

**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, 2022 and Independent Auditors' Reports*

**ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK**  
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**Year Ended June 30, 2022**

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Certified Public Accountants

## **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, 2022, 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, 2022, 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.

#### ***Other Matter***

As discussed in Note 2 to the financial statements, during the year ended June 30, 2022, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

#### ***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 13, 2022 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 13, 2022

**ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Management's Discussion and Analysis**  
**Year Ended June 30, 2022**

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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, 2022. 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. For comparative purposes, certain data from the prior year has been reclassified to conform to the current year presentation.

**Financial Highlights**

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at June 30, 2022 by \$43,351,602 (net position). This consists of \$19,034,254 net investment in capital assets, \$8,927,891 restricted for specific purposes, and unrestricted net position of \$15,389,457.
- The District's net position increased by \$12,360,092 during the year ended June 30, 2022.
- At the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$25,509,143, an increase of \$1,773,519 from prior year's fund balance of \$23,735,624. Approximately 27.3 percent of this amount, or \$6,960,226, 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 \$6,960,226, or approximately 6.6 percent of total General Fund expenditures and transfers out. This total amount is available for spending at the District's discretion and constitutes approximately 28.9 percent of the General Fund's total fund balance of \$24,109,834 at June 30, 2022.
- During the year ended June 30, 2022, the District's total serial bonds outstanding decreased by \$5,516,000 as a result of scheduled principal payments of \$6,334,000 partially offset by the issuance of \$818,000 of serial bonds.

**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, and Capital Projects Fund, all of which are considered to be 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 \$43,351,602 at June 30, 2022, as compared to \$30,991,510, as restated, at the close of the fiscal year ended June 30, 2021.

Table 1, shown below, presents a condensed statement of net position of the District at June 30, 2022 and June 30, 2021.

**Table 1—Condensed Statements of Net Position**

	June 30,	
	2022	2021 (as restated)
Current assets	\$ 34,230,748	\$ 32,427,863
Noncurrent assets	<u>103,307,683</u>	<u>62,499,771</u>
Total assets	<u>137,538,431</u>	<u>94,927,634</u>
Deferred outflows of resources	<u>31,129,893</u>	<u>31,713,174</u>
Current liabilities	9,115,719	9,203,280
Noncurrent liabilities	<u>57,889,632</u>	<u>70,422,324</u>
Total liabilities	<u>67,005,351</u>	<u>79,625,604</u>
Deferred inflows of resources	<u>58,311,371</u>	<u>16,023,694</u>
Net position:		
Net investment in capital assets	19,034,254	16,433,818
Restricted	8,927,891	7,522,248
Unrestricted	<u>15,389,457</u>	<u>7,035,444</u>
Total net position	<u>\$ 43,351,602</u>	<u>\$ 30,991,510</u>

The first portion of the District’s net position, \$19,034,254, 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, \$8,927,891, 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 \$15,389,457, 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, 2022 and June 30, 2021:

**Table 2—Condensed Statements of Changes in Net Position**

	<u>Year Ended June 30,</u>	
	<u>2022</u>	<u>2021</u>
Program revenues:		
Charges for services	\$ 843,059	\$ 410,789
Operating grants and contributions	5,839,385	5,037,773
General revenues	<u>107,339,320</u>	<u>103,041,503</u>
Total revenues	<u>114,021,764</u>	<u>108,490,065</u>
Program expenses	<u>101,661,672</u>	<u>107,705,285</u>
Change in net position	12,360,092	784,780
Net position—beginning	30,991,510	30,292,061
Restatement	-	(85,331)
Net position—ending	<u>\$ 43,351,602</u>	<u>\$ 30,991,510</u>

Overall revenues increased by 5.1 percent from the prior year, due primarily to increases related to the Erie 2 BOCES refund and increases in sales tax received from Erie County. Total expenses decreased 5.6 percent from the prior year ended June 30, 2021, due primarily to a decrease in allocable employee benefit costs or liabilities related to such.

A summary of sources of revenues for the years ended June 30, 2022 and June 30, 2021 is presented below in Table 3:

**Table 3—Summary of Sources of Revenues**

	Year Ended June 30,		Increase/(Decrease)	
	2022	2021	Dollars	Percent
Charges for services	\$ 843,059	\$ 410,789	\$ 432,270	105.2
Operating grants and contributions	5,839,385	5,037,773	801,612	15.9
Real property taxes and items	70,642,834	68,896,833	1,746,001	2.5
Non property tax items	7,201,856	6,208,148	993,708	16.0
Use of money and property	66,976	78,518	(11,542)	(14.7)
State sources—unrestricted	27,445,698	26,902,342	543,356	2.0
Miscellaneous	1,981,956	955,662	1,026,294	107.4
Total revenues	<u>\$ 114,021,764</u>	<u>\$ 108,490,065</u>	<u>\$ 5,531,699</u>	5.1

The most significant sources of revenue for the year ended June 30, 2022 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. Similarly, for the year ended June 30, 2021 the most significant sources of revenue were real property taxes and items of \$68,896,833, or 63.5 percent of total revenues and unrestricted State sources of \$26,902,342, or 24.8 percent of total revenues.

A summary of program expenses for the years ended June 30, 2022 and June 30, 2021 is presented below in Table 4:

**Table 4—Summary of Program Expenses**

	Year Ended June 30,		Increase/(Decrease)	
	2022	2021	Dollars	Percent %
General support	\$ 11,944,666	\$ 13,495,296	\$ (1,550,630)	(11.5)
Instruction	80,211,484	85,504,381	(5,292,897)	(6.2)
Pupil transportation	5,557,685	5,351,642	206,043	3.9
School food service	1,928,549	1,287,525	641,024	49.8
Student activities	305,232	155,994	149,238	100.0
Interest and other fiscal charges	1,714,056	1,910,447	(196,391)	(10.3)
Total program expenses	<u>\$ 101,661,672</u>	<u>\$ 107,705,285</u>	<u>\$ (6,043,613)</u>	(5.6)

The most significant expense items for the year ended June 30, 2022 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. Similarly, for the year ended June 30, 2021 the most significant expense items were instruction of \$85,504,381, or 79.4 percent of total expenses, general support of \$13,495,296, or 12.5 percent of total expenses, and pupil transportation of \$5,351,642, or 5.0 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, 2022, the District’s governmental funds reported a combined ending fund balance of \$25,509,143, an increase of \$1,773,519 from the prior year’s fund balance of \$23,735,624. Approximately 27.3 percent, \$6,960,226, 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, \$90,652, (2) restricted for particular purposes, \$11,959,358, or (3) assigned for particular purposes, \$6,498,907.

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 \$6,960,226, while the total fund balance increased to \$24,109,834. 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 6.6 percent of total General Fund expenditures and transfers out, while total fund balance represents approximately 22.8 percent of that same amount.

The total fund balance of the District’s General Fund increased by \$1,884,305 during the current fiscal year. During the annual budget process, the District anticipated utilizing \$6,041,043 of fund balance, which included funds appropriated from unrestricted fund balance (\$5,500,000) and reserves (\$445,840), and the appropriation of prior year’s encumbrances (\$95,203). As a result of revenues exceeding expectations, coupled with spending less than anticipated, the District’s fund balance ended \$7,925,348 higher than anticipated.

The School Lunch Fund total fund balance is \$697,081 as of June 30, 2022, of which \$20,778 represents inventory and is considered nonspendable. The fund balance of the District’s School Lunch Fund increased by \$441,891 in the current fiscal year, due primarily to increases in state and federal aid.

The Special Aid Fund maintains funds that are received by the state and federal governments. During the year ended June 30, 2022, revenues totaled \$3,308,929 and were comprised of State and Federal sources, while expenditures totaled \$3,510,487 and were used toward the instruction and transportation of students. The difference between revenues and expenditures is subsidized by transfers in of \$201,558 from the General Fund.

The Student Activities Fund total fund balance is \$243,758 as of June 30, 2022, and is restricted as these funds represent balances of various organizations ran by the of the students of the District.

The District’s Capital Projects Fund ending fund balance was \$458,470 at June 30, 2022. During the year ended June 30, 2022, the Capital Projects Fund fund balance decreased by \$571,820, primarily due to capital outlay exceeding the issuance of serial bonds.

## 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, 2021-2022	\$ 111,978,005
Add: Prior year's encumbrances	<u>95,203</u>
Original budget, 2021-2022	112,073,208
Budget revisions	<u>-</u>
Final budget, 2021-2022	<u>\$ 112,073,208</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, 2022, amounted to \$59,289,005 (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, 2022 and June 30, 2021 are presented below in Table 6:

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

	June 30,	
	2022	2021 (as restated)
Land	\$ 4,177,050	\$ 4,177,050
Construction in progress	13,077,598	12,513,813
Land improvements	1,834,385	1,891,495
Building and improvements	35,744,404	39,420,888
Furniture and equipment	1,030,081	1,061,537
Vehicles	3,023,946	2,960,725
Right-to-use leased equipment	<u>401,541</u>	<u>474,263</u>
Total	<u>\$ 59,289,005</u>	<u>\$ 62,499,771</u>

Additional information on the District's capital assets can be found in Note 5 to the financial statements.

**Long-term liabilities**—At June 30, 2022, the District had bonded debt outstanding of \$40,243,000, as compared to \$45,759,000 in the prior year. During the year ended June 30, 2022, the District issued serial bonds in the amount of \$818,000 and made scheduled principal payments of \$6,334,000.

A summary of the District’s long-term liabilities at June 30, 2022 and June 30, 2021 is presented below in Table 7:

**Table 7—Summary of Long-Term Liabilities**

	June 30,	
	2022	2021 (as restated)
Serial bonds	\$ 40,243,000	\$ 45,759,000
Premiums on serial bonds	3,358,540	3,931,332
Bonds payable	43,601,540	49,690,332
Lease liability	507,018	559,594
Compensated absences	6,510,198	6,349,072
OPEB obligation	6,842,824	6,883,616
Energy performance contract	428,052	630,814
Net pension liability	-	6,308,896
Total	<u>\$ 57,889,632</u>	<u>\$ 70,422,324</u>

Additional information on the District’s long-term liabilities can be found in Note 11 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, 2022 was 2.4 percent. This compares to New York State’s average unemployment rate of 4.4 percent. These factors, as well as others, are considered in preparing the District’s budget.

During the current fiscal year, the District appropriated \$5,500,000 of the General Fund’s unassigned fund balance in addition to the use of \$545,840 of restricted fund balance for spending in the District’s 2022-2023 fiscal year budget. The 2022-2023 adopted budget appropriations total of \$114,660,569 is an approximate increase of 2.4 percent as compared to \$111,978,005 in 2021-2022. The District’s total budgeted tax levy in 2022-2023 is \$69,826,734, which is equal to the amount levied during the 2021-2022 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, 2022**

	<b>Primary Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 15,555,959
Restricted cash and cash equivalents	12,933,388
Receivables	156,254
Due from fiduciary funds	2
Intergovernmental receivables	5,494,493
Deposits	69,874
Inventories	20,778
Noncurrent net pension asset	44,018,678
Capital assets not being depreciated/amortized	17,254,648
Capital assets, net of accumulated depreciation/amortization	42,034,357
Total assets	137,538,431
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred outflows—relating to pension plans	29,869,314
Deferred outflows—relating to OPEB	1,149,449
Deferred charge on refunding	111,130
Total deferred outflows of resources	31,129,893
<b>LIABILITIES</b>	
Accounts payable	473,547
Accrued liabilities	2,931,644
Intergovernmental payables	28
Due to retirement systems	4,736,566
Unearned revenue	973,934
Noncurrent liabilities:	
Due within one year	7,166,528
Due in more than one year	50,723,104
Total liabilities	67,005,351
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Deferred inflows—relating to pension plans	56,369,077
Deferred inflows—relating to OPEB	1,942,294
Total deferred inflows of resources	58,311,371
<b>NET POSITION</b>	
Net investment in capital assets	19,034,254
Restricted for:	
Tax certiorari	377,569
Tax reduction	1,121,363
Employee benefit accrued liability	1,539,372
Unemployment insurance	928,189
Capital projects	4,717,640
Student activities	243,758
Unrestricted	15,389,457
Total net position	\$ 43,351,602

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, 2022**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government Governmental Activities</u>
Governmental activities:				
General support	\$ 11,944,666	\$ -	\$ -	\$ (11,944,666)
Instruction	80,211,484	340,563	3,647,404	(76,223,517)
Pupil transportation	5,557,685	-	-	(5,557,685)
School food service	1,928,549	178,121	2,191,981	441,553
Student activities	305,232	324,375	-	19,143
Interest and other fiscal charges	1,714,056	-	-	(1,714,056)
Total primary government	<u>\$ 101,661,672</u>	<u>\$ 843,059</u>	<u>\$ 5,839,385</u>	<u>(94,979,228)</u>
General revenues:				
Real property taxes and other tax items				70,642,834
Non-property tax items				7,201,856
Use of money and property				66,976
State sources—unrestricted				27,445,698
Miscellaneous				1,981,956
Total general revenues				<u>107,339,320</u>
Change in net position				12,360,092
Net position—beginning, as restated				<u>30,991,510</u>
Net position—ending				<u>\$ 43,351,602</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, 2022**

	General	Special Revenue			Capital Projects	Total Governmental Funds
		School Lunch	Special Aid	Student Activities		
<b>ASSETS</b>						
Cash and cash equivalents	\$ 15,251,179	\$ 304,780	\$ -	\$ -	\$ -	\$ 15,555,959
Restricted cash and cash equivalents	11,297,515	42,793	890,756	243,758	458,566	12,933,388
Receivables	156,254	-	-	-	-	156,254
Intergovernmental receivables	3,989,134	371,551	1,133,808	-	-	5,494,493
Due from other funds	1,133,906	-	-	-	-	1,133,906
Deposits	69,874	-	-	-	-	69,874
Inventories	-	20,778	-	-	-	20,778
Total assets	<u>\$ 31,897,862</u>	<u>\$ 739,902</u>	<u>\$ 2,024,564</u>	<u>\$ 243,758</u>	<u>\$ 458,566</u>	<u>\$ 35,364,652</u>
<b>LIABILITIES</b>						
Accounts payable	\$ 473,547	\$ -	\$ -	\$ -	\$ -	\$ 473,547
Accrued liabilities	2,537,530	-	-	-	-	2,537,530
Due to other funds	-	-	1,133,808	-	96	1,133,904
Intergovernmental payables	-	28	-	-	-	28
Due to retirement systems	4,736,566	-	-	-	-	4,736,566
Unearned revenue	40,385	42,793	890,756	-	-	973,934
Total liabilities	<u>7,788,028</u>	<u>42,821</u>	<u>2,024,564</u>	<u>-</u>	<u>96</u>	<u>9,855,509</u>
<b>FUND BALANCES</b>						
Nonspendable	69,874	20,778	-	-	-	90,652
Restricted	11,257,130	-	-	243,758	458,470	11,959,358
Assigned	5,822,604	676,303	-	-	-	6,498,907
Unassigned	6,960,226	-	-	-	-	6,960,226
Total fund balances	<u>24,109,834</u>	<u>697,081</u>	<u>-</u>	<u>243,758</u>	<u>458,470</u>	<u>25,509,143</u>
Total liabilities and fund balances	<u>\$ 31,897,862</u>	<u>\$ 739,902</u>	<u>\$ 2,024,564</u>	<u>\$ 243,758</u>	<u>\$ 458,566</u>	<u>\$ 35,364,652</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, 2022**

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

Total fund balances—governmental funds (page 14)	\$	25,509,143
Net pension assets are not current financial resources and, therefore, are not reported in the funds.		44,018,678
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$145,504,330 and the accumulated depreciation/amortization is \$86,215,325.		59,289,005
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	\$	4,500,282
Deferred outflows related to experience, changes of assumptions, investment earnings, and changes in proportion		25,369,032
Deferred inflows of resources related to pension plans	<u>(56,369,077)</u>	(26,499,763)
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	\$	1,149,449
Deferred inflows related to experience and changes of assumptions	<u>(1,942,294)</u>	(792,845)
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.		111,130
Net accrued interest expense for serial bonds is not reported in the fund statements.		(394,114)
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	\$	(40,243,000)
Premiums on serial bonds		(3,358,540)
Lease liability		(507,018)
Compensated absences		(6,510,198)
Other postemployment benefits ("OPEB") obligation		(6,842,824)
Energy performance contract	<u>(428,052)</u>	<u>(57,889,632)</u>
Net position of governmental activities	\$	<u>43,351,602</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, 2022**

	General	Special Revenue			Capital Projects	Total Governmental Funds
		School Lunch	Special Aid	Student Activities		
<b>REVENUES</b>						
Real property taxes	\$ 65,251,632	\$ -	\$ -	\$ -	\$ -	\$ 65,251,632
Real property tax items	5,391,202	-	-	-	-	5,391,202
Non-property tax items	7,201,856	-	-	-	-	7,201,856
Charges for services	340,563	-	-	-	-	340,563
Use of money and property	66,591	338	-	-	47	66,976
Miscellaneous	1,409,164	-	-	-	-	1,409,164
State sources	27,445,698	133,336	867,636	-	-	28,446,670
Federal sources	338,475	2,058,645	2,441,293	-	-	4,838,413
Sales—food service	-	178,121	-	-	-	178,121
Student activity collections	-	-	-	324,375	-	324,375
Total revenues	<u>107,445,181</u>	<u>2,370,440</u>	<u>3,308,929</u>	<u>324,375</u>	<u>47</u>	<u>113,448,972</u>
<b>EXPENDITURES</b>						
Current:						
General support	9,596,268	-	-	-	-	9,596,268
Instruction	61,016,206	-	3,366,759	-	-	64,382,965
Pupil transportation	4,321,280	-	143,728	-	-	4,465,008
Employee benefits	22,126,140	-	-	-	-	22,126,140
Debt service:						
Principal	6,746,730	-	-	-	-	6,746,730
Interest and other fiscal charges	1,710,086	-	-	-	-	1,710,086
Cost of sales (school lunch)	-	1,928,549	-	-	-	1,928,549
Student activities	-	-	-	305,232	-	305,232
Capital outlay	-	-	-	-	1,389,867	1,389,867
Total expenditures	<u>105,516,710</u>	<u>1,928,549</u>	<u>3,510,487</u>	<u>305,232</u>	<u>1,389,867</u>	<u>112,650,845</u>
Excess (deficiency) of revenues over expenditures	<u>1,928,471</u>	<u>441,891</u>	<u>(201,558)</u>	<u>19,143</u>	<u>(1,389,820)</u>	<u>798,127</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	201,558	-	-	201,558
Transfers out	(201,558)	-	-	-	-	(201,558)
Serial bonds issued	-	-	-	-	818,000	818,000
Leases (as lessee)	157,392	-	-	-	-	157,392
Total other financing sources (uses)	<u>(44,166)</u>	<u>-</u>	<u>201,558</u>	<u>-</u>	<u>818,000</u>	<u>975,392</u>
Net change in fund balances	1,884,305	441,891	-	19,143	(571,820)	1,773,519
Fund balances—beginning	22,225,529	255,190	-	224,615	1,030,290	23,735,624
Fund balances—ending	<u>\$ 24,109,834</u>	<u>\$ 697,081</u>	<u>\$ -</u>	<u>\$ 243,758</u>	<u>\$ 458,470</u>	<u>\$ 25,509,143</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, 2022**

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) \$ 1,773,519

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 depreciation/amortization expense and loss on disposal of capital assets exceeded capital outlays in the current period.

Capital asset additions	\$ 1,986,726	
Loss on disposal of capital assets	(114,744)	
Depreciation/amortization expense	<u>(5,082,748)</u>	(3,210,766)

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

District pension contributions	\$ 6,107,855	
Employee contributions net of benefits earned	<u>1,800,128</u>	7,907,983

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. (330,470)

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. (120,897)

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. 116,927

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	\$ (818,000)	
Repayment of serial bonds	6,334,000	
Amortization of premiums on serial bonds	572,792	
Leases issued	(157,392)	
Repayment of leases	209,968	
Change in compensated absences	(161,126)	
Change in OPEB obligation	40,792	
Principal repayment of energy performance contract	<u>202,762</u>	<u>6,223,796</u>

Change in net position of governmental activities \$ 12,360,092

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—Fiduciary Funds**  
**June 30, 2022**

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	<b>Private Purpose Trust</b>
<b>ASSETS</b>	
Restricted cash and cash equivalents	\$ 85,551
Total assets	85,551
<b>LIABILITIES</b>	
Due to other funds	2
Total liabilities	2
<b>NET POSITION</b>	
Restricted for scholarships	85,549
Total net position	\$ 85,549

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—Fiduciary Funds**  
**Year Ended June 30, 2022**

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	<u>Private Purpose Trust</u>
<b>ADDITIONS</b>	
Contributions	\$ 9,600
Interest earnings	16
Total additions	<u>9,616</u>
<b>DEDUCTIONS</b>	
Scholarships awarded	10,198
Other	<u>1,782</u>
Total deductions	<u>11,980</u>
Change in fiduciary net position	(2,364)
Net position—beginning	<u>87,913</u>
Net position—ending	<u>\$ 85,549</u>

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, 2022**

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**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 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, 2022 there was no debt issued by the District on behalf of BOCES.

During the year ended June 30, 2022, the District was billed \$10,187,172 for BOCES administrative and program costs and recognized \$1,107,612 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, 2022; 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 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, 2022, 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, 2022, 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 of the 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 1<sup>st</sup> 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 1<sup>st</sup>.

***Unearned Revenue***—Certain revenues have not met the revenue recognition criteria for government-wide or fund financial purposes. At June 30, 2022, the District reported \$40,385, \$42,793 and \$890,756 of unearned revenues in the General Fund, School Lunch Fund, and Special Aid Fund respectively. The District received money in advance for summer programs, funding related to prepayments of student lunches, and federal aid funding that is not yet expended.

***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 7.

***Other Postemployment Benefits***—In addition to providing pension benefits, the District provides health insurance coverage for certain retired employees as discussed in Note 8.

#### ***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, 2022, the District implemented GASB Statement No. 87, *Leases*; No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; No. 91, *Conduit Debt Obligations*; and No. 98, *The Annual Comprehensive Financial Report*. GASB Statement No. 87 better meets the information needs of financial statement users by improving accounting and financial reporting for leases by governments. GASB Statement No. 89 enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for certain interest costs. GASB Statement No. 91 clarifies the existing definition of a conduit debt obligation; establishing that a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. GASB Statement No. 98 establishes the term annual comprehensive financial report and its acronym ACFR, which replaces the acronym for comprehensive annual financial report. Other than the matter discussed in Note 2, the implementation of GASB Statements No. 87, 89, 91, and 98 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 GASB Statements No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; No. 96, *Subscription-Based Information Technology Arrangements*; and a portion of No. 99, *Omnibus 2022*, effective for the year ending June 30, 2023, and the remainder of 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. 94, 96, 99, 100, and 101 will have on its financial position and results of operations when such statements are adopted.

## 2. RESTATEMENT OF NET POSITION

During the year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*. As a result of the implementation the District’s capital assets and long-term liabilities were restated at June 30, 2021. Accordingly net position has been restated from \$31,076,841 to \$30,991,510.

## 3. 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, 2022, are as follows:

	Governmental Funds	Fiduciary Funds	Total
Petty cash (uncollateralized)	\$ 1,460	\$ -	\$ 1,460
Deposits	<u>28,487,887</u>	<u>85,551</u>	<u>28,573,438</u>
Total	<u>\$ 28,489,347</u>	<u>\$ 85,551</u>	<u>\$ 28,574,898</u>

**Deposits**—All deposits are carried at fair value, and are classified by custodial credit risk at June 30, 2022 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	<u>28,983,153</u>	<u>27,573,438</u>
Total	<u>\$ 29,983,153</u>	<u>\$ 28,573,438</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, 2022, 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, 2022, the District reported \$12,933,388 and \$85,551 of restricted cash within its governmental and fiduciary funds, respectively.

**Investments**—The District had no investments at June 30, 2022.

**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.

**4. RECEIVABLES**

Major revenues accrued by the District at June 30, 2022 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, 2022, the District reported \$156,254 of receivables 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, 2022 are presented below.

General Fund:		
Erie County sales tax	\$ 1,822,505	
New York State Excess Cost aid	833,646	
BOCES aid	<u>1,332,983</u>	\$ 3,989,134
School Lunch Fund:		
Breakfast and lunch programs		371,551
Special Aid Fund:		
Summer Handicapped Program	659,488	
Special Education - Grants to States	110,689	
Universal Pre-K	19,967	
Title I Grants to Local Educational Agencies	33,613	
Special Education - Preschool Grants	266,039	
Title III Grants to Local Educational Agencies	1,445	
Student Support and Academic Enrichment	1,528	
American Rescue Plan	<u>41,039</u>	<u>1,133,808</u>
Total governmental funds		<u>\$ 5,494,493</u>

## 5. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2022 was as follows:

	Balance 7/1/2021 (as restated)	Increases	Decreases	Balance 6/30/2022
Capital assets, not being depreciated/amortized:				
Land	\$ 4,177,050	\$ -	\$ -	\$ 4,177,050
Construction in progress	12,513,813	563,785	-	13,077,598
Total capital assets, not being depreciated/amortized	<u>16,690,863</u>	<u>563,785</u>	<u>-</u>	<u>17,254,648</u>
Capital assets, being depreciated/amortized:				
Land improvements	6,237,194	163,398	-	6,400,592
Buildings and improvements	105,374,977	22,132	-	105,397,109
Furniture and equipment	6,328,992	157,207	156,613	6,329,586
Vehicles	9,466,381	922,812	1,073,948	9,315,245
Right-to-use leased equipment	649,758	157,392	-	807,150
Total capital assets, being depreciated/amortized	<u>128,057,302</u>	<u>1,422,941</u>	<u>1,230,561</u>	<u>128,249,682</u>
Less accumulated depreciation/amortization for:				
Land improvements	4,345,699	220,508	-	4,566,207
Buildings and improvements	65,954,089	3,698,616	-	69,652,705
Furniture and equipment	5,267,455	136,226	104,176	5,299,505
Vehicles	6,505,656	797,284	1,011,641	6,291,299
Right-to-use leased equipment	175,495	230,114	-	405,609
Total accumulated depreciation/amortization	<u>82,248,394</u>	<u>5,082,748</u>	<u>1,115,817</u>	<u>86,215,325</u>
Total capital assets being depreciated/ amortized, net	<u>45,808,908</u>	<u>(3,659,807)</u>	<u>114,744</u>	<u>42,034,357</u>
Governmental activities capital assets, net	<u>\$ 62,499,771</u>	<u>\$ (3,096,022)</u>	<u>\$ 114,744</u>	<u>\$ 59,289,005</u>

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

Governmental activities:	
General support	\$ 593,731
Instruction	4,212,762
Pupil transportation	276,255
Total	<u>\$ 5,082,748</u>

## 6. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at June 30, 2022 were as follows:

	<u>General Fund</u>
Salaries and employee benefits	\$ 1,247,204
Health claims	<u>1,290,326</u>
Total accrued liabilities	<u>\$ 2,537,530</u>

## 7. 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](http://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](http://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, 2022, the District reported the following (assets) for its proportionate share of the net pension (asset) for each of the Systems. The net pension (assets) were measured as of June 30, 2021 for TRS and March 31, 2022 for ERS. The total pension (asset) used to calculate the net pension (assets) were determined by actuarial valuations as of June 30, 2020 and April 1, 2021, respectively, with update procedures used to rollforward the total pension asset to the measurement dates. The District's proportion of the net pension (assets) were 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, 2021	March 31, 2022
Net pension (asset)	\$ (40,955,603)	\$ (3,063,075)
District's portion of the Plan's total net pension (asset)	0.236341%	0.037471%

For the year ended June 30, 2022, the District recognized pension expenses of \$2,416,066 and \$477,139 for TRS and ERS, respectively. At June 30, 2022 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from sources below:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Difference between expected and actual experiences	\$ 5,645,295	\$ 231,971	\$ 212,782	\$ 300,880
Changes of assumptions	13,471,154	5,111,929	2,385,543	86,258
Net difference between projected and actual earnings on pension plan investments	-	-	42,864,276	10,030,288
Changes in proportion and differences between the District's contributions and proportionate share of contributions	83,771	824,912	422,558	66,492
District contributions subsequent to the measurement date	4,147,544	352,738	-	-
Total	<u>\$ 23,347,764</u>	<u>\$ 6,521,550</u>	<u>\$ 45,885,159</u>	<u>\$ 10,483,918</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/addition to the net pension asset in the year ending June 30, 2023. 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>
2023	\$ (5,354,968)	\$ (509,722)
2024	(6,302,761)	(909,938)
2025	(7,884,547)	(2,430,294)
2026	(10,366,674)	(465,152)
2027	1,898,362	-
Thereafter	1,325,649	-

**Actuarial Assumptions**—The total pension asset 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 asset to the respective measurement dates. The actuarial valuations used the following actuarial assumptions:

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2021	March 31, 2022
Actuarial valuation date	June 30, 2020	April 1, 2021
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%	2.70%
Cost-of-living adjustments	1.30%	1.40%

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 MP2020, 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-2020.

For TRS, the actuarial assumptions used in the June 30, 2020 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, 2021 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 on the following page.

Measurement date	Target Allocation		Long-Term Expected Real Rate of Return	
	TRS	ERS	TRS	ERS
			June 30, 2021	March 31, 2022
Asset class:				
Domestic equities	33.0 %	32.0 %	6.8 %	3.3 %
International equities	16.0	15.0	7.6	5.9
Global equities	4.0	0.0	7.1	0.0
Private equity	8.0	10.0	10.0	6.5
Real estate	11.0	9.0	6.5	5.0
Opportunistics/Absolute return strategies	0.0	3.0	0.0	4.1
Credit	0.0	4.0	0.0	3.8
Domestic fixed income securities	16.0	0.0	1.3	0.0
Global bonds	2.0	0.0	0.8	0.0
High-yield bonds	1.0	0.0	3.8	0.0
Private debt	1.0	0.0	5.9	0.0
Real assets	0.0	3.0	0.0	5.6
Real estate debt	7.0	0.0	3.3	0.0
Fixed income	0.0	23.0	0.0	0.0
Cash	1.0	1.0	-0.2	-1.0
Total	<u>100.0 %</u>	<u>100.0 %</u>		

**Discount Rate**—The discount rate used to calculate the total pension (asset) 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 (asset)	\$ (4,297,693)	\$ (40,955,603)	\$ (71,763,916)

ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension liability/(asset)	\$ 7,884,323	\$ (3,063,075)	\$ (12,220,046)

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

	(Dollar in Thousands)	
	TRS	ERS
Valuation date	June 30, 2020	April 1, 2021
Employers' total pension liability	\$ 130,819,415	\$ 223,874,888
Plan fiduciary net position	148,148,457	232,049,473
Employers' net pension liability/(asset)	<u>\$ (17,329,042)</u>	<u>\$ (8,174,585)</u>
System fiduciary net position as a percentage of total pension liability/(asset)	113.2%	103.7%

**Payables to the Pension Plan**—For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 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, 2022 amounted to \$4,383,828, which includes \$236,284 of employee contributions.

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, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$352,738.

## 8. 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, 2022, the following employees were covered by the benefit terms. Plan participants were measured on February 1, 2021:

Inactive employees or beneficiaries currently receiving benefit payments	116
Active employees	<u>623</u>
Total	<u><u>739</u></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 \$6,842,824 was measured three months prior to fiscal year end, and was determined by an actuarial valuation dated June 2, 2022, utilizing participant data measured on February 1, 2021.

**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 2, 2022 actuarial valuation, the entry age normal method, over a level percent of pay was used. The single discount rate changed from 2.27% to 2.83% effective June 30, 2022. The salary scale changed from 3.11% to 3.44%. The 2015 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 6.10%, while the ultimate healthcare cost trend rate is 4.37%.

The retirement and termination actuarial assumptions used in the June 2, 2022 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, 2021	\$ 6,883,616
Changes for the year:	
Service cost	258,158
Interest	156,976
Differences between expected and actual experience	228,987
Changes of assumptions	(458,371)
Benefit payments	(226,542)
Net changes	(40,792)
Balance at June 30, 2022	\$ 6,842,824

**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 (1.83%)	Current Discount Rate (2.83%)	1% Increase (3.83%)
Total OPEB liability	\$ 7,589,020	\$ 6,842,824	\$ 6,196,649

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 (6.10%) and ultimate (4.37%) healthcare cost trend rates.

	1% Decrease (5.10% / 3.37%)	Healthcare Cost Trend Rates (6.10% / 4.37%)	1% Increase (7.10% / 5.37%)
Total OPEB liability	\$ 6,053,898	\$ 6,842,824	\$ 7,796,181

**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 \$226,542 for the fiscal year ended June 30, 2022.

**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, 2022.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 684,508	\$ 954,015
Changes of assumptions	408,305	988,279
Contributions subsequent to the measurement date	56,636	-
Total	<u>\$ 1,149,449</u>	<u>\$ 1,942,294</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, 2023. 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>	
2023	\$ 19,286
2024	(330,627)
2025	(349,346)
2026	(146,891)
2027	(41,903)

## 9. 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.

## 10. 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, and 2022, the District entered into long-term lease agreements as the lessee for the acquisition and use of various equipment. An initial lease liability was recorded in the amount of \$559,594 during the June 30, 2021 year end. As of June 30, 2022, the value of the lease liability was \$507,018. The District is required to make annual principal and interest payments on the equipment ranging from \$13,100 to \$100,645. The leases have interest rates ranging from 1.39% to 3.94%. The value of the right-to-use assets as of the end of the current fiscal year was \$807,150 and had accumulated amortization of \$405,609.

The future principal and interest payments as of June 30, 2022, were as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2023	\$ 255,499	\$ 9,127	\$ 264,626
2024	186,331	4,257	190,588
2025	<u>65,188</u>	<u>975</u>	<u>66,163</u>
Totals	<u>\$ 507,018</u>	<u>\$ 14,359</u>	<u>\$ 521,377</u>

## 11. 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, 2022 follows:

	Balance 7/1/2021 (as restated)	Additions	Reductions	Balance 6/30/2022	Due Within One Year
Serial bonds	\$ 45,759,000	\$ 818,000	\$ 6,334,000	\$ 40,243,000	\$ 5,823,000
Premiums on serial bonds	3,931,332	-	572,792	3,358,540	552,338
Bonds payable	49,690,332	818,000	6,906,792	43,601,540	6,375,338
Lease liability	559,594	157,392	209,968	507,018	255,499
Compensated absences	6,349,072	500,164	339,038	6,510,198	325,510
OPEB obligation	6,883,616	644,121	684,913	6,842,824	-
Energy performance contract	630,814	-	202,762	428,052	210,181
Net pension liability*	6,308,896	-	6,308,896	-	-
Total	<u>\$ 70,422,324</u>	<u>\$ 2,119,677</u>	<u>\$ 14,652,369</u>	<u>\$ 57,889,632</u>	<u>\$ 7,166,528</u>

(\*Reductions to the net pension liability are shown net of additions.)

**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 15 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 12, 2021, the District issued \$818,000 of serial bonds with interest rates ranging from 0.50 to 1.00 percent. Principal payments begin on August 1, 2022 and mature on August 1, 2026.

A summary of additions and payments for the year ended June 30, 2022 is presented below:

Description	Year of Issue/ Maturity	Amount of		Balance 7/1/2021	Additions	Payments	Balance 6/30/2022
		Original Issue	Interest Rate (%)				
2014A Issue	2014/2028	\$ 11,405,000	2.00-5.00	\$ 6,405,000	\$ -	\$ 775,000	\$ 5,630,000
2015 Refunding	2016/2022	3,865,000	2.00-4.00	680,000	-	680,000	-
2017 Refunding	2017/2024	9,415,000	4.00-5.00	5,925,000	-	1,885,000	4,040,000
2017 Issue	2017/2022	784,000	1.56	160,000	-	160,000	-
2018 Issue	2018/2032	21,840,000	3.00-5.00	17,710,000	-	1,425,000	16,285,000
2018 Issue (Bus)	2018/2023	790,000	1.50-1.75	320,000	-	160,000	160,000
2019 Issue	2019/2032	3,392,999	2.00-5.00	2,920,000	-	245,000	2,675,000
2019 Issue	2019/2024	1,607,000	5.00	1,420,000	-	400,000	1,020,000
2020 Issue	2020/2025	794,000	1.00-1.13	794,000	-	149,000	645,000
2021 Issue	2021/2036	9,425,000	2.00-5.00	9,425,000	-	455,000	8,970,000
2021 Issue	2021/2026	818,000	0.50-1.00	-	818,000	-	818,000
Total				<u>\$ 45,759,000</u>	<u>\$ 818,000</u>	<u>\$ 6,334,000</u>	<u>\$ 40,243,000</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, 2022 was \$3,358,540.

**Lease Liability**—The District entered into long-term capital leases for various equipment. The outstanding balance at June 30, 2022 was \$507,018. Refer to Note 10 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, 2022 for governmental activities is \$6,510,198. Management estimates that \$325,510 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 8, 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 \$6,842,824 at June 30, 2022.

**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
2023	\$ 222,810
2024	<u>222,810</u>
Total minimum lease payments	445,620
Less: amounts representing imputed interest costs	<u>17,568</u>
Present value of minimum lease payments	<u><u>\$ 428,052</u></u>

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	Total
2023	\$ 5,823,000	\$ 552,338	\$ 255,499	\$ 325,510	\$ -	\$ 210,181	\$ 7,166,528
2024	5,845,000	354,718	186,331	-	-	217,871	6,603,920
2025	3,680,000	301,692	65,188	-	-	-	4,046,880
2026	3,575,000	301,692	-	-	-	-	3,876,692
2027	3,520,000	301,692	-	-	-	-	3,821,692
2028-2032	14,790,000	1,017,579	-	-	-	-	15,807,579
2033-2036	3,010,000	528,829	-	-	-	-	3,538,829
Thereafter	-	-	-	6,184,688	6,842,824	-	13,027,512
<b>Total</b>	<b>\$ 40,243,000</b>	<b>\$ 3,358,540</b>	<b>\$ 507,018</b>	<b>\$ 6,510,198</b>	<b>\$ 6,842,824</b>	<b>\$ 428,052</b>	<b>\$ 57,889,632</b>

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
2023	\$ 1,554,857	\$ 9,127	\$ 12,629	\$ 1,576,613
2024	1,208,631	4,257	4,939	1,217,827
2025	965,950	975	-	966,925
2026	825,175	-	-	825,175
2027	677,369	-	-	677,369
2028-2032	1,621,564	-	-	1,621,564
2033-2036	152,000	-	-	152,000
<b>Total</b>	<b>\$ 7,005,546</b>	<b>\$ 14,359</b>	<b>\$ 17,568</b>	<b>\$ 7,037,473</b>

## 12. 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, 2022 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, \$20,778, 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, 2022 includes:

	General Fund	Student Activities Fund	Capital Projects Fund	Total
Tax certiorari	\$ 377,569	\$ -	\$ -	\$ 377,569
Tax reduction	1,121,363	-	-	1,121,363
Employee benefit accrued liability	1,539,372	-	-	1,539,372
Unemployment insurance	928,189	-	-	928,189
Capital projects	4,259,170	-	458,470	4,717,640
Student activities	-	243,758	-	243,758
Debt service	3,031,467	-	-	3,031,467
Total	<u>\$ 11,257,130</u>	<u>\$ 243,758</u>	<u>\$ 458,470</u>	<u>\$ 11,959,358</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 2022-2023 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, \$400,000, has been appropriated within the 2022-2023 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 2022-2023 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. A portion of this amount, \$100,000, has been appropriated within the 2022-2023 budget.
- **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 2022-2023 budget. An additional \$4,000,000 will be transferred to the Capital Projects Fund in 2022-2023 based on voter approval.
- **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-l, 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 2022-2023 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, 2022, 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, 2022 and include:

	General Fund	School Lunch Fund	Total
Subsequent year's expenditures	\$ 5,500,000	\$ -	\$ 5,500,000
Encumbrances	322,604	-	322,604
Specific use	-	676,303	676,303
Total	<u>\$ 5,822,604</u>	<u>\$ 676,303</u>	<u>\$ 6,498,907</u>

- *Assigned to Subsequent Year's Expenditures*—Representing available fund balance being appropriated to meet expenditure requirements in the 2022-23 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.

### 13. 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, 2022 is as follows:

Fund	Interfund	
	Receivable	Payable
Governmental Funds:		
General Fund	\$ 1,133,906	\$ -
Special Aid Fund	-	1,133,808
Capital Projects Fund	-	96
Total governmental funds	<u>1,133,906</u>	<u>1,133,904</u>
Fiduciary Fund:		
Private-Purpose Trust Fund	-	2
Total	<u>\$ 1,133,906</u>	<u>\$ 1,133,906</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 transfers in the amount of \$201,558 from the General Fund to the Special Aid Fund during the year ended June 30, 2022. Transfers were used to finance certain special aid programs.

#### 14. 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, 2022 is presented below:

Currey Scholarship Fund	\$ 3,338
Worth Scholarship Fund	838
Huppuch Scholarship Fund	27,719
Gow Scholarship Fund	967
Donation Fund	5,787
Carnevale Scholarship Fund	2,093
Gillis Scholarship Fund	25,686
Heinike Scholarship Fund	499
Orchard Park Senior Class Service	1,000
Minias Scholarship Fund	2,532
Magellan Health	5,000
Kelly Anne Ryan Scholarship Fund	10,090
Total scholarships	<u>\$ 85,549</u>

#### 15. LABOR CONTRACTS

District employees are represented by four bargaining units with the balance governed by Board of Education rules and regulations. The Orchard Park School Related Professionals Association is negotiated through June 30, 2023, the Orchard Park Teachers Association is negotiated through August 31, 2024, and the Orchard Park Central Office Administrators Association and Orchard Park Principals Association contracts are negotiated through June 30, 2025.

#### 16. 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, 2022, the significant encumbrances of the District are shown as follows:

Description	Amount
General Fund-Vehicle	\$ 41,626
General Fund-Heavy Machinery	79,905
General Fund-Technology Equipment	119,750
General Fund-Music Equipment	29,810

## 17. 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 \$765,314 during the 2021-2022 fiscal year in payments in lieu of taxes (“PILOT”), these collections were made in lieu of \$1,063,096 in property taxes.

## 18. 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.

## 19. SUBSEQUENT EVENTS

On August 10, 2022, the District issued \$920,000 of serial bonds with an interest rate ranging from 3.12 to 3.25 percent. These bonds mature on August 1, 2027.

Management has evaluated subsequent events through September 13, 2022, 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 Nine Fiscal Years\***

	<b>Year Ended June 30,</b>								
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Measurement date	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)	0.236341%	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>\$ (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	\$ 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	(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/(asset)	113.2%	97.8%	102.2%	101.5%	100.7%	99.0%	110.5%	111.5%	100.7%

\*Information prior to the year ended June 30, 2014 is not available.



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

	Year Ended June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 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	<u>(4,147,544)</u>	<u>(3,822,923)</u>	<u>(3,413,902)</u>	<u>(4,035,595)</u>	<u>(3,639,700)</u>	<u>(4,211,592)</u>	<u>(4,544,626)</u>	<u>(5,925,299)</u>	<u>(5,426,461)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</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
Contributions as a percentage of covered payroll	9.6%	9.4%	8.7%	10.3%	9.6%	11.5%	12.9%	17.4%	16.0%

\*Information prior to the year ended June 30, 2014 is not available.

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

	Year Ended June 30,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Measurement date	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)	0.0374707%	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)	<u>\$ (3,063,075)</u>	<u>\$ 35,860</u>	<u>\$ 9,103,318</u>	<u>\$ 2,582,075</u>	<u>\$ 1,221,285</u>	<u>\$ 3,436,551</u>	<u>\$ 5,949,963</u>	<u>\$ 1,266,601</u>	<u>\$ 1,694,250</u>
District's covered payroll	\$ 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	-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/(asset)	103.7%	100.0%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%	97.2%

\*Information prior to the year ended June 30, 2014 is not available.

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

	<b>Year Ended June 30,</b>								
	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Contractually required contribution	\$ 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	<u>(1,960,311)</u>	<u>(1,795,210)</u>	<u>(1,680,698)</u>	<u>(1,715,884)</u>	<u>(1,685,390)</u>	<u>(1,658,630)</u>	<u>(1,804,983)</u>	<u>(2,023,088)</u>	<u>(1,983,916)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 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	13.7%	13.7%	13.2%	13.6%	13.8%	14.4%	16.0%	18.4%	18.1%

\*Information prior to the year ended June 30, 2014 is not available.

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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 Six Fiscal Years\***

	Year Ended June 30,					
	2022	2021	2020	2019	2018	2017
<b>Total OPEB Liability</b>						
Service cost	\$ 258,158	\$ 280,913	\$ 261,647	\$ 160,754	\$ 166,352	\$ 200,551
Interest	156,976	192,640	250,139	183,062	191,817	202,312
Differences between expected and actual experience	228,987	(1,254,557)	(564,055)	2,124,661	(189,417)	350,158
Changes of assumptions	(458,371)	177,787	808,221	(86,214)	100,977	(1,439,651)
Benefit terms	-	-	-	(1,719)	-	-
Benefit payments	(226,542)	(278,968)	(280,905)	(240,983)	(270,524)	(269,047)
Net changes in total OPEB liability	(40,792)	(882,185)	475,047	2,139,561	(795)	(955,677)
Total OPEB liability—beginning	6,883,616	7,765,801	7,290,754	5,151,193	5,151,988	6,107,665
Total OPEB liability—ending	<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>
<b>Plan fiduciary net position</b>						
Contributions—employer	\$ 226,542	\$ 278,968	\$ 280,905	\$ 240,983	\$ 270,524	\$ 269,047
Benefit payments	(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>
<b>District's net OPEB liability—ending</b>	<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%
Covered-employee payroll	\$ 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	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, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Local sources:				
Real property taxes	\$ 65,127,749	\$ 65,127,749	\$ 65,251,632	\$ 123,883
Real property tax items	5,467,055	5,467,055	5,391,202	(75,853)
Non-property tax items	5,800,000	5,800,000	7,201,856	1,401,856
Charges for services	347,000	347,000	340,563	(6,437)
Use of money and property	67,000	67,000	66,591	(409)
Miscellaneous	300,000	300,000	1,409,164	1,109,164
State sources:				
Basic formula and excess cost aid	14,607,468	14,607,468	13,913,796	(693,672)
Lottery aid	6,000,000	6,000,000	5,543,659	(456,341)
Excess cost aid	5,558,529	5,558,529	5,378,025	(180,504)
BOCES aid	2,176,867	2,176,867	1,684,572	(492,295)
Tuition and transportation	-	-	224,900	224,900
Textbook aid	301,968	301,968	302,609	641
Computer hardware	72,868	72,868	72,957	89
Computer software	74,555	74,555	74,646	91
Library / loan program	31,106	31,106	30,355	(751)
Miscellaneous	-	-	220,179	220,179
Federal sources:				
Coronavirus relief fund	-	-	147,229	147,229
Medicaid assistance	100,000	100,000	191,246	91,246
Total revenues	<u>106,032,165</u>	<u>106,032,165</u>	<u>107,445,181</u>	<u>1,413,016</u>
<b>OTHER FINANCING SOURCES</b>				
Leases issued	-	-	157,392	157,392
Appropriated reserves	445,840	445,840	-	(445,840)
Total other financing sources	<u>445,840</u>	<u>445,840</u>	<u>157,392</u>	<u>(288,448)</u>
Total revenues and other financing sources	<u>\$ 106,478,005</u>	<u>\$ 106,478,005</u>	<u>\$ 107,602,573</u>	<u>\$ 1,124,568</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, 2022**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Encumbrances</u>	(concluded)
	<u>Original</u>	<u>Final</u>			<u>Variance with Final Budget</u>
<b>EXPENDITURES</b>					
General support:					
Board of education	\$ 39,830	\$ 39,830	\$ 12,557	\$ -	\$ 27,273
Central administration	332,375	332,375	312,954	-	19,421
Finance	635,782	635,783	590,869	-	44,914
Staff	732,194	772,053	668,005	-	104,048
Central services	7,418,938	6,979,134	6,788,200	102,395	88,539
Special items	1,245,442	1,245,442	1,223,683	-	21,759
Instruction:					
Instruction, administration and improvements	3,675,844	3,790,284	3,789,045	1,239	-
Teaching—regular school	33,693,963	34,048,910	33,962,869	44,992	41,049
Programs for pupils with handicapping conditions	15,777,100	15,563,146	14,259,188	-	1,303,958
Occupational education	1,328,940	1,371,254	1,371,254	-	-
Teaching—special school	442,122	402,163	220,641	122	181,400
Instructional media	3,718,246	3,739,815	3,417,051	129,074	193,690
Pupil services	4,098,309	4,175,614	3,996,158	3,156	176,300
Pupil transportation	5,029,238	4,862,552	4,321,280	41,626	499,646
Employee benefits	25,367,300	25,372,300	22,126,140	-	3,246,160
Debt service:					
Principal	6,081,762	6,746,730	6,746,730	-	-
Interest and other fiscal charges	2,205,823	1,745,823	1,710,086	-	35,737
Total expenditures/ encumbrances	111,823,208	111,823,208	105,516,710	322,604	5,983,894
<b>OTHER FINANCING USES</b>					
Transfers out	250,000	250,000	201,558	-	48,442
Total expenditures/ encumbrances and other financing uses	112,073,208	112,073,208	105,718,268	322,604	6,032,336
Net change in fund balance*	(5,595,203)	(5,595,203)	1,884,305		
Fund balance—beginning	22,225,529	22,225,529	22,225,529		
Fund balance—ending	<u>\$ 16,630,326</u>	<u>\$ 16,630,326</u>	<u>\$ 24,109,834</u>		

\*The net change in fund balance was included as an appropriation (i.e., spendown) 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, 2022**

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**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 2.27% to 2.83% at June 30, 2022. Finally, the initial healthcare cost trend rate increased from 4.00% to 6.10%, and the ultimate rate increased from 4.08% to 4.37% at June 30, 2022.

**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.

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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, 2022**

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**Change from Adopted Budget to Final Budget**

Adopted budget, 2021-2022	\$ 111,978,005
Add: Prior year's encumbrances	<u>95,203</u>
Original budget, 2021-2022	112,073,208
Budget revisions	<u>-</u>
Final budget, 2021-2022	<u><u>\$ 112,073,208</u></u>

**Section 1318 of Real Property Tax Law Limit Calculation**

2022-2023 Voter-approved expenditure budget	\$ 114,660,569	
Maximum allowed (4% of 2022-2023 budget)		<u>\$ 4,586,423</u>

General Fund fund balance subject to Section 1318  
of Real Property Tax Law\*:

Unrestricted fund balance:		
Assigned fund balance	\$ 5,822,604	
Unassigned fund balance	<u>6,960,226</u>	
Total unrestricted fund balance		\$ 12,782,830

Less:

Appropriated fund balance	\$ 5,500,000	
Encumbrances included in assigned fund balance	<u>322,604</u>	
Total adjustments		<u>5,822,604</u>

General Fund fund balance subject to Section 1318 of Real Property Tax Law	<u><u>\$ 6,960,226</u></u>
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Actual percentage 6.07%

\* 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, 2022**

<b>Description</b>	<b>Original Appropriation</b>	<b>Revised Appropriation</b>	<b>Expenditures to Date</b>			<b>Unexpended Balance</b>
			<b>Prior Years</b>	<b>Current Year</b>	<b>Total</b>	
Transportation (H1)	\$ 476,000	\$ 1,261,666	\$ 1,100,496	\$ -	\$ 1,100,496	\$ 161,170
Technological improvements (H3)	2,200,000	2,200,000	838,419	34,747	873,166	1,326,834
Bus - transportation 2022 (H6)	850,000	850,000	-	826,082	826,082	23,918
Safety and Security (H14)	586,094	12,200,000	11,675,394	529,038	12,204,432	(4,432)
<b>Total</b>	<b>\$ 4,112,094</b>	<b>\$ 16,511,666</b>	<b>\$ 13,614,309</b>	<b>\$ 1,389,867</b>	<b>\$ 15,004,176</b>	<b>\$ 1,507,490</b>

**ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Net Investment in Capital Assets**  
**June 30, 2022**

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Capital assets, net of accumulated depreciation/amortization		\$ 59,289,005
Add:		
Deferred charge on refunding	\$ 111,130	
Unspent debt premiums	<u>3,031,467</u>	3,142,597
Deduct:		
Serial bonds issued for capital assets	(39,223,000)	
Unamortized premium on serial bonds	(3,239,278)	
Lease liability	(507,018)	
Energy performance contract	<u>(428,052)</u>	<u>(43,397,348)</u>
Net investment in capital assets		<u>\$ 19,034,254</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, 2022**

<b>Federal Grantor/Pass-through Grantor/Program or Cluster Title (1a)</b>	<b>Federal Assistance Listing Number (1b)</b>	<b>Pass-through Entity's Identifying Number (1c)</b>	<b>Passed- Through to Subrecipients</b>	<b>Total Federal Expenditures (1d)</b>
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>				
<i>Passed through New York State Department of Agriculture:</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	N/A	\$ -	\$ 256,139
National School Lunch Program	10.555	N/A	-	1,621,416
Summer Food Service Program for Children	10.559	N/A	-	181,090
Total Child Nutrition Cluster			-	2,058,645
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>			-	2,058,645
<b>U.S. DEPARTMENT OF EDUCATION:</b>				
<i>Passed through New York State Department of Education:</i>				
Title I Grants to Local Educational Agencies	84.010	021-21-0840	-	5,795
Title I Grants to Local Educational Agencies	84.010	021-22-0840	-	291,237
Total Title 1 Grants to Local Educational Agencies			-	297,032
Special Education Cluster:				
Special Education - Grants to States	84.027	032-22-0238	-	1,255,139
Special Education - Preschool Grants	84.173	033-22-0238	-	32,828
Total Special Education Cluster			-	1,287,967
Small, Rural School Achievement Program	84.358	N/A	-	8,497
Supporting Effective Instruction State Grants	84.367	0147-22-0840	-	66,554
Student Support and Academic Enrichment Program	84.424	0204-22-0840	-	11,528
Education Stabilization Fund:				
Governor's Emergency Education Relief Fund	84.425C	various	-	58,326
Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-0840	-	122,844
American Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	various	-	735,774
Total Education Stabilization Fund			-	916,944
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>			-	2,588,522
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS (1e)</b>			\$ -	\$ 4,647,167

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, 2022**

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**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, 2022. 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 2021-2022 fiscal year are reconciled to Federal sources as reported in the basic financial statements as follows:

Balance per schedule of expenditures of federal awards	\$ 4,647,167
Medicaid reimbursement	<u>191,246</u>
Total Federal sources per financial statements	<u>\$ 4,838,413</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, 2022, the District used \$53,564 worth of commodities.

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Certified Public Accountants

**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, 2022, 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 13, 2022 (which report includes an other matter paragraph regarding the implementation of GASB Statement No. 87).

***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 2022-001.

### **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 13, 2022

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*Certified Public Accountants*

**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, 2022. 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, 2022.

***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 13, 2022

**ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2022**

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**Section I. SUMMARY OF AUDITORS' RESULTS**

**Financial Statements:**

Type of auditors' report issued: Unmodified\*  
 (\*which report includes an other matter paragraph regarding the implementation of GASB Statement No. 87)

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  No

Identification of major federal programs:

<u>Name of Federal Program or Cluster</u>	<u>Federal Assistance Listing Number(s)</u>
Special Education Cluster	84.027 and 84.173
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

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

Auditee qualified as low-risk auditee? \_\_\_\_\_  Yes \_\_\_\_\_ No

**ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2022**

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**Section II. FINANCIAL STATEMENT FINDINGS**

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

**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.

**Section III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No findings noted.

**ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Summary Schedule of Prior Audit Findings and Corrective Action Plan**  
**Year Ended June 30, 2022**  
**(Follow-up on June 30, 2021 Findings)**

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**Finding 2021-001—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, 2021, 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 decision was made to hold back on spending down of particular funds in anticipation of a very unprecedented upcoming 2021-2022 fiscal year due to the COVID-19 pandemic.

*Status:* Refer to finding 2022-001.

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*Certified Public Accountants*

September 13, 2022

Audit Committee  
Orchard Park Central School District, New York:

We have audited the financial statements of the Orchard Park Central School District, New York (the “District”) as of and for the year ended June 30, 2022, and have issued our report thereon dated September 13, 2022 (which report includes an other matter paragraph regarding the implementation of the Governmental Accounting Standards Board (“GASB”) Statement No. 87). Professional standards require that we advise you of the following matters relating to our audit.

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

As communicated in our engagement letter dated August 8, 2022, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

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

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

We have provided our finding regarding a significant deficiency in compliance and our comments regarding other matters noted during our audit in separate communications to you dated September 13, 2022.

**Planned Scope and Timing of the Audit**

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

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

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

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

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the District is included in Note 1 to the financial statements. Except for the matters discussed below, there have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year ended June 30, 2022.

As described in Note 2 to the financial statements, during the year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*. As a result of the implementation the District's capital assets and long-term liabilities were restated at June 30, 2021. Accordingly net position has been restated from \$31,076,841 to \$30,991,510.

Additionally, during the year ended June 30, 2022, the District implemented GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*; No. 91, *Conduit Debt Obligations*; and No. 98, *The Annual Comprehensive Financial Report*. GASB Statement No. 89 establishes accounting requirements for interest cost incurred before the end of a construction period. GASB Statement No. 91 provides a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations, and related note disclosures. GASB Statement No. 98 establishes the term annual comprehensive financial report and its acronym ACFR. The implementation of GASB Statements No. 89, 91, and 98 did not have a material impact on the District's financial position or results from operations.

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

### *Significant Accounting Estimates*

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

The most sensitive accounting estimates affecting the financial statements for the year ended June 30, 2022 are the liabilities for health claims incurred but not reported, compensated absences, other postemployment benefits, and the net pension asset.



Management's estimate of the liability for health claims incurred but not reported is based on historical trends and information obtained from a third party administrator. Management's estimate of the liability for compensated absences is based on available information regarding eligibility, historical trends, leave balances accrued and current compensation rates. Management's estimates of the liability for other postemployment benefits and the net pension asset are based on information obtained from an actuarial valuation performed by a consultant. We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the financial statements taken as a whole and in relation to the applicable opinion units.

### *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the District's financial statements relate to significant accounting policies and the disclosures relating to contingencies, estimates, and risk management.

### **Significant Unusual Transactions**

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

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

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

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. During our audit, we noted a \$3,760 unreconciled variance between the District's prepaid lunch funds reported within the School Lunch Fund and the reconciled subsidiary detail listing of prepaid lunch funds. The financial statement misstatement effect in the current and prior periods, as determined by management, is immaterial, both individually and in the aggregate, to the financial statements taken as a whole and each applicable opinion unit. There are no identified material uncorrected misstatements. Our opinion is not modified with respect to this matter.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. Material misstatements that were identified as a result of our audit procedures were brought to the attention of, and corrected by, management. Those items are included within the proposed adjusting journal entries for the year ended June 30, 2022, which are attached to the management representation letter dated September 13, 2022 as Exhibit I (copy attached).

### **Disagreements with Management**

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

### **Representations Requested from Management**

We have requested certain written representations from management, which are included in the attached letter dated September 13, 2022.

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

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

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

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

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

*Drescher & Malecki LLP*

September 13, 2022

# Orchard Park Central School District

2240 Southwestern Blvd. West Seneca, NY 14224



*David Lilleck*  
*Superintendent*

*www.opschools.org*  
*(716) 209-6200*

September 13, 2022

Drescher & Malecki LLP  
3083 William Street, Suite 5  
Buffalo, New York 14227

This representation letter is provided in connection with your audit of the basic 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 June 30, 2022, and for the year then ended, and the related notes to the financial statements, for the purpose of expressing opinions on whether the basic financial statements present fairly, in all material respects, the financial position and results of operations of the various opinion units of the District in accordance with accounting principles generally accepted for governments in the United States of America ("U.S. GAAP").

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

We confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves as of September 13, 2022:

## **Financial Statements**

- We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated August 8, 2022, for the preparation and fair presentation of the financial statements of the various opinion units referred to above in accordance with U.S. GAAP.
- The financial statements referred to above have been fairly presented in accordance with U.S. GAAP and include all properly classified funds, required supplementary information and notes to the basic financial statements.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
- We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.

*Jeffrey R. Petrus*  
*Assistant Superintendent for*  
*Business & Support Services*

**Business Office**  
2240 Southwestern Blvd. West Seneca, NY 14224  
[www.opschools.org/business](http://www.opschools.org/business)

*(716) 209-6209*  
*Fax (716) 209-6353*

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

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

### **Information Provided**

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

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

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

### **Required Supplementary Information**

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

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

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

With respect to the supplementary information accompanying the financial statements:

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

### **Single Audit**

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

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

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



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

In addition:

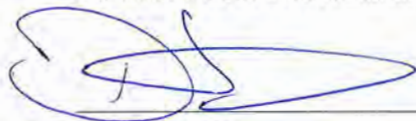
- We are responsible for understanding and complying with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the federal statutes, regulations, and the terms and conditions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

#### **Other Specific Representations**

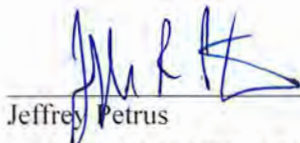
- The District has not completed the process of evaluating the impact that will result from adopting GASB Statements No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; No. 96, *Subscription-Based Information Technology Arrangements*; and a portion of No. 99, *Omnibus 2022*, effective for the year ending June 30, 2023, and the remainder of 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. 94, 96, 99, 100, and 101 will have on its financial position and results of operations when such statements are adopted.
- The District is responsible for determining and maintaining the adequacy of the allowance for doubtful notes, loans, interfund receivables, and accounts receivable, as well as estimates used to determine such amounts. Management believes an allowance is not necessary.
- We have no intention of withdrawing from multi-employer pension plans, or taking any other action that could result in an effective termination or reportable events for any of the plans. We are not aware of any occurrences that could result in the termination of any of our multi-employer pension plans to which we contribute. We believe the actuarial assumptions and methods used to measure pension liabilities and costs for financial accounting purpose are appropriate in the circumstances.
- We are unable to determine the possibility of a withdrawal liability in a multi-employer benefit plan.
- During the year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*. As a result of the implementation the District's capital assets and long-term liabilities were restated at June 30, 2021. Accordingly net position has been restated from \$31,076,841 to \$30,991,510.

- The District values lease assets as the sum of the initial measurement of the remaining lease liability plus any payments made at or before lease inception.
- The District has established a lease threshold of \$1,000 under the provisions of GASB Statement No. 87.
- Provision has been made to reduce excess or obsolete inventories to their estimated net realizable value. All inventories are the property of the District and do not include any items consigned to it, any items billed to customers, or any items for which the liability has not been recorded.
- We agree with the work of the specialists in evaluating the health claims incurred but not reported, other postemployment benefits obligation, and net pension asset, and have adequately considered the qualifications of the specialist in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists. We believe that the actuarial assumptions and methods used to measure the health claims incurred but not yet reported, other postemployment benefits obligation and net pension asset are appropriate in the circumstances.
- We have provided to you our views on reported audit findings, conclusions, and recommendations, as well as planned corrective actions.
- The District considers encumbrances to be significant for amounts that are encumbered in excess of \$10,000.
- We have received and approved the adjusting journal entries that were proposed by you for recording in our books and records and reflected in the financial statements. We have posted these adjusting journal entries to our records. The proposed adjusting journal entries are presented in Exhibit I.
- The District reports nonspendable, restricted, assigned and unassigned fund balances. The District reported nonspendable balances of \$90,652, restricted balances of \$11,959,358, assigned balances of \$6,498,907 and unassigned balances of \$6,960,226 within its governmental funds for the year ended June 30, 2022.
- The District's labor agreements provide for sick leave, vacations, and miscellaneous other paid absences. Based on the agreements, upon retirement, certain eligible employees qualify for payment for fractional values of unused sick leave and vacation time. Payment of sick leave and vacation time is dependent upon many factors; therefore, timing of future payments is not readily determinable. The value recorded in the government-wide financial statements at June 30, 2022 for governmental activities is \$6,510,198. Management estimates that \$325,510 of the liability is due within one year. Management believes that sufficient resources will be made available for the payments of sick leave, and vacation time when such payments become due.
- On August 10, 2022, the District issued \$920,000 of serial bonds with an interest rate ranging from 3.12 to 3.25 percent. These bonds mature on August 1, 2027.
- In the opinion of management, all fund balance restrictions are appropriate and reasonable as of June 30, 2022.

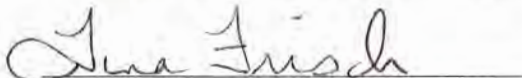
- At June 30, 2022, there was a \$3,760 variance between the amount recorded in the general ledger for prepaid lunch funds and the reconciled detailed reports provided by the third party administrator of the school lunch funds. We believe the effect of this variance is immaterial to the financial statements of the District for the year ended June 30, 2022.
- In addition to audit services, based on information in the District's trial balance, Drescher & Malecki LLP has assisted the District in preparing the District's financial statements and federal financial assistance schedules for the year ended June 30, 2022. In conjunction with the preparation of the financial statements and federal financial assistance schedules, the District has performed the following functions:
  - Made all management decisions and performed all management functions.
  - Designated Jeffrey Petrus, Assistant Superintendent for Business and Support Services and Tina Frisch, Treasurer, who we believe have suitable skill, knowledge, and/or experience who have overseen this service.
  - Evaluated the adequacy and the results of the services performed.
  - Evaluated and accepted responsibility for the results of the services performed.
  - Established and maintained internal controls, including monitoring ongoing activities.
- District management understands that Drescher & Malecki, LLP has not performed any management functions or made management decisions on behalf of the District. Any nonattest services were performed in accordance with the applicable professional standards issued by the American Institute of Certified Public Accountants.



David Lilleck  
Superintendent of Schools



Jeffrey Petrus  
Assistant Superintendent for Business and Support Services



Tina Frisch  
District Treasurer

**Orchard Park Central School District  
Proposed Adjusting Journal Entries  
Year ended June 30, 2022**

**Exhibit I**

<b>Account</b>	<b>Description</b>	<b>Debit</b>	<b>Credit</b>
<b>Adjusting Journal Entry JE # 1</b>			
For reporting purposes only: To reclassify payroll related fiduciary items to the General Fund, per GASB Statement No. 84.			
A200	Cash Checking	\$ 742,384	
TA020.01	Retirees Hospitalization	199,198	
TA085.01	Reserve for Retirees	542,807	
TA630.1	Due To Other Funds	379	
A391	Due From Other Funds		\$ 379
A720	Group Insurance		742,005
TA200	Cash Checking		193,308
TA201	Cash Savings		6,139
TA201.02	Cash for Reserves		542,937
<b>Total</b>		<b><u>1,484,768</u></b>	<b><u>1,484,768</u></b>
<b>Adjusting Journal Entry JE # 2</b>			
To record extraclassroom activities per GASB Statement No. 84.			
CM2915.4	Contractual and Other Expenditures	305,232	
CM230	Restricted Cash	243,758	
CM2770	Other Revenues		324,375
CM899	Restricted Fund Balance		224,615
<b>Total</b>		<b><u>548,990</u></b>	<b><u>548,990</u></b>
<b>Adjusting Journal Entries JE # 3</b>			
To carry forward prior year balances of long term liabilities.			
K496	Def Outflows - Pension	29,801,333	
W125	Amount to be Provided for LT Debt	81,955,092	
K159	Noncurrent Govt Assets		29,801,333
W628	Serial Bonds Payable		45,759,000
W629	Energy Performance Contract		630,814
W638	Net pension liability		6,308,896
W687	Compensated Absences Payable		6,349,072
W689	Other Post-Employment Benefits Payable		6,883,616
W697	Deferred inflows - Pension		13,881,505
W698	Deferred Inflows - OPEB		2,142,189
<b>Total</b>		<b><u>111,756,425</u></b>	<b><u>111,756,425</u></b>

**Orchard Park Central School District  
Proposed Adjusting Journal Entries  
Year ended June 30, 2022**

**Exhibit I**

<b>Account</b>	<b>Description</b>	<b>Debit</b>	<b>Credit</b>
<b>Adjusting Journal Entries JE # 4</b>			
To record change in long term liabilities as of June 30, 2022.			
K496	Def Outflows - Pension	67,981	
K497	Deferred Outflows - OPEB	1,149,449	
W628	Serial Bonds Payable	5,516,000	
W629	Energy Performance Contract	202,762	
W638	Net pension liability	50,327,574	
W689	Other Post-Employment Benefits Payable	40,792	
W698	Deferred Inflows - OPEB	199,895	
K159	Noncurrent Govt Assets		1,217,430
W125	Amount to be Provided for LT Debt		13,196,605
W627	Capital Leases		441,720
W687	Compensated Absences Payable		161,126
W697	Deferred inflows - Pension		42,487,572
<b>Total</b>		<b>57,504,453</b>	<b>57,504,453</b>
<b>Adjusting Journal Entries JE # 5</b>			
To record capital assets at June 30, 2022.			
K101	LAND	4,177,050	
K101.1	LAND IMPROVEMENTS	6,400,592	
K102	BUILDINGS & IMPROVEMENTS	105,397,109	
K104	EQUIPMENT	6,329,586	
K104.1	VEHICLES	9,315,245	
K105	CONSTRUCTION IN PROGRESS	13,077,598	
K106	RIGHT-TO-USE ASSETS	807,150	
K111	ACCUM DEP - LAND IMPROVEMENTS		4,566,207
K112	ACCUM DEP - BUILDINGS & IMP		69,652,705
K114	ACCUM DEP - EQUIPMENT		5,299,505
K114.1	ACCUM DEP - VEHICLES		6,291,299
K116	ACCUM DEP - RIGHT-TO-USE ASSETS		340,678
K158	INVESTMENT IN GEN FIXED ASSETS		59,353,936
<b>Total</b>		<b>145,504,330</b>	<b>145,504,330</b>
<b>Adjusting Journal Entries JE # 6</b>			
To record interfund loan between General Fund and Special Aid Fund.			
A391	Due From Other Funds	33,001	
F008200	Cash Chase	33,001	
A200	Cash Checking		33,001
F008630	Due To Other Funds		33,001
<b>Total</b>		<b>66,002</b>	<b>66,002</b>
<b>Adjusting Journal Entries JE # 7</b>			
To record leased asset additions as of June 30, 2022.			
A 2880.200-00-0200	LEASE EQUIPMENT EXPENSE	157,392	
A 5710	Lease Proceeds		157,392
<b>Total</b>		<b>157,392</b>	<b>157,392</b>
<b>Adjusting Journal Entries JE # 8</b>			
To record lease principal payments for the fiscal year ended June 30, 2022.			
A 9795.600-00-0300	LEASE PRINCIPAL PAYMENTS	209,968	
A 9795.700-00-0300	LEASE INTEREST PAYMENTS	8,232	
A 2880.200-00-0200	LEASE EQUIPMENT EXPENSE		218,200
<b>Total</b>		<b>\$ 218,200</b>	<b>\$ 218,200</b>

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

*Statement of Cash Receipts and Cash Disbursements  
for the Year Ended June 30, 2022 and  
Independent Auditors' Report*

**ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Extraclassroom Activity Fund**  
**Table of Contents**  
**Year Ended June 30, 2022**

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Statement of Cash Receipts and Cash Disbursements.....	3
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*Certified Public Accountants*

## **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 cash basis financial statement of the Extraclassroom Activity Fund (the "Extraclassroom Activity Fund") of the Orchard Park Central School District, New York (the "District"), for the year ended June 30, 2022, 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, 2022, 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 Opinions***

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 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 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, 2022, 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.

*Drescher & Malecki LLP*

September 13, 2022

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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, 2022**

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<u>Extraclassroom Accounts</u>	<u>Beginning Balance 7/1/2021</u>	<u>Total Cash Receipts</u>	<u>Total Cash Disbursements</u>	<u>Ending Balance 6/30/2022</u>
Art Club	\$ 326	\$ -	\$ 22	\$ 304
Band	2,787	5,979	4,694	4,072
Book Club	575	-	70	505
Bowling	680	30	-	710
Cancer Awareness	1,049	2,375	2,957	467
Cheerleaders	5,470	29,419	25,458	9,431
Chorus	1,581	5,877	5,872	1,586
Class of 2021	(246)	246	-	-
Class of 2022	9,732	33,252	42,984	-
Class of 2023	515	47,097	29,857	17,755
Class of 2024	500	663	559	604
Class of 2025	-	3,086	2,157	929
Cross Country	4,120	258	356	4,022
DECA	7,958	33,646	33,167	8,437
Drama	19,048	32,469	32,685	18,832
Education Outreach	8,526	-	1,336	7,190
Eggert Music	2,535	4,868	4,053	3,350
Eggert Student Council	(589)	3,145	1,627	929
Ellicott Music	5,788	6,437	7,961	4,264
Ellicott Orchestra	991	-	341	650
Ellicott Student Council	1,750	1,521	1,808	1,463
French NHS	563	-	109	454
Gender Equality Club	-	100	-	100
Girls Lacrosse/FH	204	1,601	1,805	-
Golf	-	825	825	-
Interest Account	22	332	279	75
International Club	1,019	82	125	976
Junior Student Council	11,700	27,173	17,715	21,158
Junior Music	6,914	9,148	8,985	7,077
Junior Quaker	4,775	3,942	2,925	5,792
Literary Magazine	789	366	499	656
Masterminds	88	100	131	57
Math Club	248	390	538	100
Media Production	6,944	1,539	428	8,055
Medical Career Interest	91	-	43	48
Mixed Chorus	1,393	70	142	1,321
Model UN	440	438	602	276

(continued)

**ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK**  
**Extraclassroom Activity Fund**  
**Statement of Cash Receipts and Cash Disbursements**  
**Year Ended June 30, 2022**

(concluded)

<u>Extraclassroom Accounts</u>	<u>Beginning Balance 7/1/2021</u>	<u>Total Cash Receipts</u>	<u>Total Cash Disbursements</u>	<u>Ending Balance 6/30/2022</u>
OP Enterprise	107	9,753	9,860	-
Orchestra	3,818	991	1,471	3,338
Pep Club	5,196	18,576	13,135	10,637
Quaker Scholarship Fund	2,209	-	500	1,709
Science Club	104	-	22	82
S.M.I.L.E	302	448	601	149
Soccer - Girls	3,534	1,350	1,595	3,289
Softball/Varsity	453	1,325	1,205	573
South Davis Music	9,831	4,070	5,801	8,100
South Davis Student Council	1,640	11	-	1,651
Spanish NHS	1,151	295	350	1,096
Stage Crew	2,699	831	572	2,958
STAP Community	8,437	7,311	8,165	7,583
STAP Community/C-DOS	385	83	217	251
STEM	805	-	65	740
Student Wellness (SADD)	2,876	-	204	2,672
Swim Team - Girls	585	1,912	1,841	656
Tech Education	1,742	3,202	2,607	2,337
Tennis - Boys	4,330	2,005	1,582	4,753
The Voice	208	-	-	208
Varsity Club	57	3,961	3,888	130
Windom Buddy Club	39	-	27	12
Windom Student Council	7,719	2,167	3,279	6,607
Windom Vocal & Operetta	5,628	3,150	2,211	6,567
World Affairs	21,920	4,067	4,037	21,950
Yearbook	29,669	3,278	8,882	24,065
Total	<u>\$ 223,730</u>	<u>\$ 325,260</u>	<u>\$ 305,232</u>	<u>\$ 243,758</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, 2022**

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**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, 2022 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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*Certified Public Accountants*

September 13, 2022

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, 2022, 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 13, 2022.

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 13, 2022 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 & Malecki LLP*

September 13, 2022

### 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.

### School Lunch Accounts

At June 30, 2022, there was a \$3,760 variance between the amount recorded in the general ledger for prepaid lunch funds and the reconciled detailed reports provided by the third party administrator of the school lunch funds.

We recommend that the District evaluate its procedures with the internal audit function to ensure that the amount recorded in the general ledger for prepaid lunch funds ties to reconciled detail reports provided by the third party administrator.

### 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. 94***—The District is required to implement GASB Statement No. 94, *Public-Public and Public-Private Partnerships and Availability Payment Arrangements*, effective for the fiscal year ending June 30, 2023. The objectives of this Statement are to improve financial reporting by addressing issues related to public-private and public-public partnerships arrangements ("PPPs").

***GASB Statement No. 96***—The District is required to implement GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the fiscal year ending June 30, 2023. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements ("SBITAs") for government end users.

***GASB Statement No. 99***—The District is required to implement GASB Statement No. 99, *Omnibus 2022*, effective for the fiscal years ending June 30, 2023 and 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.