State's ability to borrow funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the District, in any year, the impact to the State's economy and financial condition due to the novel coronavirus ("COVID-19") outbreak and other circumstances, including State fiscal stress. In several recent years, the District has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. Should the District fail to receive State aid expected from the State in the amounts or at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid. (See also "THE SCHOOL DISTRICT - State Aid").

The enactment of the Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the District could have an impact upon the market price of the Bonds. See “TAX LEVY LIMITATION LAW” herein.

Future legislative proposals, if enacted into law, or clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent the beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. No assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of the Bonds, or the tax status of interest on the Bonds. See “TAX MATTERS” herein.

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District’s financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency. The State has also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State’s economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time. Similarly, the degree of the impact to the District’s operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the State and municipalities and school districts located in the State, including the District. The District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See “State Aid” and “State Aid History” herein).

*Cybersecurity***.** The District, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the District will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in “APPENDIX – E”.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds. The District has covenanted to comply with certain restrictions designed to insure that interest on the Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Bonds being included in gross income for federal income tax purposes possibly from the date of original issuance of the Bonds. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. Further, no assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of, or the tax status of interest on, the Bonds.

Certain requirements and procedures contained or referred to the in the Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion as to any Bonds or the interest thereon if any such change occurs or action is taken or omitted.

Although Bond Counsel is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds may otherwise affect a Owner's federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Owner or the Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Legislative proposals have been made in recent years which would limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Bonds. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel expects to deliver such opinion at the time of issuance of the Bonds substantially in the form set forth in "APPENDIX – E" hereto.

Certain legal matters will be passed upon for the underwriter by its counsel, The Law Offices of Timothy R. McGill, Esq., Fairport, New York.

LITIGATION

The District is subject to a number of lawsuits in the ordinary conduct of its affairs. The District does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the District.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the District, threatened against or affecting the District to restrain or enjoin the issuance, sale or delivery of the Bonds or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Bonds or any proceedings or authority of the District taken with respect to the authorization, issuance or sale of the Bonds or contesting the corporate existence or boundaries of the District.

CONTINUING DISCLOSURE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the District will enter into an Undertaking to provide Material Event Notices, a description of which is attached hereto as "APPENDIX – C".

Historical Compliance

The District is in compliance, in all material respects, within the last five years with all previous undertakings made pursuant to the Rule 15c2-12.

MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor") is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the District on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Bonds. The advice on the plan of financing and the structuring of the Bonds was based on materials provided by the District and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the District to the Municipal Advisor are partially contingent on the successful closing of the Bonds.

UNDERWRITING

The Bonds are being purchased by Roosevelt & Cross Incorporated (the "Underwriter") for reoffering to the public. The purchase contract for the Bonds provides that the Underwriter will purchase all of the Bonds, if any are purchased, at a purchase price equal to $______________ (being the par amount of the Bonds plus an original issue premium of $____________, less an underwriter's discount for the transaction of $___________). The Underwriter is initially offering the Bonds to the public at the public offering yields indicated on the cover page but the Underwriter may offer and sell the Bonds to certain dealers, institutional investors and others (including sales for deposit into investment trusts, certain of which may be sponsored or managed by the Underwriter) at yields higher than the public offering yields stated on the cover page and the public offering yields may be changed from time to time by the Underwriter.

BOND RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P Global") has assigned their rating of "AA-" with a stable outlook to the Bonds. A rating reflects only the view of the rating agency assigning such rating and any desired explanation of the significance of such rating should be obtained from S&P Global, Public Finance Ratings, 55 Water Street, 38th Floor, New York, New York 10041, Phone: (212) 438-2118.

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of the rating of the District's outstanding serial bonds may have an adverse effect on the market price of the outstanding serial bonds.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinion or estimates whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Bonds.

Statements in this official statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the District management's beliefs as well as assumptions made by, and information currently available to, the District's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the District's files with the repositories. When used in District documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Bonds.

Orrick, Herrington & Sutcliffe, LLP, New York, Bond Counsel to the Issuer, and The Law Offices of Timothy R. McGill, Esq., Fairport, New York, counsel to the underwriter express no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the District for use in connection with the offer and sale of the Bonds, including but not limited to, the financial or statistical information in this Official Statement..

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Bonds, the District will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the District.

The Official Statement is submitted only in connection with the sale of the Bonds by the District and may not be reproduced or used in whole or in part for any other purpose.

The District hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Fiscal Advisors & Marketing, Inc. may place a copy of this Official Statement on its website at www.fiscaladvisors.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Fiscal Advisors & Marketing, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the District nor Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, Inc. and the District disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Fiscal Advisors & Marketing, Inc. and the District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

The District's contact information is as follows: Ms. Staci SanSoucie, School Business Official, 222 Woodbine Avenue, East Rochester, New York 14445, Phone (585) 248-6305, Fax (585) 248-6309, Email: staci.sansoucie@erschools.org.

Additional copies of the Notice of Sale and the Official Statement may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., telephone number (315) 752-0051, or at www.fiscaladvisors.com and www.fiscaladvisorsauction.com

EAST ROCHESTER UNION FREE SCHOOL DISTRICT

Dated: October __, 2020

JENNIFER MAJEWSKI LESINSKI
PRESIDENT OF THE BOARD OF EDUCATION AND CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheet

Fiscal Year Ending June 30:	**2016**	**2017**	**2018**	**2019**	**2020**
ASSETS					
Cash and cash equivalents	$ 16,398,367	$ 17,107,215	$ 18,378,226	$ 15,757,700	$ 18,339,996
Restricted Cash	-	-	-	-	-
Due from Other Funds	1,127,590	1,335,535	1,240,238	1,205,649	1,140,973
State and Federal Aid Receivable	-	-	-	-	-
Due from Other Governments	-	-	-	-	-
Other Receivables	1,066,345	1,330,456	1,473,589	1,391,135	1,449,799
TOTAL ASSETS	$ 18,592,302	$ 19,773,206	$ 21,092,053	$ 18,354,484	$ 20,930,768
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 581,528	$ 223,845	$ 491,722	$ 547,073	$ 396,798
Accrued Liabilities	325,048	311,143	187,823	66,501	44,929
Due to Other Governments	-	-	-	-	-
Due to Other Funds	276,233	324,037	319,473	627,525	404,450
Due to Teachers' Retirement System	1,196,113	1,075,181	906,796	998,694	810,542
Due to Employees' Retirement System	62,803	53,931	68,598	64,614	60,067
Compenstated Absences Payable	215,768	286,606	276,530	191,516	235,400
Deferred Revenues	10,534	8,440	13,336	12,494	-
TOTAL LIABILITIES	2,668,027	2,283,183	2,264,278	2,508,417	1,952,186
FUND EQUITY					
Restricted	$ 13,898,027	$ 15,429,334	$ 16,431,607	$ 13,916,126	$ 15,827,279
Assigned	928,293	957,808	1,266,851	791,407	1,974,508
Unassigned	1,097,955	1,102,881	1,129,317	1,138,534	1,176,795
TOTAL FUND EQUITY	15,924,275	17,490,023	18,827,775	15,846,067	18,978,582
TOTAL LIABILITIES and FUND EQUITY	$ 18,592,302	$ 19,773,206	$ 21,092,053	$ 18,354,484	$ 20,930,768

Source: Audited financial reports of the School District. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	2015	2016	2017	2018	2019
REVENUES					
Real Property Taxes	$ 10,929,063	$ 11,226,607	$ 11,353,154	$ 11,639,779	$ 11,983,542
Other Tax Items	2,267,085	2,342,401	2,273,859	2,212,504	2,185,547
Non-Property Tax Items	964,633	1,084,587	956,451	997,104	1,022,573
Charges for Services	75,624	166,874	100,291	79,421	60,328
Use of Money & Property	872,938	867,312	871,662	937,682	1,078,127
Sale of Property and Compensation for Loss	14,666	12,697	29,232	930	26,634
Miscellaneous	1,237,984	246,259	286,502	290,794	460,064
Revenues from State Sources	9,238,232	10,076,574	11,105,073	11,613,080	11,692,567
Revenues from Federal Sources	54,831	47,780	45,727	101,272	61,551
Total Revenues	$ 25,655,056	$ 26,071,091	$ 27,021,951	$ 27,872,566	$ 28,570,933
Other Sources:					
Operating Transfers In	200,000	200,000	201,058	291,737	269,892
Transfers from Reserves	-	-	-	-	-
Total Revenues and Other Sources	25,855,056	26,271,091	27,223,009	28,164,303	28,840,825
EXPENDITURES					
General Support	$ 3,965,958	$ 3,474,166	$ 3,475,090	$ 3,590,163	$ 3,462,606
Instruction	11,585,174	12,765,713	12,756,474	13,258,860	13,765,035
Pupil Transportation	678,232	724,589	792,146	867,181	915,046
Community Services	41,628	44,597	47,877	33,446	20,568
Employee Benefits	5,667,331	5,803,512	5,990,907	6,271,844	6,261,618
Debt Service	2,394,377	2,399,980	2,528,638	2,724,585	2,716,212
Total Expenditures	$ 24,332,700	$ 25,212,557	$ 25,591,132	$ 26,746,079	$ 27,141,085
Other Uses:					
Operating Transfers Out	2,837,951	57,850	66,129	80,470	4,681,448
Transfers to Reserves	-	-	-	-	-
Total Expenditures and Other Uses	27,170,651	25,270,407	25,657,261	26,826,549	31,822,533
Excess (Deficit) Revenues Over Expenditures	(1,315,595)	1,000,684	1,565,748	1,337,754	(2,981,708)
FUND BALANCE					
Fund Balance - Beginning of Year	16,239,186	14,923,591	15,924,275	17,490,023	18,827,775
Prior Period Adjustments (net)	-	-	-	(2)	-
Fund Balance - End of Year	$ 14,923,591	$ 15,924,275	$ 17,490,023	$ 18,827,775	$ 15,846,067

Source: Audited financial reports of the School District. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Years Ending June 30:	2020 Original Budget	2020 Final Budget	2020 Actual	2021 Adopted Budget
REVENUES				
Real Property Taxes	$ 14,298,719	$ 12,400,270	$ 12,400,270	$ 14,724,821
Real Property Taxes Items	130,000	2,028,449	2,018,893	125,000
Non-Property Tax Items	850,000	850,000	998,303	850,000
Charges for Services	5,000	5,000	82,636	5,000
Use of Money & Property	102,000	102,000	293,282	122,000
Sale of Property and Compensation for Loss	-	-	30,218	-
Miscellaneous	60,000	60,000	392,193	412,500
Revenues from State Sources	11,385,714	11,385,714	11,344,177	11,092,013
Revenues from Federal Sources	70,000	70,000	47,792	70,000
Total Revenues	$ 26,901,433	$ 26,901,433	$ 27,607,764	$ 27,401,334
Other Sources:				
Operating Transfers In	457,921	457,921	867,730	708,674
Prior Year Encumbrances	391,407	391,407	-	-
Appropriated Fund Balance	400,000	400,000		1,123,946
Appropriated Reserves	714,303	714,303		200,000
Total Revenues and Other Sources	28,865,064	28,865,064	28,475,494	29,433,954
EXPENDITURES				
General Support	$ 3,856,767	$ 3,984,616	$ 3,622,710	$ 3,816,870
Instruction	15,006,029	14,840,318	12,962,291	14,959,625
Pupil Transportation	1,007,668	1,019,320	678,443	1,015,522
Community Services	49,005	49,006	32,480	41,600
Employee Benefits	6,902,685	6,858,986	6,149,880	7,010,752
Debt Service	2,042,910	2,042,910	1,827,267	2,099,897
Total Expenditures	$ 28,865,064	$ 28,795,156	$ 25,273,071	$ 28,944,266
Other Uses:				
Operating Transfers Out	-	69,908	69,908	489,688
Transfers to Reserves	-	-	-	-
Total Expenditures and Other Uses	28,865,064	28,865,064	25,342,979	29,433,954
Excess (Deficit) Revenues Over Expenditures	-	-	3,132,515	-
FUND BALANCE				
Fund Balance - Beginning of Year	-	-	15,846,067	-
Prior Period Adjustments (net)	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 18,978,582	$ -

Source: Audited financial report and 2021 adopted budget of the School District. This Appendix is not itself audited.

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	PRIOR TO REFUNDING BONDS Principal	Interest	Total	REFUNDED BONDS DEBT SERVICE	REFUNDING BONDS Principal	Interest	Total	TOTAL NEW DEBT SERVICE
2021	$ 1,340,000	$ 363,712.50	$ 1,703,712.50					
2022	980,000	308,910.00	1,288,910.00					
2023	1,025,000	267,470.00	1,292,470.00					
2024	1,065,000	225,090.00	1,290,090.00					
2025	1,110,000	176,770.00	1,286,770.00					
2026	705,000	126,350.00	831,350.00					
2027	735,000	91,800.00	826,800.00					
2028	260,000	55,750.00	315,750.00					
2029	270,000	42,750.00	312,750.00					
2030	285,000	29,250.00	314,250.00					
2031	300,000	15,000.00	315,000.00					
TOTALS	$ 8,075,000	$1,702,852.50	$ 9,777,852.50	$ -	$ -	$ -	$ -	$ -

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2007 Hydrogen Fuel Cell			2010 Capital Project		
	Principal	Interest	Total	Principal	Interest	Total
2021	$ 80,000	$ 26,875.00	$ 106,875.00	$ 390,000	$ 75,200.00	$ 465,200.00
2022	80,000	23,435.00	103,435.00	400,000	62,525.00	462,525.00
2023	85,000	19,995.00	104,995.00	415,000	49,525.00	464,525.00
2024	90,000	16,340.00	106,340.00	430,000	35,000.00	465,000.00
2025	90,000	12,470.00	102,470.00	445,000	17,800.00	462,800.00
2026	100,000	8,600.00	108,600.00	-	-	-
2027	100,000	4,300.00	104,300.00	-	-	-
TOTALS	$ 625,000	$ 112,015.00	$ 737,015.00	$ 2,080,000	$ 240,050.00	$2,320,050.00

Fiscal Year Ending June 30th	2011 Refunding of 2002			2013C DASNY - Capital Project		
	Principal	Interest	Total	Principal	Interest	Total
2021	$ 395,000	$ 16,787.50	$ 411,787.50	$ 290,000	$ 118,000	$ 408,000
2022	-	-	-	305,000	103,500	408,500
2023	-	-	-	320,000	88,250	408,250
2024	-	-	-	335,000	72,250	407,250
2025	-	-	-	350,000	55,500	405,500
2026	-	-	-	370,000	38,000	408,000
2027	-	-	-	390,000	19,500	409,500
TOTALS	$ 395,000	$ 16,787.50	$ 411,787.50	$ 2,360,000	$ 495,000.00	$2,855,000.00

Fiscal Year Ending June 30th	2017C DASNY - Capital Project		
	Principal	Interest	Total
2021	$ 185,000	$ 126,850.00	$ 311,850.00
2022	195,000	119,450.00	314,450.00
2023	205,000	109,700.00	314,700.00
2024	210,000	101,500.00	311,500.00
2025	225,000	91,000.00	316,000.00
2026	235,000	79,750.00	314,750.00
2027	245,000	68,000.00	313,000.00
2028	260,000	55,750.00	315,750.00
2029	270,000	42,750.00	312,750.00
2030	285,000	29,250.00	314,250.00
2031	300,000	15,000.00	315,000.00
TOTALS	$ 2,615,000	$ 839,000.00	$3,454,000.00

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission"), the District has agreed to provide, or cause to be provided,

(i) to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the Final Official Statement dated October 28, 2020 of the District relating to the Bonds under the headings "THE SCHOOL DISTRICT", "TAX INFORMATION", "STATUS OF INDEBTEDNESS", "LITIGATION" and all Appendices (other than "APPENDICES – D & E" and other than any related to bond insurance) by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ending June 30, 2020, and (ii) a copy of the audited financial statement, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending June 30, 2020; such audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the District of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the District of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;

(ii) within 10 business days after the occurrence of such event, notice of the occurrence of any of the following events with respect to the Bonds, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule:

(a) principal and interest payment delinquencies

(b) non-payment related defaults; if material

(c) unscheduled draws on debt service reserves reflecting financial difficulties

(d) unscheduled draws on credit enhancements reflecting financial difficulties

(e) substitution of credit or liquidity providers, or their failure to perform

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

(g) modifications to rights of Bondholders; if material

(h) bond calls, if material, and tender offers

(i) defeasances

(j) release, substitution, or sale of property securing repayment of the Bonds; if material

(k) rating changes

(l) bankruptcy, insolvency, receivership or similar event of the District;

(m) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and;

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(o) incurrence of a “financial obligation” (as defined in the Rule) of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect Bondholders, if material; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

The District may from time to time choose to provide notice of the occurrence of certain other events in addition to those listed above, if the District determines that any such other event is material with respect to the Bonds; but the District does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

(iii) in a timely manner, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of its failure to provide the aforedescribed annual financial information and operating data and such audited financial statement, if any, on or before the date specified.

Event (c) is included pursuant to a letter from the Commission staff to the National Association of Bond Lawyers dated as of September 19, 1995. However, event (c) is not applicable, since no "debt service reserves" will be established for the Bonds.

With respect to event (d), the District does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Bonds.

With respect to event (l) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

With respect to events (o) and (p), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

The District reserves the right to terminate its obligations to provide the aforedescribed annual financial information and operating data and such audited financial statement, if any, and notices of events, as set forth above, if and when the District no longer remains an obligated person with respect to the Bonds within the meaning of the Rule. The District acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Bonds (including holders of beneficial interests in the Bonds). The right of holders of the Bonds to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the District's obligations under its continuing disclosure undertaking and any failure by the District to comply with the provisions of the undertaking will neither be a default with respect to the Bonds nor entitle any holder of the Bonds to recover monetary damages.

The District reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the District, provided that, the District agrees that any such modification will be done in a manner consistent with the Rule.

A “Continuing Disclosure Undertaking” Certificate to this effect shall be provided to the purchaser at closing.

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EAST ROCHESTER UNION FREE SCHOOL DISTRICT

MONROE COUNTY, NEW YORK

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDING

JUNE 30, 2020

Such Financial Report and opinions were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

EAST ROCHESTER
UNION FREE SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

For Year Ended June 30, 2020

MENGEL METZGER BARR & CO. LLP
RAYMOND F. WAGER, CPA, P.C. DIVISION

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
East Rochester Union Free School District, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Rochester Union Free School District, New York, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District'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 District'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.

100 Chestnut Street | Suite 1200 | Rochester, NY 14604 | P 585.423.1860 | F 585.423.5966 | mengelmetzgerbarr.com
Additional Offices: Elmira, NY • Canandaigua, NY • Hornell, NY • An Independent Member of the BDO Seidman Alliance

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress postemployment benefit plan, schedule of the District's proportionate share of the net pension liability, schedule of District contributions, and budgetary comparison information on pages 4–13 and 53–57 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2020 on our consideration of the East Rochester Union Free School District, New York's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering East Rochester Union Free School District, New York's internal control over financial reporting and compliance.

Rochester, New York
September 28, 2020

Mengel, Metzger, Barr & Co. LLP

East Rochester Union Free School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2020

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

Financial Highlights

At the close of the fiscal year, the total liabilities plus deferred inflows (what the district owes) exceeded its total assets plus deferred outflows (what the district owns) by $4,372,303 (net position) a decrease of $3,238,024 from the prior year.

As of the close of the fiscal year, the School District's governmental funds reported combined fund balances of $22,912,915 an increase of $1,515,133 in comparison with the prior year.

General revenues which include Real Property Taxes, Non Property Taxes, State and Federal Aid, Investment Earnings, Compensation for Loss, and Miscellaneous accounted for $27,617,846 or 95% of all revenues. Program specific revenues in the form of Charges for services, Operating Grants and Contributions, and Capital Grants and Contributions accounted for $1,516,455 or 5% of total revenues.

Overview of the Financial Statements

This management's discussion and analysis is intended to serve as an introduction to the School District's basic financial statements. The School District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains individual fund statements and schedules in addition to the basic financial statements.

Government-Wide Financial Statements

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

> The *statement of net position* presents information on all of the School District's assets plus deferred outflow of resources and liabilities plus deferred inflow of resource, with the difference between the two reported as *net position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.
>
> The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The *governmental* activities of the School District include instruction, pupil transportation, cost of food sales, general administrative support, community service, and interest on long-term debt.

The government-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

Fund Financial Statements

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

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

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

The School District maintains five individual governmental funds; General Fund, Special Aid Fund, School Lunch Fund, Debt Service Fund, and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, the special aid fund, and the capital projects fund which are reported as major funds. Data for the school lunch fund and the debt service fund are aggregated into a single column and reported as a non-major funds.

The School District adopts and voters approve an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with the budget.

The *Fiduciary Funds* are used to account for assets held by the School District in an agency capacity which accounts for assets held by the School District on behalf of others. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are *not* available to support the School District's programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statement section of this report.

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statement section of this report.

Government-Wide Statements

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

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets plus deferred outflow of resources and liabilities plus deferred inflow of resource, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. Additional non-financial factors such as changes in the District’s property tax base and the condition of the school buildings and facilities must also be considered to assess the District’s overall health.

All of the District’s services are reported in the government-wide financial statements as governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes, federal and state aid, and investment earnings finance most of these activities.

Financial Analysis of the School District As A Whole

Net Position

The District's combined net position were smaller on June 30, 2020, than they were the year before, decreasing to ($4,372,303) as shown in table below.

	Governmental Activities		Total Variance
ASSETS:	**2020**	**2019**	
Current and Other Assets	$ 31,598,165	$ 24,302,569	$ 7,295,596
Capital Assets	32,920,358	33,854,407	(934,049)
Total Assets	**$ 64,518,523**	**$ 58,156,976**	**$ 6,361,547**
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred Outflows of Resources	**$ 21,207,838**	**$ 14,184,648**	**$ 7,023,190**
LIABILITIES:			
Long-Term Debt Obligations	$ 71,263,902	$ 66,482,112	$ 4,781,790
Other Liabilities	7,107,780	1,799,809	5,307,971
Total Liabilities	**$ 78,371,682**	**$ 68,281,921**	**$ 10,089,761**
DEFERRED INFLOWS OF RESOURCES:			
Deferred Inflows of Resources	**$ 11,726,982**	**$ 5,193,982**	**$ 6,533,000**
NET POSITION:			
Net Investment in Capital Assets	$ 24,495,203	$ 23,983,549	$ 511,654
Restricted For,			
Employment Retirement System	2,443,895	2,008,801	435,094
Reserve for Tax Certiorari	1,941,418	1,939,424	1,994
Capital Projects	3,059,531	4,272,365	(1,212,834)
Capital Reserve	7,308,795	7,690,375	(381,580)
Unemployment	1,931,773	1,034,617	897,156
Other Purposes	2,953,258	2,372,535	580,723
Unrestricted	(48,506,176)	(44,435,945)	(4,070,231)
Total Net Position	**$ (4,372,303)**	**$ (1,134,279)**	**$ (3,238,024)**

The District's financial position is the product of many factors.

By far, the largest component of the School District's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students and consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

There are six restricted net asset balances, Reserve for ERS, Reserve for Tax Certiorari, Capital Projects, Capital Reserve, Unemployment, and Other Purposes. The remaining balance of unrestricted net position is a deficit of $48,506,176.

Key Variances are as Follows

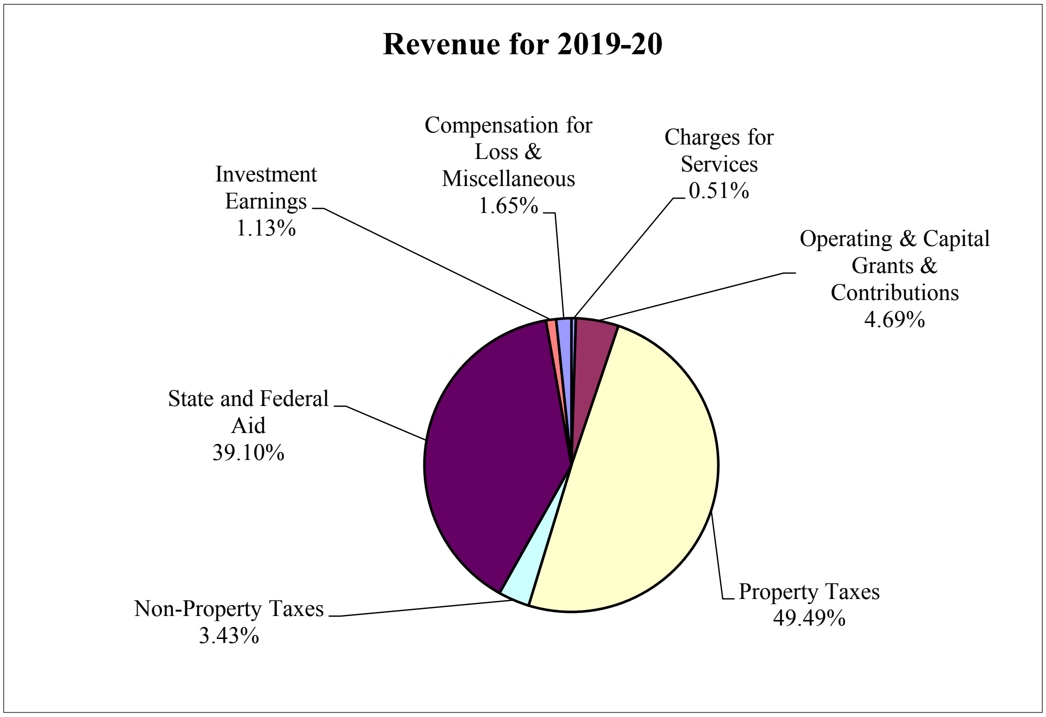
- The District had in increase in Cash for Capital Project use as they obtained a BAN on June 26, 2020 and used the funds after July 1, 2020.
- Overall, the District's OPEB obligation increased due to reporting requirements therefore significantly changing the District's net position.

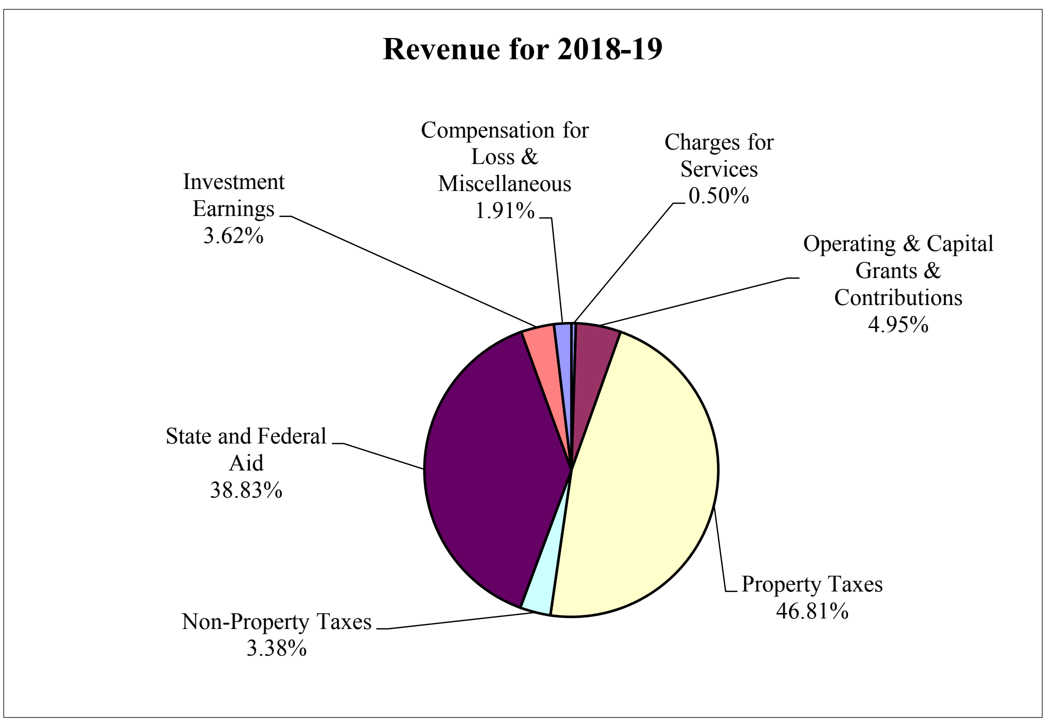
Changes in Net position

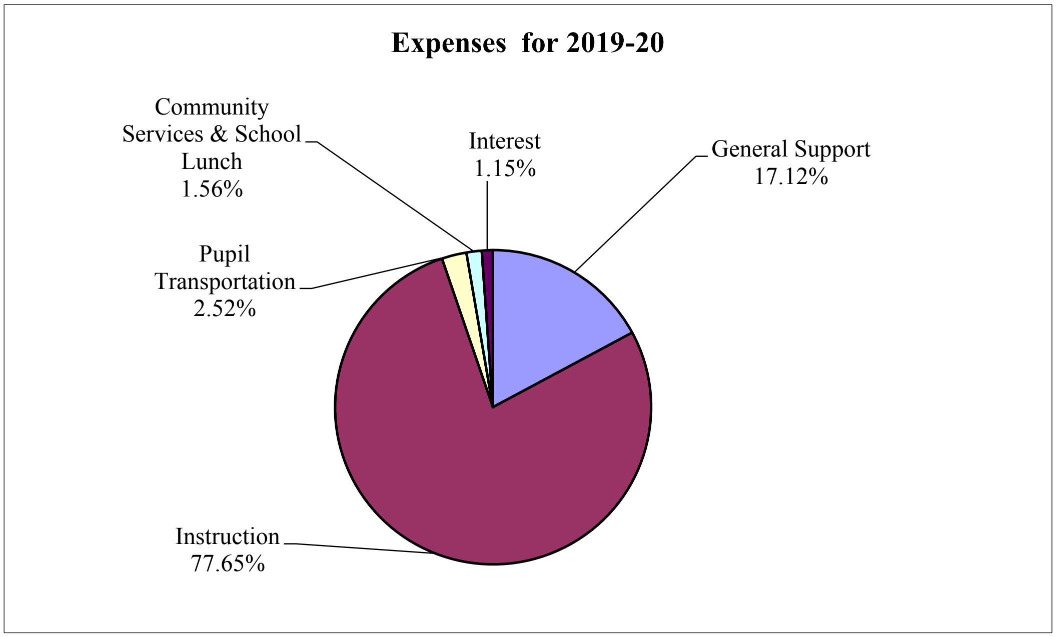
The District's total revenue decreased 3% to $29,134,301. State and federal aid 39% and property taxes 47% accounted for most of the District's revenue. The remaining 14% of the revenue comes from operating grants, capital grants, charges for services, non-property taxes, investment earnings, compensation for loss, and miscellaneous revenues.

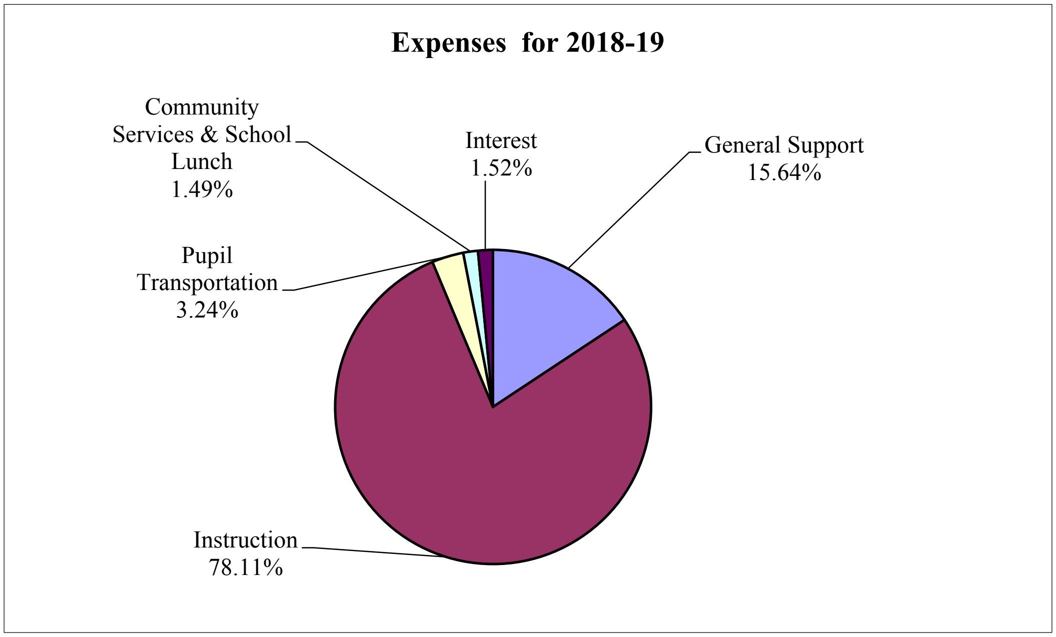
The total cost of all the programs and services increased 5% to $32,372,325. The District's expenses are predominately related to education and caring for the students (Instruction) 78%. General support, which included expenses associated with the operation, maintenance and administration of the District, accounted for 16% of the total costs. See table below:

	Governmental Activities		Total Variance
	2020	**2019**	
REVENUES:			
Program -			
Charges for Service	$ 149,531	$ 152,788	$ (3,257)
Operating Grants & Contributions	1,356,174	1,462,005	(105,831)
Capital Grants & Contributions	10,750	36,200	(25,450)
Total Program	$ 1,516,455	$ 1,650,993	$ (134,538)
General -			
Property Taxes	$ 14,419,163	$ 14,169,089	$ 250,074
Non Property Taxes	998,303	1,022,573	(24,270)
State and Federal Aid	11,391,969	11,754,118	(362,149)
Investment Earnings	329,696	1,096,122	(766,426)
Compensation for Loss	30,218	26,634	3,584
Miscellaneous	448,497	549,187	(100,690)
Total General	$ 27,617,846	$ 28,617,723	$ (999,877)
TOTAL REVENUES	**$ 29,134,301**	**$ 30,268,716**	**$ (1,134,415)**
EXPENSES:			
General Support	$ 5,542,845	$ 4,963,072	$ 579,773
Instruction	25,136,487	24,788,622	347,865
Pupil Transportation	814,667	1,026,712	(212,045)
Community Services	26,169	23,808	2,361
School Lunch	478,541	450,348	28,193
Interest	373,616	483,542	(109,926)
TOTAL EXPENSES	**$ 32,372,325**	**$ 31,736,104**	**$ 636,221**
INCREASE IN NET POSITION	**$ (3,238,024)**	**$ (1,467,388)**	
NET POSITION, BEGINNING OF YEAR	(1,134,279)	333,109	
NET POSITION, END OF YEAR	**$ (4,372,303)**	**$ (1,134,279)**	


Revenue for 2019-20
Compensation for Loss & Miscellaneous 1.65%
Charges for Services 0.51%
Investment Earnings 1.13%
Operating & Capital Grants & Contributions 4.69%
State and Federal Aid 39.10%
Non-Property Taxes 3.43%
Property Taxes 49.49%


Revenue for 2018-19
Compensation for Loss & Miscellaneous 1.91%
Charges for Services 0.50%
Investment Earnings 3.62%
Operating & Capital Grants & Contributions 4.95%
State and Federal Aid 38.83%
Non-Property Taxes 3.38%
Property Taxes 46.81%


Expenses for 2019-20
Community Services & School Lunch 1.56%
Interest 1.15%
General Support 17.12%
Pupil Transportation 2.52%
Instruction 77.65%


Expenses for 2018-19
Community Services & School Lunch 1.49%
Interest 1.52%
General Support 15.64%
Pupil Transportation 3.24%
Instruction 78.11%

Financial Analysis of the School District's Funds

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of $22,912,915 which is more than last year's ending fund balance of $21,397,782.

The General Fund is the chief operating fund of the District. At the end of the current year, the total fund balance of the General Fund was $18,978,582. Fund balance for the General Fund increased by $3,132,515 compared with the prior year. See table below:

General Fund Balances:	2020	2019	Total Variance
Restricted	$ 15,827,279	$ 13,916,126	$ 1,911,153
Assigned	1,974,508	791,407	1,183,101
Unassigned	1,176,795	1,138,534	38,261
Total General Fund Balances	**$ 18,978,582**	**$ 15,846,067**	**$ 3,132,515**

The District appropriated funds from the following reserves for the 2020-21 budget:

	Total
Workers' Compensation	$ 130,000
Unemployment Costs	15,000
Reserve for employee retirement system	206,665
Capital-Technology	163,100
Capital-Equipment	193,909
Total	**$ 708,674**

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was $391,407. This change is attributable to $391,407of carryover encumbrances from the 2018-19 school year.

The key factors for budget variances in the general fund are listed below along with explanations for each.

Revenue Items:	Budget Variance Amended Vs. Actual	Explanation for Budget Variance
Miscellaneous	$332,193	BOCES Surplus & Credit for un-used services was greater than expected.

Expenditure Items:	Budget Variance Amended Vs. Actual	Explanation for Budget Variance
Teaching-Regular School	$412,643	Fewer Instructional BOCES services due to the area schools closure related to COVID-19
Programs for Children with Handicapping Conditions	$529,374	Fewer Special Education Services due to the area schools closure related to COVID-19
Instructional Media	$376,710	Fewer services used due to the area schools closure related to COVID-19.
Pupil Transportation	$318,717	Pupil Transportation was not needed from March 16, 2020 – June 30, 2020 due to the area schools closure related to COVID-19.
Employee Benefits	$709,106	Conservative Budgeting in state pension and medical insurance areas

Capital Asset and Debt Administration

Capital Assets

By the end of the 2019-20 fiscal year, the District had invested $32,920,358 in a broad range of capital assets, including land, buildings and improvements, and machinery and equipment. The change in capital assets, net of accumulated depreciation, is reflected below:

	2020	2019
Land	$ 22,239	$ 22,239
Work in Progress	1,190,469	387,444
Buildings and Improvements	31,246,646	32,944,207
Machinery and Equipment	461,004	500,517
Total Capital Assets	**$ 32,920,358**	**$ 33,854,407**

More detailed information can be found in the footnotes to the financial statements.

Long-Term Debt

At year end, the District had $66,482,111 in general obligation bonds and other long-term debt outstanding as follows:

Type	2020	2019
Serial Bonds	$ 8,075,000	$ 9,360,000
Energy Performance Contract	91,781	179,752
Net Pension Liability	1,564,741	427,749
Unamortized Bond Premium	258,374	331,106
OPEB	60,573,526	55,525,869
Compensated Absences	700,480	657,636
Total Long-Term Obligations	**$ 71,263,902**	**$ 66,482,112**

More detailed information can be found in the footnotes to the financial statements.

Factors Bearing on the District's Future

- Declining residential enrollment
- Unfunded mandates
- Increases in Health Insurance & retirement benefits
- Tax Exemptions
- Little available growth in the tax base
- Participation in the Urban-Suburban transfer program
- The East Rochester School District, along with other districts statewide, face a precarious financial future due to the COVID-19 pandemic. The pandemic has caused economic chaos at the national, state, and local levels. Because of this, schools in New York State are at risk of losing 20% of their aid received from the state. For the East Rochester School District, this is a potential loss of several millions of dollars during the 2020-21 school year. A reduction such as this would not only impact the current year, but would have serious implications for the years to come. Currently, the federal government is unable to reach an agreement on the next stimulus package. Without support from the federal government, this aid reduction will become a reality. Staffing levels, educational programs, reserve balances, and future capital projects will be impacted. The District is closely monitoring this situation and its current year spending and is prepared to react when necessary.

Contacting the School District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the following:

East Rochester Union Free School District
222 Woodbine Avenue
East Rochester, New York 14445

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

Statement of Net Position

June 30, 2020

		Governmental Activities
ASSETS		
Cash and cash equivalents	$	28,178,533
Accounts receivable		2,018,797
Inventories		21,849
Net pension asset		1,378,986
Capital Assets:		
Land		22,239
Work in progress		1,190,469
Other capital assets (net of depreciation)		31,707,650
TOTAL ASSETS	**$**	**64,518,523**
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows of resources	**$**	**21,207,838**
LIABILITIES		
Accounts payable	$	994,911
Accrued liabilities		150,534
Unearned revenues		5,378
Due to other governments		4,108
Due to teachers' retirement system		810,542
Due to employees' retirement system		67,307
Bond anticipation notes payable		5,075,000
Long-Term Obligations:		
Due in one year		1,739,913
Due in more than one year		69,523,989
TOTAL LIABILITIES	**$**	**78,371,682**
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows of resources	**$**	**11,726,982**
NET POSITION		
Net investment in capital assets	$	24,495,203
Restricted For:		
Capital projects		3,059,531
Reserve for employee retirement system		2,443,895
Unemployment insurance reserve		1,931,773
Reserve for tax certiorari		1,941,418
Capital reserves		7,308,795
Other purposes		2,953,258
Unrestricted		(48,506,176)
TOTAL NET POSITION	**$**	**(4,372,303)**

(See accompanying notes to financial statements)

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

Statement of Activities

For Year Ended June 30, 2020

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
Primary Government -					
General support	$ 5,542,845	$ -	$ -	$ -	$ (5,542,845)
Instruction	25,136,487	82,636	1,052,409	10,750	(23,990,692)
Pupil transportation	814,667	-	-	-	(814,667)
Community services	26,169	-	-	-	(26,169)
School lunch	478,541	66,895	303,765	-	(107,881)
Interest	373,616	-	-	-	(373,616)
Total Primary Government	**$ 32,372,325**	**$ 149,531**	**$ 1,356,174**	**$ 10,750**	**$ (30,855,870)**

General Revenues:	
Property taxes	$ 14,419,163
Non property taxes	998,303
State and federal aid	11,391,969
Investment earnings	329,696
Compensation for loss	30,218
Miscellaneous	448,497
Total General Revenues	**$ 27,617,846**
Changes in Net Position	$ (3,238,024)
Net Position, Beginning of Year	(1,134,279)
Net Position, End of Year	**$ (4,372,303)**

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

Balance Sheet

Governmental Funds

June 30, 2020

ASSETS	General Fund	Special Aid Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 18,339,996	$ 504,558	$ 8,724,119	$ 609,860	$ 28,178,533
Receivables	1,449,799	520,032	7,950	41,016	2,018,797
Inventories	-	-	-	21,849	21,849
Due from other funds	1,140,973	143,857	159,772	241,697	1,686,299
TOTAL ASSETS	**$ 20,930,768**	**$ 1,168,447**	**$ 8,891,841**	**$ 914,422**	**$ 31,905,478**
LIABILITIES AND FUND BALANCES					
Liabilities -					
Accounts payable	$ 396,798	$ 61,152	$ 526,771	$ 10,190	$ 994,911
Accrued liabilities	44,929	720	64,563	3,406	113,618
Notes payable - bond anticipation notes	-	-	5,075,000	-	5,075,000
Due to other funds	404,450	1,106,575	165,976	9,298	1,686,299
Due to other governments	-	-	-	4,108	4,108
Due to TRS	810,542	-	-	-	810,542
Due to ERS	60,067	-	-	7,240	67,307
Compensated absences	235,400	-	-	-	235,400
Unearned revenue	-	-	-	5,378	5,378
TOTAL LIABILITIES	**$ 1,952,186**	**$ 1,168,447**	**$ 5,832,310**	**$ 39,620**	**$ 8,992,563**
Fund Balances -					
Nonspendable	$ -	$ -	$ -	$ 21,849	$ 21,849
Restricted	15,827,279	-	3,059,531	751,860	19,638,670
Assigned	1,974,508	-	-	101,093	2,075,601
Unassigned	1,176,795	-	-	-	1,176,795
TOTAL FUND BALANCE	**$ 18,978,582**	**$ -**	**$ 3,059,531**	**$ 874,802**	**$ 22,912,915**
TOTAL LIABILITIES AND FUND BALANCES	**$ 20,930,768**	**$ 1,168,447**	**$ 8,891,841**	**$ 914,422**	

Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	32,920,358
Interest is accrued on outstanding bonds in the statement of net position but not in the funds.	(36,916)
The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:	
Serial bonds payable	(8,075,000)
OPEB	(60,573,526)
Compensated absences	(465,080)
Unamortized bond premium	(258,374)
Energy performance contract	(91,781)
Net pension asset	1,378,986
Deferred outflow - pension	5,428,463
Deferred outflow - OPEB	15,779,375
Net pension liability	(1,564,741)
Deferred inflow - pension	(2,028,848)
Deferred inflow - OPEB	(9,698,134)
Net Position of Governmental Activities	**$ (4,372,303)**

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

Statement of Revenues, Expenditures and Changes in Fund Balances

Governmental Funds

For Year Ended June 30, 2020

	General Fund	Special Aid Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Real property taxes and tax items	$ 14,419,163	$ -	$ -	$ -	$ 14,419,163
Non-property taxes	998,303	-	-	-	998,303
Charges for services	82,636	-	-	-	82,636
Use of money and property	293,282	-	-	36,414	329,696
Sale of property and compensation for loss	30,218	-	-	-	30,218
Miscellaneous	392,193	-	-	12,563	404,756
State sources	11,344,177	313,075	10,750	10,091	11,678,093
Federal sources	47,792	739,334	-	293,674	1,080,800
Sales	-	-	-	66,895	66,895
TOTAL REVENUES	**$ 27,607,764**	**$ 1,052,409**	**$ 10,750**	**$ 463,378**	**$ 29,134,301**
EXPENDITURES					
General support	$ 3,622,710	$ -	$ -	$ -	$ 3,622,710
Instruction	12,962,291	966,694	-	-	13,928,985
Pupil transportation	678,443	56,977	-	-	735,420
Community services	32,480	-	-	-	32,480
Employee benefits	6,149,880	98,646	-	21,127	6,269,653
Debt service - principal	1,372,971	-	-	-	1,372,971
Debt service - interest	454,296	-	-	-	454,296
Cost of sales	-	-	-	166,017	166,017
Other expenses	-	-	-	222,861	222,861
Capital outlay	-	-	813,775	-	813,775
TOTAL EXPENDITURES	**$ 25,273,071**	**$ 1,122,317**	**$ 813,775**	**$ 410,005**	**$ 27,619,168**
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 2,334,693	$ (69,908)	$ (803,025)	$ 53,373	$ 1,515,133
OTHER FINANCING SOURCES (USES)					
Transfers - in	$ 867,730	$ 69,908	$ -	$ -	$ 937,638
Transfers - out	(69,908)	-	(409,809)	(457,921)	(937,638)
TOTAL OTHER FINANCING SOURCES (USES)	**$ 797,822**	**$ 69,908**	**$ (409,809)**	**$ (457,921)**	**$ -**
NET CHANGE IN FUND BALANCE	**$ 3,132,515**	**$ -**	**$ (1,212,834)**	**$ (404,548)**	**$ 1,515,133**
FUND BALANCE, BEGINNING OF YEAR	15,846,067	-	4,272,365	1,279,350	21,397,782
FUND BALANCE, END OF YEAR	**$ 18,978,582**	**$ -**	**$ 3,059,531**	**$ 874,802**	**$ 22,912,915**

(See accompanying notes to financial statements)

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

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

For Year Ended June 30, 2020

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS			$ 1,515,133
Amounts reported for governmental activities in the Statement of Activities are different because:			
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are the amounts by which capital outlays and additions of assets lower than depreciation in the current period:			
	Capital Outlay	$ 813,775	
	Additions to Assets, Net	28,655	
	Depreciation	(1,776,479)	
			(934,049)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. The following details these items as they effect the governmental activities:			
	Debt Repayments	$ 1,372,971	
	Unamortized Bond Premium	72,732	
			1,445,703
In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due.			7,947
The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds.			(4,064,575)
(Increase) decrease in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds			
	Teachers' Retirement System		(923,202)
	Employees' Retirement System		(286,021)
In the Statement of Activities, vacation pay, teachers' retirement incentive and judgments and claims are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. The following provides the differences of these items as presented in the governmental activities:			
	Compensated Absences		1,040
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES			**$ (3,238,024)**

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

Statement of Fiduciary Net Position

June 30, 2020

		Private Purpose Trust		Agency Funds
ASSETS				
Cash and cash equivalents	$	30,007	$	880,566
Investments		55,245		-
Receivable from general fund		-		139,575
TOTAL ASSETS	**$**	**85,252**	**$**	**1,020,141**
LIABILITIES				
Accounts payable	$	-	$	346,058
Extraclassroom activity balances		-		35,574
Other liabilities		-		638,509
TOTAL LIABILITIES	**$**	**-**	**$**	**1,020,141**
NET POSITION				
Restricted for scholarships	$	85,252		
TOTAL NET POSITION	**$**	**85,252**		

Statement of Changes in Fiduciary Net Position

For Year Ended June 30, 2020

		Private Purpose Trust
ADDITIONS		
Contributions	$	7,025
Investment earnings / (losses)		(37,307)
TOTAL ADDITIONS	**$**	**(30,282)**
DEDUCTIONS		
Other expenses	$	15,075
TOTAL DEDUCTIONS	**$**	**15,075**
CHANGE IN NET POSITION	$	(45,357)
NET POSITION, BEGINNING OF YEAR		130,609
NET POSITION, END OF YEAR	**$**	**85,252**

I. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units and* GASB Statement No. 61*, The Financial Reporting Entity*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the District's reporting entity.

1. Extraclassroom Activity Funds

The extraclassroom activity funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions, and the designation of student management. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the District's business office**.** The District accounts for assets held as an agency for various student organizations in an agency fund.

B. Joint Venture

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

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

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

During the year, the District was billed $4,415,752 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to $1,017,204.

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

C. Basis of Presentation

1. Districtwide Statements

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

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

(I.) (Continued),

2. <u>Fund Statements</u>

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

The District reports the following governmental funds:

a. <u>Major Governmental Funds</u>

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

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

<u>Capital Projects Fund</u> - Used to account for the acquisition construction or major repair of capital facilities.

b. <u>Nonmajor Governmental</u> - The other funds which are not considered major are aggregated and reported as nonmajor governmental funds as follows:

<u>School Lunch Fund</u> - Used to account for transactions of the District's lunch, breakfast and milk programs.

<u>Debt Service Fund</u> - This fund accounts for the accumulation of resources and the payment of principal and interest o long-term obligations for governmental activities.

c. <u>Fiduciary</u> - Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used. There are two classes of fiduciary funds:

<u>Private Purpose Trust Funds</u> - These funds are used to account for trust arrangements in which principal and income benefit annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

<u>Agency Funds</u> - These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

(I.) (Continued)

D. Measurement Focus and Basis of Accounting

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

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

The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measureable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year.

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

E. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on August 13, 2019. Taxes are collected during the period September 1, to October 31, 2019.

Uncollected real property taxes are subsequently enforced by the County of Monroe in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1.

F. Restricted Resources

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

G. Interfund Transactions

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

In the District-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.

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

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

H. 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 reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

I. Cash and Cash Equivalents

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

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

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

Investments are stated at fair value.

(I.) (Continued)

J. Receivables

Receivables are shown net of an allowance for uncollectible accounts, when applicable.

An allowance for uncollectible accounts has been provided for certain amounts that may not be collectible.

K. Inventory and Prepaid Items

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

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

A non-spendable fund balance for these non-liquid assets (inventories and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

L. Capital Assets

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

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold of $5,000 is used to report capital assets. The range of estimated useful lives by type of assets is as follows:

Class	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	$ 50,000	SL	15-50 Years
Machinery and Equipment	$ 5,000	SL	5-25 Years

The investment in infrastructure type assets have not been segregated for reporting purposes since all costs associated with capital projects are consolidated and reported as additions to buildings and improvements.

(I.) (Continued)

M. Unearned Revenue

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

N. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The government has four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to OPEB reporting in the district-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue-property taxes. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The fourth item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect on the net changes of assumptions or other inputs.

O. Vested Employee Benefits

1. Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical time.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

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

Consistent with GASB Statement 16, Accounting for Compensated Absences, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

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

P. Other Benefits

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

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

In addition to providing pension benefits, the District provides post-employment health coverage to retired employees in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits may be shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

Q. Accrued Liabilities and Long-Term Obligations

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

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

R. Equity Classifications

1. District-Wide Statements

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

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

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

On the Statement of Net Position the following balances represent the restricted for other purposes:

	Total
Workers' Compensation	$ 1,211,737
TRS Reserve	172,295
Insurance	507,355
Debt	751,860
Employee Benefit Accrued Liability	310,011
Total Net Position - Restricted for Other Purposes	**$ 2,953,258**

c. Unrestricted Net Position - reports the balance of net position that does not meet the definition of the above two classifications . The reported deficit of $2,953,258 at year end is the result of full implementation of GASB #75 regarding retiree health obligations and the New York State Pension system unfunded pension obligation.

2. Fund Statements

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

a. Nonspendable Fund Balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes $21,849 of inventory in the school lunch fund.

(I.) (Continued)

b. **Restricted Fund Balances** – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the general fund are classified as restricted fund balance. The District has established the following restricted fund balances:

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

Name of Reserve	Maximum Funding	Total Funding Provided	Total Year to Date Balance
2016 Technology Reserve	$ 2,000,000	$ 2,000,000	$ 1,730,230
2014 Capital Reserve	$ 5,000,000	$ 5,000,000	$ 4,260,441
2012 Equipment Reserve	$ 1,000,000	$ 1,000,000	$ 924,845
2006 Equipment Reserve	$ 1,000,000	$ 1,000,000	$ 137,958
2002 Technology Reserve	$ 2,000,000	$ 2,000,000	$ 227,783
2019 Furnishing & Equipment Reserve	$ 1,000,000	$ 137,561	$ 27,538

Reserve for Debt Service - According to General Municipal Law §6-1, the Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of the sale. Also, earnings on project monies invested together with unused proceeds are reported here.

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

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

Retirement Contribution Reserve - According to General Municipal Law §6-r, must be used financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

Teachers' Retirement Reserve – General Municipal Law §6r was amended to include a Teachers' Retirement Reserve (TRS) sub-fund. The reserve has an annual funding limit of 2% of the prior year TRS salaries and a maximum cumulative total balance of 10% of the previous years TRS salary.

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

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

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

Restricted fund balances include the following:

	Total
General Fund -	
Workers' Compensation	$ 1,211,737
Unemployment Costs	1,931,773
Retirement Contribution	2,443,895
TRS Reserve	172,295
Insurance	507,355
Tax Certiorari	1,941,418
Capital	7,308,795
Employee Benefit Accrued Liability	310,011
Capital Fund -	
2020 Capital Improvement Project	3,059,531
Debt Service Fund -	
Debt Service	751,860
Total Restricted Fund Balance	**$ 19,638,670**

The District appropriated and/or budgeted funds from the following reserves for the 2020-21 budget:

	Total
Workers' Compensation	$ 130,000
Unemployment Costs	15,000
Reserve for employee retirement system	206,665
Capital-Technology	163,100
Capital-Equipment	193,909
Total	**$ 708,674**

c. **Committed** - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2020.

(I.) (Continued)

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

Management has determined significant encumbrances for the General Fund to be $43,000 and the Capital Projects Fund to be $4,000. The District reports the following significant encumbrances:

General Fund -	
Instructional	$ 218,019
Community Services	126,508
Total General Fund Significant Encumbrances	**$ 344,527**
Capital Projects Fund -	
Capital Outlay	**$ 8,198,332**

Assigned fund balances include the following:

	Total
General Fund - Encumbrances	$ 378,562
General Fund - Appropriated for Taxes	1,123,946
General Fund - Appropriated for 2020-21 COVID	472,000
School Lunch Fund - Year End Equity	101,093
Total Assigned Fund Balance	**$ 2,075,601**

e. **Unassigned Fund Balance** –Includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the school district and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the District's budget for the general fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the general fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

3. Order of Use of Fund Balance

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

T. New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2020, the District implemented the following new standards issued by GASB:

GASB has issued Statement 92, *Omnibus 2020, Paragraphs 1-11a, and 12*.

GASB has issued Statement No. 95, *Postponement of the Effective Dates for Certain Authoritative Guidance*.

U. Future Changes in Accounting Standards

GASB has issued Statement 84, *Fiduciary Activities*, which will effective for the periods beginning after December 15, 2019.

GASB has issued Statement 87, *Leases*, which will be effective for the periods beginning after December 15, 2019.

GASB has issued Statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, which will be effective for reporting periods beginning after December 15, 2020.

GASB has issued Statement No. 90, *Majority Equity Interests, an amendment of GASB Statements No. 14 and No. 61*, which will be effective for reporting periods beginning after December 15, 2019.

GASB has issued Statement No. 91, *Conduit Debt Obligations*, which will be effective for reporting periods beginning after December 15, 2021.

GASB has issued Statement No. 92, *Omnibus 2020, Paragraphs 6, 7, 8, 9, 10, 12*, which will be effective for reporting periods beginning after June 15, 2021.

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates, Paragraphs 1-11a, and 12*, which will be effective for reporting periods beginning after June 15, 2020.

(I.) (Continued)

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates, Paragraphs 13 and 14*, which will be effective for reporting periods beginning after June 15, 2021.

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates, Paragraphs 11b*, which will be effective for reporting periods beginning after December 15, 2021.

GASB has issued Statement No. 94, Public-Privatee and Public-Public Partnerships and Availability Payment Arrangements, which will be effective for reporting periods beginning after June 15, 2022.

The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

II. Stewardship, Compliance and Accountability

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

A. Budgets

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

The voters of the District approved the proposed appropriation budget.

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restriction, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. During the 2019-20 fiscal year, the budget was amended for $391,407 in prior year encumbrances.

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

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

(I.) (Continued)

B. **Encumbrances**

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

C. **Deficit Net Position**

The District-wide net position had a deficit at June 30, 2020 of $4,372,303. The deficit is the result of the implementation of GASB Statement 75, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions", which required the recognition of an unfunded liability of $60,573,526 at June 30, 2020. Since New York State Laws provide no mechanism for funding the liability, the subsequent accruals are expected to increase the deficit.

III. Cash and Cash Equivalents

Credit risk: In compliance with the State Law, District investments are limited to obligations of the United States of America, obligations guaranteed by agencies of the Unites States of America where the payment of principal and interest are guaranteed by the United States of America, obligations of the State, time deposit accounts and certificates of deposit issued by a bank or trust company located in, and authorized to do business in, the State, and obligations issued by other municipalities and authorities within the State.

Concentration of Credit risk: To promote competition in rates and service cost, and to limit the risk of institutional failure, District deposits and investments are placed with multiple institutions. The District's investment policy limits the amounts that may be deposited with any one financial institution.

Interest rate risk: The District has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates

The District's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year end, collateralized as follows:

Uncollateralized	$ -
Collateralized with Securities held by the Pledging Financial Institution	23,977,002
Total	**$ 23,977,002**

Restricted cash represents cash where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year end includes $19,638,670 within the governmental funds and $30,007 in the fiduciary funds.

IV. Investments

The District has few investments (primarily donated scholarship funds), and chooses to disclose its investments by specifically identifying each. The District's investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value, and are categorized as either:

- **A.** Insured or registered, or investments held by the District or by the District's agent in the District's name, or
- **B.** Uninsured and unregistered, with the investments held by the financial institutes trust department in the District's name, or
- **C.** Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the District's name.

Investments	Fund	Carrying Amount	Unrealized Investment Gain/(Loss)	Type of Invesment	Category
Corporate Stock	Trust & Agency	$ 55,245	$ (37,307)	Equities	A

The District does not typically purchase investments for a long enough duration to cause it to believe that it is exposed to any material interest rate risk.

V. Receivables

Receivables at June 30, 2020 for individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities				
Description	General Fund	Special Aid Fund	Capital Projects Fund	Non-Major Funds	Total
Accounts Receivable	$ 1,058,792	$ 2,950	$ -	$ -	$ 1,061,742
Due From State and Federal	391,007	517,082	7,950	41,016	957,055
Total Receivables	**$ 1,449,799**	**$ 520,032**	**$ 7,950**	**$ 41,016**	**$ 2,018,797**

VI. Interfund Receivables, Payables, Revenues and Expenditures

Interfund Receivables, Payables, Revenues and Expenditures at June 30, 2020 were as follows:

	Interfund			
	Receivables	Payables	Revenues	Expenditures
General Fund	$ 1,140,973	$ 404,450	$ 867,730	$ 69,908
Special Aid Fund	143,857	1,106,575	69,908	-
School Lunch Fund	86,861	9,298	-	-
Debt Service Fund	154,836	-	-	457,921
Capital Projects Fund	159,772	165,976	-	409,809
Total	**$ 1,686,299**	**$ 1,686,299**	**$ 937,638**	**$ 937,638**

(VI.) (Continued)

Interfund receivables and payables between governmental activities are eliminated on the Statement of Net Position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are not necessarily expected to be repaid within one year.

Transfers are used to finance certain special aid programs, support capital project expenditures, and debt service expenditures.

VII. Capital Assets

Capital asset balances and activity were as follows:

Type	Balance 7/1/2019	Additions	Deletions	Balance 6/30/2020
Governmental Activities:				
Capital Assets that are not Depreciated -				
Land	$ 22,239	$ -	$ -	$ 22,239
Work in progress	387,444	813,775	10,750	1,190,469
Total Nondepreciable	$ 409,683	$ 813,775	$ 10,750	$ 1,212,708
Capital Assets that are Depreciated -				
Buildings and Improvements	$ 64,238,720	$ -	$ -	$ 64,238,720
Machinery and equipment	5,791,326	49,808	36,269	5,804,865
Total Depreciated Assets	$ 70,030,046	$ 49,808	$ 36,269	$ 70,043,585
Less Accumulated Depreciation -				
Buildings and Improvements	$ 31,294,513	$ 1,697,561	$ -	$ 32,992,074
Machinery and equipment	5,290,809	78,918	25,866	5,343,861
Total Accumulated Depreciation	$ 36,585,322	$ 1,776,479	$ 25,866	$ 38,335,935
Total Capital Assets Depreciated, Net of Accumulated Depreciation	$ 33,444,724	$ (1,726,671)	$ 10,403	$ 31,707,650
Total Capital Assets	**$ 33,854,407**	**$ (912,896)**	**$ 21,153**	**$ 32,920,358**

Depreciation expense for the period was charged to functions/programs as follows:

Governmental Activities:	
General Government Support	$ 48,950
Instruction	1,692,332
School Lunch	35,197
Total Depreciation Expense	**$ 1,776,479**

VIII. Long-Term Debt Obligations

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

	Balance 7/1/2019	Additions	Deletions	Balance 6/30/2020	Due Within One Year
Governmental Activities:					
Bonds and Notes Payable -					
Serial Bonds	$ 9,360,000	$ -	$ 1,285,000	$ 8,075,000	$ 1,340,000
Energy Performance Contracts	179,752	-	87,971	91,781	91,781
Total Bonds and Notes Payable	$ 9,539,752	$ -	$ 1,372,971	$ 8,166,781	$ 1,431,781
Other Liabilities -					
Net Pension Liability	$ 427,749	$ 1,136,992	$ -	$ 1,564,741	$ -
OPEB	55,525,869	5,047,657	-	60,573,526	-
Unamortized Bond Premium	331,106	-	72,732	258,374	72,732
Compensated Absences	657,636	42,844	-	700,480	235,400
Total Other Liabilities	$ 56,942,360	$ 6,227,493	$ 72,732	$ 63,097,121	$ 308,132
Total Long-Term Obligations	**$ 66,482,112**	**$ 6,227,493**	**$ 1,445,703**	**$ 71,263,902**	**$ 1,739,913**

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences.

Existing serial and statutory bond obligations:

Description	Original Amount	Issue Date	Final Maturity	Interest Rate	Amount Outstanding 6/30/2020
Serial Bonds -					
Construction	$ 1,400,000	2007	2027	4.25%-4.30%	$ 625,000
Construction	$ 3,645,000	2011	2021	2.50%-4.25%	395,000
Construction	$ 5,353,140	2010	2025	2%-4%	2,080,000
Construction	$ 4,045,000	2013	2027	2%-5%	2,360,000
Reconstruction	$ 3,095,000	2017	2031	3%-5%	2,615,000
Total Serial Bonds					**$ 8,075,000**
Energy Performance Contract -					
Energy Performance Contract	$ 1,010,386	2007	2021	4.236%	**$ 91,781**

The following is a summary of debt service requirements:

	Serial Bonds		Energy Performance Contract	
Year	**Principal**	**Interest**	**Principal**	**Interest**
2021	$ 1,340,000	$ 363,713	$ 91,781	$ 2,456
2022	980,000	308,910	-	-
2023	1,025,000	267,470	-	-
2024	1,065,000	225,090	-	-
2025	1,110,000	176,770	-	-
2026-30	2,255,000	345,900	-	-
2031	300,000	15,000	-	-
Total	**$ 8,075,000**	**$ 1,702,853**	**$ 91,781**	**$ 2,456**

(VIII.) (Continued)

Interest on long-term debt for June 30, 2020 was composed of:

Interest Paid	$	454,296
Less: Bond Amortization		(72,733)
Less: Interest Accrued in the Prior Year		(44,863)
Plus: Interest Accrued in the Current Year		36,916
Total Long-Term Interest Expense	**$**	**373,616**

IX. Deferred Inflows and Outflows

The following is a summary of the deferred inflows/outflows of resources:

	Deferred Outflows	Deferred Inflows
Pension	$ 5,428,463	$ 2,028,848
OPEB	15,779,375	9,698,134
Total	**$ 21,207,838**	**$ 11,726,982**

X. Pension Plans

A. General Information

The District participates in the New York State Teacher's Retirement System (TRS) and the New York State and Local Employee's Retirement System (ERS). These are cost-sharing multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

B. Provisions and Administration

A 10 member Board of Trustees of the New York State Teachers' Retirement Board administers TRS. TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the system, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained by writing to NYRS, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the TRS Comprehensive Annual Financial report, which can be found on the System's website at www.nystrs.org.

ERS provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

C. Funding Policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year

The District's share of the required contributions, based on covered payroll paid for the District's year ended June 30, 2020:

Contributions	ERS	TRS
2020	$ 248,214	$ 810,542

D. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions

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

	ERS	TRS
Measurement date	March 31, 2020	June 30, 2019
Net pension assets/(liability)	$ (1,564,741)	$ 1,378,986
District's portion of the Plan's total net pension asset/(liability)	0.0059090%	0.053079%

For the year ended June 30, 2020, the District recognized pension expenses of $529,356 for ERS and $1,687,254 for TRS. At June 30, 2020 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	$ 92,091	$ 934,503	$ -	$ 102,544
Changes of assumptions	31,506	2,605,088	27,205	635,194
Net difference between projected and actual earnings on pension plan investments	802,162	-	-	1,105,875
Changes in proportion and differences between the District's contributions and proportionate share of contributions	24,870	107,944	13,560	144,470
Subtotal	$ 950,629	$ 3,647,535	$ 40,765	$ 1,988,083
District's contributions subsequent to the measurement date	67,307	762,992	-	-
Grand Total	**$ 1,017,936**	**$ 4,410,527**	**$ 40,765**	**$ 1,988,083**

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year	ERS	TRS
2020	$ -	$ 605,774
2021	152,785	21,487
2022	228,288	603,512
2023	293,774	414,964
2024	235,017	58,457
Thereafter	-	(44,742)
Total	**$ 909,864**	**$ 1,659,452**

E. Actuarial Assumptions

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

(X.) (Continued)

	ERS	TRS
Measurement date	March 31, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Interest rate	6.80%	7.10%
Salary scale	4.20%	4.72%-1.90%
Decrement tables	April 1, 2010- March 31, 2015 System's Experience	July 1, 2009- June 30, 2014 System's Experience
Inflation rate	2.50%	2.20%
COLA's	1.30%	1.30%

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

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2020 are summarized as follows:

Long Term Expected Rate of Return

	ERS	TRS
Measurement date	March 31, 2020	June 30, 2019
Asset Type -		
Domestic equity	4.05%	6.30%
International equity	6.15%	7.80%
Global equity	0.00%	7.20%
Private equity	6.75%	9.90%
Real estate	4.95%	4.60%
Absolute return strategies *	3.25%	0.00%
Opportunistic portfolios	4.65%	0.00%
Real assets	5.95%	0.00%
Bonds and mortgages	0.75%	0.00%
Cash	0.00%	0.00%
Inflation-indexed bonds	0.50%	0.00%
Private debt	0.00%	6.50%
Real estate debt	0.00%	2.90%
High-yield fixed income securities	0.00%	3.60%
Domestic fixed income securities	0.00%	1.30%
Global fixed income securities	0.00%	0.90%
Short-term	0.00%	0.30%

The real rate of return is net of the long-term inflation assumption of 2.5% for ERS and 2.2% for TRS.

* Excludes equity-oriented long-only funds. For investment management purposes, these funds are included in domestic equity and international equity.

F. Discount Rate

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

G. Sensitivity of the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.80% for ERS and 7.10% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (5.80% for ERS and 6.10% for TRS) or 1-percentage-point higher (7.80% for ERS and 8.10% for TRS) than the current assumption :

ERS	1% Decrease (5.80%)	Current Assumption (6.80%)	1% Increase (7.80%)
Employer's proportionate share of the net pension asset (liability)	$ (2,871,742)	$ (1,564,741)	$ (360,988)

TRS	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
Employer's proportionate share of the net pension asset (liability)	$ (6,224,597)	$ 1,378,986	$ 7,757,533

H. Pension Plan Fiduciary Net Position

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

	(In Thousands)	
	ERS	TRS
Measurement date	March 31, 2020	June 30, 2019
Employers' total pension liability	$ 194,596,261	$ 119,879,474
Plan net position	168,115,682	122,477,481
Employers' net pension asset/(liability)	$ (26,480,579)	$ 2,598,007
Ratio of plan net position to the employers' total pension asset/(liability)	86.39%	102.20%

I. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to $67,307.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2020 amounted to $810,542.

XI. Postemployment Benefits

A. General Information About the OPEB Plan

Plan Description – The District's defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

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

Employees Covered by Benefit Terms – At March 31, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	178
Active Employees	189
Total	**367**

B. Total OPEB Liability

The District's total OPEB liability of $60,573,526 was measured as of March 31, 2020, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.2 percent
Salary Increases	3.22 percent, average, including inflation
Discount Rate	2.48 percent
Healthcare Cost Trend Rates	5.20 percent for 2020, decreasing to an ultimate rate of 4.18 percent for 2080 and later years
Retirees' Share of Benefit-Related Costs	Varies from 5 percent to 100 percent depending on the contract

The discount rate was based on a tax-exempt, high-quality 20-year tax-exempt general obligation municipal bond or index rate.

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables, Headcount-Weighted, distinct for Teachers, General, and Safety, without separate Contingent Survivor Mortality, fully generational using scale MP-2019.

C. Changes in the Total OPEB Liability

Balance at June 30, 2019	$ 55,525,869
Changes for the Year -	
Service cost	$ 1,650,401
Interest	1,928,086
Differences between expected and actual experience	(8,855,758)
Changes in assumptions or other inputs	11,452,199
Benefit payments	(1,127,271)
Net Changes	$ 5,047,657
Balance at June 30, 2020	**$ 60,573,526**

Changes of benefit terms reflect the following:

- The Salary scale changed from 3.36% to 3.22% effective June 30, 2020.
- Mortality rate updated to rated based on the Pub-2010 Public Retirement Plans Mortality Tables
- Updated healthcare cost trend rates to rates effective June 30, 2020

The Single Discount Rate changed from 3.44% to 2.48% effective June 30, 2020.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.48 percent) or 1-percentage-point higher (3.48 percent) than the current discount rate:

	1% Decrease (1.48%)	**Discount Rate (2.48%)**	**1% Increase (3.48%)**
Total OPEB Liability	$ 73,316,782	$ 60,573,526	$ 50,737,625

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.20 percent decreasing to 3.18 percent) or 1-percentage-point higher (6.2 percent decreasing to 5.18 percent) than the current healthcare cost trend rate:

	1% Decrease (4.20% Decreasing to 3.18%)	**Healthcare Cost Trend Rates (5.20% Decreasing to 4.18%)**	**1% Increase (6.20% Decreasing to 5.18%)**
Total OPEB Liability	$ 49,321,376	$ 60,573,526	$ 75,542,963

(XI.) (Continued)

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

For the year ended June 30, 2020, the District recognized OPEB expense of $4,946,048. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 6,265,683	$ 7,166,890
Changes of assumptions	9,231,874	2,531,244
Contributions after measurement date	281,818	-
Total	**$ 15,779,375**	**$ 9,698,134**

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

Year	
2021	$ 1,649,379
2022	1,627,690
2023	1,072,386
2024	447,136
2025	323,495
Thereafter	679,337
Total	**$ 5,799,423**

XII. Risk Management

A. General Information

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

B. Health Plan

The District incurs costs related to the Rochester Area School Health Plan (Plan I and Plan II) sponsored by the Board of Cooperative Educational Services, Second Supervisory District of Monroe and Orleans Counties and its component districts.

(XII.) (Continued)

1. **Plan I**

The Plans objectives are to formulate, develop and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Membership in the Plans may be offered to any component district of the Monroe #1 and Monroe #2 BOCES with the unanimous approval of the Board of Directors. Voluntary withdrawal from the Plans may be effective only once annually on the last day of the Plans year as may be established by the Board of Directors. Notice of Intention to Withdraw must be given in writing to the Chairman of the Board of Directors and the Treasurer not less than thirty days prior to the end of the Plans year. Plan members bear an equal proportionate share of the Plans' assets and claim liabilities. Pursuant to the Municipal Cooperative Agreement the Plans are a risk sharing pool and all monies paid to the Treasurer shall be pooled and administered as a common fund. No refunds shall be made to a participant and no assessments are charged to a participant other than the annual premium equivalent. If surplus funds exist at the end of any fiscal year, the distribution of such funds shall be determined by the Board of Directors. This Plan's members include seventeen districts and two BOCES with the District bearing an equal proportionate share of the Plan's assets and claim liabilities.

This Plan purchases, on an annual basis, stop-loss insurance policies to limit its exposure for claims paid within any one fiscal year.

This Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in a exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. During the year ended June 30, 2020, the District incurred premiums or contribution expenditures totaling $508,726.

This Plan is audited on an annual basis and is available at the BOCES administrative offices. The most recent audit available for the year ended December 31, 2019, revealed that the Plan was fully funded.

2. **Plan II**

The District incurs costs related to the Rochester Area School Health Plan II sponsored by the Board of Cooperative Educational services, Second Supervisory District of Monroe and Orleans Counties (Monroe 2-Orleans BOCES). The Plan was established as a Municipal Cooperative under the authorization of Article 5-G of the General Municipal Law in 2004. The plan received a Certificate of Authority to operate as a self-funded plan under Article 47 of the New York State Insurance Law, effective January 1, 2020.

Membership in the Plan may be offered to any component school district of the Monroe 1 BOCES and Monroe 2-Orleans BOCES within the geographical boundaries of Monroe County, New York provided that the applicant provides proof of its financial responsibility that is satisfactory to the Board of Directors in its sole discretion, and the applicant is the same type of municipal corporation as the initial Participants. The Plan has full participation from all eligible participants including the two BOCES and seventeen component school districts.

A participant has the right to withdraw from the Plan, but such withdrawal shall be effective only on January 1 of the next Plan Year following the Plan Year in which the Participant provides notice. Any withdrawing Participant shall be responsible for its pro rata share of any Plan Deficit, and shall satisfy any other obligation relating to the Participant's membership in the Plan. The withdrawing Participant shall not be entitled to share in any Plan surplus.

The Plan is a risk sharing pool and all monies paid to the Treasurer shall be pooled and administered as a common fund. The annual premium equivalent for each coverage option under the Plan is established and approved by a majority of the entire Board of Directors. Each participant is required to contribute to the Plan an amount equal to the Premium Equivalent applicable to the coverage options, under which the Participants Enrollees are covered. If surplus funds exist at the end of any fiscal year, the distribution of such funds shall be determined by the Board of Directors.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. Such claims estimates are based on the ultimate cost of claims that have been reported but not settled, and claims that have been incurred but not reported.

The Plan is audited on an annual basis and is available at the Monroe 2-Orleans BOCES administrative offices. The most recent audit available for the year ended December 31, 2019, revealed that the Plan was fully funded.

During the year ended June 30, 2020, the District incurred premiums or contribution expenditures totaling $3,610,385.

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C. Workers' Compensation

The District incurs costs related to the Rochester Area School Workers' Compensation Plan (Plan) sponsored by the Board of Cooperative Educational Services, Second Supervisory District of Monroe and Orleans Counties and its component districts. The Plan's objectives are to furnish workers' compensation benefits to participating districts at a significant cost savings. Membership in the Plan may be offered to any component district of the Monroe #1 and Monroe #2 BOCES with the approval of the Board of Directors. Voluntary withdrawal from the Plan may be effective only once annually on the last day of the Plan year as may be established by the Board of Director. Notice of Intention to Withdraw must be given in writing to the Chairman of the Board of Directors and the Treasurer not less than one year prior to the end of the Plan year.

Plan membership is currently comprised of two BOCES and seventeen districts. If a surplus of participants' assessments exists after the close of a Plan year, the Board may retain from such surplus an amount sufficient to establish and maintain a claim contingency fund. Surplus funds in excess of the amount transferred to or included in such contingency fund shall be applied in reduction of the next annual assessment or to the billing of Plan participants. All monies paid to the Treasurer by participants shall be commingled and administered as a common fund. No refunds shall be made to a participant and no assessments are charged to a participant other than the annual premium equivalent. However, if it appears to the Board of Directors that the liabilities of the Plan will exceed its cash assets, after taking into account any "excess insurance", the Board shall determine the amount needed to meet such deficiency and shall assess such amount against all participants pro-rata per enrollee.

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

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported.

Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. During the year ended June 30, 2020, the District incurred premiums or contribution expenditures totaling $124,537.

The Plan is audited on an annual basis and is available at the BOCES administrative offices. The most recent audit available for the year ended June 30, 2019, revealed that the Plan was not fully funded.

D. Dental Coverage

The District self insures for dental coverage for its employees. The District uses a third party administrator who is responsible for processing claims and estimating liabilities. The expenditures as claims are presented for payment with a cap of $750 per employee or employee dependent. Liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated.

A reconciliation of the claims recorded for 2020 and 2019 is as follows:

	2020	2019
Beginning liabilities	$ 356,604	$ 314,784
Incurred claims	5,488	182,830
Claims payments	(138,521)	(141,010)
Ending Liabilities	**$ 223,571**	**$ 356,604**

(XII.) (Continued)

The following statistical information is presented:

Year	Contribution Revenue	Actual Claim Expense
2020	$ 138,521	$ 5,488
2019	$ 141,010	$ 182,830
2018	$ 169,572	$ 212,276
2017	$ 169,931	$ 213,980
2016	$ 164,824	$ 209,717

E. Unemployment

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The District has established a self insurance fund to pay these claims. The claim and judgment expenditures of this program for the 2019-20 fiscal year totaled $11,588. The balance of the fund at June 30, 2020 was $1,931,773 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2020, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

XIII. Commitments and Contingencies

A. Litigation

There is no litigation pending against the District as of the balance sheet date.

B. Grants

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

XIV. Rental of District Property

The District leases property to various organizations. Total rental income for the 2019-20 fiscal year totaled $130,376 for space at Bird & Morgan rented to Monroe 2 BOCES.

Minimum lease payments to be received for each of the remaining years of leases:

Year End June 30,	Amount
2021	$ 75,000
2022	75,000

XV. Tax Abatement

The County of Monroe IDA, and the District enter into various property tax abatement programs for the purpose of Economic Development. As a result the District property tax revenue was reduced $150,824. The District received payment in lieu of tax (PILOT) payment totaling $112,196 to help offset the property tax reduction. The total net tax abated was $38,628.

XVI. Subsequent Event

A. State Aid

On August 13, 2020, the Division of the Budget (DOB) issued the FY 2021 First Quarterly State Budget Financial Plan Update which notes that, in the absence of Federal action since enactment of the FY 2021 budget, DOB began withholding 20 percent of most local aid payments in June, which includes 3609-a General Aid, , 3609-b Excess Cost Aid, 3609-d BOCES Aid payments, and that all or a portion of these withholds may be converted to permanent reductions, depending on the size and timing of new Federal aid, if any.

DOB's Updated Financial Plan includes $8.2 billion in recurring local aid reductions, and states that the earliest DOB expects to transmit a detailed aid-to-localities reduction plan to the Legislature is late in the second quarter of the State's FY 2021, and that, in the absence of unrestricted Federal Aid, the DOB will continue to withhold a range of payments through the second quarter of FY 2021.

B. Appropriated Fund Balance

On September 15, 2020 the District amended the 2020-21 budget for unanticipated costs associated with the COVID-19 Pandemic and appropriated fund balance totaling $472,000 which will increase the total appropriated fund balance to $1,595,946.

XVII. COVID-19

On January 30,2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The outbreak and continuing effects of the COVID-19 health crisis in the State has had and is expected to have a significantly adverse effect on the State's financial condition. On April 25, 2020 the New York State Division of the Budget announced that the FY 2021 Enacted State Budget Financial Plan (the "Financial Plan") projects a $13.3 billion shortfall, or 14%, in revenue from the Executive Budget Forecast released in January and estimates a $61 billion decline through FY 2024 as a direct consequence of the COVID-19 pandemic. As a result, in the absence of Federal assistance, initial budget control actions outlined in the Financial Plan will reduce spending by $10.1 billion from the Executive Budget. This represents a $7.3 billion reduction in state spending from FY 2020 levels. The $10.1 billion in spending reductions from the levels proposed in the Executive Budget include a $8.2 billion reduction in "aid-to-localities", a broad spending category that includes funding for health care, K-12 schools, and higher education as well as support for local governments, public transit systems, and the State's not-for-profit partners. The dramatic decline in the State General Fund receipts is not a one-year problem. The Division of the Budget expects the reduced receipts to carry through each subsequent year of the four year Financial Plan, creating a total loss of $60.5 billion through FY 2024 compared to the Executive Budget. According to the four year financial plan released by the State on May 8, 2020, as a result of the COVID-19 pandemic, State spending will be significantly reduced. Such reductions will include reductions to "aid to localities" which includes State aid to school districts, including the School District. Any significant reductions or delays in the payment of State aid could adversely affect the financial condition of school districts in the State.

Required Supplementary Information

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

Schedule of Changes in District's Total OPEB Liability and Related Ratio

(Unaudited)

For Year Ended June 30, 2020

TOTAL OPEB LIABILITY

	2020	2019	2018	2017
Service cost	$ 1,650,401	$ 1,334,748	$ 1,338,500	$ 1,209,948
Interest	1,928,086	1,839,017	1,845,838	1,445,704
Changes in benefit terms	-	-	(79,187)	-
Differences between expected and actual experiences	(8,855,758)	3,346,958	(1,206,480)	7,054,779
Changes of assumptions or other inputs	11,452,199	(602,395)	1,455,871	(3,463,987)
Benefit payments	(1,127,271)	(983,187)	(955,645)	(850,053)
Net Change in Total OPEB Liability	**$ 5,047,657**	**$ 4,935,141**	**$ 2,398,897**	**$ 5,396,391**
Total OPEB Liability - Beginning	**$ 55,525,869**	**$ 50,590,728**	**$ 48,191,831**	**$ 42,795,440**
Total OPEB Liability - Ending	**$ 60,573,526**	**$ 55,525,869**	**$ 50,590,728**	**$ 48,191,831**
Covered Employee Payroll	$ 10,546,196	$ 10,217,202	$ 11,250,160	$ 10,889,711
Total OPEB Liability as a Percentage of Covered Employee Payroll	574.36%	543.45%	449.69%	442.54%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

Required Supplementary Information
EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK
Schedule of the District's Proportionate Share of the Net Pension Liability
(Unaudited)
For Year Ended June 30, 2020

NYSERS Pension Plan

	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (assets)	0.0059%	0.0060%	0.0058%	0.0061%	0.0062%	0.0066%
Proportionate share of the net pension liability (assets)	$ 1,564,741	$ 427,749	$ 187,717	$ 571,670	$ 1,002,357	$ 203,186
Covered-employee payroll	$ 1,755,797	$ 1,642,071	$ 1,597,953	$ 1,606,060	$ 1,581,416	$ 1,666,072
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	89.119%	26.049%	11.747%	35.595%	63.384%	12.196%
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

NYSTRS Pension Plan

	2020	2019	2018	2017	2016	2015
Proportion of the net pension liability (assets)	0.0531%	0.0530%	0.0545%	0.0552%	0.0526%	0.0489%
Proportionate share of the net pension liability (assets)	$ (1,378,986)	$ (958,325)	$ (414,480)	$ 591,130	$ (5,459,911)	$ (5,448,018)
Covered-employee payroll	$ 8,505,136	$ 9,058,408	$ 8,641,154	$ 8,184,199	$ 8,071,989	$ 7,568,698
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	-16.214%	-10.579%	-4.797%	7.223%	-67.640%	-71.981%
Plan fiduciary net position as a percentage of the total pension liability	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

Required Supplementary Information
EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK
Schedule of District Contributions
(Unaudited)
For Year Ended June 30, 2020

NYSERS Pension Plan

	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 248,214	$ 236,036	$ 237,881	$ 242,092	$ 262,447	$ 304,277
Contributions in relation to the contractually required contribution	(248,214)	(236,036)	(237,881)	(242,092)	(262,447)	(304,277)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 1,755,797	$ 1,642,071	$ 1,597,953	$ 1,606,060	$ 1,581,416	$ 1,666,072
Contributions as a percentage of covered-employee payroll	14.14%	14.37%	14.89%	15.07%	16.60%	18.26%

NYSTRS Pension Plan

	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 810,542	$ 998,694	$ 906,796	$ 1,075,181	$ 1,196,113	$ 1,451,464
Contributions in relation to the contractually required contribution	(810,542)	(998,694)	(906,796)	(1,075,181)	(1,196,113)	(1,451,464)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 8,505,136	$ 9,058,408	$ 8,641,154	$ 8,184,199	$ 8,071,989	$ 7,568,698
Contributions as a percentage of covered-employee payroll	9.53%	11.03%	10.49%	13.14%	14.82%	19.18%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

Required Supplementary Information
EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund
(Unaudited)
For Year Ended June 30, 2020

	Original Budget	Amended Budget	Current Year's Revenues	Over (Under) Revised Budget
REVENUES				
Local Sources -				
Real property taxes	$ 14,298,719	$ 12,400,270	$ 12,400,270	$ -
Real property tax items	130,000	2,028,449	2,018,893	(9,556)
Non-property taxes	850,000	850,000	998,303	148,303
Charges for services	5,000	5,000	82,636	77,636
Use of money and property	102,000	102,000	293,282	191,282
Sale of property and compensation for loss	-	-	30,218	30,218
Miscellaneous	60,000	60,000	392,193	332,193
State Sources -				
Basic formula	10,188,202	10,188,202	8,558,264	(1,629,938)
Lottery aid	-	-	1,663,743	1,663,743
BOCES	1,113,668	1,113,668	1,017,204	(96,464)
Textbooks	83,844	83,844	59,881	(23,963)
All Other Aid -				
Computer software	-	-	35,102	35,102
Library loan	-	-	7,043	7,043
Other aid	-	-	2,940	2,940
Federal Sources	70,000	70,000	47,792	(22,208)
TOTAL REVENUES	$ 26,901,433	$ 26,901,433	$ 27,607,764	$ 706,331
Other Sources -				
Transfer - in	$ 457,921	$ 457,921	$ 867,730	$ 409,809
TOTAL REVENUES AND OTHER SOURCES	$ 27,359,354	$ 27,359,354	$ 28,475,494	$ 1,116,140
Appropriated reserves	$ 714,303	$ 714,303		
Appropriated fund balance	$ 400,000	$ 400,000		
Prior year encumbrances	$ 391,407	$ 391,407		
TOTAL REVENUES AND APPROPRIATED RESERVES/ FUND BALANCE	**$ 28,865,064**	**$ 28,865,064**		

Required Supplementary Information
EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual - General Fund
(Unaudited)
For Year Ended June 30, 2020

	Original Budget	Amended Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
EXPENDITURES					
General Support -					
Board of education	$ 64,134	$ 49,843	$ 46,160	$ -	$ 3,683
Central administration	229,565	264,433	258,063	200	6,170
Finance	917,855	1,050,900	1,006,504	11,675	32,721
Staff	170,063	171,166	111,813	-	59,353
Central services	2,089,650	2,076,256	1,840,106	126,508	109,642
Special items	385,500	372,018	360,064	-	11,954
Instructional -					
Instruction, administration and improvement	871,389	893,968	867,687	12,879	13,402
Teaching - regular school	5,925,331	5,723,876	5,210,337	100,896	412,643
Programs for children with handicapping conditions	5,090,802	5,108,513	4,570,834	8,305	529,374
Occupational education	665,532	664,341	548,281	29,935	86,125
Teaching - special schools	66,000	66,000	15,564	-	50,436
Instructional media	1,042,654	1,082,292	664,673	40,909	376,710
Pupil services	1,344,321	1,301,328	1,084,915	25,095	191,318
Pupil Transportation	1,007,668	1,019,320	678,443	22,160	318,717
Community Services	49,005	49,006	32,480	-	16,526
Employee Benefits	6,902,685	6,858,986	6,149,880	-	709,106
Debt service - principal	1,647,972	1,588,614	1,372,971	-	215,643
Debt service - interest	394,938	454,296	454,296	-	-
TOTAL EXPENDITURES	$ 28,865,064	$ 28,795,156	$ 25,273,071	$ 378,562	$ 3,143,523
Other Uses -					
Transfers - out	$ -	$ 69,908	$ 69,908	$ -	$ -
TOTAL EXPENDITURES AND OTHER USES	$ 28,865,064	$ 28,865,064	$ 25,342,979	$ 378,562	$ 3,143,523
NET CHANGE IN FUND BALANCE	**$ -**	**$ -**	**$ 3,132,515**		
FUND BALANCE, BEGINNING OF YEAR	15,846,067	15,846,067	15,846,067		
FUND BALANCE, END OF YEAR	**$ 15,846,067**	**$ 15,846,067**	**$ 18,978,582**		

Note to Required Supplementary Information:

A reconciliation is not necessary since encumbrances are presented in a separate column on this schedule.

Supplementary Information

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

Schedule of Change From Adopted Budget To Final Budget And The Real Property Tax Limit

For Year Ended June 30, 2020

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET:

Adopted budget		$ 28,473,657
Prior year's encumbrances		391,407
FINAL BUDGET		**$ 28,865,064**

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION:

2020-21 voter approved expenditure budget		$ 29,433,954
Unrestricted fund balance:		
Assigned fund balance	$ 1,974,508	
Unassigned fund balance	1,176,795	
Total Unrestricted fund balance	$ 3,151,303	
Less adjustments:		
Appropriated fund balance	$ 1,123,946	
Appropriated fund balance - COVID	472,000	
Encumbrances included in assigned fund balance	378,562	
Total adjustments	$ 1,974,508	
General fund fund balance subject to Section 1318 of Real Property Tax Law		1,176,795
ACTUAL PERCENTAGE		**4.00%**

Supplementary Information

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

CAPITAL PROJECTS FUND

Schedule of Project Expenditures

For Year Ended June 30, 2020

			Expenditures				Methods of Financing			
Project Title	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Unexpended Balance	Local Sources	State Sources	Total	Fund Balance
2020 Capital Improvement Project	$ 4,250,000	$ 4,250,000	$ 387,444	$ 803,025	$ 1,190,469	$ 3,059,531	$ 4,250,000	$ -	$ 4,250,000	$ 3,059,531
BOCES Capital Project	489,688	489,688	-	409,809	409,809	79,879	409,809	-	409,809	-
Smart Schools Bond Act	836,381	836,381	36,200	10,750	46,950	789,431	-	46,950	46,950	-
TOTAL	**$ 5,576,069**	**$ 5,576,069**	**$ 423,644**	**$ 1,223,584**	**$ 1,647,228**	**$ 3,928,841**	**$ 4,659,809**	**$ 46,950**	**$ 4,706,759**	**$ 3,059,531**

Supplementary Information

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2020

	Special Revenue Fund		
	School Lunch Fund	Debt Service Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	$ 12,836	$ 597,024	$ 609,860
Receivables	41,016	-	41,016
Inventories	21,849	-	21,849
Due from other funds	86,861	154,836	241,697
TOTAL ASSETS	**$ 162,562**	**$ 751,860**	**$ 914,422**
LIABILITIES AND FUND BALANCES			
Liabilities -			
Accounts payable	$ 10,190	$ -	$ 10,190
Accrued liabilities	3,406	-	3,406
Due to other funds	9,298	-	9,298
Due to other governments	4,108	-	4,108
Due to ERS	7,240	-	7,240
Unearned revenue	5,378	-	5,378
TOTAL LIABILITIES	**$ 39,620**	**$ -**	**$ 39,620**
Fund Balances -			
Nonspendable	$ 21,849	$ -	$ 21,849
Restricted	-	751,860	751,860
Assigned	101,093	-	101,093
TOTAL FUND BALANCE	**$ 122,942**	**$ 751,860**	**$ 874,802**
TOTAL LIABILITIES AND FUND BALANCES	**$ 162,562**	**$ 751,860**	**$ 914,422**

Supplementary Information

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For Year Ended June 30, 2020

	Special Revenue Fund		
	School Lunch Fund	Debt Service Fund	Total Nonmajor Governmental Funds
REVENUES			
Use of money and property	$ -	$ 36,414	$ 36,414
Miscellaneous	12,563	-	12,563
State sources	10,091	-	10,091
Federal sources	293,674	-	293,674
Sales	66,895	-	66,895
Premium on obligations issued	-	43,741	43,741
TOTAL REVENUES	**$ 383,223**	**$ 80,155**	**$ 463,378**
EXPENDITURES			
Employee benefits	$ 21,127	$ -	$ 21,127
Cost of sales	166,017	-	166,017
Other expenses	222,861	-	222,861
TOTAL EXPENDITURES	**$ 410,005**	**$ -**	**$ 410,005**
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (26,782)	$ 80,155	$ 53,373
OTHER FINANCING SOURCES (USES)			
Transfers - out	$ -	$ (457,921)	$ (457,921)
TOTAL OTHER FINANCING SOURCES (USES)	**$ -**	**$ (457,921)**	**$ (457,921)**
NET CHANGE IN FUND BALANCE	**$ (26,782)**	**$ (377,766)**	**$ (404,548)**
FUND BALANCE, BEGINNING OF YEAR	149,724	1,129,626	1,279,350
FUND BALANCE, END OF YEAR	**$ 122,942**	**$ 751,860**	**$ 874,802**

Supplementary Information

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

Net Investment in Capital Assets

For Year Ended June 30, 2020

Capital assets, net		$ 32,920,358
Deduct:		
Short-term portion of bonds payable	$ 1,285,000	
Long-term portion of bonds payable	6,790,000	
Unamortized bond premium	258,374	
Short-term portion of energy performance contract	87,971	
Long-term portion of energy performance contract	3,810	
		8,425,155
Net Investment in Capital Assets		**$ 24,495,203**

Supplementary Information

EAST ROCHESTER UNION FREE SCHOOL DISTRICT, NEW YORK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For Year Ended June 30, 2020

Grantor / Pass - Through Agency Federal Award Cluster / Program	CFDA Number	Grantor Number	Pass-Through Agency Number		Total Expenditures
U.S. Department of Education:					
Indirect Programs:					
Passed Through NYS Education Department -					
Special Education Cluster IDEA -					
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	0032-19-0367	$	2,902
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	0032-20-0367		278,252
Special Education - Preschool Grants (IDEA Preschool)	84.173	N/A	0033-20-0367		18,669
Total Special Education Cluster IDEA				$	299,823
Title IIA - Supporting Effective Instruction State Grant	84.367	N/A	0147-20-1380		27,426
Title IIA - Supporting Effective Instruction State Grant	84.367	N/A	0147-19-1380		16,103
Title IVA - Student Support and Academic Enrichments Grants	84.424	N/A	0241-20-1380		19,237
Title IVA - Student Support and Academic Enrichments Grants	84.424	N/A	0241-19-1380		7,927
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-20-1380		333,663
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-19-1380		35,153
Total U.S. Department of Education				**$**	**739,332**
U.S. Department of Agriculture:					
Indirect Programs:					
Passed Through NYS Education Department -					
Child Nutrition Cluster -					
National School Lunch Program	10.555	N/A	005546	$	135,790
National School Lunch Program-Non-Cash Assistance (Commodities)	10.555	N/A	005546		29,703
National Summer Food Service program	10.559	N/A	005546		20,241
National Summer Food Service program - COVID	10.559	N/A	005546		73,776
National School Breakfast Program	10.553	N/a	005546		34,164
Total Child Nutrition Cluster				$	293,674
Total U.S. Department of Agriculture				**$**	**293,674**
TOTAL EXPENDITURES OF FEDERAL AWARDS				**$**	**1,033,006**

(See Independent Auditors' Report)

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*

Independent Auditors' Report

To the Board of Education
East Rochester Union Free School District, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Rochester Union Free School District, New York, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the East Rochester Union Free School District, New York's basic financial statements, and have issued our report thereon dated September 28, 2020.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 East Rochester Union Free School District, New York's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Rochester, New York
September 28, 2020

Mengel, Metzger, Barr & Co. LLP

FORM OF BOND COUNSEL'S OPINION

November 13, 2020

East Rochester Union Free School District,
County of Monroe,
State of New York

Re: East Rochester Union Free School District, Monroe County, New York
$2,595,000* School District Refunding (Serial) Bonds. 2020

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of $2,595,000* School District Refunding (Serial) Bonds, 2020 (the "Obligations"), of the East Rochester Union Free School District, Monroe County, State of New York (the "Obligor"), dated November 13, 2020 initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of ____ and _____ hundredths per centum (_____%) per annum as to bonds maturing in each of the years 20__ to 20__, both inclusive, and at the rate of ____ per centum (__%) per annum as to bonds maturing in each of the years 20__ to 20__, both inclusive, payable on March 15, 2021, September 15, 2021, and semi-annually thereafter on March 15 and September 15 and maturing in the amount of $___________on March 15, 2021, $___________ on March 15, 2022, $__________ on March 15, 2023, $______________ on March 15, 2024, $__________on March 15, 2025. $____________ on March 15, 2026, and $__________ on March 15, 2027.

We have examined:

(1) the Constitution and statutes of the State of New York;

(2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");

(3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligations that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligations not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligations and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligations to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligations and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and

(4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligations, including the form of the Obligations. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

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* Preliminary, subject to change.

In our opinion:

(a) The Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, without limitation as to rate or amount; provided, however, that the enforceability (but not the validity) of the Obligations: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.

(b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.

(c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligations.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligations) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligations has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligations has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligations as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligations for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligations, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP