

**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, 2021 and Independent Auditors' Reports*

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Table of Contents
Year Ended June 30, 2021

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	4
 Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities.....	13
Fund Financial Statements:	
Balance Sheet—Governmental Funds	14
Reconciliation of the Balance Sheet—Governmental Funds to the Government-wide Statement of Net Position	15
Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds	16
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances—Governmental Funds to the Government-wide Statement of Activities	17
Statement of Fiduciary Net Position—Fiduciary Funds	18
Statement of Changes Fiduciary in Net Position—Fiduciary Funds	19
Notes to the Financial Statements	20
 Required Supplementary Information:	
Schedule of the District's Proportionate Share of the Net Pension Liability/ (Asset)—Teachers' Retirement System.....	46
Schedule of District's Contributions—Teachers' Retirement System	47
Schedule of the District's Proportionate Share of the Net Pension Liability—Employees' Retirement System	48
Schedule of District's Contributions—Employees' Retirement System.....	49
Schedule of Changes in the District's Total OPEB Liability and Related Ratios	50
Schedule of Revenues, Expenditures and Changes in Fund Balance— Budget (Non-GAAP Basis) and Actual—General Fund	51
Notes to the Required Supplementary Information.....	53
 Supplementary Information:	
Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit—General Fund.....	54
Schedule of Capital Project Expenditures	55
Net Investment in Capital Assets	56

(continued)

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Table of Contents
Year Ended June 30, 2021

(concluded)

Page

Federal Awards Information:

Schedule of Expenditures of Federal Awards	57
Notes to the Schedule of Expenditures of Federal Awards	58
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 <i>Government Auditing Standards</i>	59
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance	61
Schedule of Findings and Questioned Costs	63
Summary Schedule of Prior Audit Findings	65

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Orchard Park Central School District, New York (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2021, 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, during the year ended June 30, 2021, the District implemented Governmental Accounting Standards Board (“GASB”) Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

Other Matters

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 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”), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Supplementary Information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the

Supplementary Information, as listed in the table of contents, and 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 14, 2021 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 14, 2021

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Management's Discussion and Analysis
Year Ended June 30, 2021

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, 2021. 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 with 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, 2021 by \$31,076,841 (net position). This consists of \$16,519,149 net investment in capital assets, \$7,522,248 restricted for specific purposes, and unrestricted net position of \$7,035,444.
- The District's net position increased by \$784,780 during the year ended June 30, 2021.
- At the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$23,735,624, an increase of \$4,323,725 from prior year's fund balance of \$19,411,899, as restated. Approximately 30.6 percent of this amount, or \$7,261,739, 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 \$7,261,739, or approximately 7.1 percent of total General Fund expenditures and transfers out. This total amount is available for spending at the District's discretion and constitutes approximately 32.7 percent of the General Fund's total fund balance of \$22,225,529 at June 30, 2021.
- During the year ended June 30, 2021, the District's total serial bonds outstanding increased by \$4,712,000 as a result of the issuance of \$10,219,000 of serial bonds and scheduled principal payments of \$5,507,000.

Overview of the Financial Statements

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

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

The *statement of net position* presents financial information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

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

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

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

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

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

The District maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, School Lunch Fund, Special Aid Fund, Student Activities, 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 20-45 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 liability/(asset), 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 46-53 of this report.

Other supplementary information is presented immediately following the required supplementary information in the Supplementary Information section of this report on pages 54-56 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 57-65 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 \$31,076,841 at June 30, 2021, as compared to \$30,292,061, as restated, at the close of the fiscal year ended June 30, 2020.

Table 1, shown below, presents a condensed statement of net position of the District at June 30, 2021 and June 30, 2020.

Table 1—Condensed Statements of Net Position

	June 30,	
	2021	2020 (as restated)
Current assets	\$ 32,427,863	\$ 36,869,452
Noncurrent assets	<u>62,025,508</u>	<u>61,790,416</u>
Total assets	<u>94,453,371</u>	<u>98,659,868</u>
Deferred outflows of resources	<u>31,713,174</u>	<u>27,735,254</u>
Current liabilities	9,203,280	17,989,057
Noncurrent liabilities	<u>69,862,730</u>	<u>68,180,015</u>
Total liabilities	<u>79,066,010</u>	<u>86,169,072</u>
Deferred inflows of resources	<u>16,023,694</u>	<u>9,933,989</u>
Net position:		
Net investment in capital assets	16,519,149	15,508,850
Restricted	7,522,248	5,033,122
Unrestricted	<u>7,035,444</u>	<u>9,750,089</u>
Total net position	<u>\$ 31,076,841</u>	<u>\$ 30,292,061</u>

The largest portion of the District’s net position, \$16,519,149, reflects its investment in capital assets (e.g. land, buildings, improvements and equipment), net of accumulated depreciation 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 largest portion of the District’s net position, \$7,522,248, 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 largest portion reflects unrestricted net position of \$7,035,444, 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, 2021 and June 30, 2020:

Table 2—Condensed Statements of Changes in Net Position

	Year Ended June 30,	
	2021	2020
Program revenues:		
Charges for services	\$ 410,789	\$ 893,595
Operating grants and contributions	5,037,773	3,597,909
General revenues	<u>103,041,503</u>	<u>100,715,237</u>
Total revenues	<u>108,490,065</u>	<u>105,206,741</u>
 Program expenses	 <u>107,705,285</u>	 <u>106,935,816</u>
 Change in net position	 784,780	 (1,729,075)
 Net position—beginning	 30,292,061	 31,733,494
Restatement	-	<u>287,642</u>
Net position—ending	<u>\$ 31,076,841</u>	<u>\$ 30,292,061</u>

Overall revenues increased by 3.1 percent from the prior year, due primarily to increases in federal funding related to the COVID-19 pandemic and increases in real property taxes. Total expenses increased 0.7 percent from the prior year ended June 30, 2020, as a result of increased custodial and maintenance salaries and supplies.

A summary of sources of revenues for the years ended June 30, 2021 and June 30, 2020 is presented below in Table 3:

Table 3—Summary of Sources of Revenues

	Year Ended June 30,		Increase/(Decrease)	
	2021	2020	Dollars	Percent %
Charges for services	\$ 410,789	\$ 893,595	\$ (482,806)	(54.0)
Operating grants and contributions	5,037,773	3,597,909	1,439,864	40.0
Real property taxes and items	68,896,833	66,981,791	1,915,042	2.9
Non-property tax items	6,208,148	5,778,383	429,765	7.4
Use of money and property	78,518	234,066	(155,548)	(66.5)
State sources—unrestricted	26,902,342	26,859,680	42,662	0.2
Miscellaneous	955,662	861,317	94,345	11.0
Total revenues	<u>\$ 108,490,065</u>	<u>\$ 105,206,741</u>	<u>\$ 3,283,324</u>	3.1

The most significant sources of revenue for the year ended June 30, 2021 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. Similarly, for the year ended June 30, 2020 the most significant sources of revenue were real property taxes and items of \$66,981,791, or 63.7 percent of total revenues and unrestricted State sources of \$26,859,680, or 25.5 percent of total revenues.

A summary of program expenses for the years ended June 30, 2021 and June 30, 2020 is presented below in Table 4:

Table 4—Summary of Program Expenses

	Year Ended June 30,		Increase/(Decrease)	
	2021	2020	Dollars	Percent %
General support	\$ 13,495,296	\$ 11,937,244	\$ 1,558,052	13.1
Instruction	85,504,381	86,414,882	(910,501)	(1.1)
Pupil transportation	5,351,642	5,631,327	(279,685)	(5.0)
School food service	1,287,525	1,110,054	177,471	16.0
Student activities	155,994	-	155,994	100.0
Interest and other fiscal charges	1,910,447	1,842,309	68,138	3.7
Total program expenses	<u>\$ 107,705,285</u>	<u>\$ 106,935,816</u>	<u>\$ 769,469</u>	0.7

The most significant expense items for the year ended June 30, 2021 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. Similarly, for the year ended June 30, 2020 the most significant expense items were instruction of \$86,414,882, or 80.8 percent of total expenses, general support of \$11,937,244, or 11.2 percent of total expenses, and pupil transportation of \$5,631,327, or 5.3 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, 2021, the District’s governmental funds reported a combined ending fund balance of \$23,735,624, an increase of \$4,323,725 from the prior year’s fund balance of \$19,411,899, as restated. Approximately 30.6 percent, \$7,261,739, 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, \$89,605, (2) restricted for particular purposes, \$10,553,618, or (3) assigned for particular purposes, \$5,830,662.

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 \$7,261,739, while the total fund balance increased to \$22,225,529. 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 7.1 percent of total General Fund expenditures and transfers out, while total fund balance represents approximately 21.8 percent of that same amount.

The total fund balance of the District’s General Fund increased by \$3,436,660 during the current fiscal year. During the annual budget process, the District anticipated utilizing \$5,203,049 of fund balance, which included funds appropriated from unrestricted fund balance (\$4,400,000) and reserves (\$545,840), and the appropriation of prior year’s encumbrances (\$257,209). As a result of revenues exceeding expectations, coupled with spending less than anticipated, the District’s fund balance ended \$8,639,709 higher than anticipated.

The School Lunch Fund total fund balance is \$255,190 as of June 30, 2021, of which \$19,731 represents inventory and is considered nonspendable. The fund balance of the District’s School Lunch Fund increased by \$180,285 in the current fiscal year.

The Special Aid Fund maintains funds that are received by the State and Federal governments. During the year ended June 30, 2021, revenues totaled \$2,231,628 and were comprised of State and Federal sources, while expenditures totaled \$2,348,457 and were used toward the instruction and transportation of students. The difference between revenues and expenditures is subsidized by net transfers in of \$116,829 from the General Fund.

The Student Activities Fund total fund balance is \$224,615 as of June 30, 2021, 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 \$1,030,290 at June 30, 2021. During the year ended June 30, 2021, the Capital Projects Fund fund balance increased by \$769,807, primarily due to 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, 2020-2021	\$ 107,453,198
Add: Prior year's encumbrances	<u>257,209</u>
Original budget, 2020-2021	107,710,407
Budget revisions	<u>-</u>
Final budget, 2020-2021	<u>\$ 107,710,407</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, 2021, amounted to \$62,025,508 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. All depreciable capital assets were depreciated from acquisition date to the end of the current year as outlined in the District's capital asset policy.

Capital assets, net of depreciation for the governmental activities at the years ended June 30, 2021 and June 30, 2020 are presented below in Table 6:

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

	June 30,	
	2021	2020
Land	\$ 4,177,050	\$ 4,177,050
Construction in progress	12,513,813	2,571,900
Land improvements	1,891,495	2,087,558
Building and improvements	39,420,888	43,118,950
Furniture and equipment	1,061,537	915,048
Vehicles	<u>2,960,725</u>	<u>3,005,222</u>
Total	<u>\$ 62,025,508</u>	<u>\$ 55,875,728</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, 2021, the District had bonded debt outstanding of \$45,759,000, as compared to \$41,047,000 in the prior year. During the year ended June 30, 2021, the District issued serial bonds in the amount of \$10,219,000 and made principal payments of \$5,507,000.

A summary of the District’s long-term liabilities at June 30, 2021 and June 30, 2020 is presented below in Table 7:

Table 7—Summary of Long-Term Liabilities

	June 30,	
	2021	2020
Serial bonds	\$ 45,759,000	\$ 41,047,000
Premiums on serial bonds	<u>3,931,332</u>	<u>3,154,399</u>
Bonds payable	49,690,332	44,201,399
Compensated absences	6,349,072	6,283,078
OPEB obligation	6,883,616	7,765,801
Energy performance contract	630,814	826,419
Net pension liability	<u>6,308,896</u>	<u>9,103,318</u>
Total	<u>\$ 69,862,730</u>	<u>\$ 68,180,015</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, 2021 was 7.2 percent. This compares to New York State’s average unemployment rate of 7.8 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 \$445,840 of restricted fund balance for spending in the District’s 2021-2022 fiscal year budget. The 2021-2022 adopted budget appropriations total of \$111,978,005 is an approximate increase of 4.2 percent as compared to \$107,453,198 in 2020-2021. The District’s total budgeted tax levy in 2021-2022 is \$69,826,734, which is an approximate increase of 2.5 percent as compared to \$68,153,068 levied during the 2020-2021 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

*** THIS PAGE INTENTIONALLY LEFT BLANK***

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Net Position
June 30, 2021

	Primary Government Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 16,865,903
Restricted cash and cash equivalents	10,605,285
Receivables	142,540
Due from fiduciary funds	6
Intergovernmental receivables	4,724,524
Deposits	69,874
Inventories	19,731
Capital assets not being depreciated	16,690,863
Capital assets, net of accumulated depreciation	45,334,645
Total assets	94,453,371
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows—relating to pension plans	29,801,333
Deferred outflows—relating to OPEB	1,679,814
Deferred charge on refunding	232,027
Total deferred outflows of resources	31,713,174
LIABILITIES	
Accounts payable	599,814
Accrued liabilities	4,050,444
Intergovernmental payables	51
Due to retirement systems	4,500,656
Unearned revenue	52,315
Noncurrent liabilities:	
Due within one year	7,427,008
Due in more than one year	62,435,722
Total liabilities	79,066,010
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows—relating to pension plans	13,881,505
Deferred inflows—relating to OPEB	2,142,189
Total deferred inflows of resources	16,023,694
NET POSITION	
Net investment in capital assets	16,519,149
Restricted for:	
Tax certiorari	377,328
Tax reduction	1,120,647
Employee benefit accrued liability	1,538,389
Unemployment insurance	927,596
Capital projects	3,333,673
Student activities	224,615
Unrestricted	7,035,444
Total net position	\$ 31,076,841

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, 2021

<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	\$ 13,495,296	\$ -	\$ -	\$ (13,495,296)
Instruction	85,504,381	266,418	3,621,462	(81,616,501)
Pupil transportation	5,351,642	-	-	(5,351,642)
School food service	1,287,525	51,404	1,416,311	180,190
Student activities	155,994	92,967	-	(63,027)
Interest and other fiscal charges	1,910,447	-	-	(1,910,447)
Total primary government	<u>\$ 107,705,285</u>	<u>\$ 410,789</u>	<u>\$ 5,037,773</u>	<u>(102,256,723)</u>
General revenues:				
Real property taxes and other tax items				68,896,833
Non-property tax items				6,208,148
Use of money and property				78,518
State sources—unrestricted				26,902,342
Miscellaneous				955,662
Total general revenues				<u>103,041,503</u>
Change in net position				784,780
Net position—beginning, as restated				<u>30,292,061</u>
Net position—ending				<u>\$ 31,076,841</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, 2021

	General	Special Revenue			Capital Projects	Total Governmental Funds
		School Lunch	Special Aid	Student Activities		
ASSETS						
Cash and cash equivalents	\$ 16,527,228	\$ 154,008	\$ 184,667	\$ -	\$ -	\$ 16,865,903
Restricted cash and cash equivalents	9,298,713	52,315	-	223,730	1,030,527	10,605,285
Receivables	140,523	-	-	2,017	-	142,540
Intergovernmental receivables	3,709,716	299,141	715,667	-	-	4,724,524
Due from other funds	900,577	-	-	-	-	900,577
Deposits	69,874	-	-	-	-	69,874
Inventories	-	19,731	-	-	-	19,731
Total assets	<u>\$ 30,646,631</u>	<u>\$ 525,195</u>	<u>\$ 900,334</u>	<u>\$ 225,747</u>	<u>\$ 1,030,527</u>	<u>\$ 33,328,434</u>
LIABILITIES						
Accounts payable	\$ 381,043	\$ 217,639	\$ -	\$ 1,132	\$ -	\$ 599,814
Accrued liabilities	3,539,403	-	-	-	-	3,539,403
Due to other funds	-	-	900,334	-	237	900,571
Intergovernmental payables	-	51	-	-	-	51
Due to retirement systems	4,500,656	-	-	-	-	4,500,656
Unearned revenue	-	52,315	-	-	-	52,315
Total liabilities	<u>8,421,102</u>	<u>270,005</u>	<u>900,334</u>	<u>1,132</u>	<u>237</u>	<u>9,592,810</u>
FUND BALANCES						
Nonspendable	69,874	19,731	-	-	-	89,605
Restricted	9,298,713	-	-	224,615	1,030,290	10,553,618
Assigned	5,595,203	235,459	-	-	-	5,830,662
Unassigned	7,261,739	-	-	-	-	7,261,739
Total fund balances	<u>22,225,529</u>	<u>255,190</u>	<u>-</u>	<u>224,615</u>	<u>1,030,290</u>	<u>23,735,624</u>
Total liabilities and fund balances	<u>\$ 30,646,631</u>	<u>\$ 525,195</u>	<u>\$ 900,334</u>	<u>\$ 225,747</u>	<u>\$ 1,030,527</u>	<u>\$ 33,328,434</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, 2021

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

Total fund balances—governmental funds (page 14)		\$ 23,735,624
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$144,098,407 and the accumulated depreciation is \$82,072,899.		62,025,508
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	\$ 4,316,561	
Deferred outflows related to experience, changes of assumptions, investment earnings, and changes in proportion	25,484,772	
Deferred inflows of resources related to pension plans	<u>(13,881,505)</u>	15,919,828
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 experience and changes of assumptions	\$ 1,679,814	
Deferred inflows related to experience and changes of assumptions	<u>(2,142,189)</u>	(462,375)
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.		232,027
Net accrued interest expense for serial bonds is not reported in the fund statements		(511,041)
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	\$ (45,759,000)	
Premiums on serial bonds	(3,931,332)	
Compensated absences	(6,349,072)	
Other postemployment benefits ("OPEB") obligation	(6,883,616)	
Energy performance contract	(630,814)	
Net pension liability	<u>(6,308,896)</u>	<u>(69,862,730)</u>
Net position of governmental activities		<u>\$ 31,076,841</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, 2021

	General	Special Revenue			Capital Projects	Total Governmental Funds
		School Lunch	Special Aid	Student Activities		
REVENUES						
Real property taxes	\$ 63,288,503	\$ -	\$ -	\$ -	\$ -	\$ 63,288,503
Real property tax items	5,608,330	-	-	-	-	5,608,330
Non-property tax items	6,208,148	-	-	-	-	6,208,148
Charges for services	266,418	-	-	-	-	266,418
Use of money and property	75,719	95	-	-	2,704	78,518
Miscellaneous	451,140	-	-	-	-	451,140
State sources	27,595,730	50,722	704,960	-	-	28,351,412
Federal sources	696,446	1,365,589	1,526,668	-	-	3,588,703
Sales—food service	-	51,404	-	-	-	51,404
Student activity collections	-	-	-	92,967	-	92,967
Total revenues	<u>104,190,434</u>	<u>1,467,810</u>	<u>2,231,628</u>	<u>92,967</u>	<u>2,704</u>	<u>107,985,543</u>
EXPENDITURES						
Current:						
General support	9,530,025	-	-	-	-	9,530,025
Instruction	58,076,882	-	2,304,076	-	-	60,380,958
Pupil transportation	3,734,809	-	44,381	-	-	3,779,190
Employee benefits	21,791,683	-	-	-	-	21,791,683
Debt service:						
Principal	5,702,605	-	-	-	-	5,702,605
Interest and other fiscal charges	1,807,396	-	-	-	-	1,807,396
Cost of sales (school lunch)	-	1,287,525	-	-	-	1,287,525
Student activities	-	-	-	155,994	-	155,994
Capital outlay	-	-	-	-	10,726,897	10,726,897
Total expenditures	<u>100,643,400</u>	<u>1,287,525</u>	<u>2,348,457</u>	<u>155,994</u>	<u>10,726,897</u>	<u>115,162,273</u>
Excess (deficiency) of revenues over expenditures	<u>3,547,034</u>	<u>180,285</u>	<u>(116,829)</u>	<u>(63,027)</u>	<u>(10,724,193)</u>	<u>(7,176,730)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	21,118	-	137,947	-	1,275,000	1,434,065
Transfers out	(1,412,947)	-	(21,118)	-	-	(1,434,065)
Serial bonds issued	-	-	-	-	10,219,000	10,219,000
Premium on serial bonds issued	1,281,455	-	-	-	-	1,281,455
Total other financing sources (uses)	<u>(110,374)</u>	<u>-</u>	<u>116,829</u>	<u>-</u>	<u>11,494,000</u>	<u>11,500,455</u>
Net change in fund balances	3,436,660	180,285	-	(63,027)	769,807	4,323,725
Fund balances—beginning, as restated	18,788,869	74,905	-	287,642	260,483	19,411,899
Fund balances—ending	<u>\$ 22,225,529</u>	<u>\$ 255,190</u>	<u>\$ -</u>	<u>\$ 224,615</u>	<u>\$ 1,030,290</u>	<u>\$ 23,735,624</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, 2021

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) \$ 4,323,725

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital asset additions	\$ 11,003,453	
Depreciation expense	<u>(4,853,673)</u>	6,149,780

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

District pension contributions	\$ 5,618,133	
Cost of benefits earned net of employee contributions	<u>(9,516,620)</u>	(3,898,487)

Deferred outflows and inflows of resources relating to OPEB result from actuarial changes in the census, changes in medical premiums that are different than expected healthcare cost trend rates, and changes in assumptions and other inputs. These amounts are shown net of current year amortization. (1,210,050)

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. (123,514)

In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid. 20,463

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	\$ (10,219,000)	
Repayment of serial bonds	5,507,000	
Premium on serial bonds issued	(1,281,455)	
Amortization of premiums on serial bonds	504,522	
Change in compensated absences	(65,994)	
Change in OPEB obligation	882,185	
Principal repayment of energy performance contract	<u>195,605</u>	<u>(4,477,137)</u>

Change in net position of governmental activities \$ 784,780

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, 2021

	<u>Private Purpose Trust</u>
ASSETS	
Restricted cash and cash equivalents	\$ 87,919
Total assets	<u>87,919</u>
LIABILITIES	
Due to other funds	<u>6</u>
Total liabilities	<u>6</u>
NET POSITION	
Restricted for scholarships	<u>87,913</u>
Total net position	<u>\$ 87,913</u>

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

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Changes in Fiduciary Net Position—Fiduciary Funds
Year Ended June 30, 2021

	Private Purpose Trust
ADDITIONS	
Contributions	\$ 3,600
Interest earnings	70
Total additions	3,670
DEDUCTIONS	
Scholarships awarded	10,869
Other	1,797
Total deductions	12,666
Change in net position	(8,996)
Net position—beginning	96,909
Net position—ending	\$ 87,913

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

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Notes to the Financial Statements
Year Ended June 30, 2021

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, 2021 there was no debt issued by the District on behalf of BOCES.

During the year ended June 30, 2021, the District was billed \$9,528,576 for BOCES administrative and program costs and recognized \$261,599 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, 2021; 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, unspent proceeds of debt, 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.

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.

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

Capital Assets—Capital assets, which include land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles, 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.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated 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

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, 2021, 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, the difference during the measurement periods between the District’s contributions, its proportionate share of total contribution 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 of the 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, 2021, 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 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 1st by the Board of Education and attached as an enforceable lien. Uncollected real property taxes are subsequently enforced by the County of Erie. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the District no later than April 1st.

Unearned Revenue—Certain revenues have not met the revenue recognition criteria for government-wide or fund financial purposes. At June 30, 2021, the District reported \$52,315 of unearned revenues in the School Lunch Fund related to prepayments of student lunches.

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

Pension Plans—The District is mandated by New York State law to participate in the New York State Teachers' Retirement System ("TRS") and the New York State Local Employees' Retirement System ("ERS"). For purposes of measuring the net pension liability, 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, 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities*. Additionally, the District early implemented GASB Statements No. 92, *Omnibus 2020*; No. 93, *Replacement of Interbank Offered Rates*; and No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. GASB Statement No. 84 improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. GASB Statement No. 92 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. GASB Statement No. 93 addresses accounting and financial reporting implications that result from the replacement of an interbank offered rate ("IBOR"). GASB Statement No. 97 increases consistency and comparability related to the reporting of fiduciary component units, mitigates costs associated with the reporting of certain defined contribution plans and enhances the relevance, consistency and comparability of the accounting and reporting for internal Revenue Code Section 457 deferred compensation plans. Other than matter discussed in Note 2, the implementation of GASB Statements No. 84, 92, 93, and 97 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. 87, *Leases*; and No. 89, *Interest Capitalization*, effective for the year ending June 30, 2022; No. 91, *Conduit Debt Obligations*; No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*; and No. 96, *Subscription-Based Information Technology Arrangements*, effective for

the year ending June 30, 2023. The District is, therefore, unable to disclose the impact that adopting GASB Statements No. 87, 89, 91, 94, and 96 will have on its financial position and results of operations when such statements are adopted.

2. RESTATEMENT OF NET POSITION AND FUND BALANCE

During the year ended June 30, 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities*. The implementation of GASB Statement No. 84 established the Student Activities Fund fund balance of \$287,642 as of June 30, 2020. Accordingly, the Student Activities Fund fund balance and governmental activities net position were restated by \$287,642 as of June 30, 2020.

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, 2021, are as follows:

	Governmental Funds	Fiduciary Funds	Total
Petty cash (uncollateralized)	\$ 1,460	\$ -	\$ 1,460
Deposits	27,469,728	87,919	27,557,647
Total	<u>\$ 27,471,188</u>	<u>\$ 87,919</u>	<u>\$ 27,559,107</u>

Deposits—All deposits are carried at fair value, and are classified by custodial credit risk at June 30, 2021 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>27,573,655</u>	<u>26,557,647</u>
Total	<u>\$ 28,573,655</u>	<u>\$ 27,557,647</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, 2021, 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 proceeds of debt, amounts to support restricted fund balances, unearned revenue and amounts held on behalf of others as restricted cash and cash equivalents. At June 30, 2021, the District reported \$10,605,285 and \$87,919 of restricted cash within its governmental and fiduciary funds, respectively.

Investments—The District had no investments at June 30, 2021.

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, 2021 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, 2021, the District reported \$140,523 and \$2,017 of receivables in the General Fund and Student Activities Fund, respectively.

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, 2021 are presented below.

General Fund:		
Erie County sales tax	\$ 1,570,404	
New York State Excess Cost aid	790,576	
BOCES aid	<u>1,348,736</u>	\$ 3,709,716
School Lunch Fund:		
Breakfast and lunch programs		299,141
Special Aid Fund:		
Summer Handicapped Program	413,069	
Special Education - Grants to States	187,506	
Universal Pre-K	44,512	
Title I Grants to Local Educational Agencies	32,995	
Special Education - Preschool Grants	4,924	
Title III Grants to Local Educational Agencies	258	
Student Support and Academic Enrichment	8,389	
Improving Teacher Quality - State Grants	<u>24,014</u>	<u>715,667</u>
Total governmental funds		<u>\$ 4,724,524</u>

5. CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2021 was as follows:

	Balance 7/1/2020	Increases	Decreases	Balance 6/30/2021
Capital assets, not being depreciated:				
Land	\$ 4,177,050	\$ -	\$ -	\$ 4,177,050
Construction in progress	2,571,900	9,941,913	-	12,513,813
Total capital assets, not being depreciated	<u>6,748,950</u>	<u>9,941,913</u>	<u>-</u>	<u>16,690,863</u>
Capital assets, being depreciated:				
Land improvements	6,221,444	15,750	-	6,237,194
Buildings and improvements	105,374,977	-	-	105,374,977
Furniture and equipment	6,182,503	272,752	126,263	6,328,992
Vehicles	9,228,043	773,038	534,700	9,466,381
Total capital assets, being depreciated	<u>127,006,967</u>	<u>1,061,540</u>	<u>660,963</u>	<u>127,407,544</u>
Less accumulated depreciation for:				
Land improvements	4,133,886	211,813	-	4,345,699
Buildings and improvements	62,256,027	3,698,062	-	65,954,089
Furniture and equipment	5,267,455	126,263	126,263	5,267,455
Vehicles	6,222,821	817,535	534,700	6,505,656
Total accumulated depreciation	<u>77,880,189</u>	<u>4,853,673</u>	<u>660,963</u>	<u>82,072,899</u>
Total capital assets being depreciated, net	<u>49,126,778</u>	<u>(3,792,133)</u>	<u>-</u>	<u>45,334,645</u>
Governmental activities capital assets, net	<u>\$ 55,875,728</u>	<u>\$ 6,149,780</u>	<u>\$ -</u>	<u>\$ 62,025,508</u>

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

Governmental activities:	
General support	\$ 627,704
Instruction	3,977,049
Pupil transportation	248,920
Total	<u>\$ 4,853,673</u>

6. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at June 30, 2021 were as follows:

	General Fund
Salaries and employee benefits	\$ 1,174,067
Health claims	2,365,336
Total accrued liabilities	<u>\$ 3,539,403</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 NYSSTR Comprehensive Annual Financial Report which can be found at the TRS website at www.nystrs.org.

Employees' Retirement System—ERS provides retirement benefits as well as death and disability benefits. The net position of ERS is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all net assets and record changes in plan net position allocated to ERS. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of ERS. ERS benefits are established under the provisions of the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan ("GLIP"), which provides death benefits in the form of life insurance. ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

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

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions—At June 30, 2021, the District reported the following liabilities for its proportionate share of the net pension liability for each of the Systems. The net pension liabilities were measured as of June 30, 2020 for TRS and March 31, 2021 for ERS. The total pension liability used to calculate the net pension liabilities were determined by actuarial valuations as of June 30, 2019 and April 1, 2020, respectively, with update procedures used to rollforward the total pension liability to the measurement dates. The District’s proportion of the net pension liabilities 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.

	<u>TRS</u>	<u>ERS</u>
Measurement date	June 30, 2020	March 31, 2021
Net pension liability	\$ 6,273,036	\$ 35,860
District's portion of the Plan's total net pension liability	0.227015%	0.036014%

For the year ended June 30, 2021, the District recognized pension expenses of \$8,442,408 and \$1,132,930 for TRS and ERS, respectively. At June 30, 2021 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from sources below:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>
Difference between expected and actual experiences	\$ 5,496,434	\$ 437,950	\$ 321,481	\$ -
Changes of assumptions	7,933,930	6,593,529	2,828,032	124,356
Net difference between projected and actual earnings on pension plan investments	4,096,842	-	-	10,301,154
Changes in proportion and differences between the District's contributions and proportionate share of contributions	124,033	802,054	199,121	107,361
District contributions subsequent to the measurement date	3,822,923	493,638	-	-
Total	<u>\$ 21,474,162</u>	<u>\$ 8,327,171</u>	<u>\$ 3,348,634</u>	<u>\$ 10,532,871</u>

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

<u>Year Ending June 30,</u>	<u>TRS</u>	<u>ERS</u>
2022	\$ 2,440,387	\$ (357,262)
2023	4,929,683	(35,495)
2024	4,018,446	(421,874)
2025	2,500,461	(1,884,707)
2026	116,837	-
Thereafter	296,791	-

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

	TRS	ERS
Measurement date	June 30, 2020	March 31, 2021
Actuarial valuation date	June 30, 2019	April 1, 2020
Interest rate	7.10%	5.90%
Salary scale	1.90%-4.72%	4.40%
Decrement tables	July 1, 2009 - June 30, 2014	April 1, 2015 - March 31, 2020
Inflation rates	2.20%	2.70%
Cost-of-living adjustments	1.30%	1.40%

For TRS, annuitant mortality rates are based on July 1, 2010 – June 30, 2015 System experience with adjustments for mortality improvements based on Society of Actuaries Scale MP2019, 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, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2010 – June 30, 2015. For ERS, the actuarial assumptions used in the April 1, 2020 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	TRS	ERS	TRS	ERS
	Target Allocation		Long-Term Expected Real Rate of Return	
			June 30, 2020	March 31, 2021
Asset class:				
Domestic equities	34.9 %	32.0 %	7.1 %	4.1 %
International equities	16.4	15.0	7.7	6.3
Global equities	3.0	0.0	7.4	0.0
Private equity	8.0	10.0	10.4	6.8
Real estate	10.0	9.0	6.8	5.0
Opportunistics/Absolute return strategies	0.0	3.0	0.0	4.5
Credit	0.0	4.0	0.0	3.6
Domestic fixed income securities	15.9	0.0	1.8	0.0
Global bonds	2.4	0.0	1.0	0.0
High-yield bonds	0.5	0.0	3.9	0.0
Private debt	0.6	0.0	5.2	0.0
Real assets	0.0	3.0	0.0	6.0
Real estate debt	6.0	0.0	3.6	0.0
Fixed income	0.0	23.0	0.0	0.0
Short-term	2.3	1.0	0.0	0.5
Total	<u>100.0 %</u>	<u>100.0 %</u>		

Discount Rate—The discount rate used to calculate the total pension liability was 7.1% for TRS and 5.9% 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 7.1% for TRS and 5.9% 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 (6.1% for TRS and 4.9% for ERS) or one percentage-point higher (8.1% for TRS and 6.9% for ERS) than the current assumption.

TRS	1% Decrease (6.1%)	Current Assumption (7.1%)	1% Increase (8.1%)
Employer's proportionate share of the net pension liability/(asset)	\$ 39,624,604	\$ 6,273,036	\$ (21,717,382)

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension liability/(asset)	\$ 9,953,397	\$ 35,860	\$ (9,110,430)

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

	(Dollar in Thousands)	
	TRS	ERS
Valuation date	June 30, 2019	April 1, 2020
Employers' total pension liability	\$ 123,242,776	\$ 220,680,157
Plan fiduciary net position	120,479,505	220,580,583
Employers' net pension liability	<u>\$ 2,763,271</u>	<u>\$ 99,574</u>
System fiduciary net position as a percentage of total pension liability	97.8%	100.0%

Payables to the Pension Plan—For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 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, 2021 amounted to \$4,007,018.

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, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$493,638.

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, 2021, 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>739</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 \$6,883,616 was measured three months prior to fiscal year end, and was determined by an actuarial valuation dated May 26, 2021, 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 May 26, 2021 actuarial valuation, the entry age normal method, over a level percent of pay was used. The single discount rate changed from 2.48% to 2.27% effective June 30, 2021. The salary scale changed from 3.22% to 3.11%. 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 4.00%, while the ultimate healthcare cost trend rate is 4.08%.

The retirement and termination actuarial assumptions used in the May 26, 2021 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, 2020	\$ 7,765,801
Changes for the year:	
Service cost	280,913
Interest	192,640
Differences between expected and actual experience	(1,254,557)
Changes of assumptions	177,787
Benefit payments	(278,968)
Net changes	(882,185)
Balance at June 30, 2021	\$ 6,883,616

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 (1.27%)	Current Discount Rate (2.27%)	1% Increase (3.27%)
Total OPEB liability	\$ 7,682,576	\$ 6,883,616	\$ 6,197,890

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 (4.00%) and ultimate (4.08%) healthcare cost trend rates.

	1% Decrease (3.00% / 3.08%)	Healthcare Cost Trend Rates (4.00% / 4.08%)	1% Increase (5.00% / 5.08%)
Total OPEB liability	\$ 6,110,012	\$ 6,883,616	\$ 7,822,876

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 \$278,968 for the fiscal year ended June 30, 2021.

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, 2021.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 978,560	\$ 1,362,347
Changes of assumptions	631,512	779,842
Contributions subsequent to the measurement date	69,742	-
Total	<u>\$ 1,679,814</u>	<u>\$ 2,142,189</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, 2022. 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>	
2022	\$ 134,793
2023	66,099
2024	(283,814)
2025	(302,533)
2026	(104,759)
Thereafter	(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. SHORT-TERM DEBT

Liabilities for bond anticipation notes ("BANs") are generally accounted for in the Capital Projects Fund. Principal payments on BANs must be made annually. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. A summary of the District's short-term debt for the fiscal year ended June 30, 2021 follows:

<u>Description</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Balance 7/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2021</u>
Capital Projects Fund:						
Capital Project BAN	1.50%	5/5/2021	\$ 10,700,000	\$ -	\$ 10,700,000	\$ -
Total			<u>\$ 10,700,000</u>	<u>\$ -</u>	<u>\$ 10,700,000</u>	<u>\$ -</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, 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, 2021 follows:

	Balance 7/1/2020	Additions	Reductions	Balance 6/30/2021	Due Within One Year
Serial bonds	\$ 41,047,000	\$ 10,219,000	\$ 5,507,000	\$ 45,759,000	\$ 6,334,000
Premiums on serial bonds	<u>3,154,399</u>	<u>1,281,455</u>	<u>504,522</u>	<u>3,931,332</u>	<u>572,792</u>
Bonds payable	44,201,399	11,500,455	6,011,522	49,690,332	6,906,792
Compensated absences	6,283,078	377,706	311,712	6,349,072	317,454
OPEB obligation	7,765,801	651,340	1,533,525	6,883,616	-
Energy performance contract	826,419	-	195,605	630,814	202,762
Net pension liability*	<u>9,103,318</u>	<u>-</u>	<u>2,794,422</u>	<u>6,308,896</u>	<u>-</u>
Total	<u>\$ 68,180,015</u>	<u>\$ 12,529,501</u>	<u>\$ 10,846,786</u>	<u>\$ 69,862,730</u>	<u>\$ 7,427,008</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, 2020, the District issued \$794,000 of serial bonds with interest rates ranging from 1.00 to 1.125 percent. Principal payments begin on August 1, 2021 and mature on August 1, 2025.

On May 4, 2021, the District issued \$9,425,000 of serial bonds which included a premium of \$1,281,455. These bonds carry interest rates ranging from 2.00 to 5.00 percent. Principal payments begin on May 1, 2022 and mature on May 1, 2036. The serial bonds were issued with premiums totaling \$1,281,455, which is restricted for future debt service.

A summary of additions and payments for the year ended June 30, 2021 is presented below:

Description	Year of Issue/ Maturity	Amount of Original Issue	Interest Rate (%)	Balance 7/1/2020	Additions	Payments	Balance 6/30/2021
2014A Issue	2014/2028	\$ 11,405,000	2.00-5.00	\$ 7,160,000	\$ -	\$ 755,000	\$ 6,405,000
2015 Refunding	2016/2022	3,865,000	2.00-4.00	1,345,000	-	665,000	680,000
2016 Issue	2016/2021	760,000	1.50	155,000	-	155,000	-
2017 Refunding	2017/2024	9,415,000	4.00-5.00	7,715,000	-	1,790,000	5,925,000
2017 Issue	2017/2022	784,000	1.56	320,000	-	160,000	160,000
2018 Issue	2018/2032	21,840,000	3.00-5.00	19,110,000	-	1,400,000	17,710,000
2018 Issue (Bus)	2018/2023	790,000	1.50-1.75	480,000	-	160,000	320,000
2019 Issue	2019/2032	3,392,999	2.00-5.00	3,155,000	-	235,000	2,920,000
2019 Issue	2019/2024	1,607,000	5.00	1,607,000	-	187,000	1,420,000
2020 Issue	2020/2025	794,000	1.00-1.13	-	794,000	-	794,000
2021 Issue	2021/2036	9,425,000	2.00-5.00	-	9,425,000	-	9,425,000
Total				<u>\$ 41,047,000</u>	<u>\$ 10,219,000</u>	<u>\$ 5,507,000</u>	<u>\$ 45,759,000</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, 2021 was \$3,931,332.

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, 2021 for governmental activities is \$6,349,072. Management estimates that \$317,454 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 \$6,883,616 at June 30, 2021.

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
2022	\$ 222,810
2023	222,810
2024	222,810
Total minimum lease payments	668,430
Less: amounts representing imputed interest costs	37,616
Present value of minimum lease payments	<u>\$ 630,814</u>

Net Pension Liability—The District reported a liability, \$6,308,896 for its proportionate share of the net pension liability for the Teachers’ Retirement System and the Employees’ Retirement System. Refer to Note 7 for additional information related to the District’s net pension liability.

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

Year Ending June 30,	Serial Bonds	Premiums on Serial Bonds	Compensated Absences	OPEB Obligation	Energy Performance Contract	Net Pension Liability	Total
2022	\$ 6,334,000	\$ 572,792	\$ 317,454	\$ -	\$ 202,762	\$ -	\$ 7,427,008
20223	5,670,000	552,338	-	-	210,181	-	6,432,519
2024	5,680,000	354,718	-	-	217,871	-	6,252,589
2025	3,515,000	301,692	-	-	-	-	3,816,692
2026	3,410,000	301,692	-	-	-	-	3,711,692
2027-2031	12,540,000	1,319,271	-	-	-	-	13,859,271
2032-2036	8,610,000	528,829	-	-	-	-	9,138,829
Thereafter	-	-	6,031,618	6,883,616	-	6,308,896	19,224,130
Total	<u>\$ 45,759,000</u>	<u>\$ 3,931,332</u>	<u>\$ 6,349,072</u>	<u>\$ 6,883,616</u>	<u>\$ 630,814</u>	<u>\$ 6,308,896</u>	<u>\$ 69,862,730</u>

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

Year Ending June 30,	Serial Bonds	Energy Performance Contract	Total
2022	\$ 1,903,853	\$ 20,048	\$ 1,923,901
2023	1,544,950	12,629	1,557,579
2024	1,208,631	4,939	1,213,570
2025	965,950	-	965,950
2026	825,175	-	825,175
2027-2031	1,940,883	-	1,940,883
2032-2036	510,050	-	510,050
Total	<u>\$ 8,899,492</u>	<u>\$ 37,616</u>	<u>\$ 8,937,108</u>

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 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, 2021 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, \$19,731, 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, 2021 includes:

	General Fund	Student Activities Fund	Capital Projects Fund	Total
Tax certiorari	\$ 377,328	\$ -	\$ -	\$ 377,328
Tax reduction	1,120,647	-	-	1,120,647
Employee benefit accrued liability	1,538,389	-	-	1,538,389
Unemployment insurance	927,596	-	-	927,596
Capital projects	2,303,383	-	1,030,290	3,333,673
Student activities	-	224,615	-	224,615
Debt service	3,031,370	-	-	3,031,370
Total	<u>\$ 9,298,713</u>	<u>\$ 224,615</u>	<u>\$ 1,030,290</u>	<u>\$ 10,553,618</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.

- ***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.
- ***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.
- ***Unemployment Insurance***—According to General Municipal Law Section 6-m, this restriction must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The restriction may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year’s budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund.
- ***Capital Projects***—According to Education Law Section 3651, this restriction must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the restriction only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in Section 3651 of the Education Law. An additional portion of the reserve represents donor restricted proceeds.
- ***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.

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, 2021, 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, 2021 and include:

	General Fund	School Lunch Fund	Total
Subsequent year's expenditures	\$ 5,500,000	\$ -	\$ 5,500,000
Encumbrances	95,203	2,864	98,067
Specific use	-	232,595	232,595
Total	<u>\$ 5,595,203</u>	<u>\$ 235,459</u>	<u>\$ 5,830,662</u>

- **Assigned to Subsequent Year's Expenditures**—Representing available fund balance being appropriated to meet expenditure requirements in the 2021-22 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, 2021 is as follows:

Fund	Interfund	
	Receivable	Payable
Governmental Funds:		
General Fund	\$ 900,577	\$ -
Special Aid Fund	-	900,334
Capital Projects Fund	-	237
Total governmental funds	<u>900,577</u>	<u>900,571</u>
Fiduciary Fund:		
Private-Purpose Trust Fund	-	6
Total	<u>\$ 900,577</u>	<u>\$ 900,577</u>

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

The District made the following transfers during the year ended June 30, 2021:

Fund	Transfers in:			Total
	General Fund	Special Aid Fund	Capital Projects Fund	
Transfers out:				
General Fund	\$ -	\$ 137,947	\$ 1,275,000	\$ 1,412,947
Special Aid Fund	21,118	-	-	21,118
Total	\$ 21,118	\$ 137,947	\$ 1,275,000	\$ 1,434,065

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

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, 2021 is presented below:

Currey Scholarship Fund	\$ 2,738
Worth Scholarship Fund	1,088
Huppuch Scholarship Fund	30,713
Gow Scholarship Fund	1,467
Donation Fund	7,567
Carnevale Scholarship Fund	2,193
Gillis Scholarship Fund	27,182
Heinike Scholarship Fund	499
Broadbent Scholarship Fund	852
Orchard Park Senior Class Service	1,000
Minias Scholarship Fund	2,532
Kelly Anne Ryan Scholarship Fund	10,088
Total scholarships	<u>\$ 87,919</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, 2021, 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, 2021, the significant encumbrances of the District are shown on the following page.

Description	Amount
General Fund-Building Administration Contractual HS	\$ 15,000
General Fund-Athletics Contractual	12,000
General Fund-Operation Contractual	11,707

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 \$694,033 during the 2020-2021 fiscal year in payments in lieu of taxes (“PILOT”), these collections were made in lieu of \$1,105,855 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 12, 2021, the District issued \$818,000 of bus purchase serial bonds with an interest rate ranging from 0.5 to 1.0 percent. These bonds mature on August 1, 2026.

Management has evaluated subsequent events through September 14, 2021, 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.

* * * * *

REQUIRED SUPPLEMENTARY INFORMATION

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

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

	Year Ended June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
Measurement date	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)	0.227015%	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>\$ 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	\$ 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	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)	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 Eight Fiscal Years*

	Year Ended June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 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>(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>
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
Contributions as a percentage of covered payroll	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—
Employees' Retirement System
Last Eight Fiscal Years*

	Year Ended June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
Measurement date	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	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	<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	\$ 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 as a percentage of its covered payroll	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	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 Eight Fiscal Years*

	Year Ended June 30,							
	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 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>(1,795,210)</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>
District's covered payroll	\$ 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%	13.2%	13.6%	13.8%	14.4%	16.0%	18.4%	18.1%

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

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

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

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

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Local sources:				
Real property taxes	\$ 62,853,068	\$ 62,853,068	\$ 63,288,503	\$ 435,435
Real property tax items	6,005,000	6,005,000	5,608,330	(396,670)
Non-property tax items	4,300,000	4,300,000	6,208,148	1,908,148
Charges for services	357,000	357,000	266,418	(90,582)
Use of money and property	102,000	102,000	75,719	(26,281)
Miscellaneous	400,000	400,000	451,140	51,140
State sources:				
Basic formula and excess cost aid	13,729,410	13,729,410	13,199,699	(529,711)
Lottery aid	6,000,000	6,000,000	5,573,788	(426,212)
Excess cost aid	5,509,437	5,509,437	5,340,754	(168,683)
BOCES aid	2,552,230	2,552,230	2,671,731	119,501
Tuition and transportation	-	-	227,716	227,716
Textbook aid	318,550	318,550	309,075	(9,475)
Computer hardware	72,636	72,636	53,641	(18,995)
Computer software	76,265	76,265	71,363	(4,902)
Library / loan program	31,762	31,762	31,593	(169)
Miscellaneous	-	-	116,370	116,370
Federal sources:				
Coronavirus relief fund	-	-	541,815	541,815
Medicaid assistance	200,000	200,000	154,631	(45,369)
Total revenues	<u>102,507,358</u>	<u>102,507,358</u>	<u>104,190,434</u>	<u>1,683,076</u>
OTHER FINANCING SOURCES				
Transfers in	-	-	21,118	21,118
Premium on serial bonds issued	-	-	1,281,455	1,281,455
Appropriated reserves	545,840	545,840	-	(545,840)
Total other financing sources	<u>545,840</u>	<u>545,840</u>	<u>1,302,573</u>	<u>756,733</u>
Total revenues and other financing sources	<u>\$ 103,053,198</u>	<u>\$ 103,053,198</u>	<u>\$ 105,493,007</u>	<u>\$ 2,439,809</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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>		(concluded)
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Encumbrances</u>	<u>Variance with</u> <u>Final Budget</u>
EXPENDITURES					
General support:					
Board of education	\$ 39,700	\$ 39,700	\$ 17,813	\$ 130	\$ 21,757
Central administration	335,787	335,787	315,829	-	19,958
Finance	622,522	616,621	590,554	5	26,062
Staff	681,489	685,236	531,795	-	153,441
Central services	6,629,077	7,316,368	6,946,523	37,333	332,512
Special items	1,317,053	1,314,875	1,127,511	-	187,364
Instruction:					
Instruction, administration and improvements	3,794,288	3,750,976	3,659,787	16,568	74,621
Teaching—regular school	32,607,000	33,036,218	32,538,071	24,325	473,822
Programs for pupils with handicapping conditions	15,418,900	14,448,891	13,793,144	-	655,747
Occupational education	1,171,310	1,171,310	1,114,732	-	56,578
Teaching—special school	260,200	220,470	66,385	266	153,819
Instructional media	3,695,574	3,851,397	3,475,446	4,376	371,575
Pupil services	4,064,779	3,861,315	3,429,317	12,200	419,798
Pupil transportation	5,041,453	3,976,968	3,734,809	-	242,159
Employee benefits	24,149,300	23,929,300	21,791,683	-	2,137,617
Debt service:					
Principal	5,702,605	5,702,605	5,702,605	-	-
Interest and other fiscal charges	1,929,370	1,927,370	1,807,396	-	119,974
Total expenditures/ encumbrances	<u>107,460,407</u>	<u>106,185,407</u>	<u>100,643,400</u>	<u>95,203</u>	<u>5,446,804</u>
OTHER FINANCING USES					
Transfers out	250,000	1,525,000	1,412,947	-	112,053
Total expenditures/ encumbrances and other financing uses	<u>107,710,407</u>	<u>107,710,407</u>	<u>102,056,347</u>	<u>95,203</u>	<u>5,558,857</u>
Net change in fund balance*	(4,657,209)	(4,657,209)	3,436,660		
Fund balance—beginning	<u>18,788,869</u>	<u>18,788,869</u>	<u>18,788,869</u>		
Fund balance—ending	<u>\$ 14,131,660</u>	<u>\$ 14,131,660</u>	<u>\$ 22,225,529</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.

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Notes to the Required Supplementary Information
Year Ended June 30, 2021

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 decreased from 2.48% to 2.27% at June 30, 2021. Finally, the initial healthcare cost trend rate decreased from 5.20% to 4.00%, and the ultimate rate decreased from 4.18% to 4.08% at June 30, 2021.

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.

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

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, 2021

Change from Adopted Budget to Final Budget

Adopted budget, 2020-2021		\$ 107,453,198
Add: Prior year's encumbrances		<u>257,209</u>
Original budget, 2020-2021		107,710,407
Budget revisions		<u>-</u>
Final budget, 2020-2021		<u><u>\$ 107,710,407</u></u>

Section 1318 of Real Property Tax Law Limit Calculation

2021-2022 Voter-approved expenditure budget	\$ 111,978,005	
Maximum allowed (4% of 2021-2022 budget)		<u><u>\$ 4,479,120</u></u>

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

Unrestricted fund balance:		
Assigned fund balance	\$ 5,595,203	
Unassigned fund balance	<u>7,261,739</u>	
Total unrestricted fund balance		\$ 12,856,942

Less:

Appropriated fund balance	\$ 5,500,000	
Encumbrances included in assigned fund balance	<u>95,203</u>	
Total adjustments		<u>5,595,203</u>

General Fund fund balance subject to Section 1318 of Real Property Tax Law		<u><u>\$ 7,261,739</u></u>
---	--	----------------------------

Actual percentage	6.48%
-------------------	-------

* 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, 2021

Description	Original Appropriation	Revised Appropriation	Expenditures to Date			Unexpended Balance
			Prior Years	Current Year	Total	
Transportation (H1)	\$ 476,000	\$ 1,261,666	\$ 1,100,496	\$ -	\$ 1,100,496	\$ 161,170
Technological improvements (H3)	2,200,000	2,200,000	721,899	116,520	838,419	1,361,581
Bus - transportation 2021 (H6)	850,000	850,000	-	784,984	784,984	65,016
Safety and Security (H14)	586,094	12,200,000	1,850,001	9,825,393	11,675,394	524,606
Total	\$ 4,112,094	\$ 16,511,666	\$ 3,672,396	\$ 10,726,897	\$ 14,399,293	\$ 2,112,373

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Net Investment in Capital Assets
June 30, 2021

Capital assets, net of accumulated depreciation	\$	62,025,508
Add:		
Deferred loss on refunding	\$	232,027
Unspent debt premiums	<u>3,031,370</u>	3,263,397
Deduct:		
Serial bonds issued for capital assets	(44,339,000)	
Unamortized premium on serial bonds	(3,799,942)	
Energy performance contract	<u>(630,814)</u>	<u>(48,769,756)</u>
Net investment in capital assets	\$	<u>16,519,149</u>

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

FEDERAL AWARDS
INFORMATION

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Pass-through Grantor/Program or Cluster Title (1a)	Federal CFDA Number (1b)	Pass-through Entity's Identifying Number (1c)	Passed- Through to Subrecipients	Federal Expenditures (1d)
U.S. DEPARTMENT OF AGRICULTURE:				
<i>Passed through New York State Department of Agriculture:</i>				
Child Nutrition Cluster:				
Summer Food Service Program for Children	10.559	N/A	\$ -	\$ 1,365,589
Total Child Nutrition Cluster			-	1,365,589
TOTAL U.S. DEPARTMENT OF AGRICULTURE			-	1,365,589
U.S. DEPARTMENT OF TREASURY:				
<i>Passed through the County of Erie, New York:</i>				
Coronavirus Relief Fund	21.019	N/A	-	499,750
TOTAL U.S. DEPARTMENT OF TREASURY			-	499,750
U.S. DEPARTMENT OF EDUCATION:				
<i>Passed through New York State Department of Education:</i>				
Title I Grants to Local Educational Agencies	84.010	021-21-0840	-	202,625
Title I Grants to Local Educational Agencies	84.010	021-20-0840	-	13,609
Total Title I Grants to Local Educational Agencies			-	216,234
Special Education Cluster:				
Special Education - Grants to States	84.027	032-21-0238	-	1,154,931
Special Education - Preschool Grants	84.173	033-21-0238	-	32,864
Total Special Education Cluster			-	1,187,795
Small, Rural School Achievement Program	84.358	N/A	-	23,117
Supporting Effective Instruction State Grants	84.367	0147-21-0840	-	86,414
Student Support and Academic Enrichment Program	84.424	0204-21-0840	-	13,108
Governor's Emergency Education Relief Fund	84.425C	N/A	-	6,096
Elementary and Secondary School Emergency Relief Fund	84.425D	N/A	-	35,969
TOTAL U.S. DEPARTMENT OF EDUCATION			-	1,568,733
TOTAL EXPENDITURES OF FEDERAL AWARDS (1e)			\$ -	\$ 3,434,072

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

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

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, 2021. 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: 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 2020-2021 fiscal year are reconciled to Federal sources as reported in the basic financial statements as follows:

Balance per schedule of expenditures of federal awards	\$ 3,434,072
Medicaid reimbursement	<u>154,631</u>
Total Federal sources per financial statements	<u>\$ 3,588,703</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, 2021, the District used \$49,824 worth of commodities.

**** THIS PAGE INTENTIONALLY LEFT BLANK ****

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, 2021, 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 14, 2021 (which report includes an emphasis of matter paragraph regarding the implementation of GASB Statement No. 84).

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") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we

consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 2021-001.

District's Response to Finding

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 14, 2021

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

We have audited the Orchard Park Central School District, New York's (the "District") compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget* ("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, 2021. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

The District's management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

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, 2021.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Drescher & Malecki LLP

September 14, 2021

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Section I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued: Unmodified*
 (*which report includes an emphasis of matter paragraph regarding the implementaiton of GASB Statement No. 84)

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>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.559	Child Nutrition Cluster
21.019	Coronavirus Relief Fund

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, 2021

Section II. FINANCIAL STATEMENT FINDINGS

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

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.

Section III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted.

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021
(Follow-up on June 30, 2020 Findings)

Finding 2020-001—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 2021-001.

**** THIS PAGE INTENTIONALLY LEFT BLANK ****