

**ORCHARD PARK CENTRAL
SCHOOL DISTRICT, NEW YORK**
*Basic Financial Statements, Required Supplementary
Information, Supplementary Information and
Federal Awards Information for the Year Ended
June 30, 2023 and Independent Auditors' Reports*

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
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INDEPENDENT AUDITORS' REPORT

The Board of Education
Orchard Park Central School District, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Orchard Park Central School District, New York, (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

District management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if 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.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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 Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Drescher & Malecki LLP

September 12, 2023

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Management's Discussion and Analysis
Year Ended June 30, 2023

As management of the Orchard Park Central School District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in the District's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2023 by \$44,217,208 (net position). This consists of \$19,626,456 net investment in capital assets, \$12,336,144 restricted for specific purposes, and unrestricted net position of \$12,254,608.
- The District's net position increased by \$865,606 during the year ended June 30, 2023.
- At the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$38,142,692, an increase of \$12,633,549 from prior year's fund balance of \$25,509,143. Approximately 15.1 percent of this amount, or \$5,756,787, is available for spending at the District's discretion (*unassigned fund balance*).
- At the end of the current fiscal year, *unassigned fund balance* for the General Fund was \$5,756,787, or approximately 5.0 percent of total General Fund expenditures and transfers out. This total amount is available for spending at the District's discretion and constitutes approximately 27.2 percent of the General Fund's total fund balance of \$21,157,024 at June 30, 2023.
- During the year ended June 30, 2023, the District's total serial bonds outstanding increased by \$10,757,000 as a result of the issuance of \$16,580,000 of serial bonds partially offset by scheduled principal payments of \$5,823,000.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

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

The *statement of net position* presents financial information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 District is improving or deteriorating.

The *statement of activities* presents information showing how the District'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*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (*business-type activities*). The governmental activities of the District include general support, instruction, pupil transportation, school food service, student activities, and interest and other fiscal charges. The District does not engage in any business-type activities.

The government-wide financial statements can be found on pages 12-13 of this report.

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 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 District can be divided into two categories: governmental funds and fiduciary funds.

Governmental 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 a government'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 funds' balance sheet and the governmental funds' statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains five individual governmental funds. 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, School Lunch Fund, Special Aid Fund, Student Activities Fund, and Capital Projects Fund, all of which are considered major funds.

The basic governmental fund financial statements can be found on pages 14-17 of this report.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The

District is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The District maintains one fiduciary fund, the Private Purpose Trust Fund.

The fiduciary fund financial statements can be found on pages 18-19 of this report.

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 on pages 20-46 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District’s net pension liabilities/(assets), the changes in the District’s total other postemployment benefits (“OPEB”) obligation and the District’s budgetary comparison for the General Fund. Required supplementary information and related notes to the required supplementary information can be found on pages 47-54 of this report.

Other supplementary information is presented immediately following the required supplementary information in the Supplementary Information section of this report on pages 55-57 of this report.

The Federal Awards Information section presents the District’s Schedule of Expenditures of Federal Awards. This section can be found on pages 58-67 of this report.

Government-wide Overall Financial Analysis

As noted earlier, net position over time may serve as useful indicator of a government’s financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$44,217,208 at June 30, 2023, as compared to \$43,351,602, at the close of the fiscal year ended June 30, 2022.

Table 1, shown below, presents a condensed statement of net position of the District at June 30, 2023 and June 30, 2022.

Table 1—Condensed Statements of Net Position

	June 30,	
	2023	2022
Current assets	\$ 47,342,949	\$ 34,230,748
Noncurrent assets	62,682,531	103,307,683
Total assets	<u>110,025,480</u>	<u>137,538,431</u>
Deferred outflows of resources	<u>30,751,653</u>	<u>31,129,893</u>
Current liabilities	9,637,834	9,115,719
Noncurrent liabilities	81,580,580	57,889,632
Total liabilities	<u>91,218,414</u>	<u>67,005,351</u>
Deferred inflows of resources	<u>5,341,511</u>	<u>58,311,371</u>
Net position:		
Net investment in capital assets	19,626,456	19,034,254
Restricted	12,336,144	8,927,891
Unrestricted	12,254,608	15,389,457
Total net position	<u>\$ 44,217,208</u>	<u>\$ 43,351,602</u>

The first portion of the District’s net position, \$19,626,456, reflects its investment in capital assets (e.g. land, buildings, improvements and equipment), net of accumulated depreciation/amortization and less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide a variety of services to students. Accordingly, these assets are not available for future spending. Although the District’s investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The next portion of the District’s net position, \$12,336,144, represents resources that are subject to external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The final portion reflects unrestricted net position of \$12,254,608, and represents resources that may be used to meet the District’s ongoing obligations.

Table 2, as presented below, shows the changes in net position for the years ended June 30, 2023 and June 30, 2022:

Table 2—Condensed Statements of Changes in Net Position

	<u>Year Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Program revenues:		
Charges for services	\$ 1,607,709	\$ 843,059
Operating grants and contributions	6,383,687	5,839,385
General revenues	<u>110,889,007</u>	<u>107,339,320</u>
Total revenues	<u>118,880,403</u>	<u>114,021,764</u>
Program expenses	<u>118,014,797</u>	<u>101,661,672</u>
Change in net position	865,606	12,360,092
Net position—beginning	<u>43,351,602</u>	<u>30,991,510</u>
Net position—ending	<u>\$ 44,217,208</u>	<u>\$ 43,351,602</u>

Overall revenues increased by 4.3 percent from the prior year, due primarily to increases related to state aid and increases in interest earnings. Total expenses increased 16.1 percent from the prior year ended June 30, 2022, due primarily to an increase in instruction expenditures and employee benefits related to the net pension liability during the year.

A summary of sources of revenues for the years ended June 30, 2023 and June 30, 2022 is presented below in Table 3:

Table 3—Summary of Sources of Revenues

	Year Ended June 30,		Increase/(Decrease)	
	2023	2022	Dollars	Percent
Charges for services	\$ 1,607,709	\$ 843,059	\$ 764,650	90.7
Operating grants and contributions	6,383,687	5,839,385	544,302	9.3
Real property taxes and items	70,439,710	70,642,834	(203,124)	(0.3)
Non property tax items	7,533,412	7,201,856	331,556	4.6
Use of money and property	1,086,872	66,976	1,019,896	1,522.8
State sources—unrestricted	30,624,771	27,445,698	3,179,073	11.6
Miscellaneous	1,204,242	1,981,956	(777,714)	(39.2)
Total revenues	<u>\$ 118,880,403</u>	<u>\$ 114,021,764</u>	<u>\$ 4,858,639</u>	4.3

The most significant sources of revenue for the year ended June 30, 2023 were real property taxes and items of \$70,439,710, or 59.3 percent of total revenues and unrestricted State sources of \$30,624,771, or 25.8 percent of total revenues. Similarly, for the year ended June 30, 2022 the most significant sources of revenue were real property taxes and items of \$70,642,834, or 62.0 percent of total revenues and unrestricted State sources of \$27,445,698, or 24.1 percent of total revenues.

A summary of program expenses for the years ended June 30, 2023 and June 30, 2022 is presented below in Table 4:

Table 4—Summary of Program Expenses

	Year Ended June 30,		Increase/(Decrease)	
	2023	2022	Dollars	Percent %
General support	\$ 14,106,083	\$ 11,944,666	\$ 2,161,417	18.1
Instruction	93,990,210	80,211,484	13,778,726	17.2
Pupil transportation	6,403,847	5,557,685	846,162	15.2
School food service	1,551,801	1,928,549	(376,748)	(19.5)
Student activities	377,320	305,232	72,088	100.0
Interest and other fiscal charges	1,585,536	1,714,056	(128,520)	(7.5)
Total program expenses	<u>\$ 118,014,797</u>	<u>\$ 101,661,672</u>	<u>\$ 16,353,125</u>	16.1

The most significant expense items for the year ended June 30, 2023 were instruction of \$93,990,210, or 79.6 percent of total expenses, general support of \$14,106,083, or 12.0 percent of total expenses, and pupil transportation of \$6,403,847, or 5.4 percent of total expenses. Similarly, for the year ended June 30, 2022 the most significant expense items were instruction of \$80,211,484, or 78.9 percent of total expenses, general support of \$11,944,666, or 11.7 percent of total expenses, and pupil transportation of \$5,557,685, or 5.5 percent of total expenses.

Financial Analysis of Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds—The focus of the District’s *governmental funds* is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, *unassigned fund balance* and *fund balance assigned to specific use* in special revenue funds may serve as a useful measure of a government’s net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by an external party, the District itself, or a group or individual that has been delegated authority to assign resources for particular purposes by the Board of Education.

At June 30, 2023, the District’s governmental funds reported a combined ending fund balance of \$38,142,692, an increase of \$12,633,549 from the prior year’s fund balance of \$25,509,143. Approximately 15.1 percent, \$5,756,787, of the combined ending fund balances constitutes *unassigned fund balance*, which is available for spending at the District’s discretion. The remainder of fund balance is either *nonspendable*, *restricted*, or *assigned* to indicate that it is: (1) not in spendable form, \$92,963, (2) restricted for particular purposes, \$25,502,034, or (3) assigned for particular purposes, \$6,790,908.

The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,756,787, while the total fund balance decreased to \$21,157,024. As a measure of the General Fund’s liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total General Fund expenditures and transfers out. Unassigned fund balance represents approximately 5.0 percent of total General Fund expenditures and transfers out, while total fund balance represents approximately 18.5 percent of that same amount.

The total fund balance of the District’s General Fund decreased by \$2,952,810 during the current fiscal year. During the annual budget process, the District anticipated utilizing \$6,568,444 of fund balance, which included funds appropriated from unrestricted fund balance (\$5,500,000) and reserves (\$745,840), and the appropriation of prior year’s encumbrances (\$322,604). As a result of an increase in state aid, coupled with spending less than anticipated, the District’s fund balance ended \$3,415,634 higher than anticipated.

The School Lunch Fund total fund balance is \$784,631 as of June 30, 2023, of which \$23,089 represents inventory and is considered nonspendable. The fund balance of the District’s School Lunch Fund increased by \$87,550 in the current fiscal year, due primarily to decreases in cost of sales expenditures.

The Special Aid Fund maintains funds that are received by the state and federal governments. During the year ended June 30, 2023, revenues totaled \$5,450,350 and were comprised of State and Federal sources, while expenditures totaled \$5,647,111 and were used toward the instruction and transportation of students. The difference between revenues and expenditures is subsidized by transfers in of \$196,761 from the General Fund.

The Student Activities Fund total fund balance is \$255,627 as of June 30, 2023, and is restricted as these funds represent balances of various organizations ran by the students of the District.

The District’s Capital Projects Fund ending fund balance was \$15,945,410 at June 30, 2023. During the year ended June 30, 2023, the Capital Projects Fund fund balance increased by \$15,486,940, primarily due to the issuance of serial bonds offset by capital outlay expenditures.

General Fund Budgetary Highlights

The District's General Fund budget generally contains budget amendments during the year. The budget is allowed to be amended upward (increased) for prior year's encumbrances since the funds were allocated under the previous year's budget, and the District has appropriately assigned an equal amount of fund balance at year-end for this purpose. A summary of revisions from adopted budget to final budget is presented in Table 5 below:

Table 5—General Fund Budget

Adopted budget, 2022-2023	\$ 114,660,569
Add: Prior year's encumbrances	<u>322,604</u>
Original budget, 2022-2023	114,983,173
Budget revisions: Voter approved transfer to Capital Projects Fund	<u>4,000,000</u>
Final budget, 2022-2023	<u>\$ 118,983,173</u>

More detailed information about the District's General Fund budget is presented in the Schedule of Revenues, Expenditures and Changes in Fund Balance—Budget (Non-GAAP Basis) and Actual—General Fund within the Required Supplementary Information section of this report.

Capital Assets and Debt Administration

Capital assets—The District's investment in capital assets for its governmental activities as of June 30, 2023, amounted to \$62,682,531 (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, and right-to-use leased equipment. All depreciable capital assets were depreciated/amortized from acquisition date to the end of the current year as outlined in the District's capital asset policy.

Capital assets, net of depreciation/amortization for the governmental activities at the years ended June 30, 2023 and June 30, 2022 are presented below in Table 6:

Table 6—Summary of Capital Assets (Net of Accumulated Depreciation/Amortization)

	June 30,	
	2023	2022
Land	\$ 4,177,050	\$ 4,177,050
Construction in progress	7,103,357	13,077,598
Land improvements	1,637,219	834,385
Building and improvements	44,668,005	35,744,404
Furniture and equipment	1,276,792	1,030,081
Vehicles	3,012,436	3,023,946
Right-to-use leased equipment	<u>807,672</u>	<u>401,541</u>
Total	<u>\$ 62,682,531</u>	<u>\$ 58,289,005</u>

Additional information on the District's capital assets can be found in Note 4 to the financial statements.

Long-term liabilities—At June 30, 2023, the District had bonded debt outstanding of \$51,000,000, as compared to \$40,243,000 in the prior year. During the year ended June 30, 2023, the District issued serial bonds in the amount of \$16,580,000 and made scheduled principal payments of \$5,823,000.

A summary of the District’s long-term liabilities at June 30, 2023 and June 30, 2022 is presented below in Table 7:

Table 7—Summary of Long-Term Liabilities

	June 30,	
	2023	2022
Serial bonds	\$ 51,000,000	\$ 40,243,000
Premiums on serial bonds	<u>4,381,086</u>	<u>3,358,540</u>
Bonds payable	55,381,086	43,601,540
Lease liability	970,856	507,018
Compensated absences	6,604,455	6,510,198
OPEB obligation	5,601,389	6,842,824
Energy performance contract	217,871	428,052
Net pension liability	<u>12,804,923</u>	<u>-</u>
Total	<u>\$ 81,580,580</u>	<u>\$ 57,889,632</u>

Additional information on the District’s long-term liabilities can be found in Note 10 to the financial statements.

Economic Factors and Next Year’s Budgets and Rates

The unemployment rate, not seasonally adjusted, for the Town of Orchard Park at June 30, 2023 was 2.4 percent. This compares to New York State’s average unemployment rate of 3.9 percent. These factors, as well as others, are considered in preparing the District’s budget.

During the current fiscal year, the District appropriated \$5,900,000 of the General Fund’s unassigned fund balance in addition to the use of \$605,840 of restricted fund balance for spending in the District’s 2023-2024 fiscal year budget. The 2023-2024 adopted budget appropriations total of \$119,841,109 is an approximate increase of 4.5 percent as compared to \$114,660,569 in 2022-2023. The District’s total budgeted tax levy in 2023-2024 is \$69,826,734, which is equal to the amount levied during the 2022-2023 year.

Requests for Information

This financial report is designed to provide our taxpayers, customers and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Assistant Superintendent for Business and Support Services, Orchard Park Central School District, 2240 Southwestern Blvd., West Seneca, New York 14224.

BASIC FINANCIAL STATEMENTS

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ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Net Position
June 30, 2023

	Primary Government Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 15,435,643
Restricted cash and cash equivalents	25,962,870
Receivables	60,410
Due from fiduciary funds	107
Intergovernmental receivables	5,790,956
Deposits	69,874
Inventories	23,089
Capital assets not being depreciated/amortized	11,280,407
Capital assets, net of accumulated depreciation/amortization	51,402,124
Total assets	110,025,480
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows—relating to pension plans	30,233,464
Deferred outflows—relating to OPEB	509,640
Deferred charge on refunding	8,549
Total deferred outflows of resources	30,751,653
LIABILITIES	
Accounts payable	1,460,476
Retainages payable	17,747
Accrued liabilities	2,818,680
Intergovernmental payables	41
Due to retirement systems	5,265,852
Unearned revenue	75,038
Noncurrent liabilities:	
Due within one year	7,459,641
Due in more than one year	74,120,939
Total liabilities	91,218,414
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows—relating to pension plans	2,733,602
Deferred inflows—relating to OPEB	2,607,909
Total deferred inflows of resources	5,341,511
NET POSITION	
Net investment in capital assets	19,626,456
Restricted for:	
Tax certiorari	384,610
Tax reduction	1,142,274
Employee benefit accrued liability	1,568,078
Unemployment insurance	945,498
Capital projects	8,040,057
Student activities	255,627
Unrestricted	12,254,608
Total net position	\$ 44,217,208

The notes to the financial statements are an integral part of this statement.

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Activities
Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
Governmental activities:				
General support	\$ 14,106,083	\$ -	\$ -	\$ (14,106,083)
Instruction	93,990,210	376,491	5,607,029	(88,006,690)
Pupil transportation	6,403,847	-	-	(6,403,847)
School food service	1,551,801	842,029	776,658	66,886
Student activities	377,320	389,189	-	11,869
Interest and other fiscal charges	1,585,536	-	-	(1,585,536)
Total primary government	<u>\$ 118,014,797</u>	<u>\$ 1,607,709</u>	<u>\$ 6,383,687</u>	<u>(110,023,401)</u>
General revenues:				
Real property taxes and other tax items				70,439,710
Non-property tax items				7,533,412
Use of money and property				1,086,872
State sources—unrestricted				30,624,771
Miscellaneous				1,204,242
Total general revenues				<u>110,889,007</u>
Change in net position				865,606
Net position—beginning				<u>43,351,602</u>
Net position—ending				<u>\$ 44,217,208</u>

The notes to the financial statements are an integral part of this statement.

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Balance Sheet—Governmental Funds
June 30, 2023

	General	Special Revenue			Capital Projects	Total Governmental Funds
		School Lunch	Special Aid	Student Activities		
ASSETS						
Cash and cash equivalents	\$ 13,660,511	\$ 807,990	\$ 967,142	\$ -	\$ -	\$ 15,435,643
Restricted cash and cash equivalents	9,343,198	32,837	-	255,627	16,331,208	25,962,870
Receivables	60,410	-	-	-	-	60,410
Intergovernmental receivables	4,186,020	4,501	1,600,435	-	-	5,790,956
Due from other funds	2,333,955	-	-	-	-	2,333,955
Deposits	69,874	-	-	-	-	69,874
Inventories	-	23,089	-	-	-	23,089
Total assets	<u>\$ 29,653,968</u>	<u>\$ 868,417</u>	<u>\$ 2,567,577</u>	<u>\$ 255,627</u>	<u>\$ 16,331,208</u>	<u>\$ 49,676,797</u>
LIABILITIES						
Accounts payable	\$ 790,041	\$ 50,908	\$ 249,439	\$ -	\$ 370,088	\$ 1,460,476
Accrued liabilities	2,398,850	-	-	-	-	2,398,850
Due to other funds	-	-	2,318,138	-	15,710	2,333,848
Intergovernmental payables	-	41	-	-	-	41
Due to retirement systems	5,265,852	-	-	-	-	5,265,852
Unearned revenue	42,201	32,837	-	-	-	75,038
Total liabilities	<u>8,496,944</u>	<u>83,786</u>	<u>2,567,577</u>	<u>-</u>	<u>385,798</u>	<u>11,534,105</u>
FUND BALANCES						
Nonspendable	69,874	23,089	-	-	-	92,963
Restricted	9,300,997	-	-	255,627	15,945,410	25,502,034
Assigned	6,029,366	761,542	-	-	-	6,790,908
Unassigned	5,756,787	-	-	-	-	5,756,787
Total fund balances	<u>21,157,024</u>	<u>784,631</u>	<u>-</u>	<u>255,627</u>	<u>15,945,410</u>	<u>38,142,692</u>
Total liabilities and fund balances	<u>\$ 29,653,968</u>	<u>\$ 868,417</u>	<u>\$ 2,567,577</u>	<u>\$ 255,627</u>	<u>\$ 16,331,208</u>	<u>\$ 49,676,797</u>

The notes to the financial statements are an integral part of this statement.

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds
to the Government-wide Statement of Net Position
June 30, 2023

Amounts reported for governmental activities in the statement of net position (page 12) are different because:

Total fund balances—governmental funds (page 14)		\$ 38,142,692
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$152,915,972 and the accumulated depreciation/amortization is \$90,233,441.		62,682,531
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the fund statements:		
Deferred outflows related to employer contributions	\$ 4,980,963	
Deferred outflows related to experience, changes of assumptions, investment earnings, and changes in proportion	25,252,501	
Deferred inflows of resources related to pension plans	<u>(2,733,602)</u>	27,499,862
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the fund statements:		
Deferred outflows related to benefits payments, experience and changes of assumptions	\$ 509,640	
Deferred inflows related to experience and changes of assumptions	<u>(2,607,909)</u>	(2,098,269)
For refunding bonds, the difference between the reacquisition price and the net carrying amount of the refunded debt should be reported as a deferred charge and recognized as a component of interest expense over either the lesser of the life of the debt issuance or the bonds refunded for the government-wide statements.		8,549
Retained percentages are not a current liability and, therefore, are not reported in the funds.		(17,747)
Net accrued interest expense for serial bonds is not reported in the fund statements.		(419,830)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements. The effects of these items are:		
Serial bonds	\$ (51,000,000)	
Premiums on serial bonds	(4,381,086)	
Lease liability	(970,856)	
Compensated absences	(6,604,455)	
Other postemployment benefits ("OPEB") obligation	(5,601,389)	
Energy performance contract	(217,871)	
Net pension liability	<u>(12,804,923)</u>	<u>(81,580,580)</u>
Net position of governmental activities		<u>\$ 44,217,208</u>

The notes to the financial statements are an integral part of this statement.

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds
Year Ended June 30, 2023

	Special Revenue					Total Governmental Funds
	General	School Lunch	Special Aid	Student Activities	Capital Projects	
REVENUES						
Real property taxes	\$ 65,604,322	\$ -	\$ -	\$ -	\$ -	\$ 65,604,322
Real property tax items	4,835,388	-	-	-	-	4,835,388
Non-property tax items	7,533,412	-	-	-	-	7,533,412
Charges for services	376,491	-	-	-	-	376,491
Use of money and property	936,496	20,664	-	-	129,712	1,086,872
Miscellaneous	636,311	-	-	-	-	636,311
State sources	30,624,771	19,142	926,368	-	-	31,570,281
Federal sources	156,679	757,516	4,523,982	-	-	5,438,177
Sales—food service	-	842,029	-	-	-	842,029
Student activity collections	-	-	-	389,189	-	389,189
Total revenues	<u>110,703,870</u>	<u>1,639,351</u>	<u>5,450,350</u>	<u>389,189</u>	<u>129,712</u>	<u>118,312,472</u>
EXPENDITURES						
Current:						
General support	10,204,261	-	-	-	-	10,204,261
Instruction	62,895,521	-	5,476,277	-	-	68,371,798
Pupil transportation	4,467,508	-	170,834	-	-	4,638,342
Employee benefits	24,866,047	-	-	-	-	24,866,047
Debt service:						
Principal	6,398,566	-	-	-	-	6,398,566
Interest and other fiscal charges	1,457,239	-	-	-	-	1,457,239
Cost of sales (school lunch)	-	1,551,801	-	-	-	1,551,801
Student activities	-	-	-	377,320	-	377,320
Capital outlay	-	-	-	-	6,813,249	6,813,249
Total expenditures	<u>110,289,142</u>	<u>1,551,801</u>	<u>5,647,111</u>	<u>377,320</u>	<u>6,813,249</u>	<u>124,678,623</u>
Excess (deficiency) of revenues over expenditures	<u>414,728</u>	<u>87,550</u>	<u>(196,761)</u>	<u>11,869</u>	<u>(6,683,537)</u>	<u>(6,366,151)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	196,761	-	4,000,000	4,196,761
Transfers out	(4,196,761)	-	-	-	-	(4,196,761)
Serial bonds issued	-	-	-	-	16,580,000	16,580,000
Premium on serial bonds issued	-	-	-	-	1,590,477	1,590,477
Leases (as lessee)	829,223	-	-	-	-	829,223
Total other financing sources (uses)	<u>(3,367,538)</u>	<u>-</u>	<u>196,761</u>	<u>-</u>	<u>22,170,477</u>	<u>18,999,700</u>
Net change in fund balances	(2,952,810)	87,550	-	11,869	15,486,940	12,633,549
Fund balances—beginning	24,109,834	697,081	-	243,758	458,470	25,509,143
Fund balances—ending	<u>\$ 21,157,024</u>	<u>\$ 784,631</u>	<u>\$ -</u>	<u>\$ 255,627</u>	<u>\$ 15,945,410</u>	<u>\$ 38,142,692</u>

The notes to the financial statements are an integral part of this statement.

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund
Balances—Governmental Funds to the Government-wide Statement of Activities
Year Ended June 30, 2023

Amounts reported for governmental activities in the statement of activities (page 13) are different because:

Net change in fund balances—total governmental funds (page 16) \$ 12,633,549

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/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense and loss on disposal of capital assets in the current period.

Capital asset additions	\$ 8,409,815	
Loss on disposal of capital assets	(34,146)	
Depreciation/amortization expense	<u>(4,982,143)</u>	3,393,526

Governmental funds report retained percentages expenditures on construction contracts when such a retained percentage is paid. However, in the statement of activities retained percentages on construction contracts is reported as an expense as it accrues.

(17,747)

Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:

District pension contributions	\$ 6,015,321	
Employee contributions net of benefits earned	<u>(8,839,297)</u>	(2,823,976)

Deferred outflows and inflows of resources relating to OPEB result from actuarial changes in the census, changes in medical premiums that are different than expected healthcare cost trend rates, and changes in assumptions and other inputs. These amounts are shown net of current year amortization.

(1,305,424)

For refunding bonds, the difference between the reacquisition price and the net carrying amount of the old debt should be reported as a deferred charge on the government-wide statements and recognized as a component of interest expense over the remaining life of the old debt or the life of the new debt, whichever is shorter.

(102,581)

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid.

(25,716)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and related items is as follows:

Serial bonds issued	\$ (16,580,000)	
Repayment of serial bonds	5,823,000	
Premium on serial bonds issued	(1,590,477)	
Amortization of premiums on serial bonds	567,931	
Leases issued	(829,223)	
Repayment of leases	365,385	
Change in compensated absences	(94,257)	
Change in OPEB obligation	1,241,435	
Principal repayment of energy performance contract	<u>210,181</u>	<u>(10,886,025)</u>

Change in net position of governmental activities

\$ 865,606

The notes to the financial statements are an integral part of this statement.

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Fiduciary Net Position—Private Purpose Trust Fund
June 30, 2023

	<u>Private Purpose Trust</u>
ASSETS	
Restricted cash and cash equivalents	\$ <u>77,711</u>
Total assets	<u>77,711</u>
LIABILITIES	
Due to other funds	<u>107</u>
Total liabilities	<u>107</u>
NET POSITION	
Restricted for scholarships	<u>77,604</u>
Total net position	<u>\$ <u>77,604</u></u>

The notes to the financial statements are an integral part of this statement.

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Changes in Fiduciary Net Position—Private Purpose Trust Fund
Year Ended June 30, 2023

	Private Purpose Trust
ADDITIONS	
Contributions	\$ 18,082
Interest earnings	1,184
Total additions	19,266
DEDUCTIONS	
Scholarships awarded	17,529
Other	9,682
Total deductions	27,211
Change in fiduciary net position	(7,945)
Net position—beginning	85,549
Net position—ending	\$ 77,604

The notes to the financial statements are an integral part of this statement.

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ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Notes to the Financial Statements
Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Orchard Park Central School District, New York (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental 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.

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which are normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable. The District reports no business-type activities or component units.

Reporting Entity

The District is governed by the Education Law and other laws of the State of New York. The governing body is the Board of Education. The scope of activities included within the accompanying financial statements are those transactions which comprise District operations, and are governed by, or significantly influenced by, the Board of Education.

Essentially, the primary function of the District is to provide education for pupils. Support services such as transportation of pupils, food service, administration, finance, and plant maintenance are also included.

The financial reporting entity includes all funds, functions and organizations over which the District officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

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; however, since the District has administrative involvement with these funds they are reported within the District’s Student Activities Fund. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District’s business office.

Joint Venture—The District is one of 27 participating school districts in the Erie No. 2 (“Erie 2”), Chautauqua Cattaraugus Board of Cooperative Educational Services (“BOCES”). Formed under Section 1950 of Education Law, a BOCES is a voluntary cooperative association of school districts in a geographic area that share planning, services, and programs, and also provides educational and

support activities. There is no authority or process by which the District can terminate its status as a component of BOCES. All BOCES property is held by the BOCES Board as a corporation under Section 1950(6) of Education Law.

The component school district boards elect the members of the BOCES governing body. There are no equity interests, and no single participant controls the financial or operating policies. In addition, BOCES Boards are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of General Municipal Law.

The BOCES budget is comprised of separate spending plans for administrative, program, and capital costs. Each component school district shares in administrative and capital costs determined by its enrollment. Participating districts are charged a service fee for programs in which students participate, and for other shared contracted administrative services. Participating districts may also issue debt on behalf of BOCES. As of June 30, 2023 there was no debt issued by the District on behalf of BOCES.

During the year ended June 30, 2023, the District was billed \$9,656,261 for BOCES administrative and program costs and recognized \$431,637 in revenue as a refund from prior years' expenditures paid to BOCES. Audited financial statements are available from the Erie 2 BOCES administrative offices.

Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments and charges between the District's various functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's 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 of the District's funds are considered major funds.

The District reports the following major governmental funds:

- *General Fund*—The General Fund constitutes the primary operating fund of the District and includes all operations not required to be recorded in other funds. The principal source of revenue for the General Fund is real property taxes and state sources.
- *School Lunch Fund*—The School Lunch Fund is used to account for transactions of the District's food service operations.
- *Special Aid Fund*—The Special Aid Fund is used to account for special operating projects or programs supported in whole, or in part, with federal and state grants.

- *Student Activities Fund*—The Student Activities fund is used to account for extraclassroom transactions, which represents funds of the students of the District. The District exercises administrative involvement with these funds.
- *Capital Projects Fund*—The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment.

Additionally, the District reports the following fund type:

Fiduciary Funds—These funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations and/or other governmental units. Trust funds account for resources received and disbursements made in accordance with trust agreements or applicable legislative enactments for each particular fund. Fiduciary Funds include the *Private Purpose Trust Fund*. The *Private Purpose Trust Fund* is used to account for assets held by the District for scholarships.

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Measurement Focus and Basis of Accounting

The 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 government-wide 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 when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are generally considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers most revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds.

Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, non-property taxes, charges for services provided, and state and federal aid associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met and the amount is received during the period or within the period of availability (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements are met and amount is received during the period of availability (within 60 days of year-end). All other revenue items are considered to be measureable and available only when cash is received by the District.

The Private Purpose Trust Fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash, Cash Equivalents and Investments—The District’s cash and cash equivalents consist of cash on hand, demand deposits, time deposits and short-term, highly liquid investments with original maturities of three months or less from the date of acquisition. New York State law governs the District’s investment policies. Permissible investments include obligations of the United States Treasury, United States Government Agencies, repurchase agreements and obligations of New York State or its localities. The District had no investments at June 30, 2023; however, it is the District’s policy to report investments at fair value when applicable.

Restricted Cash and Cash Equivalents—Restricted cash and cash equivalents represent amounts to support fund balance restrictions, unearned revenue, and amounts held on behalf of others.

Receivables—Receivables are shown net of an allowance for uncollectible accounts, when applicable. Amounts due from state and federal governments represent amounts owed to the District to reimburse it for expenditures incurred pursuant to state and federally funded programs.

Deposits—Represents payment made to the School and Municipal Energy Cooperative of Western New York to participate in the cooperative.

Inventories—Inventories of food and/or supplies in the School Lunch Fund 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 inventory items in other funds are recorded as expenditures at the time of purchase, and year-end balances are not maintained.

Capital Assets—Capital assets, which include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles and right-to-use leased equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than an established threshold for the type of asset and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at acquisition value of the item at the date of its donation. Major outlays for capital assets and improvements, or payments for BOCES, are capitalized as projects are completed. Right-to-use leased equipment are copiers and laptops, and are amortized on a straight line basis over their useful lives.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

Assets	Capitalization/ Amortization Threshold	Estimated Useful Life (Years)
Land	\$ 1	n/a
Land improvements	50,000	20-40
Building and improvements	50,000	15-40
Furniture and equipment	1,000	5-20
Vehicles	14,000	8
Right-to-use leased equipment	1,000	3-5

The *capital outlays* character classification is employed only for expenditures reported in the Capital Projects Fund. Routine capital expenditures in the General Fund and other governmental funds are included in the appropriate functional category (for example, the purchase of a new school bus included as part of *expenditures—pupil transportation*). The amount reported as *capital outlays* in the Capital Projects Fund will also include non-capitalized, project-related costs (for example, furnishings).

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. At June 30, 2023, the District has three items that qualify for reporting in this category. The first item, related to pensions, is reported in the government-wide financial statements. This represents the effect of the net change in the District’s proportion of the collective net pension liability/(asset), the difference during the measurement periods between the District’s contributions, its proportionate share of total contributions to the pension systems not included in pension expense, and any contributions to the pension systems subsequent to the measurement date. The second item is related to OPEB reported in the government-wide financial statements and reflects the effects of the change in the District’s proportion of the collective OPEB liability and difference during the measurement period between certain employer’s contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability. The third item is a deferred charge on refunding which the District reports within its governmental activities. 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.

In addition to liabilities, the statement of financial 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. At June 30, 2023, the District reports two deferred inflows of resources on the government-wide financial statements related to pensions and OPEB, respectively. The first item represents the effect of the net change in the District’s proportion of the collective net pension liability/(asset) and the difference during the measurement periods between the District’s contributions, and its proportionate share of total contributions to the pension systems not included in pension expense. The second represents the effects of the change in the District’s proportion of the collective OPEB liability and difference during the measurement

period between certain employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability.

Net Position Flow Assumptions—Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Fund Balance Flow Assumptions—Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as committed. The Board of Education has by resolution authorized the Assistant Superintendent for Business and Support Services to assign fund balance. The Board may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenses/Expenditures

Program Revenues—Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes—Real property taxes are levied annually as of July 1st by the Board of Education and attached as an enforceable lien. Uncollected real property taxes are subsequently enforced by the County of Erie. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the District no later than April 1st.

Unearned Revenue—Certain revenues have not met the revenue recognition criteria for government-wide or fund financial statement purposes. At June 30, 2023, the District reported \$42,201 and \$32,837 of unearned revenues in the General Fund and School Lunch Fund, respectively. The District received money in advance for summer programs and funding related to prepayments of student lunches.

Compensated Absences—The District labor agreements and District rules and regulations provide for sick leave, vacations, and other miscellaneous paid absences. Upon retirement, certain eligible employees qualify for paid hospitalization insurance premiums and/or payment for fractional values of unused sick leave. These payments are budgeted annually without accrual.

Pension Plans—The District is mandated by New York State law to participate in the New York State Teachers' Retirement System ("TRS") and the New York State Local Employees' Retirement System ("ERS"). For purposes of measuring the net pension liability/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 6.

Other Postemployment Benefits—In addition to providing pension benefits, the District provides health insurance coverage for certain retired employees as discussed in Note 7.

Other

Estimates—The preparation of the 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 amounts of revenues, expenditures, assets, liabilities, deferred outflows/inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements during the reported period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements—During the year ended June 30, 2023, the District implemented GASB Statement 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. A portion of 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.

Future Impacts of Accounting Pronouncements—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.

2. CASH, CASH EQUIVALENTS AND INVESTMENTS

The District’s investment policies are governed by New York State statutes. District monies must be deposited in FDIC-insured commercial banks or trust companies located within New York State. The District’s Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposits, time deposits and certificates of deposit at 100 percent of all deposits not covered by Federal deposit insurance. The District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York. Cash and cash equivalents reported by the District at June 30, 2023, are as follows:

	Governmental Funds	Fiduciary Funds	Total
Petty cash (uncollateralized)	\$ 1,460	\$ -	\$ 1,460
Deposits	41,397,053	77,711	41,474,764
Total	<u>\$ 41,398,513</u>	<u>\$ 77,711</u>	<u>\$ 41,476,224</u>

Deposits—All deposits are carried at fair value, and are classified by custodial credit risk at June 30, 2023 as follows:

	Bank Balance	Carrying Amount
FDIC insured	\$ 1,000,000	\$ 1,000,000
Uninsured:		
Collateral held by pledging bank’s agent in the District’s name	41,155,292	40,474,764
Total	<u>\$ 42,155,292</u>	<u>\$ 41,474,764</u>

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. At June 30, 2023, the District’s deposits were either FDIC insured or collateralized with securities held by the pledging bank’s agent in the District’s name.

Restricted Cash and Cash Equivalents—The District reports amounts to support restricted fund balances, unearned revenue and amounts held on behalf of others as restricted cash and cash equivalents. At June 30, 2023, the District reported \$25,962,870 and \$77,711 of restricted cash within its governmental and fiduciary funds, respectively.

Investments—The District had no investments at June 30, 2023.

Interest Rate Risk—In accordance with its investment policy, the District manages exposures by limiting investments to low risk type investments governed by New York State statutes.

3. RECEIVABLES

Major revenues accrued by the District at June 30, 2023 consisted of the following:

Receivables—Represents interest receivable from a checking account, amounts due for custodial hours relating to the rental of school facilities, other reimbursements, amounts due from BOCES and program income. At June 30, 2023, the District reported \$60,410 of accounts receivable in the General Fund.

Intergovernmental Receivables—Represents amounts due from other units of government, such as Federal, New York State and other local governments. Intergovernmental receivables at June 30, 2023 are presented below.

General Fund:		
Erie County sales tax	\$ 1,812,938	
New York State Excess Cost aid	853,807	
BOCES aid	1,493,872	
Miscellaneous	<u>25,403</u>	\$ 4,186,020
School Lunch Fund:		
Breakfast and lunch programs		4,501
Special Aid Fund:		
Summer Handicapped Program	598,676	
Special Education - Grants to States	259,906	
Special Education - Grants to States - ARP	57,161	
Universal Pre-K	92,546	
Title I Grants to Local Educational Agencies	66,414	
Supporting Effective Instruction - State Grants	14,029	
Special Education - Preschool Grants	159,904	
Special Education - Preschool Grants - ARP	14,288	
Title III Grants to Local Educational Agencies	27,695	
Student Support and Academic Enrichment	5,895	
CRSSA	219,543	
American Rescue Plan	<u>84,378</u>	<u>1,600,435</u>
Total governmental funds		<u>\$ 5,790,956</u>

4. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2023 was as follows:

	Balance 7/1/2022	Increases	Decreases	Balance 6/30/2023
Capital assets, not being depreciated/amortized:				
Land	\$ 4,177,050	\$ -	\$ -	\$ 4,177,050
Construction in progress	<u>13,077,598</u>	<u>6,230,191</u>	<u>12,204,432</u>	<u>7,103,357</u>
Total capital assets, not being depreciated/amortized	<u>17,254,648</u>	<u>6,230,191</u>	<u>12,204,432</u>	<u>11,280,407</u>
Capital assets, being depreciated/amortized:				
Land improvements	6,400,592	12,311	-	6,412,903
Buildings and improvements	105,397,109	12,323,377	-	117,720,486
Furniture and equipment	6,329,586	422,561	71,424	6,680,723
Vehicles	9,315,245	796,584	926,749	9,185,080
Right-to-use leased equipment	<u>807,150</u>	<u>829,223</u>	<u>-</u>	<u>1,636,373</u>
Total capital assets, being depreciated/amortized	<u>128,249,682</u>	<u>14,384,056</u>	<u>998,173</u>	<u>141,635,565</u>
Less accumulated depreciation/amortization for:				
Land improvements	4,566,207	209,477	-	4,775,684
Buildings and improvements	69,652,705	3,399,776	-	73,052,481
Furniture and equipment	5,299,505	160,223	55,797	5,403,931
Vehicles	6,291,299	789,575	908,230	6,172,644
Right-to-use leased equipment	<u>405,609</u>	<u>423,092</u>	<u>-</u>	<u>828,701</u>
Total accumulated depreciation/amortization	<u>86,215,325</u>	<u>4,982,143</u>	<u>964,027</u>	<u>90,233,441</u>
Total capital assets being depreciated/ amortized, net	<u>42,034,357</u>	<u>9,401,913</u>	<u>34,146</u>	<u>51,402,124</u>
Governmental activities capital assets, net	<u>\$ 59,289,005</u>	<u>\$ 15,632,104</u>	<u>\$ 12,238,578</u>	<u>\$ 62,682,531</u>

Depreciation/amortization expense was charged to the functions and programs of governmental activities as follows:

Governmental activities:	
General support	\$ 469,150
Instruction	4,299,741
Pupil transportation	<u>213,252</u>
Total	<u>\$ 4,982,143</u>

5. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at June 30, 2023 were as follows:

	<u>General Fund</u>
Salaries and employee benefits	\$ 1,353,136
Health claims	<u>1,045,714</u>
Total accrued liabilities	<u>\$ 2,398,850</u>

6. PENSION PLANS

The District participates in the New York State Teachers' Retirement System ("TRS") and the New York State and Local Employees' Retirement System ("ERS") (the "Systems"). These cost-sharing multiple-employer public employee retirement systems compute contribution retirements based on the New York State Retirement and Social Security Law ("NYSRSSL").

Plan Descriptions and Benefits Provided

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

Employees' Retirement System—ERS provides retirement benefits as well as death and disability benefits. The net position of ERS 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 ERS. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of ERS. ERS benefits are established under the provisions of the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in ERS, 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. ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute three percent (3.0%) of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute three percent (3.0%) to three and

one half percent (3.5%) 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 based on salaries paid during the Systems' fiscal year ending March 31.

Pension Liability/(Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At June 30, 2023, the District reported the following liability/(asset) for its proportionate share of the net pension liability/(asset) for each of the Systems. The net pension liability/(asset) was measured as of June 30, 2022 for TRS and March 31, 2023 for ERS. The total pension liability used to calculate the net pension liability/(asset) was determined by actuarial valuations as of June 30, 2021 and April 1, 2022, respectively, with update procedures used to rollforward the total pension liability/(asset) to the measurement dates. The District's proportion of the net pension liability/(asset) 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.

	TRS	ERS
Measurement date	June 30, 2022	March 31, 2023
Net pension liability	\$ 4,583,878	\$ 8,221,045
District's portion of the Plan's total net pension liability	0.238882%	0.038337%

For the year ended June 30, 2023, the District recognized pension expenses of \$5,722,836 and \$3,194,942 for TRS and ERS, respectively. At June 30, 2023 the District 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	
	TRS	ERS	TRS	ERS
Difference between expected and actual experiences	\$ 4,803,324	\$ 875,606	\$ 91,853	\$ 230,878
Changes of assumptions	8,891,948	3,992,670	1,846,516	44,126
Net difference between projected and actual earnings on pension plan investments	5,922,805	-	-	48,298
Changes in proportion and differences between the District's contributions and proportionate share of contributions	43,508	722,640	446,307	25,624
District contributions subsequent to the measurement date	4,547,403	433,560	-	-
Total	<u>\$ 24,208,988</u>	<u>\$ 6,024,476</u>	<u>\$ 2,384,676</u>	<u>\$ 348,926</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/(asset) in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as shown on the following page.

<u>Year Ending June 30,</u>	<u>TRS</u>	<u>ERS</u>
2024	\$ 3,301,728	\$ 1,350,490
2025	1,702,560	(204,074)
2026	(806,402)	1,808,902
2027	11,590,506	2,286,672
2028	1,432,942	-
Thereafter	55,575	-

Actuarial Assumptions—The total pension liability as of the measurement dates were determined by using actuarial valuations as noted in the table below, with update procedures used to roll forward the total pension liability to the respective measurement dates. The actuarial valuations used the following actuarial assumptions:

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2022	March 31, 2023
Actuarial valuation date	June 30, 2021	April 1, 2022
Interest rate	6.95%	5.90%
Salary scale	1.95% - 5.18%	4.40%
Decrement tables	July 1, 2015 - June 30, 2020	April 1, 2015 - March 31, 2020
Inflation rates	2.40%	2.90%
Cost-of-living adjustments	1.30%	1.50%

For TRS, annuitant mortality rates are based on July 1, 2015 – June 30, 2020 System experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021, applied on a generational basis. For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System’s experience with adjustments for mortality improvements based on Society of Actuaries’ Scale MP-2021.

For TRS, the actuarial assumptions used in the June 30, 2021 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020. For ERS, the actuarial assumptions used in the April 1, 2022 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020.

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 each 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 are summarized as shown on the following page.

Measurement date	Target Allocation		Long-Term Expected Real Rate of Return	
	TRS	ERS	TRS	ERS
			June 30, 2022	March 31, 2023
Asset class:				
Domestic equities	33.0 %	32.0 %	6.5 %	4.3 %
International equities	16.0	15.0	7.2	6.9
Global equities	4.0	0.0	6.9	0.0
Private equity	8.0	10.0	9.9	7.5
Real estate	11.0	9.0	6.2	4.6
Opportunistic portfolio/Absolute return strategies	0.0	3.0	0.0	5.4
Credit	0.0	4.0	0.0	5.4
Domestic fixed income securities	16.0	0.0	1.1	0.0
Global bonds	2.0	0.0	0.6	0.0
High-yield bonds	1.0	0.0	3.3	0.0
Private debt	2.0	0.0	5.3	0.0
Real assets	0.0	3.0	0.0	5.8
Real estate debt	6.0	0.0	2.4	0.0
Fixed income	0.0	23.0	0.0	1.5
Cash	1.0	1.0	(0.3)	0.0
Total	<u>100.0 %</u>	<u>100.0 %</u>		

Discount Rate—The discount rate used to calculate the total pension liability was 6.95% for TRS and 5.90% for ERS. 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.

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to the Discount Rate Assumption—The chart on the following page presents the District’s proportionate share of the net pension liability/(asset) calculated using the discount rate of 6.95% for TRS and 5.90% for ERS, as well as what the District’s proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage-point lower (5.95% for TRS and 4.90% for ERS) or one percentage-point higher (7.95% for TRS and 6.90% for ERS) than the current assumption.

TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension liability/(asset)	\$ 42,265,505	\$ 4,583,878	\$ (27,106,123)

ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension liability/(asset)	\$ 19,866,740	\$ 8,221,045	\$ (1,510,288)

Pension Plan Fiduciary Net Position—The components of the current-year net pension liability/(asset) of the employers as of the respective valuation dates, were as follows:

	(Dollar in Thousands)	
	TRS	ERS
Valuation date	June 30, 2021	April 1, 2022
Employers' total pension liability	\$ 133,883,474	\$ 232,627,259
Plan fiduciary net position	131,964,582	211,183,223
Employers' net pension liability	<u>\$ 1,918,892</u>	<u>\$ 21,444,036</u>
System fiduciary net position as a percentage of total pension liability	98.6%	90.8%

Payables to the Pension Plan—For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 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, 2023 amounted to \$4,547,403.

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, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$433,560.

7. OTHER POSTEMPLOYMENT BENEFITS ("OPEB") OBLIGATION

Plan Description and Benefits Provided—The District may pay for a portion of eligible retirees' health insurance dependent upon such factors as age, years of service, accumulated sick leave and associated group or union. While benefits and contributions change over time as union contracts are renegotiated, current benefits are as follows:

- (1) *Orchard Park Teachers Association and Orchard Park School Related Professionals Association* – must be eligible to retire under the NYSTERS or NYSERS, as applicable; employees may retain District health coverage, but must pay the full premium cost. Employees may convert the value of accrued sick time to use towards postemployment health premiums.

- (2) *Orchard Park Principals' Association* – must be eligible to retire under the NYSTERS or NYSERS, as applicable and have 200 accumulated sick days. Employees with a minimum of twelve years of service to the District receive \$4,000 or \$2,000 per year for family or single coverage, respectively, for life. Employees with a minimum of twenty years of service to the District receive \$4,500 or \$2,300 per year for family or single coverage, respectively, for life. Surviving spouses will receive a stipend equal to that of single coverage for life under the same plan as their spouse.
- (3) *Orchard Park Central Office Administrators' Association* – must be eligible to retire under the NYSTERS or NYSERS, as applicable. Employees with a minimum of ten years of service to the District receive \$4,500 or \$2,300 per year for family or single coverage, respectively, for life. Surviving spouses shall receive \$2,150 per year for life.
- (4) *Superintendent of Schools* – as a life benefit, the District pays 85% of the health insurance premium for coverage. Surviving spouses are eligible for single coverage at the same rate.
- (5) *Assistant Superintendents* – must be eligible to retire under the NYSTERS and have been employed by the District a minimum of five years as the Assistant Superintendent. The District will provide 50% of the cost of health coverage for retirees with five years of service and for each additional year of service will provide an additional 5% of such cost, up to a maximum of 75%. Surviving spouses are eligible for the same coverage as retirees.

Employees Covered by Benefit Terms—At June 30, 2023, the following employees were covered by the benefit terms. Plan participants were measured on February 1, 2023:

Inactive employees or beneficiaries currently receiving benefit payments	115
Active employees	<u>671</u>
Total	<u>786</u>

Under GASB Statement No. 75, the total OPEB liability represents the sum of expected future benefit payments which may be attributed to past service (or “earned”), discounted to the end of the fiscal year using the current discount rate. The total OPEB liability is analogous to the Unfunded Actuarial Accrued Liability (“AAL”) under GASB Statement No. 45.

Total OPEB Liability

The District’s total OPEB liability of \$5,601,389 was measured three months prior to fiscal year end, and was determined by an actuarial valuation dated June 1, 2023, utilizing participant data measured on February 1, 2023.

Actuarial Methods and Assumptions—Calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the employer and the plan members) at the time of the valuation and on the pattern of cost sharing between the employee and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the June 1, 2023 actuarial valuation, the entry age normal method, over a level percent of pay was used. The single discount rate changed from 2.83% to 3.78% effective June 30, 2023. The salary scale changed from 3.44% to 3.53%. The 2021 New York State Teachers’ Retirement System rates were used for mortality rates and retirement rates. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used is 5.50%, while the ultimate healthcare cost trend rate is 4.00%.

The retirement and termination actuarial assumptions used in the June 1, 2023 actuarial valuation reflect general published tables based on large scale retirement plan population data. The plan's estimated termination and retirement experience is analyzed and the base table is adjusted accordingly. Mortality tables are used without adjustment.

Changes in the Total OPEB Liability—The following table presents the changes to the total OPEB liability during the fiscal year, by source:

	Total OPEB Liability
Balance at June 30, 2022	\$ 6,842,824
Changes for the year:	
Service cost	232,864
Interest	193,903
Differences between expected and actual experience	(1,127,837)
Changes of assumptions	(316,368)
Benefit payments	(223,997)
Net changes	(1,241,435)
Balance at June 30, 2023	\$ 5,601,389

Sensitivity of the Total OPEB Liability to the Change in the Discount Rate and Healthcare Cost Trend Rate—The discount rate assumption can have an impact on the total OPEB liability. The following table presents the effect a 1% change in the discount rate assumption would have on the total OPEB liability:

	1% Decrease (2.78%)	Current Discount Rate (3.78%)	1% Increase (4.78%)
Total OPEB liability	\$ 6,212,620	\$ 5,601,389	\$ 5,074,411

Additionally, healthcare costs can be subject to considerable volatility over time. The following table presents the effect on the total OPEB liability of a 1% change in the initial (5.50%) and ultimate (4.00%) healthcare cost trend rates.

	1% Decrease (4.50% / 3.00%)	Healthcare Cost Trend Rates (5.50% / 4.00%)	1% Increase (6.50% / 5.00%)
Total OPEB liability	\$ 5,037,315	\$ 5,601,389	\$ 6,274,637

Funding Policy—Authorization for the District to pay a portion of retiree health insurance premiums was enacted through various union contracts as specified above, which were ratified by the District's Board of Education. The District recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. District governmental funds contributed \$223,997 for the fiscal year ended June 30, 2023.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The District reports deferred outflows of resources and deferred inflows of resources due to differences during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective net OPEB liability are required to be determined. The table on the following page presents the District's deferred outflows and deferred inflows of resources at June 30, 2023.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 249,998	\$ 1,584,371
Changes of assumptions	203,643	1,023,538
Contributions subsequent to the measurement date	55,999	-
Total	<u>\$ 509,640</u>	<u>\$ 2,607,909</u>

The District's benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ending June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	
2024	\$ (489,331)
2025	(508,050)
2026	(305,595)
2027	(200,607)
2028	(158,704)
Thereafter	(491,981)

8. RISK MANAGEMENT

The District is exposed to various risks of losses related to damage and destruction of assets, vehicle liability, injuries to employees, health insurance, and unemployment insurance. The District purchases commercial insurance to cover such potential risks. There have not been any significant changes in any type of insurance coverage from the prior year, nor have there been any settlements which have exceeded insurance coverage in the past three fiscal years. The general liability insurance is limited to \$1 million per occurrence and a \$3 million aggregate. All other policies have limits ranging from \$5,000 to \$30,000,000.

9. LEASES

The District is a lessee for a noncancellable lease of various equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$1,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rates charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease terms include the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Leased assets are reported with other capital assets and lease liabilities are reported with noncurrent liabilities on the statement of net position.

During the years ended June 30, 2021, 2022, and 2023 the District entered into long-term lease agreements as the lessee for the acquisition and use of various equipment. As of June 30, 2023, the value of the total outstanding lease liability was \$970,856. The District is required to make annual principal and interest payments on the equipment ranging from \$19,736 to \$111,058. The leases have interest rates ranging from 1.39% to 6.00%. The value of the right-to-use assets as of the end of the current fiscal year was \$1,636,373 and had accumulated amortization of \$828,701.

The future principal and interest payments as of June 30, 2023, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2024	\$ 453,272	\$ 38,648	\$ 491,920
2025	347,702	19,793	367,495
2026	169,882	3,788	173,670
Totals	<u>\$ 970,856</u>	<u>\$ 62,229</u>	<u>\$ 1,033,085</u>

10. LONG-TERM LIABILITIES

In the government-wide financial statements, long-term debt and other long-term obligations are reported as noncurrent liabilities in the statement of net position.

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

The District's outstanding long-term liabilities include bonds payable, lease liability, compensated absences, other postemployment benefits obligation, energy performance contract and net pension liability. The serial bonds of the District are secured by its general credit and revenue raising powers, as per State statute.

A summary of changes in the District’s long-term liabilities at June 30, 2023 follows:

	Balance 7/1/2022	Additions	Reductions	Balance 6/30/2023	Due Within One Year
Serial bonds	\$ 40,243,000	\$ 16,580,000	\$ 5,823,000	\$ 51,000,000	\$ 6,010,000
Premiums on serial bonds	<u>3,358,540</u>	<u>1,590,477</u>	<u>567,931</u>	<u>4,381,086</u>	<u>448,275</u>
Bonds payable	43,601,540	18,170,477	6,390,931	55,381,086	6,458,275
Lease liability	507,018	829,223	365,385	970,856	453,272
Compensated absences	6,510,198	311,140	216,883	6,604,455	330,223
OPEB obligation	6,842,824	426,767	1,668,202	5,601,389	-
Energy performance contract	428,052	-	210,181	217,871	217,871
Net pension liability*	<u>-</u>	<u>12,804,923</u>	<u>-</u>	<u>12,804,923</u>	<u>-</u>
Total	<u>\$ 57,889,632</u>	<u>\$ 32,542,530</u>	<u>\$ 8,851,582</u>	<u>\$ 81,580,580</u>	<u>\$ 7,459,641</u>

(*Additions to the net pension liability are shown net of reductions.)

Serial Bonds—The District issues general obligation bonds to provide funds for the acquisition, construction and renovation of major capital facilities. Serial bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with original maturities that range from 5 to 17 years.

In the event of a default in the payment of the principal of or interest on the serial 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 District does not hold any lines of credit.

On August 10, 2022, the District issued \$920,000 of serial bonds with interest rates ranging from 3.12 to 3.25 percent. Principal payments begin on August 1, 2023 and mature on August 1, 2028. Furthermore, on April 26, 2023, the District issued \$15,660,000 of serial bonds with an interest rate of 4.00 percent. Principal payments begin on April 15, 2025 and mature on April 15, 2040. The serial bonds were issued with premiums totaling \$1,590,477, which is restricted for future capital project expenditures.

A summary of additions and payments for the year ended June 30, 2023 is presented below:

Description	Year of	Amount of		Balance	Additions	Payments	Balance
	Issue/ Maturity	Original Issue	Interest Rate (%)	7/1/2022			6/30/2023
2014A Issue	2014/2028	\$ 11,405,000	2.00-5.00	\$ 5,630,000	\$ -	\$ 795,000	\$ 4,835,000
2017 Refunding	2017/2024	9,415,000	4.00-5.00	4,040,000	-	1,980,000	2,060,000
2018 Issue	2018/2032	21,840,000	3.00-5.00	16,285,000	-	1,455,000	14,830,000
2018 Issue (Bus)	2018/2023	790,000	1.50-1.75	160,000	-	160,000	-
2019 Issue	2019/2032	3,392,999	2.00-5.00	2,675,000	-	245,000	2,430,000
2019 Issue	2019/2024	1,607,000	5.00	1,020,000	-	400,000	620,000
2020 Issue	2020/2025	794,000	1.00-1.13	645,000	-	160,000	485,000
2021 Issue	2021/2036	9,425,000	2.00-5.00	8,970,000	-	475,000	8,495,000
2021 Issue	2021/2026	818,000	0.50-1.00	818,000	-	153,000	665,000
2022 Issue	2022/2028	920,000	3.12-3.25	-	920,000	-	920,000
2023 Issue	2023/2040	15,660,000	4.00	-	15,660,000	-	15,660,000
Total				<u>\$ 40,243,000</u>	<u>\$ 16,580,000</u>	<u>\$ 5,823,000</u>	<u>\$ 51,000,000</u>

Premiums on Serial Bonds—The District’s premiums are being amortized on a straight-line basis over the life of the related bonds. The total unamortized premiums as of June 30, 2023 was \$4,381,036.

Lease Liability—The District entered into long-term capital leases for various equipment. The outstanding balance at June 30, 2023 was \$970,856. Refer to Note 9 for additional information related to the District’s leases.

Compensated Absences—The District records the value of compensated absences in the government-wide financial statements. The liability for compensated absences consists of unpaid accumulated annual sick and vacation time. The liability has been calculated using the vesting method, in which leave amounts for both employees currently eligible to receive payments and other employees expected to become eligible in the future to receive such payments are included. The amount recorded in the government-wide financial statements at June 30, 2023 for governmental activities is \$6,604,455. Management estimates that \$330,223 is due within one year. The annual budgets of the operating funds provide for these benefits as they become due.

OPEB Obligation—As explained in Note 7, the District provides health insurance coverage for certain retirees. The District’s annual other postemployment benefit (“OPEB”) cost is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees’ past periods of service (total OPEB liability), less the amount of the OPEB plan’s fiduciary net position. The long-term OPEB obligation is estimated to be \$5,601,389 at June 30, 2023.

Energy Performance Contract—The District has entered into an energy performance contract for the renovation of various facilities. The modifications were made to improve energy efficiency. Principal and interest payments are made quarterly. The interest rate of the energy performance contract approximates 3.61 percent.

The table below summarizes requirements of the energy performance contract.

	Year Ending June 30	Total
	2024	\$ 222,810
Total minimum lease payments		222,810
Less: amounts representing imputed interest costs		4,939
Present value of minimum lease payments		<u>\$ 217,871</u>

Net Pension Liability—The District reported liabilities, \$4,583,878 and \$8,221,045, for its proportionate share of the net pension liability for the Teachers’ Retirement System and Employees’ Retirement System, respectively. Refer to Note 6 for additional information related to the District’s net pension liabilities.

The following is a maturity schedule of the District’s indebtedness:

Year Ending June 30,	Serial Bonds	Premiums on Serial Bonds	Lease Liability	Compensated Absences	OPEB Obligation	Energy Performance Contract	Net Pension Liability	Total
2024	\$ 6,010,000	\$ 448,275	\$ 453,272	\$ 330,223	\$ -	\$ 217,871	\$ -	\$ 7,459,641
2025	4,580,000	395,249	347,702	-	-	-	-	5,322,951
2026	4,505,000	395,249	169,882	-	-	-	-	5,070,131
2027	4,485,000	395,249	-	-	-	-	-	4,880,249
2028	4,465,000	395,249	-	-	-	-	-	4,860,249
2029-2033	16,610,000	1,470,444	-	-	-	-	-	18,080,444
2034-2038	7,810,000	709,842	-	-	-	-	-	8,519,842
2039-2040	2,535,000	171,529	-	-	-	-	-	2,706,529
Thereafter	-	-	-	6,274,232	5,601,389	-	12,804,923	24,680,544
Total	\$ 51,000,000	\$ 4,381,086	\$ 970,856	\$ 6,604,455	\$ 5,601,389	\$ 217,871	\$ 12,804,923	\$ 81,580,580

Interest requirements on serial bonds, lease liability, and energy performance contract payables are as follows:

Year Ending June 30,	Serial Bonds	Lease Liability	Energy Performance Contract	Total
2024	\$ 1,862,730	\$ 38,648	\$ 4,939	\$ 1,906,317
2025	1,618,137	19,793	-	1,637,930
2026	1,440,981	3,788	-	1,444,769
2027	1,255,606	-	-	1,255,606
2028	1,082,663	-	-	1,082,663
2029-2033	3,312,150	-	-	3,312,150
2034-2038	1,280,000	-	-	1,280,000
2039-2040	153,000	-	-	153,000
Total	\$ 12,005,267	\$ 62,229	\$ 4,939	\$ 12,072,435

11. NET POSITION AND FUND BALANCE

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- **Net Investment in Capital Assets**—This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation/amortization and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

- **Restricted Net Position**—This category represents external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position**—This category represents net position of the District not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the District at June 30, 2023 includes:

- **Deposits**—Represents fund balance maintained for deposits with a municipality electric organization in the amount of \$69,874.
- **Inventories**—Represents the portion of fund balance, \$23,089, composed of inventory. This balance is nonspendable as the inventory does not represent an available resource.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation. Restricted fund balance maintained by the District at June 30, 2023 includes:

	General Fund	Student Activities Fund	Capital Projects Fund	Total
Tax certiorari	\$ 384,610	\$ -	\$ -	\$ 384,610
Tax reduction	1,142,274	-	-	1,142,274
Employee benefit accrued liability	1,568,078	-	-	1,568,078
Unemployment insurance	945,498	-	-	945,498
Capital projects	2,213,360	-	15,945,410	18,158,770
Student activities	-	255,627	-	255,627
Debt service	3,047,177	-	-	3,047,177
Total	<u>\$ 9,300,997</u>	<u>\$ 255,627</u>	<u>\$ 15,945,410</u>	<u>\$ 25,502,034</u>

- **Tax Certiorari**—According to Education Law Section 3651.1-a, this restriction must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the restriction shall not exceed the amount that 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 proceeds 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. A portion of this amount, \$50,000, has been appropriated within the 2023-2024 budget.
- **Tax Reduction**—According to Education Law Section 1604(36) and 1709(37), this restriction must be used for the gradual use of the proceeds of the sale of District real property where such proceeds are not required to be placed in a mandatory reserve for debt service. Specifically, the District is permitted to retain the proceeds of the sale for a period not to exceed ten years, and to use them during that period for tax reduction. The reserve is accounted for in the General Fund. A portion of this amount, \$560,000, has been appropriated within the 2023-2024 budget.

- ***Employee Benefit Accrued Liability***—According to General Municipal Law Section 6-p, this restriction must be used for the payment of accrued employee benefit due 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. A portion of this amount, \$50,000, has been appropriated within the 2023-2024 budget.
- ***Unemployment Insurance***—According to General Municipal Law Section 6-m, this restriction 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 restriction 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.
- ***Capital Projects***—According to Education Law Section 3651, this restriction 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. Expenditure may be made from the restriction only for a specific purpose further authorized by the voters. The form for the 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 Section 3651 of the Education Law. An additional portion of the reserve represents donor restricted proceeds. A portion of this amount, \$45,840, has been appropriated within the 2023-2024 budget.
- ***Student Activities***—Amounts generated by the Extraclassroom Activities at the District which are restricted for use only within the Student Activities Fund for specified student activities.
- ***Debt Service***—According to General Municipal Law Section 6-1, the mandatory 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 sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. Additionally, a portion of the reserve represents unspent proceeds of debt, premiums and amounts restricted by Board resolution restricted for debt service payments. A portion of this amount, \$100,000, has been appropriated within the 2023-2024 budget.

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a formal action of the District’s highest level of decision-making authority. As of June 30, 2023, the District reported no committed fund balances.

In the fund financial statements, assignments are not legally required segregations but are segregated for a specific purpose by the District at June 30, 2023 and include:

	General Fund	School Lunch Fund	Total
Subsequent year's expenditures	\$ 5,900,000	\$ -	\$ 5,900,000
Encumbrances	129,366	2,964	132,330
Specific use	-	758,578	758,578
Total	<u>\$ 6,029,366</u>	<u>\$ 761,542</u>	<u>\$ 6,790,908</u>

- **Assigned to Subsequent Year's Expenditures**—Representing available fund balance being appropriated to meet expenditure requirements in the 2023-24 fiscal year.
- **Assigned to Encumbrances**—Representing amounts related to unperformed (executory) contracts for goods and services.
- **Assigned to Specific Use**—Representing fund balance within the special revenue funds that is assigned for a specific purpose. The assignments' purpose relates to each fund's operations and represent remaining amounts within funds that are not restricted or committed.

If the District must use funds for emergency expenditures the Board of Education shall authorize the Assistant Superintendent for Business to expend funds first from funds classified under GASB as nonspendable (if funds become available) then restricted funds. The use of committed and assigned funds as classified by GASB will occur after the exhaustion of available restricted funds. Finally, if no other fund balances are available, the District will use unassigned fund balance.

12. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are short term in nature and exist because of temporary advances or payments made on behalf of other funds. The composition of interfund balances as of June 30, 2023 is as follows:

Fund	Interfund	
	Receivable	Payable
Governmental Funds:		
General Fund	\$ 2,333,955	\$ -
Special Aid Fund	-	2,318,138
Capital Projects Fund	-	15,710
Total governmental funds	<u>2,333,955</u>	<u>2,333,848</u>
Fiduciary Fund:		
Private-Purpose Trust Fund	-	107
Total	<u>\$ 2,333,955</u>	<u>\$ 2,333,955</u>

The outstanding balances between funds result from payments made on behalf of other funds or temporary advances. All of these balances are expected to be collected/paid within the subsequent year.

The District made the following transfers during the year ended June 30, 2023:

Fund	Transfers in:		Total
	Special Aid Fund	Capital Projects Fund	
Transfers out: General Fund	\$ 196,761	\$ 4,000,000	\$ 4,196,761

Transfers are used to finance certain special aid programs and to support future capital project expenditures.

13. SCHOLARSHIPS—PRIVATE PURPOSE TRUST

Within the Private-Purpose Trust, the District maintains various scholarships funds. The funds are increased through interest earnings and contributions and decreased through annual awards. A summary of the Private-Purpose Trust Fund balances in the accounts at June 30, 2023 is presented below:

Currey Scholarship Fund	\$ 2,881
Worth Scholarship Fund	851
Huppuch Scholarship Fund	25,092
Gow Scholarship Fund	1,997
Donation Fund	4,435
Brown Scholarship Fund	4,021
Carnevale Scholarship Fund	2,023
Gillis Scholarship Fund	25,067
Heinike Scholarship Fund	305
Orchard Park Senior Class Service	501
Minias Scholarship Fund	63
Magellan Health	125
Kelly Anne Ryan Scholarship Fund	10,243
Total scholarships	<u>\$ 77,604</u>

14. LABOR CONTRACTS

District employees are represented by four bargaining units with the balance governed by Board of Education rules and regulations. The Orchard Park Teachers Association is negotiated through August 31, 2024, the Orchard Park Central Office Administrators Association is negotiated through June 30, 2025, the Orchard Park Principals Association contracts is negotiated through June 30, 2026, and the Orchard Park School Related Professionals Association is negotiated through June 30, 2027.

15. COMMITMENTS

Encumbrances—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year’s budget pursuant to state regulations. The District considers encumbrances significant if they are in excess of \$10,000. As of June 30, 2023, the significant encumbrances of the District are shown on the following page.

Description	Amount
General Fund-office furniture	\$ 32,808
General Fund-security equipment	26,503

16. TAX ABATEMENTS

The District is subject to tax abatements granted by the Erie County Industrial Development Agency (“ECIDA”). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the ECIDA and include the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the District, the abatements have resulted in reductions of property taxes, which the District administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by ECIDA, the District collected \$596,885 during the 2022-2023 fiscal year in payments in lieu of taxes (“PILOT”), these collections were made in lieu of \$863,181 in property taxes.

17. CONTINGENCIES

Litigation—Various legal actions are pending against the District. The outcome of these matters is not presently determinable but, in the opinion of management, the ultimate liability will not have a material adverse effect on the financial condition or results of operation of the District.

Grants—In the normal course of business, the District receives grant funds from various Federal and State agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the governmental funds. While the amount of expenditures, if any, which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

Other—The District is involved in litigation in the ordinary course of its operations. The District believes that its ultimate liability, if any, in connection with these matters will not have a material effect on the District’s financial condition or results of operation.

18. SUBSEQUENT EVENTS

On August 15, 2023, the District issued \$1,085,000 of serial bonds with a 5.00 interest rate. These bonds mature on August 1, 2028.

Management has evaluated subsequent events through September 12, 2023, which is the date the financial statements are available for issuance, and have determined, except as disclosed above, there are no subsequent events that require disclosure under generally accepted accounting principles.

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REQUIRED SUPPLEMENTARY INFORMATION

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ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset)—
Teachers' Retirement System
Last Ten Fiscal Years

	Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Measurement date	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014	June 30, 2013
District's proportion of the net pension liability/(asset)	0.238882%	0.236341%	0.227015%	0.227663%	0.228007%	0.226767%	0.222106%	0.225019%	0.226067%	0.223564%
District's proportionate share of the net pension liability/(asset)	<u>\$ 4,583,878</u>	<u>\$ (40,955,603)</u>	<u>\$ 6,273,036</u>	<u>\$ (5,914,688)</u>	<u>\$ (4,122,969)</u>	<u>\$ (1,723,654)</u>	<u>\$ 2,378,849</u>	<u>\$ (23,372,301)</u>	<u>\$ (25,182,447)</u>	<u>\$ (1,471,619)</u>
District's covered payroll	\$ 43,189,918	\$ 40,804,062	\$ 39,325,521	\$ 39,011,445	\$ 38,037,905	\$ 36,777,108	\$ 35,281,333	\$ 34,122,248	\$ 33,896,078	\$ 33,318,018
District's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	10.6%	(100.4%)	16.0%	(15.2%)	(10.8%)	(4.7%)	6.7%	(68.5%)	(74.3%)	(4.4%)
Plan fiduciary net position as a percentage of the total pension liability	98.6%	113.2%	97.8%	102.2%	101.5%	100.7%	99.0%	110.5%	111.5%	100.7%

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of District's Contributions—
Teachers' Retirement System
Last Ten Fiscal Years

	Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 4,547,403	\$ 4,147,544	\$ 3,822,923	\$ 3,413,902	\$ 4,035,595	\$ 3,639,700	\$ 4,211,592	\$ 4,544,626	\$ 5,925,299	\$ 5,426,461
Contributions in relation to the contractually required contribution	(4,547,403)	(4,147,544)	(3,822,923)	(3,413,902)	(4,035,595)	(3,639,700)	(4,211,592)	(4,544,626)	(5,925,299)	(5,426,461)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 45,121,590	\$ 43,189,918	\$ 40,804,062	\$ 39,325,521	\$ 39,011,445	\$ 38,037,905	\$ 36,777,108	\$ 35,281,333	\$ 34,122,248	\$ 33,896,078
Contributions as a percentage of covered payroll	10.1%	9.6%	9.4%	8.7%	10.3%	9.6%	11.5%	12.9%	17.4%	16.0%

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset)—
Employees' Retirement System
Last Ten Fiscal Years

	Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Measurement date	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017	March 31, 2016	March 31, 2015	March 31, 2014
District's proportion of the net pension liability/(asset)	0.0383372%	0.0374707%	0.0360136%	0.0343773%	0.0364427%	0.0378406%	0.0365738%	0.0370708%	0.0374929%	0.0374929%
District's proportionate share of the net pension liability/(asset)	\$ 8,221,045	\$ (3,063,075)	\$ 35,860	\$ 9,103,318	\$ 2,582,075	\$ 1,221,285	\$ 3,436,551	\$ 5,949,963	\$ 1,266,601	\$ 1,694,250
District's covered payroll	\$ 15,896,153	\$ 14,060,779	\$ 12,580,839	\$ 12,750,876	\$ 12,062,524	\$ 12,063,733	\$ 11,663,747	\$ 10,968,435	\$ 10,947,110	\$ 11,024,350
District's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	51.7%	(21.8)%	0.3%	71.4%	21.4%	10.1%	29.5%	54.2%	11.6%	15.4%
Plan fiduciary net position as a percentage of the total pension liability	90.8%	103.7%	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%	97.2%

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of District's Contributions—
Employees' Retirement System
Last Ten Fiscal Years

	Year Ended June 30,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,467,918	\$ 1,960,311	\$ 1,795,210	\$ 1,680,698	\$ 1,715,884	\$ 1,685,390	\$ 1,658,630	\$ 1,804,983	\$ 2,023,088	\$ 1,983,916
Contributions in relation to the contractually required contribution	(1,467,918)	(1,960,311)	(1,795,210)	(1,680,698)	(1,715,884)	(1,685,390)	(1,658,630)	(1,804,983)	(2,023,088)	(1,983,916)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 15,703,409	\$ 14,269,123	\$ 13,144,380	\$ 12,751,009	\$ 12,602,993	\$ 12,230,241	\$ 11,505,521	\$ 11,252,063	\$ 10,991,226	\$ 10,941,226
Contributions as a percentage of covered payroll	9.3%	13.7%	13.7%	13.2%	13.6%	13.8%	14.4%	16.0%	18.4%	18.1%

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ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Changes in the District's Total OPEB Liability and Related Ratios
Last Seven Fiscal Years*

	Year Ended June 30,						
	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability							
Service cost	\$ 232,864	\$ 258,158	\$ 280,913	\$ 261,647	\$ 160,754	\$ 166,352	\$ 200,551
Interest	193,903	156,976	192,640	250,139	183,062	191,817	202,312
Differences between expected and actual experience	(1,127,837)	228,987	(1,254,557)	(564,055)	2,124,661	(189,417)	350,158
Changes of assumptions	(316,368)	(458,371)	177,787	808,221	(86,214)	100,977	(1,439,651)
Benefit terms	-	-	-	-	(1,719)	-	-
Benefit payments	(223,997)	(226,542)	(278,968)	(280,905)	(240,983)	(270,524)	(269,047)
Net changes in total OPEB liability	(1,241,435)	(40,792)	(882,185)	475,047	2,139,561	(795)	(955,677)
Total OPEB liability—beginning	6,842,824	6,883,616	7,765,801	7,290,754	5,151,193	5,151,988	6,107,665
Total OPEB liability—ending	<u>\$ 5,601,389</u>	<u>\$ 6,842,824</u>	<u>\$ 6,883,616</u>	<u>\$ 7,765,801</u>	<u>\$ 7,290,754</u>	<u>\$ 5,151,193</u>	<u>\$ 5,151,988</u>
Plan fiduciary net position							
Contributions—employer	\$ 223,997	\$ 226,542	\$ 278,968	\$ 280,905	\$ 240,983	\$ 270,524	\$ 269,047
Benefit payments	(223,997)	(226,542)	(278,968)	(280,905)	(240,983)	(270,524)	(269,047)
Net change in plan fiduciary net position	-	-	-	-	-	-	-
Plan fiduciary net position—beginning	-	-	-	-	-	-	-
Plan fiduciary net position—ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's net OPEB liability—ending	<u>\$ 5,601,389</u>	<u>\$ 6,842,824</u>	<u>\$ 6,883,616</u>	<u>\$ 7,765,801</u>	<u>\$ 7,290,754</u>	<u>\$ 5,151,193</u>	<u>\$ 5,151,988</u>
Plan's fiduciary net position as a percentage of total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered-employee payroll	\$ 45,470,425	\$ 39,247,388	\$ 37,942,177	\$ 36,758,552	\$ 35,236,599	\$ 34,107,636	\$ 34,107,636
District's net OPEB liability as a percentage of covered-employee payroll	12.3%	17.4%	18.1%	21.1%	20.7%	15.1%	15.1%

*Information prior to the year ended June 30, 2017 is not available.

The notes to the Required Supplementary Information are an integral part of this schedule.

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balance—
Budget (Non-GAAP Basis) and Actual—General Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local sources:				
Real property taxes	\$ 65,127,749	\$ 65,127,749	\$ 65,604,322	\$ 476,573
Real property tax items	5,278,985	5,278,985	4,835,388	(443,597)
Non-property tax items	7,000,000	7,000,000	7,533,412	533,412
Charges for services	396,000	396,000	376,491	(19,509)
Use of money and property	37,000	37,000	936,496	899,496
Miscellaneous	360,000	360,000	636,311	276,311
State sources:				
Basic formula and excess cost aid	15,671,206	15,671,206	14,387,400	(1,283,806)
Lottery aid	6,000,000	6,000,000	7,319,973	1,319,973
Excess cost aid	5,305,700	5,305,700	5,544,434	238,734
BOCES aid	2,655,889	2,655,889	2,683,852	27,963
Tuition and transportation	-	-	159,149	159,149
Textbook aid	303,191	303,191	226,490	(76,701)
Computer hardware	73,135	73,135	73,224	89
Computer software	74,705	74,705	74,796	91
Library / loan program	31,169	31,169	31,206	37
Miscellaneous	-	-	124,247	124,247
Federal sources:				
Coronavirus relief fund	-	-	19,774	19,774
Medicaid assistance	100,000	100,000	136,905	36,905
Total revenues	<u>108,414,729</u>	<u>108,414,729</u>	<u>110,703,870</u>	<u>2,289,141</u>
OTHER FINANCING SOURCES				
Leases (as lessee)	-	-	829,223	829,223
Appropriated reserves	745,840	745,840	-	(745,840)
Total other financing sources	<u>745,840</u>	<u>745,840</u>	<u>829,223</u>	<u>83,383</u>
Total revenues and other financing sources	<u>\$ 109,160,569</u>	<u>\$ 109,160,569</u>	<u>\$ 111,533,093</u>	<u>\$ 2,372,524</u>

(continued)

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balance—
Budget (Non-GAAP Basis) and Actual—General Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Encumbrances</u>	(concluded)
	<u>Original</u>	<u>Final</u>			<u>Variance with Final Budget</u>
EXPENDITURES					
General support:					
Board of education	\$ 29,700	\$ 28,700	\$ 9,290	\$ -	\$ 19,410
Central administration	340,260	346,890	339,056	-	7,834
Finance	647,222	661,492	632,498	-	28,994
Staff	765,746	928,128	882,038	-	46,090
Central services	7,514,207	7,381,038	6,923,067	102,395	355,576
Special items	1,405,716	1,439,508	1,418,312	-	21,196
Instruction:					
Instruction, administration and improvements	4,138,214	4,145,547	4,144,308	1,239	-
Teaching—regular school	35,380,135	35,765,221	35,483,497	44,992	236,732
Programs for pupils with handicapping conditions	15,643,000	14,909,556	13,274,040	-	1,635,516
Occupational education	1,176,472	1,183,506	1,183,506	-	-
Teaching—special school	277,422	217,920	161,130	122	56,668
Instructional media	4,007,994	4,029,432	3,851,604	129,074	48,754
Pupil services	4,299,972	4,495,701	4,797,436	3,156	(304,891)
Pupil transportation	5,106,318	4,834,169	4,467,508	41,626	325,035
Employee benefits	25,801,500	25,808,902	24,866,047	-	942,855
Debt service:					
Principal	6,033,181	6,398,566	6,398,566	-	-
Interest and other fiscal charges	2,196,114	2,188,897	1,457,239	-	731,658
Total expenditures/encumbrances	114,763,173	114,763,173	110,289,142	322,604	4,151,427
OTHER FINANCING USES					
Transfers out	220,000	4,220,000	4,196,761	-	23,239
Total expenditures/encumbrances and other financing uses	114,983,173	118,983,173	114,485,903	322,604	4,174,666
Net change in fund balance*	(5,822,604)	(9,822,604)	(2,952,810)		
Fund balance—beginning	24,109,834	24,109,834	24,109,834		
Fund balance—ending	<u>\$ 18,287,230</u>	<u>\$ 14,287,230</u>	<u>\$ 21,157,024</u>		

*The net change in fund balance was included as an appropriation (i.e., spenddown) of fund balance and re-appropriation of prior year encumbrances.

The notes to the Required Supplementary Information are an integral part of this schedule.

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ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Notes to the Required Supplementary Information
Year Ended June 30, 2023

1. OPEB LIABILITY

Changes of Assumptions—Changes of assumptions reflect the effects of changes in the long-term bond rate and the healthcare cost trend rate. The long-term bond rate is based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date, which increased from 2.83% to 3.78% at June 30, 2023. Finally, the initial healthcare cost trend rate decreased from 6.10% to 5.50%, and the ultimate rate decreased from 4.37% to 4.00% at June 30, 2023.

2. BUDGETARY INFORMATION

Budgetary Basis of Accounting—An annual budget is adopted on a basis consistent with generally accepted accounting principles in the United States of America for the General Fund. The Capital Projects Fund is appropriated on a project-length basis. No formal annual budget is adopted for the School Lunch Fund and the Special Aid Fund. A budget is maintained for the School Lunch Fund as a management tool for internal control purposes. Appropriation limits, where applicable, for the Special Aid Fund is maintained based on individual grants and donations or fundraising revenues accepted by the Board of Education. The periods of such grants may vary from the District's fiscal year.

The appropriated budget is prepared by fund, function, and department. The District's department heads may make transfers of appropriations within a department. Transfers of appropriations exceeding \$10,000 between departments require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the departmental level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

Excess of Expenditures Over Appropriations—The District's General Fund expenditures for the year ended June 30, 2023 exceeded the final budget appropriations by \$304,891 within pupil services as a result of greater than anticipated costs related to leases.

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SUPPLEMENTARY INFORMATION

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Change from Adopted Budget to Final Budget
and the Real Property Tax Limit—General Fund
Year Ended June 30, 2023

Change from Adopted Budget to Final Budget

Adopted budget, 2022-2023		\$ 114,660,569
Add: Prior year's encumbrances		<u>322,604</u>
Original budget, 2022-2023		114,983,173
Budget revisions: Voter approved transfer to Capital Projects Fund		<u>4,000,000</u>
Final budget, 2022-2023		<u>\$ 118,983,173</u>

Section 1318 of Real Property Tax Law Limit Calculation

2023-2024 Voter-approved expenditure budget	\$ 119,841,109	
Maximum allowed (4% of 2023-2024 budget)		<u>\$ 4,793,644</u>
General Fund fund balance subject to Section 1318 of Real Property Tax Law*:		
Unrestricted fund balance:		
Assigned fund balance	\$ 6,029,366	
Unassigned fund balance	<u>5,756,787</u>	
Total unrestricted fund balance		\$ 11,786,153
Less:		
Appropriated fund balance	\$ 5,900,000	
Encumbrances included in assigned fund balance	<u>129,366</u>	
Total adjustments		<u>6,029,366</u>
General Fund fund balance subject to Section 1318 of Real Property Tax Law		<u>\$ 5,756,787</u>
Actual percentage		4.80%

* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", updated April 2011 (originally issued November 2010), the portion of General Fund fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance for subsequent year's budget, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Capital Project Expenditures
Year Ended June 30, 2023

Description	Original Appropriation	Revised Appropriation	Expenditures to Date			Unexpended Balance
			Prior Years	Current Year	Total	
Transportation (H1)	\$ 476,000	\$ 1,261,666	\$ 1,100,496	\$ -	\$ 1,100,496	\$ 161,170
Technological improvements (H3)	2,200,000	2,200,000	873,166	688,904	1,562,070	637,930
Bus - transportation 2023 (H6)	850,000	850,000	-	583,058	583,058	266,942
Safety and Security (H14)	586,094	12,200,000	12,204,432	-	12,204,432	(4,432)
District Wide Capital Improvement (H15)	92,750,000	92,750,000	-	5,541,287	5,541,287	87,208,713
Total	\$ 96,862,094	\$ 109,261,666	\$ 14,178,094	\$ 6,813,249	\$ 20,991,343	\$ 88,270,323

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Net Investment in Capital Assets
June 30, 2023

Capital assets, net of accumulated depreciation/amortization	\$	62,682,531
Add:		
Deferred charge on refunding	\$	8,549
Unspent debt premiums		3,047,177
Unspent debt proceeds		<u>10,118,713</u>
		13,174,439
Deduct:		
Serial bonds issued for capital assets		(50,380,000)
Unamortized premium on serial bonds		(4,273,952)
Lease liability		(970,856)
Energy performance contract		(217,871)
Capital Projects Fund accounts payable		(370,088)
Retainages		<u>(17,747)</u>
		<u>(56,230,514)</u>
Net investment in capital assets	\$	<u><u>19,626,456</u></u>

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FEDERAL AWARDS
INFORMATION

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor/Program or Cluster Title (1a)	Federal Assistance Listing Number (1b)	Pass-through Entity's Identifying Number (1c)	Passed- Through to Subrecipients	Total Federal Expenditures (1d)
U.S. DEPARTMENT OF AGRICULTURE:				
<i>Passed through New York State Department of Agriculture:</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	N/A	\$ -	\$ 93,434
National School Lunch Program	10.555	N/A	-	584,858
Summer Food Service Program for Children	10.559	N/A	-	79,224
Total Child Nutrition Cluster			-	757,516
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	757,516
U.S. DEPARTMENT OF EDUCATION:				
<i>Passed through New York State Department of Education:</i>				
Title I Grants to Local Educational Agencies	84.010	021-23-0840	-	326,122
Title I Grants to Local Educational Agencies	84.010	021-22-0840	-	44,975
Total Title I Grants to Local Educational Agencies			-	371,097
Special Education Cluster:				
Special Education - Grants to States	84.027	032-23-0238	-	1,188,942
Special Education - Grants to States - American Rescue Plan	84.027	5532-22-0238	-	207,752
Special Education - Preschool Grants	84.173	033-22-0238	-	34,499
Special Education - Preschool Grants - American Rescue Plan	84.173	5533-22-0238	-	23,214
Total Special Education Cluster			-	1,454,407
Small, Rural School Achievement Program	84.358	N/A	-	34,747
Supporting Effective Instruction State Grants	84.367	0147-23-0840	-	109,000
Student Support and Academic Enrichment Program	84.424	0204-23-0840	-	28,575
Education Stabilization Fund:				
Governor's Emergency Education Relief Fund	84.425C	5896-21-0840	-	1,557,672
Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-0840	-	19,774
American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	various	-	962,894
American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth	84.425W	N/A	-	5,590
Total Education Stabilization Fund			-	2,545,930
TOTAL U.S. DEPARTMENT OF EDUCATION			-	4,543,756
TOTAL EXPENDITURES OF FEDERAL AWARDS (1e)			\$ -	\$ 5,301,272

The notes to the schedule of expenditures of federal awards are an integral part of this schedule.

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ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the Orchard Park Central School District, New York (the “District”) under programs of federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the Title 2 U.S. Code of Federal Regulations (“CFR”) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (“Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or cash flows of the District. The following notes were identified on the Schedule:

- a) Includes all federal award programs of the Orchard Park Central School District, New York.
- b) Source: Federal Assistance Listing Numbers, previously known as the Catalog of Federal Domestic Assistance.
- c) Pass-through entity identifying numbers are presented where available.
- d) Prepared under accounting principles generally accepted in the United States of America and includes all federal award programs.
- e) Total federal expenditures for the District’s 2022-2023 fiscal year are reconciled to Federal sources as reported in the basic financial statements as follows:

Balance per schedule of expenditures of federal awards	\$ 5,301,272
Medicaid reimbursement	<u>136,905</u>
Total Federal sources per financial statements	<u>\$ 5,438,177</u>

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3. NON-MONETARY FEDERAL PROGRAM

The District is the recipient of a federal award program that does not result in cash receipts or disbursements termed a “non-monetary program.” During the year ended June 30, 2023, the District used \$79,224 worth of commodities.

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

The Board of Education
Orchard Park Central 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 Orchard Park Central School District, New York (the "District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 12, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed a significant deficiency in compliance that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and questioned costs as item 2023-001.

District's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Drescher & Malecki LLP

September 12, 2023

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**INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

The Board of Education
Orchard Park Central School District, New York:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Orchard Park Central School District, New York’s (the “District”) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District’s major federal programs for the year ended June 30, 2023. The District’s major federal programs are identified in the summary of auditors’ results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (“GAAS”); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (“*Government Auditing Standards*”); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (“CFR”) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors’ Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the

requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Drescher & Malecki LLP

September 12, 2023

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued:		Unmodified
Internal control over financial reporting:		
Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> None reported
Noncompliance material to the financial statements noted?	_____ Yes	_____ <input checked="" type="checkbox"/> No

Federal Awards:

Internal control over major federal programs:		
Material weakness(es) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified?	_____ Yes	_____ <input checked="" type="checkbox"/> None reported
Type of auditors' report issued on compliance for major federal programs:		Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ Yes	_____ <input checked="" type="checkbox"/> No

Identification of major federal programs:

<u>Name of Federal Program or Cluster</u>	<u>Federal Assistance Listing Number(s)</u>
Child Nutrition Cluster	10.553, 10.555, 10.559
Education Stabilization Fund:	
Governor's Emergency Education Relief Fund	84.425C
Elementary and Secondary School Emergency Relief Fund	84.425D
American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U
American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth	84.425W

Dollar threshold used to distinguish between Type A and Type B programs?		\$ <u>750,000</u>
Auditee qualified as low-risk auditee?	_____ <input checked="" type="checkbox"/> Yes	_____ <input type="checkbox"/> No

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section II. FINANCIAL STATEMENT FINDINGS

We consider the following deficiency to be a significant deficiency in compliance.

Finding 2023-001—Unrestricted Fund Balance Calculation

Criteria: Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4 percent of the next year’s budgetary appropriations. Funds properly retained under other sections of law (i.e., reserve funds established pursuant to Education Law or GML) are excluded from the 4 percent limitation. Under GASB Statement No. 54 fund balance classifications, the 4 percent limitation is interpreted to be applied to unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

Condition and Context: At June 30, 2023, available fund balance in the District’s General Fund exceeded 4 percent of the subsequent year’s budgeted appropriations.

Cause: The District’s unrestricted General Fund fund balance minus appropriated fund balance and amounts assigned for encumbrances is in excess of the 4 percent limitation.

Effect or Potential Effect: The District is not in compliance with New York State Real Property Tax Law §1318.

Recommendation: We suggest that the District consider the establishment of certain restricted fund balance or increasing current restrictions which would set aside these “one-time” revenues in a reserve to be utilized for future needs of the District. We recommend that the District consult with its legal advisor to ascertain its reserve options, including creating further reserves.

Management’s Response: Management acknowledges that the District has available fund balance in excess of the 4 percent allowed by Real Property Tax Lax §1318. The District is working to gradually reduce excess available fund balance for the upcoming 2023-2024 fiscal year.

Section III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted.

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Summary Schedule of Prior Year Audit Findings and Corrective Action Plan
Year Ended June 30, 2023
(Follow-up on June 30, 2022 Findings)

Finding 2022-001—Unrestricted Fund Balance Calculation

Criteria: Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4 percent of the next year’s budgetary appropriations. Funds properly retained under other sections of law (i.e., reserve funds established pursuant to Education Law or GML) are excluded from the 4 percent limitation. Under GASB Statement No. 54 fund balance classifications, the 4 percent limitation is interpreted to be applied to unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

Condition and Context: At June 30, 2022, available fund balance in the District’s General Fund exceeded 4 percent of the subsequent year’s budgeted appropriations.

Cause: The District’s unrestricted General Fund fund balance minus appropriated fund balance and amounts assigned for encumbrances is in excess of the 4 percent limitation.

Effect or Potential Effect: The District is not in compliance with New York State Real Property Tax Law §1318.

Recommendation: We suggest that the District consider the establishment of certain restricted fund balance or increasing current restrictions which would set aside these “one-time” revenues in a reserve to be utilized for future needs of the District. We recommend that the District consult with its legal advisor to ascertain its reserve options, including creating further reserves.

Management’s Response: Management acknowledges that the District has available fund balance in excess of the 4 percent allowed by Real Property Tax Lax §1318. The District is working to gradually reduce excess available fund balance for the upcoming 2022-2023 fiscal year.

Status: Refer to finding 2023-001.

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September 12, 2023

Management and the Board of Education
Orchard Park Central School District, New York:

In planning and performing our audit of the basic financial statements of Orchard Park Central School District, New York (the "District") as of and for the year ended June 30, 2023, 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, we considered the District's internal control over financial reporting ("internal control") as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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 over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A reasonable possibility exists when the likelihood of an event occurring is either reasonably possible or probable as defined as follows:

- *Reasonably possible.* The chance of the future event or events occurring is more than remote but less than likely.
- *Probable.* The future event or events are likely to occur.

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

Our audit was also not designed to identify deficiencies in internal control that might be significant deficiencies. 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. We communicated a significant deficiency in compliance identified during our audit in a separate communication dated September 12, 2023.

In addition, during our audit we identified certain matters involving the internal control, other operational matters and future reporting requirements that are presented for your consideration. This letter does not affect our report dated September 12, 2023 on the financial statements of the District. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with the appropriate members of management, are

intended to improve the internal control or result in other operating efficiencies. Our comments are summarized in Exhibit I.

The purpose of this communication, which is an integral part of our audit, is to describe for management and those charged with governance the scope of our testing of internal control and the results of that testing. Accordingly, this communication is not intended to be and should not be used for any other purpose.

Drescher & Malocki LLP

September 12, 2023

Use of Time Clocks

While conducting payroll control testing, we found that all hourly compensated employees' hours are supported by manual time-sheets rather than time cards automatically generated by employees punching in and out. The electronic stamping or biometric stamping of time cards provides verifiable evidence of employee attendance and hours worked.

We recommend that the District evaluate the cost and benefits of using biometric or electric clocks for recording time and attendance for hourly employees.

Year End Accruals

Activity subsequent to year end should be reviewed to ensure that transactions are being recorded in the appropriate fiscal year. While conducting subsequent receipt and subsequent disbursement testing, we noted that there was turnover in key accounting positions and that there were instances in which the District recorded activity in the incorrect fiscal period which led to proposed adjusting audit entries for receivables and payables.

We recommend that the District implement proper training regarding cut-off procedures, and administer a secondary review to ensure recordkeeping is maintained accurately and timely.

Reserves

We noted that the District's debt reserve has accumulated \$3,047,177 due to premiums and interest earnings. Once the outstanding debt has been fully paid off, the corresponding reserved amount is required to be eliminated.

Additionally, the District has a tax reduction reserve which, per New York State education law, must be spent no later than the fiscal year ending June 30, 2025. During the years ended June 30, 2022 and 2023, the District budgeted to use \$100,000 and \$400,000, respectively. However, the reserve increased \$21,627 and \$20,911, respectively, during the years ended June 30, 2022 and 2023 leaving the reserve with an ending balance of \$1,142,274.

We recommend that the District implement a plan to utilize the debt reserve and the tax reduction reserve within the annual budgeting process.

Future Reporting Requirements

The Governmental Accounting Standards Board ("GASB") has adopted new pronouncements, which may have a future impact upon the District. These should be evaluated to determine the extent the District will be impacted in future years.

GASB Statement No. 99—The District is required to implement the remaining portion of GASB Statement No. 99, *Omnibus 2022*, effective for the fiscal year ending June 30, 2024. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

GASB Statement No. 100—The District is required to implement GASB Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62*, effective for the fiscal year ending June 30, 2024. The objective of this Statement is to improve accounting and financial reporting requirements for accounting changes and error corrections.

GASB Statement No. 101—The District is required to implement GASB Statement No. 101, *Compensated Absences*, effective for the fiscal year ending June 30, 2025. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

**ORCHARD PARK CENTRAL
SCHOOL DISTRICT, NEW YORK
EXTRACLASSROOM ACTIVITY FUND**

*Statement of Cash Receipts and Cash Disbursements
for the Year Ended June 30, 2023 and
Independent Auditors' Report*

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Extraclassroom Activity Fund
Table of Contents
Year Ended June 30, 2023

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Orchard Park Central School District, New York:

Report on the Audit of the Financial Statement

Opinion

We have audited the cash basis financial statement of the Extraclassroom Activity Fund (the "Extraclassroom Activity Fund") of the Orchard Park Central School District, New York (the "District"), as of and for the year ended June 30, 2023, and the related note to the financial statement, as listed in the table of contents.

In our opinion, the accompanying financial statement presents fairly, in all material respects, the cash balances of the Extraclassroom Activity Fund as of June 30, 2023, and the cash receipts collected and cash disbursements paid for the year then ended in accordance with the cash basis of accounting described in Note 1 to the financial statement.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter — Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The District's management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1 to the financial statement, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statement that are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if 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.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Emphasis of Matter

As discussed in Note 1, the financial statement of the Extraclassroom Activity Fund is intended to present the cash balances, and the cash receipts collected and cash disbursements paid that are attributable to the transactions of the Extraclassroom Activity Fund. It does not purport to, and does not, present fairly the financial position of the District as of June 30, 2023, and the changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Drescher & Malecki LLP

September 12, 2023

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ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Extraclassroom Activity Fund
Statement of Cash Receipts and Cash Disbursements
Year Ended June 30, 2023

<u>Extraclassroom Accounts</u>	<u>Beginning Balance 7/1/2022</u>	<u>Total Cash Receipts</u>	<u>Total Cash Disbursements</u>	<u>Ending Balance 6/30/2023</u>
Art Club	\$ 304	\$ 464	\$ -	\$ 768
Band	4,072	1,650	1,699	4,023
Book Club	505	-	87	418
Bowling	710	-	186	524
Cancer Awareness	467	1,328	1,409	386
Cheerleaders	9,431	28,488	25,891	12,028
Chorus	1,586	6,045	4,794	2,837
Class of 2023	17,755	38,474	56,229	-
Class of 2024	604	31,213	25,747	6,070
Class of 2025	929	572	873	628
Class of 2026	-	2,963	2,315	648
Cross Country	4,022	209	534	3,697
DECA	8,437	40,189	42,630	5,996
Drama	18,832	38,416	28,229	29,019
Education Outreach	7,190	3,479	1,655	9,014
Eggert Music	3,350	5,438	6,185	2,603
Eggert Student Council	929	1,433	1,403	959
Ellicott Music	4,264	8,274	5,727	6,811
Ellicott Orchestra	650	-	40	610
Ellicott Student Council	1,463	767	1,131	1,099
French NHS	454	-	-	454
Gender Equality Club	100	-	-	100
Girls Lacrosse/FH	-	200	200	-
Golf	-	1,140	1,140	-
Interest Account	75	1,070	378	767
International Club	976	-	100	876
Junior Student Council	21,158	31,996	31,403	21,751
Junior Music	7,077	8,047	9,129	5,995
Junior Quaker	5,792	1,538	1,477	5,853
Literary Magazine	656	556	680	532
Masterminds	57	390	-	447
Math Club	100	-	55	45
Media Production	8,055	1,394	446	9,003
Medical Career Interest	48	-	-	48
Mixed Chorus	1,321	1,428	571	2,178
Model UN	276	154	252	178

(continued)

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Extraclassroom Activity Fund
Statement of Cash Receipts and Cash Disbursements
Year Ended June 30, 2023

(concluded)

<u>Extraclassroom Accounts</u>	<u>Beginning Balance 7/1/2022</u>	<u>Total Cash Receipts</u>	<u>Total Cash Disbursements</u>	<u>Ending Balance 6/30/2023</u>
NHS	-	754	-	754
OP Enterprise	-	5,062	5,062	-
OP S.A.V.E	-	132	132	-
Orchestra	3,338	41,022	41,185	3,175
Pep Club	10,637	14,705	12,173	13,169
Quaker Scholarship Fund	1,709	-	-	1,709
Science Club	82	-	-	82
S.M.I.L.E	149	1,155	259	1,045
Soccer - Girls	3,289	4,459	2,809	4,939
Softball/Varsity	573	1,950	1,610	913
South Davis Music	8,100	4,802	10,337	2,565
South Davis Student Council	1,651	15	10	1,656
Spanish NHS	1,096	298	330	1,064
Stage Crew	2,958	-	2,958	-
STAP Community	7,583	24,889	15,012	17,460
STAP Community/C-DOS	251	-	41	210
STEM	740	-	165	575
Student Wellness (SADD)	2,672	-	-	2,672
Swim Team - Girls	656	2,467	1,982	1,141
Tech Education	2,337	70	923	1,484
Tennis - Boys	4,753	1,539	2,559	3,733
The Voice	208	-	25	183
Tri-M Music NHS	-	3,232	2,747	485
Varsity Club	130	2,998	2,987	141
Windom Buddy Club	12	-	-	12
Windom Student Council	6,607	1,029	2,201	5,435
Windom Vocal & Operetta	6,567	4,066	2,537	8,096
World Affairs	21,950	12,325	14,009	20,266
Yearbook	24,065	4,905	2,672	26,298
Total	<u>\$ 243,758</u>	<u>\$ 389,189</u>	<u>\$ 377,320</u>	<u>\$ 255,627</u>

The note to the financial statement is an integral part of this statement.

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ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Extraclassroom Activity Fund
Note to the Financial Statement
Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Fund are considered part of the reporting entity of Orchard Park Central School District, New York's (the "District") Student Activities Fund, a special revenue fund of the District.

The books and records of the Extraclassroom Activity Fund are maintained on the cash basis of accounting; whereby, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed. Consequently, accounts receivable and amounts due to others at June 30, 2023 are not included in the financial statement. The District exercises general administrative oversight of these funds.

The activity of the Extraclassroom Activity Fund is also included in the basic financial statements of the District. These amounts are included in the Student Activities Fund column of the Balance Sheet and statement of Revenues, Expenditures, and Changes in Fund Balances. All cash balances are FDIC insured.

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