

## **DRESCHER & MALECKI LLP**

2721 Transit Road, Suite 111  
Elma, New York 14059  
Telephone: 716.565.2299  
Fax: 716.389.5178



October 10, 2023

The Board of Education  
Lancaster Central School District, New York

Dear Board Members:

We have audited the financial statements of the Lancaster Central School District, New York (the "District") as of and for the year ended June 30, 2023, and have issued our report thereon dated October 10, 2023. Professional standards require that we advise you of the following matters relating to our audit.

### **Our Responsibility in Relation to the Financial Statement Audit**

As communicated in our engagement letter dated July 12, 2023, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the District solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our finding regarding a significant deficiency in compliance and comments regarding other matters noted during our audit in separate communications to you dated October 10, 2023.

### **Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team; others in our firm, as appropriate; and our firm have complied with all relevant ethical requirements regarding independence.

## **Qualitative Aspects of the Entity's Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. Except for the matters discussed below, there have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended June 30, 2023.

During the year ended June 30, 2023, the District implemented Governmental Accounting Standards Board ("GASB") Statements No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; No. 96, *Subscription-Based Information Technology Arrangements*; and a portion of No. 99, *Omnibus 2022*. GASB Statement No. 94 improves financial reporting by addressing issues related to public-private and public-public partnerships arrangements ("PPPs"). GASB Statement No. 96 improves financial reporting by establishing a definition for Subscription-Based Information Technology Arrangements ("SBITAs") and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. GASB Statement No. 99 enhances comparability in the application of accounting and financial reporting requirements and improves the consistency of authoritative literature related to GASB Statements No. 94 and 96. The implementation of GASB Statements No. 94, 96, and a portion of 99 did not have a material impact on the District's financial position or results from operations.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Significant Accounting Estimates*

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimates affecting the financial statements for the year ended June 30, 2023 are the liabilities for compensated absences, other postemployment benefits, and the net pension liabilities.

Management's estimate of the liability for compensated absences is based on available information regarding eligibility, historical trends, leave balances accrued and current compensation rates. Management's estimates of the liability for other postemployment benefits and the net pension liabilities are based on information obtained from actuarial valuations performed by consultants. We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the financial statements taken as a whole and in relation to the applicable opinion units.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to significant accounting policies and disclosures relating to contingencies and estimates as described in Notes 1, 8, and 16 to the financial statements.

### **Significant Unusual Transactions**

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. We encountered no significant unusual transactions throughout our audit.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified material misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. Material misstatements that were identified as a result of our audit procedures were brought to the attention of, and corrected by management. Those items are included within the adjusting journal entries for the year ended June 30, 2023, which are attached to the management representation letter dated October 10, 2023 as Exhibit I (copy attached).

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the District's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated October 10, 2023.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the District, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed results in a condition to our retention as the District's auditors.

\* \* \* \* \*

This report is intended solely for the information and use of the District's Board of Education, the audit committee, and management of the District, and is not intended to be and should not be used by anyone other than these specified parties.

*Drescher & Malachuk LLP*

October 10, 2023

## ***Lancaster Central School District***

---

*Business Office  
177 Central Avenue  
Lancaster, NY 14086  
Phone: 716 686-3212  
jphillips@lancasterschools.org*

*Jamie L. Phillips  
Assistant Superintendent  
for Business and Support Services*

October 10, 2023

Drescher & Malecki LLP  
2721 Transit Road, Suite 111  
Elma, New York 14059

This representation letter is provided in connection with your audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lancaster Central School District, New York (the "District"), as of June 30, 2023 and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position and results of operations of the various opinion units of the District in accordance with accounting principles generally accepted for governments in the United States of America ("U.S. GAAP").

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information such that, in the light of surrounding circumstances, there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of October 10, 2023:

### **Financial Statements**

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated July 12, 2023, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- The financial statements referred to above have been fairly presented in accordance with U.S. GAAP and include all properly classified funds, required supplementary information and notes to the basic financial statements.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
- We acknowledge our responsibility for compliance with the laws, regulations, and provisions of contracts and grant agreements.



- We have reviewed, approved, and taken responsibility for the financial statements and related notes.
- We have a process to track the status of audit findings and recommendations.
- We have identified and communicated to you all previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.
- Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
- All events subsequent to the date of the financial statements and for which U.S. GAAP requires adjustment or disclosure have been adjusted or disclosed.
- There are no identified material uncorrected misstatements.
- The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
- All component units, as well as joint ventures with an equity interest, are included and other joint ventures and related organizations are properly disclosed.
- All funds and activities are properly classified.
- All funds that meet the quantitative criteria in GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, GASB Statement No. 37, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments: Omnibus* as amended, and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, for presentation as major are identified and presented as such and all other funds that are presented as major are considered important to financial statement users.
- All components of net position, nonspendable fund balance, and restricted, committed, assigned, and unassigned fund balance are properly classified and, if applicable, approved.
- Our policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance are available is appropriately disclosed and net position/fund balance is properly recognized under the policy.
- All revenues within the statement of activities have been properly classified as program revenues or general revenues.
- All expenses have been properly classified in or allocated to functions and programs in the statement of activities, and allocations, if any, have been made on a reasonable basis.
- All interfund transactions and balances have been properly classified and reported.

- Deposit and investment risks have been properly and fully disclosed.
- Capital assets, including infrastructure and right-to-use lease assets, are properly capitalized, reported, and if applicable, depreciated or amortized.
- All required supplementary information is measured and presented within the prescribed guidelines.

#### **Information Provided**

- We have provided you with:
  - Access to all information, of which we are aware that is relevant to the preparation and fair presentation of the financial statements of the various opinion units referred to above, such as records, documentation, meeting minutes, and other matters;
  - Additional information that you have requested from us for the purpose of the audit; and
  - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- All transactions have been recorded in the accounting records and are reflected in the financial statements.
- We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- We have provided to you our analysis of the entity's ability to continue as a going concern, including significant conditions and events present, and if necessary, our analysis of management's plans, and our ability to achieve those plans.
- We have no knowledge of any fraud or suspected fraud that affects the entity and involves:
  - Management;
  - Employees who have significant roles in internal control; or
  - Others where the fraud could have a material effect on the financial statements.
- We have no knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, vendors, regulators, or others.
- We are not aware of any pending or threatened litigation, claims, and assessments whose effects should be considered when preparing the financial statements.
- We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.
- There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in accounting, internal control, or financial reporting practices.



- The District has no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
- We have disclosed to you all guarantees, whether written or oral, under which the District is contingently liable.
- We have disclosed to you all nonexchange financial guarantees, under which we are obligated and have declared liabilities and disclosed properly in accordance with GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, for those guarantees where it is more likely than not that the entity will make a payment on any guarantee.
- For nonexchange financial guarantees where we have declared liabilities, the amount of the liability recognized is the discounted present value of the best estimate of the future outflows expected to be incurred as a result of the guarantee. Where there was no best estimate, but a range of estimated future outflows has been established, we have recognized the minimum amount within the range.
- We have disclosed to you all significant estimates and material concentrations known to management that are required to be disclosed in accordance with GASB Statement No. 62 (GASB-62), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. Significant estimates are estimates at the balance sheet date that could change materially within the next year. Concentrations refer to volumes of business, revenues, available sources of supply, or markets or geographic areas for which events could occur that would significantly disrupt normal finances within the next year.
- We have identified and disclosed to you the laws, regulations, and provisions of contracts and grant agreements that could have a direct and material effect on financial statement amounts, including legal and contractual provisions for reporting specific activities in separate funds.
- There are no:
  - Violations or possible violations of laws or regulations, or provisions of contracts or grant agreements whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency, including applicable budget laws and regulations.
  - Unasserted claims or assessments that our lawyer has advised are probable of assertion and must be disclosed in accordance with GASB-62.
  - Other liabilities or gain or loss contingencies that are required to be accrued or disclosed by GASB-62.
  - Continuing disclosure consent decree agreements or filings with the Securities and Exchange Commission and we have filed updates on a timely basis in accordance with the agreements (Rule 240, 15c2-12).
- The District has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset or future revenue been pledged as collateral, except as disclosed to you.



- We have complied with all aspects of grant agreements and other contractual agreements that would have a material effect on the financial statements in the event of noncompliance.

### **Required Supplementary Information**

With respect to the required supplementary information accompanying the financial statements including Management's Discussion and Analysis:

- We acknowledge our responsibility for the fair presentation of the required supplementary information in accordance with U.S. GAAP.
- We believe the required supplementary information, including its form and content, is measured and fairly presented in accordance with U.S. GAAP.
- The methods of measurement or presentation have not changed from those used in the prior period and the basis for our assumptions and interpretations, underlying those measurements or presentations, are reasonable and appropriate in the circumstances.

### **Supplementary Information in Relation to the Financial Statements as a Whole**

With respect to the supplementary information accompanying the financial statements:

- We acknowledge our responsibility for the presentation of the supplementary information in accordance with U.S. GAAP.
- We believe that the supplementary information, including its form and content, is fairly presented in accordance with U.S. GAAP.
- The methods of measurement or presentation have not changed from those used in the prior period and the basis for our assumptions and interpretations, underlying those measurements or presentations, are reasonable and appropriate in the circumstances.
- We acknowledge our responsibility to include the auditor's report on the supplementary information in any document containing the supplementary information and that indicates the auditor reported on such supplementary information.
- We acknowledge our responsibility to present the supplementary information with the audited financial statements or, if the supplementary information will not be presented with the audited financial statements, to make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance by the entity of the supplementary information and the auditor's report thereon.

### **Single Audit**

With respect to federal awards, we represent the following to you:

- We are responsible for understanding and complying with and have complied with the audit requirements of Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* ("Uniform Guidance").



- We are responsible for the preparation and presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance.
- We believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with the Uniform Guidance.
- The methods of measurement or presentation have not changed from those used in the prior period and the basis for our assumptions and interpretations, underlying those measurements or presentations, are reasonable and appropriate in the circumstances.
- We believe the significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards, and the basis for our assumptions and interpretations, are reasonable and appropriate in the circumstances.
- We are responsible for including the auditor's report on the schedule of expenditures of federal awards in any document that contains the schedule and that indicates that the auditor has reported on such information.
- We have identified and disclosed all of our government programs and related activities subject to the Uniform Guidance compliance audit.
- When the schedule of expenditures of federal awards is not presented with the audited financial statements, management will make the audited financial statements readily available to the intended users of the schedule of expenditures of federal awards no later than the date of issuance by the entity of the schedule of expenditures of federal awards and the auditor's report thereon.
- We have, in accordance with the Uniform Guidance, identified in the schedule of expenditures of federal awards, expenditures made during the audit period for all awards provided by federal agencies in the form of grants, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, food commodities, direct appropriations, and other assistance.
- We have provided to you our interpretations of any compliance requirements that have varying interpretations.
- We have made available to you all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
- We have received no requests from a federal agency to audit one or more specific programs as a major program.
- We have identified and disclosed to you all amounts questioned and any known noncompliance with the direct and material compliance requirements of federal awards, including the results of other audits or program reviews, or stated that there was no such noncompliance. We also know of no instances of noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report.
- We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance



requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.

- We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared (and are prepared on a basis consistent with the schedule of expenditures of federal awards).
- The copies of federal program financial reports provided to you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- We have properly classified amounts claimed or used for matching in accordance with related guidelines in the Uniform Guidance, as applicable.
- We have charged costs to federal awards in accordance with applicable cost principles.
- We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- The reporting package does not contain personally identifiable information.
- We have disclosed all contracts or other agreements with service organizations and disclosed to you all communications from these service organizations relating to noncompliance at the organizations.
- We have reviewed, approved, and taken responsibility for the financial statements and related notes and an acknowledgment of the auditor's role in the preparation of this information.
- We have disclosed to you the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.
- We have a reconciliation of the Schedule of Expenditures of Federal Awards to the District's basic financial statements.

In addition:

- We are responsible for understanding and complying with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal



programs and have identified and disclosed to you the federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major federal program; and we have complied with these direct and material compliance requirements.

- We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provide reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and conditions of the federal award that could have a material effect on our federal programs. Also, no changes have been made in the internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditor's report.
- We are responsible for and have accurately completed the appropriate sections of the Data Collection Form and we are responsible for taking corrective action on audit findings of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.

#### **Other Specific Representations**

- The District has not completed the process of evaluating the impact that will result from adopting the remainder of GASB Statement No. 99, *Omnibus 2022*; and No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, effective for the year ending June 30, 2024, and No. 101, *Compensated Absences*, effective for the year ending June 30, 2025. The District is, therefore, unable to disclose the impact that adopting GASB Statements No. 99, 100, and 101 will have on its financial position and results of operations when such statements are adopted.
- In accordance with GASB Statements No. 87, *Leases*, and 96, *Subscription-Based Information Technology Arrangements*, we have disclosed to you all lease contracts and subscription-based information technology arrangements ("SBITAs") and have established a reporting threshold of \$5,000 for lease/SBITA liabilities and receivables.
- The District values lease assets as the sum of the initial measurement of the remaining lease liability, plus any payments made at or before lease inception.
- Management has disclosed whether, subsequent to June 30, 2023, any changes in internal control or other factors that might significantly affect internal control, including any corrective action taken by management with regard to reportable conditions (including material weaknesses), have occurred.
- The District is responsible for determining and maintaining the adequacy of the allowance for doubtful notes, loans, interfund receivables, and accounts receivable, as well as estimates used to determine such amounts. Management believes an allowance is not necessary.
- Provision has been made to reduce excess or obsolete inventories to their estimated net realizable value. All inventories are the property of the District and do not include any items consigned to it, any items billed to customers, or any items for which the liability has not been recorded.

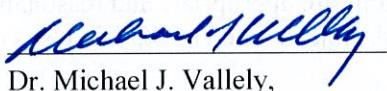


- We have no intention of withdrawing from our cost-sharing multi-employer retirement plans, or taking any other action that could result in an effective termination or reportable event for any of the plans. We are not aware of any occurrences that could result in the termination of any of our cost-sharing multi-employer retirement plan to which we contribute. We believe that the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purposes are appropriate in the circumstances.
- We are unable to determine the possibility of a withdrawal liability in a multi-employer benefit plan.
- We have received and approved the adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements. The proposed adjusting entries are presented in Exhibit I.
- We agree with the finding of specialists in evaluating the other postemployment benefits obligation and net pension obligations, and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists. We believe that the actuarial assumptions and methods used to measure the other postemployment benefits obligation and the net pension obligations are appropriate in the circumstances.
- We have provided to you our views on reported audit findings, conclusions, and recommendations, as well as planned corrective actions.
- The District considers encumbrances in excess of \$20,000 to be significant. Significant encumbrances at June 30, 2023 are disclosed in the notes to the financial statements.
- The District reports nonspendable, restricted, assigned and unassigned fund balances. The District has nonspendable balances of \$74,450, restricted balances of \$53,400,966, assigned balances of \$5,703,814 and unassigned fund balances of \$(20,626,463) within its governmental funds for the year ended June 30, 2023.
- In the opinion of management, all fund balance restrictions are appropriate and reasonable as of June 30, 2023. The deficit fund balance in the Capital Projects Fund of \$(34,251,167) will be remedied by proceeds from future bond issuances.
- The District's labor agreements provide for sick leave, vacations, and miscellaneous other paid absences. Based on the agreements, upon retirement, certain eligible employees qualify for payment for fractional values of unused sick leave and vacation time. Payment of sick leave and vacation time is dependent upon many factors; therefore, timing of future payments is not readily determinable. The value recorded in the government-wide financial statements at June 30, 2023 for governmental activities is \$10,844,446. Management estimates that \$522,412 of the liability is due within one year. Management believes that sufficient resources will be made available for the payments of sick leave, and vacation time when such payments become due.
- The District is self-insured for certain health, dental and vision benefits where the employees contribute monthly premiums. At June 30, 2023, the cumulative claims exceeded the premiums paid by the employees by \$236,961. The premiums collected are considered to be payable in the

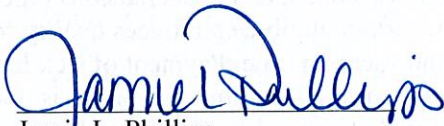


subsequent month and therefore, the District reports the assets and related liability within the General Fund. The District maintains that the excess collected from employees is being used and will continue to be used for future employee premiums. The District has utilized, and intends to continue utilizing the excess funds to discount the annual increases of premiums for employee contributions in their participation of the District's self-insured health insurance plan. The utilization of these funds has effectively maintained a flat premium for plan participants over the past seven years, with the anticipation of continuing discounts until the funds are exhausted. Current year activity resulted in an excess of premiums over claims by \$405,140. While the District considers the amount of former employees' health insurance contributions maintained to be of a trivial amount, based on an individual basis, the District considers the impact of the employee's share of this deposit balance upon employee separation.

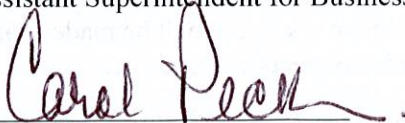
- In addition to the audit services, based on information in the District's trial balance, Drescher & Malecki LLP has assisted the District in preparing the District's financial statements and federal financial assistance schedules for the year ended June 30, 2023. In conjunction with the preparation of the financial statements and federal financial assistance schedules, the District has performed the following functions:
  - Made all management decisions and performed all management functions.
  - Designated Carol Peck, Treasurer, whom we believe has suitable skill, knowledge, and/or experience to perform bookkeeping functions and who has overseen the above services.
  - Evaluated the adequacy of the services performed.
  - Evaluated and accepted responsibility for the results of the services performed.
  - Established and maintained internal controls, including monitoring ongoing activities.
- District management understands that Drescher & Malecki LLP has not performed any management functions or made management decisions on behalf of the District. Any nonattest services were performed in accordance with applicable professional standards issued by the American Institute of Certified Public Accountants.



Dr. Michael J. Vallely,  
Superintendent of Schools



Jamie L. Phillips,  
Assistant Superintendent for Business and Support Services



Carol Peck,  
District Treasurer



**Lancaster Central School District, New York**  
**Proposed Adjusting Journal Entries**  
**Year Ended June 30, 2023**

**Exhibit I**

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
<b>Proposed Adjusting Journal Entry # 1</b>			
For reporting purposes only: To record debt payments in the Debt Service Fund.			
A9901-950-09-0000	Transfer to Debt Service Fund	\$ 7,387,668	
V9711.6	Principal - Serial Bonds	4,465,000	
V9711.7	Interest - Serial Bonds	1,785,806	
V9712.7	INTEREST - BANS	1,136,862	
A9711-600-00-0000	PRINCIPAL - SERIAL BOND		\$ 4,465,000
A9711-700-00-0000	INTEREST - SERIAL BOND		1,785,806
A9712-700-00-0000	INTEREST - BANS		1,136,862
V5032.000	Interfund Transfers, Other		7,387,668
<b>Total</b>		<b>14,775,336</b>	<b>14,775,336</b>
<b>Proposed Adjusting Journal Entry # 2</b>			
For reporting purposes: To reclassify CM accounts in accordance with GASB 84.			
AA200.13	Cash - Health Benefits	360,199	
AA380.00	Accounts Receivable	132,250	
CM489.00	Other (Specify)	703	
CM630.00	Due to Other Funds	500,000	
CM688.00	Other Liabilities	141	
CMDENTAL-2770.000	Dental Insurance	80,717	
CMHEALTH-2770.000	Health Insurance	14,872,961	
CMINTERE-2401.000	Interest and Earnings	46,189	
CMVISION-2770.000	Vision Insurance	6,334	
AA630.01	Due to T&A/P&A		492,449
CM200.00	Cash -Health Benefits		360,199
CM391.00	Due from Other Funds		7,551
CM913.00	Committed Fund Balance Health/		671,574
CMHEALTH-2989-400	Health Insurance		14,467,721
<b>Total</b>		<b>15,999,494</b>	<b>15,999,494</b>
<b>Proposed Adjusting Journal Entry # 3</b>			
To adjust fund balance in the Student Activities Fund to agree to prior year financial statements.			
CM899.06	Other Restricted Fund Balance	517	
CM600	ACCOUNTS PAYABLE		517
<b>Total</b>		<b>517</b>	<b>517</b>
<b>Proposed Adjusting Journal Entry # 4</b>			
To reverse prior year accounts payable in the Student Activities Fund.			
CM600	ACCOUNTS PAYABLE	517	
CM2989.46	Extraclassroom		517
<b>Total</b>		<b>517</b>	<b>517</b>
<b>Proposed Adjusting Journal Entry # 5</b>			
To reclassify federal UPK funds out of the State account.			
FUPK023-3289.000	Other State Aid	545,067	
FUPK023-4289.000	Federal Aid - UPK		545,067
<b>Total</b>		<b>545,067</b>	<b>545,067</b>

**Lancaster Central School District, New York**  
**Proposed Adjusting Journal Entries**  
**Year Ended June 30, 2023**

**Exhibit I**

<u>Account</u>	<u>Description</u>	<u>Debit</u>	<u>Credit</u>
<b>Proposed Adjusting Journal Entry # 6</b>			
For reporting purposes only: to reclassify NYCLASS into a separate account for the Student Activities Fund.			
CM200.01	Extraclass - NYCLASS	170,000	
CM200.06	Cash - Extraclassroom		170,000
<b>Total</b>		<b>170,000</b>	<b>170,000</b>
<b>Proposed Adjusting Journal Entry # 7</b>			
For reporting purposes only: to reclassify NYCLASS into a separate account for the Student Activities Fund.			
AA630.01	Due to T&A/P&A	1,097,160	
TC200.00	Cash	597,160	
AA200.13	Cash - Health Benefits		597,160
AA391.02	Due from T&A/P&A		500,000
TC391.00	Due From Other Funds		597,160
<b>Total</b>		<b>1,694,320</b>	<b>1,694,320</b>
<b>Proposed Adjusting Journal Entry # 8</b>			
To adjust net position to agree to prior year financial statements.			
TC923.00	Net Assets - Restricted for Other Purposes	116,759	
TC688.00	Other liabilities		116,759
<b>Total</b>		<b>\$ 116,759</b>	<b>\$ 116,759</b>