

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

October 10, 2023

Members of the Audit Committee and
The Board of Education
Belfast Central School District

We have audited the financial statements of Belfast Central School District (the District) for the year ended June 30, 2023, and have issued our report thereon October 10, 2023. Professional standards also require that we advise you of the following information related to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated April 26, 2023, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

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

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

We have provided our comments regarding internal controls and other matters noted during our audit in a separate letter to you.

Planned Scope and Timing of the Audit

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

Compliance with All Ethics Requirements Regarding Independence

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

Qualitative Aspects of the District's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. No new accounting policies were adopted, and the application of existing policies was not changed during 2023. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates and Audit Risk Items

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

- Recognition of capital assets at historical or estimated historical cost within established threshold values and the consistent application of depreciable lives and methods
- Accrual of compensated absences (vacation and sick pay liabilities), other postemployment benefits (OPEB), and net pension position and their related disclosures
- Reserves established, funded, and reported in the general fund as restricted fund balance

Management's estimates of the above are based on management's knowledge and experience about past and current events and assumptions about future events. We evaluated the key factors and assumptions used to develop the estimates above and determined they are reasonable in relation to the basic financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures are particularly important because of their significance to financial statement users. The most important disclosures affecting the financial statements are reflected in Note 2 – Stewardship and Compliance, Note 7 – Long-Term Liabilities, Note 8 – Pension Plans, and Note 9 – OPEB. These disclosures present the compliance requirements with State law, deficit fund balance in the capital projects fund, and the existing long-term obligations of the District, including the actuarially determined net pension position in the State's pension plans and the actuarial accrued liability for the District's OPEB. We evaluated all disclosures in relation to the financial statements as a whole and determined that they are reasonable.

Significant Difficulties Encountered During the Audit

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

Uncorrected and Corrected Misstatements

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

Disagreements with Management

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

Circumstances that Affect the Form and Content of the Auditors' Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditors' report. There were no modifications to the audit opinion.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated consistent with the financial statement audit report date.

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings, or Issues

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

We applied certain limited procedures to management's discussion and analysis and other required supplementary information (RSI) regarding pensions and OPEB. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the schedule of expenditures of federal awards, which accompanies the financial statements and is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Lunden & McCormick, LLP

MANAGEMENT LETTER

October 10, 2023

The Audit Committee, Board of Education,
and Management
Belfast Central School District

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the remaining fund information of Belfast Central School District (the District) as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. 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.

OBSERVATIONS

General fund unassigned fund balance

The unassigned fund balance in the general fund was \$503,000 at June 30, 2023 which represents 4.3% of the 2024 expenditure budget. As you are aware, the legal limit imposed by the State is 4% of the ensuing year's budget.

PRIOR YEAR RECOMMENDATIONS

Included in our current year procedures is an update of the status of recommendations made in our previous audits. Recommendations not mentioned elsewhere are as follows:

Excess fund balance in the food service fund

In accordance with regulations of the New York State Education Department, fund balance in the food service fund should not exceed three months' average expenditures, as defined, at any time. The District's food service fund balance decreased \$63,000 for the year ended June 30, 2023 resulting in the District's compliance with these regulations.

Extraclassroom activity funds

We noted discrepancies in each of the five student clubs that we examined, including missing invoices, missing receipt details, and student and faculty signatures on documents. We recommend that the District continue to educate and train student officers and faculty advisors on the importance of maintaining accurate and complete ledgers for the clubs. We also noted a negative balance of \$4,500 for the Yearbook Club. Student activity clubs should be self-sustaining and not borrow funds of other clubs.

Interfund receivables and payables

Amounts owed between funds should be liquidated in a timely manner. These amounts originate as short-term borrowings between funds and are not intended to be permanent in nature. If considered necessary, transfers should be made permanent through Board approval or other required means.

Capital assets

We previously recommended that the District coordinate with the third party software responsible for maintaining its capital asset inventory system to eliminate discrepancies existing between the previous system, the current system, and financial statements. We are pleased to note that the capital asset inventory and accounting records were updated accordingly.

ACCOUNTING STANDARDS UPDATE

GASB Statement No. 100, *Accounting Changes and Error Corrections*, is effective for the District's year ending June 30, 2024. This statement defines four categories of accounting changes and error corrections along with the required reporting requirements, which include the following: (1) *Change in accounting principle* with retroactive reporting to the earliest period presented and required financial statements footnote disclosures including an explanation as to why the change is preferable, (2) *Change in accounting estimate* with prospective reporting from the period when change occurs and required financial statement footnote disclosures, (3) *Change to or within the entity* with an adjustment to beginning net position and (4) *Error correction* with retroactive reporting to the earliest period presented and required financial statement footnote disclosures.

GASB Statement No. 101, *Compensated Absences*, is effective for the District's year ending June 30, 2025. This statement clarifies what is considered unused leave balances for employees. Under this statement, compensated absences should be recognized as liabilities on the government-wide statements for leave that has not been used and leave that has been used but not yet paid or settled.

We have discussed these comments with District personnel and would be pleased to discuss them in further detail, perform any additional studies, or assist you in implementing the recommendations.

This communication is intended solely for the information and use of the District's management, Audit Committee, Board of Education, and others within the District; the NYS Education Department Office of Audit Services; and the Office of the NYS Comptroller, Division of Local Government and School Accountability. It is not intended to be, and should not be, used by anyone other than these specified parties.

Lunden & McCormick, LLP

**BELFAST CENTRAL
SCHOOL DISTRICT**

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JUNE 30, 2023

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Belfast Central School District

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the 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 October 10, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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.



October 10, 2023

Management’s Discussion and Analysis (unaudited)

June 30, 2023

Introduction

Management’s Discussion and Analysis (MD&A) of Belfast Central School District (the District) provides an overview of the District’s financial activities and performance for the year ended June 30, 2023. The information contained in the MD&A should be considered in conjunction with the information presented in the District’s financial statements that follow. This MD&A, the financial statements, and notes thereto are essential to obtaining a full understanding of the District’s financial position and results of operations. The District’s financial statements have the following components: (1) government-wide financial statements; (2) governmental fund financial statements; (3) reconciliations between the government-wide and governmental fund financial statements; (4) fiduciary fund statements; (5) notes to the financial statements; and (6) supplementary information.

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 information on all of the District’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the net difference reported as net position. The statement of activities presents information showing how the District’s net position changed during each 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 the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future periods. The government-wide financial statements present information about the District as a whole. All of the activities of the District are considered to be governmental activities.

Governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of resources available at the end of the year. Such information may be useful in evaluating the District’s near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the District’s near-term financing decisions. The reconciliation portion of the financial statements facilitates the comparison between governmental funds and governmental activities.

Fiduciary funds are used to report fiduciary activities, which may include pension and other postemployment benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The District maintains a custodial fund for student activity accounts. 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 programs. The notes to the financial statements provide additional information that is essential for a full understanding of the government-wide, governmental fund, and fiduciary fund financial statements.

Supplementary information further explains and supports the financial statements and includes information required by generally accepted accounting principles and the New York State Education Department.

Condensed Statement of Net Position	2023	2022	Change	
			\$	%
Current and other assets	\$ 2,417,000	\$ 5,374,000	\$ (2,957,000)	(55.0%)
Capital assets	21,739,000	20,279,000	1,460,000	7.2%
Total assets	24,156,000	25,653,000	(1,497,000)	(5.8%)
Deferred outflows of resources	2,562,000	2,572,000	(10,000)	(0.4%)
Long-term liabilities	11,761,000	10,718,000	1,043,000	9.7%
Other liabilities	1,024,000	1,744,000	(720,000)	(41.3%)
Total liabilities	12,785,000	12,462,000	323,000	2.6%
Deferred inflows of resources	325,000	4,109,000	(3,784,000)	(92.1%)
Net position				
Net investment in capital assets	12,349,000	9,678,000	2,671,000	27.6%
Restricted	1,095,000	1,310,000	(215,000)	(16.4%)
Unrestricted	164,000	666,000	(502,000)	(75.4%)
Total net position	\$ 13,608,000	\$ 11,654,000	\$ 1,954,000	16.8%

Net position amounted to \$13,608,000 and \$11,654,000 at June 30, 2023 and 2022, respectively. The largest portion of the District's net position reflects its investment in capital assets consisting of land, buildings and improvements, and furniture and equipment, less the related debt used to acquire or lease those assets. The District uses capital assets to provide services to students; consequently, these assets are not available for future spending.

The District's net position includes resources that are subject to external restrictions on how they may be used, which include reserve accounts set aside for specific purposes governed by laws and regulations. These items consist of the capital reserve, which is dedicated for future renovations and vehicles as approved by District voters; the retirement contribution reserve, which can be used to fund required District contributions to the New York State Teachers' Retirement System (TRS) and New York State and Local Employees' Retirement System (ERS); and an employee benefit accrued liability reserve, which is restricted to pay for future accumulated vacation and sick pay of current employees. Other restricted resources include debt service, repair, worker's compensation, and unemployment insurance reserves and amounts restricted for scholarships to students.

Total assets decreased by \$1,497,000 (\$3,111,000 or 13.8% increase in 2022). Current and other assets decreased by \$2,957,000 primarily as a result of the District's proportionate share of the TRS and ERS net pension asset of \$3,033,000 included in current and other assets in 2022 as compared to a net pension liability of \$1,073,000 in 2023. Capital assets increased by \$1,460,000 (\$75,000 or 0.4% decrease in 2022) due to a capital asset valuation adjustment and additions exceeding depreciation and amortization expense.

Total liabilities increased \$323,000 (\$1,530,000 or 10.9% decrease in 2022). Long-term liabilities increased by \$1,043,000 (increase of \$1,570,000 or 12.8% in 2022) due to the net pension liability for TRS and ERS referred to above. Other liabilities decreased \$720,000 (\$40,000 or 2.3% increase in 2022) due to the decrease in bond anticipation notes of \$1,238,000, partially offset by an increase in accounts payable.

Changes in deferred outflows and deferred inflows of resources include changes in pension activity at the State level, which are required to be reflected on the District's financial statements. Deferred outflows of resources include contributions required to be paid by the District to the State pension systems after the measurement date. Deferred outflows and deferred inflows of resources also reflect variances from actuarial assumptions, actual results of investment earnings compared to projected earnings, and changes of assumptions. The District has no control or authority over these transactions related to pensions.

Condensed Statement of Activities	2023	2022	Change	
			\$	%
Revenues				
Program revenues				
Charges for services	\$ 84,000	\$ 14,000	\$ 70,000	500.0%
Operating grants and contributions	1,826,000	1,704,000	122,000	7.2%
General revenues				
Property taxes	1,946,000	1,902,000	44,000	2.3%
State aid	8,538,000	8,122,000	416,000	5.1%
Other	196,000	19,000	177,000	931.6%
Total revenues	12,590,000	11,761,000	829,000	7.0%
Expenses				
Instruction	8,446,000	7,042,000	1,404,000	19.9%
Support services				
General support	2,067,000	1,799,000	268,000	14.9%
Pupil transportation	797,000	612,000	185,000	30.2%
Food service	422,000	397,000	25,000	6.3%
Interest and other	440,000	524,000	(84,000)	(16.0%)
Total expenses	12,172,000	10,374,000	1,798,000	17.3%
Special item – valuation of capital assets	1,536,000	-	1,536,000	100.0%
Change in net position	1,954,000	1,387,000	567,000	40.9%
Net position – beginning	11,654,000	10,267,000	1,387,000	13.5%
Net position – ending	\$ 13,608,000	\$ 11,654,000	\$ 1,954,000	16.8%

District revenues increased by \$829,000 in 2023 (\$1,321,000 or 12.7% increase in 2022). State aid increased \$416,000 (increase of \$582,000 in 2022) due to general state aid and building aid. Operating grants and contributions increased \$122,000 (\$582,000 or 51.9% in 2022) due to additional grant revenue of \$160,000 from Education Stabilization Funds. Total expenses increased \$1,798,000 in 2023 (\$105,000 or 1.0% decrease in 2022) largely due to an increase in pension expense of \$809,000 as result of actuarial changes and investment losses on plan assets. Employee wages increased \$371,000.

The District recognized revenue of \$1,536,000 due to a change in the valuation of the District's capital assets.

Financial Analysis of the District's Funds

Total fund balances for the governmental funds increased from \$618,000 to \$1,416,000 as further described below:

- Total fund basis revenues increased \$703,000 or 5.9% (\$1,447,000 or 13.9% increase in 2022) due to increases in State aid and federal grants as discussed above. Total fund basis expenditures increased \$1,257,000 or 10.6% (\$334,000 or 2.9% increase in 2022) due to increased employee wages and benefits.
- The general fund experienced a net decrease of \$278,000 (\$557,000 increase in 2022) for the following reasons:
 - Revenues increased \$517,000 due to the previously mentioned increases in State aid.
 - Expenses increased \$958,000 primarily due to increases in salaries and benefits and transportation costs due to bus purchases in 2023.
- The capital projects fund experienced an increase of \$1,135,000 (\$187,000 decrease in 2022) due to proceeds from the issuance of serial bonds and related premiums of \$1,248,000 and funds provided by the general fund of \$324,000, offset by expenditures of \$437,000 for ongoing projects.

General Fund Budgetary Highlights

The final general fund revenue budget was \$10,523,000, with actual revenues amounting to \$10,730,000. Actual expenditures and carryover encumbrances were equal to the final amended budget.

Capital Assets

	2023	2022
Land	\$ 57,000	\$ 81,000
Buildings and improvements	28,121,000	27,975,000
Equipment and vehicles	2,996,000	2,001,000
Construction in progress	713,000	363,000
	31,887,000	30,420,000
Accumulated depreciation	(10,549,000)	(10,434,000)
	21,338,000	19,986,000
Right-to-use leased equipment, net	401,000	293,000
	\$ 21,739,000	\$ 20,279,000

Current year additions of \$805,000 and the valuation adjustment of \$1,536,000 referred to previously were offset by depreciation and amortization expense and disposals of \$881,000.

Debt

At June 30, 2023, the District had \$8,460,000 in debt outstanding, with \$1,280,000 due within one year (\$8,520,000 outstanding at June 30, 2022). Outstanding compensated absences payable were \$453,000 with \$26,000 expected to be paid within one year (\$444,000 outstanding at June 30, 2022).

Additional information on the District's long-term liabilities can be found in the notes to the financial statements.

Current Financial Issues and Concerns

Federal revenue sources have increased due to additional pandemic-related funding, but the full extent of Federal assistance is not yet known. The District will need to plan accordingly for when these additional funds are no longer available. School districts in New York State are impacted by the political pressures imposed on elected officials in funding of education. Year to year changes in funding levels and State aid formulas complicate this process.

Contacting the District's Financial Management

This financial report is designed to provide District residents, taxpayers, parents, students, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Keegan Harrington, District Treasurer, Belfast Central School District, 1 King Street, Belfast, New York 14711.

BELFAST CENTRAL SCHOOL DISTRICT

Statement of Net Position

June 30, 2023

(With comparative totals as of June 30, 2022)

	2023	2022
Assets		
Cash	\$ 1,440,865	\$ 1,076,403
State and federal aid and other receivables	964,866	1,249,290
Inventory	10,482	15,330
Net pension asset	-	3,033,333
Capital assets (Note 5)	32,447,178	30,830,846
Accumulated depreciation and amortization	(10,708,036)	(10,552,217)
Total assets	24,155,355	25,652,985
Deferred Outflows of Resources		
Defeasance loss	216,164	274,408
Deferred outflows of resources related to pensions	2,265,750	2,189,819
Deferred outflows of resources related to OPEB	80,324	107,759
Total deferred outflows of resources	2,562,238	2,571,986
Liabilities		
Accounts payable	589,288	124,122
Accrued liabilities	25,805	28,284
Due to fiduciary funds	-	300
Due to retirement systems	408,672	353,236
Bond anticipation notes	-	1,238,000
Long-term liabilities		
Due within one year:		
Bonds	1,250,000	1,130,000
Energy performance contract	30,000	30,000
Compensated absences	26,000	28,000
Due beyond one year:		
Bonds and related premiums	8,020,890	8,141,989
Energy performance contract	305,000	335,000
Compensated absences	427,000	416,000
Net pension liability	1,073,110	-
Total OPEB liability	628,976	637,329
Total liabilities	12,784,741	12,462,260
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	189,658	3,981,926
Deferred inflows of resources related to OPEB	135,576	127,151
Total deferred inflows of resources	325,234	4,109,077
Net Position		
Net investment in capital assets	12,349,416	9,678,048
Restricted	1,094,630	1,309,408
Unrestricted	163,572	666,178
Total net position	\$ 13,607,618	\$ 11,653,634

See accompanying notes.

BELFAST CENTRAL SCHOOL DISTRICT

Statement of Activities

For the year ended June 30, 2023
 (With summarized comparative totals for June 30, 2022)

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions	2023	2022
Governmental activities					
General support	\$ 2,067,151	\$ -	\$ -	\$ (2,067,151)	\$ (1,799,737)
Instruction	8,445,653	63,120	1,483,926	(6,898,607)	(5,695,399)
Pupil transportation	796,852	-	-	(796,852)	(611,924)
Community service	77,850	184	3,245	(74,421)	(68,689)
Interest expense	362,592	-	-	(362,592)	(452,404)
Food service program	422,259	20,630	338,336	(63,293)	(27,639)
	<u>\$ 12,172,357</u>	<u>\$ 83,934</u>	<u>\$ 1,825,507</u>	<u>(10,262,916)</u>	<u>(8,655,792)</u>
General revenues					
				1,946,116	1,902,384
Real property taxes				195,861	18,577
Miscellaneous				8,538,489	8,121,988
State sources				<u>10,680,466</u>	<u>10,042,949</u>
Total general revenues					
Special item					
				1,536,434	-
Change in estimate - valuation of capital assets (Note 5)				<u>1,953,984</u>	<u>1,387,157</u>
Change in net position					
				11,653,634	10,266,477
Net position - beginning				<u>\$ 13,607,618</u>	<u>\$ 11,653,634</u>
Net position - ending					

BELFAST CENTRAL SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2023

(With summarized comparative totals as of June 30, 2022)

	General	Special Aid	Capital Projects	Debt Service	Food Service	Public Library	Miscellaneous Special Revenue	Total Governmental Funds	
								2023	2022
Assets									
Cash	\$ 1,186,310	\$ 4,900	\$ 15,952	\$ 74,064	\$ 39,748	\$ 113,109	\$ 6,782	\$ 1,440,865	\$ 1,076,403
State and federal aid and other receivables	459,154	485,335	-	-	20,377	-	-	964,866	1,249,290
Due from other funds, net	309,312	129,378	-	-	66,248	-	-	504,938	1,174,779
Inventory	-	-	-	-	10,482	-	-	10,482	15,330
Total assets	\$ 1,954,776	\$ 619,613	\$ 15,952	\$ 74,064	\$ 136,855	\$ 113,109	\$ 6,782	\$ 2,921,151	\$ 3,515,802
Liabilities									
Accounts payable	\$ -	\$ 583,899	\$ -	\$ -	\$ 58	\$ 5,331	\$ -	\$ 589,288	\$ 124,122
Accrued liabilities	-	-	-	-	2,305	-	-	2,305	7,784
Due to retirement systems	354,409	35,714	-	-	18,549	-	-	408,672	353,236
Due to other funds, net	-	-	455,382	5,077	-	44,479	-	504,938	1,175,079
Bond anticipation notes	-	-	-	-	-	-	-	-	1,238,000
Total liabilities	354,409	619,613	455,382	5,077	20,912	49,810	-	1,505,203	2,898,221
Fund Balances									
Nonspendable	-	-	-	-	10,482	-	-	10,482	15,330
Restricted	1,018,861	-	-	68,987	-	-	6,782	1,094,630	1,309,408
Assigned	78,482	-	-	-	105,461	63,299	-	247,242	417,391
Unassigned	503,024	-	(439,430)	-	-	-	-	63,594	(1,124,548)
Total fund balances (deficit)	1,600,367	-	(439,430)	68,987	115,943	63,299	6,782	1,415,948	617,581
Total liabilities and fund balances	\$ 1,954,776	\$ 619,613	\$ 15,952	\$ 74,064	\$ 136,855	\$ 113,109	\$ 6,782	\$ 2,921,151	\$ 3,515,802

See accompanying notes.

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position**

June 30, 2023

Total fund balances - governmental funds		\$ 1,415,948	
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and are not reported as assets in governmental funds.			21,739,142
The District's proportionate share of the net pension position as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:			
Deferred outflows of resources related to pensions	2,265,750		
Net pension liability	(1,073,110)		
Deferred inflows of resources related to pensions	<u>(189,658)</u>	1,002,982	
Defeasance losses associated with bond refundings are recognized as deferred outflows of resources in the government-wide statements.			216,164
The District's total OPEB liability as well as OPEB-related deferred outflows and deferred inflows of resources are recognized on the government-wide statements and include:			
Deferred outflows of resources related to OPEB	80,324		
Total OPEB liability	(628,976)		
Deferred inflows of resources related to OPEB	<u>(135,576)</u>	(684,228)	
Certain liabilities are not due and payable currently and therefore are not reported as liabilities in the governmental funds. These liabilities are:			
Accrued interest	(23,500)		
Bonds and related premiums	(9,270,890)		
Energy performance contract	(335,000)		
Compensated absences	<u>(453,000)</u>	(10,082,390)	
Net position - governmental activities			\$ 13,607,618

BELFAST CENTRAL SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

For the year ended June 30, 2023
(With summarized comparative totals for June 30, 2022)

	General	Special Aid	Capital Projects	Debt Service	Food Service	Public Library	Miscellaneous Special Revenue	Total Governmental Funds	
								2023	2022
Revenues									
Real property taxes	\$ 1,541,328	\$ -	\$ -	\$ -	\$ -	\$ 81,294	\$ -	\$ 1,622,622	\$ 1,578,550
Real property tax items	323,494	-	-	-	-	-	-	323,494	323,834
Charges for services	63,120	-	-	-	-	184	-	63,304	1,395
Use of money and property	17,120	-	-	9	2	8	-	17,139	4,909
Sale of property and compensation for loss	17,404	-	-	-	-	-	-	17,404	14,720
Miscellaneous	157,933	7,450	-	-	-	3,245	3,385	172,013	135,789
State sources	8,537,055	209,099	-	-	6,515	1,434	-	8,754,103	8,302,252
Federal sources	72,626	1,194,751	-	-	331,821	-	-	1,599,198	1,513,064
Sales	-	-	-	-	20,630	-	-	20,630	12,176
Total revenues	10,730,080	1,411,300	-	9	358,968	86,165	3,385	12,589,907	11,886,689
Expenditures									
General support	2,071,225	-	86,966	-	128,748	-	-	2,286,939	1,759,297
Instruction	4,629,516	1,209,390	-	-	-	-	6,626	5,845,532	5,460,284
Pupil transportation	739,527	-	-	-	-	-	-	739,527	608,144
Community service	-	-	-	-	-	77,850	-	77,850	71,763
Employee benefits	1,663,997	201,910	-	-	119,321	-	-	1,985,228	1,751,815
Debt service									
Principal	1,237,000	-	-	-	-	-	-	1,237,000	1,190,606
Interest	420,413	-	-	-	-	-	-	420,413	493,658
Cost of sales	-	-	-	-	171,241	-	-	171,241	148,600
Capital outlay	-	-	349,827	-	2,949	-	-	352,776	374,922
Total expenditures	10,761,678	1,411,300	436,793	-	422,259	77,850	6,626	13,116,506	11,859,089
Excess revenues (expenditures)	(31,598)	-	(436,793)	9	(63,291)	8,315	(3,241)	(526,599)	27,600
Other financing sources (uses)									
BANS redeemed from appropriations	-	-	77,000	-	-	-	-	77,000	76,000
Proceeds from issuance of debt	-	-	1,100,000	-	-	-	-	1,100,000	-
Bond and BAN premiums	-	-	147,966	-	-	-	-	147,966	310
Operating transfers, net	(246,848)	-	246,848	-	-	-	-	-	-
Total other financing sources (uses)	(246,848)	-	1,571,814	-	-	-	-	1,324,966	76,310
Net change in fund balances	(278,446)	-	1,135,021	9	(63,291)	8,315	(3,241)	798,367	103,910
Fund balances (deficit) - beginning	1,878,813	-	(1,574,451)	68,978	179,234	54,984	10,023	617,581	513,671
Fund balances (deficit) - ending	\$ 1,600,367	\$ -	\$ (439,430)	\$ 68,987	\$ 115,943	\$ 63,299	\$ 6,782	\$ 1,415,948	\$ 617,581

See accompanying notes.

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

For the year ended June 30, 2023

Total net change in fund balances - governmental funds \$ 798,367

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. In the statement of activities, the cost of the assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlays and a valuation adjustment (Note 5) exceed depreciation and amortization expense and disposals. 1,460,513

Pension expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities. These differences are:

2023 TRS and ERS contributions	446,979	
2023 ERS accrued contribution	61,698	
2022 ERS accrued contribution	(44,886)	
2023 TRS pension expense	(407,056)	
2023 ERS pension expense	<u>(294,979)</u>	(238,244)

OPEB expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities. (27,507)

Bond proceeds and related premiums are recognized as other financing sources in the governmental funds in the year the bonds are issued. In the government-wide statements, the debt and related premiums are reflected as long-term liabilities. (1,247,966)

Payments of long-term liabilities are reported as expenditures in the governmental funds and as a reduction of debt in the statement of net position. 1,160,000

In the statement of activities, certain expenses are measured by the amounts earned during the year. In the governmental funds, these expenditures are reported when paid.

These differences are:

Amortization of defeasance loss	(58,244)	
Amortization of bond premiums	119,065	
Interest	(3,000)	
Compensated absences	<u>(9,000)</u>	48,821

Change in net position - governmental activities \$ 1,953,984

BELFAST CENTRAL SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP) and Actual - General Fund

For the year ended June 30, 2023

	Budgeted Amounts		Actual (Budgetary Basis)	Encumbrances	Variance with Final Budget Over/(Under)
	Original	Final			
Revenues					
Local sources					
Real property taxes	\$ 1,532,981	\$ 1,532,981	\$ 1,541,328		\$ 8,347
Real property tax items	320,000	320,000	323,494		3,494
Charges for services	1,000	1,000	63,120		62,120
Use of money and property	2,000	2,000	17,120		15,120
Sale of property and compensation for loss	750	750	17,404		16,654
Miscellaneous	58,744	58,744	157,933		99,189
State sources	8,577,752	8,577,752	8,537,055		(40,697)
Federal sources	30,000	30,000	72,626		42,626
Total revenues	10,523,227	10,523,227	10,730,080		206,853
Expenditures					
General support					
Board of education	27,151	18,638	18,056	582	-
Central administration	182,794	192,020	187,325	4,695	-
Finance	220,881	243,121	241,513	1,608	-
Staff	217,589	268,830	268,830	-	-
Central services	914,058	928,021	903,148	24,873	-
Special items	136,964	452,353	452,353	-	-
Instruction					
Instruction, administration, and improvement	255,096	243,567	243,567	-	-
Teaching - regular school	2,344,706	2,240,436	2,235,657	4,779	-
Programs for children with handicapping conditions	1,130,332	1,089,675	1,086,326	3,349	-
Occupational education	275,434	279,148	279,148	-	-
Teaching - special schools	8,520	7,010	7,010	-	-
Instructional media	281,169	291,323	273,194	18,129	-
Pupil services	460,504	505,011	504,614	397	-
Pupil transportation	733,098	750,683	739,527	11,156	-
Employee benefits	1,792,530	1,673,030	1,663,997	8,914	(119)
Debt service					
Principal	1,297,000	1,237,000	1,237,000	-	-
Interest	385,561	420,413	420,413	-	-
Total expenditures	10,663,387	10,840,279	10,761,678	78,482	(119)
Excess revenues (expenditures)	(140,160)	(317,052)	(31,598)	(78,482)	206,972
Other financing sources (uses)					
Operating transfers in	22,500	22,500	-		(22,500)
Operating transfers out	(175,000)	(246,848)	(246,848)		-
Appropriated fund balances, reserves, and carryover encumbrances	292,660	541,400	-		(541,400)
Total other financing sources (uses)	140,160	317,052	(246,848)		(563,900)
Excess revenues (expenditures) and other financing sources (uses)	\$ -	\$ -	\$ (278,446)	\$ (78,482)	\$ (356,928)

BELFAST CENTRAL SCHOOL DISTRICT

Statement of Fiduciary Net Position - Custodial Fund

June 30, 2023

Assets

Cash \$ 68,005

Net position

Extraclassroom activity balances \$ 68,005

* * *

BELFAST CENTRAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position - Custodial Fund

For the year ended June 30, 2023

Additions

Student activity receipts \$ 86,440

Deductions

Student activity disbursements 101,941

Change in net position (15,501)

Net position - beginning 83,506

Net position - ending \$ 68,005

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

Belfast Central School District (the District) is governed by Education and other laws of the State of New York (the State). The District's Board of Education has responsibility and control over all activities related to public school education within the District. The District's Superintendent is the chief executive officer and the President of the Board serves as the chief fiscal officer. The Board members are elected by the public and have decision-making authority, the power to designate management, the ability to influence operations, and the primary accountability for fiscal matters.

The District provides education and support services such as administration, transportation, and plant maintenance. The District receives funding from local, state, and federal sources and must comply with requirements of these funding sources. However, the District is not included in any other governmental reporting entity as defined by accounting principles generally accepted in the United States of America (GAAP), nor does it contain any component units.

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

Joint Venture

The District is one of 22 participating school districts in the Cattaraugus-Allegany-Erie-Wyoming Board of Cooperative Educational Services (BOCES). Formed under §1950 of Education Law, a BOCES is a voluntary cooperative association of school districts in a geographic area that shares 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.

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. BOCES may also contract with other municipalities on a cooperative basis under State General Municipal Law.

A 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 issue debt on behalf of BOCES; there is no such debt issued by the District.

During the year ended June 30, 2023, the District was billed \$2,049,000 for BOCES administrative and program costs and recognized revenue of \$162,000 as a refund from prior year expenditures paid to BOCES. In addition, BOCES paid the District \$32,000 for rental of various classrooms and substitute reimbursements. Audited financial statements are available from BOCES' administrative offices.

Public Entity Risk Pools

The District participates in the Cattaraugus/Allegany Workers' Compensation Plan and Allegany/Cattaraugus Schools Medical Health Plan which are public entity risk pools. These plans are designed to provide workers' compensation and health insurance coverage for participating entities. These activities are further discussed in Note 10.

Basis of Presentation

Government-Wide Statements: The statement of net position and the statement of activities display financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize double counting of internal activities. These statements are required to distinguish between *governmental* and *business-type* activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The District does not maintain any business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or are clearly identifiable to a particular function. Indirect expenses relate to the administration and support of the District's programs, including personnel, overall administration, and finance. Employee benefits are allocated to functional expenses as a percentage of related payroll expense.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational requirements of a particular program, and (c) grants and contributions limited to the purchase or construction of specific capital assets, if any. Revenues that are not classified as program revenues, including all taxes and state aid, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category - *governmental and fiduciary* - are presented. The emphasis of the fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major funds:

- *General fund.* This is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- *Special aid fund.* This fund is used to account for the proceeds of specific revenue sources - other than expendable trusts or major capital projects - such as federal, state, and local grants and awards that are restricted or committed to expenditure for specific purposes. Either governments or other third parties providing the grant funds impose these restrictions.
- *Capital projects fund.* This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District also elected to display the following as major funds:

- *Debt service fund.* This fund is used to account for resources that are restricted to expenditure for principal and interest. Financial resources accumulated for future principal and interest payments are also included in this fund.
- *Food service fund.* This fund is a special revenue fund whose specific revenue sources, including free and reduced meal subsidies received from state and federal programs, are assigned to the operation of the District's breakfast and lunch programs.
- *Public library fund.* This fund is used to account for transactions of the library established and supported in whole or in part by real property taxes.
- *Miscellaneous special revenue fund.* This fund is used to account for resources that are restricted to student scholarships. Donations are made by third parties and District personnel manage the funds and assist with determination of scholarship recipients.

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report fiduciary activities, which may include pension and other postemployment benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The District maintains a custodial fund for its student activity accounts.

The financial statements include certain prior year summarized comparative information in total but not by separate governmental activities and major funds. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Basis of Accounting and Measurement Focus

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within ninety days after year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset purchases are reported as expenditures in governmental funds. Proceeds of long-term liabilities are reported as other financing sources.

Under the terms of grant agreements, revenues are recognized to the extent of program expenditures. Amounts received in advance of the expenditures are considered unearned and reported as revenue when the expense is incurred.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Property Taxes

The District generally levies real property taxes no later than September 1. For the year ended June 30, 2023, the tax lien was issued on September 13, 2022 for collection from September 1, 2022 through November 1, 2022. Thereafter, uncollected amounts for the residents of the towns served by the District became the responsibility of Allegany County and those amounts were submitted to the District by April 1st of the following year as required by law.

Budget Process, Amendments, and Encumbrances

District administration prepares a proposed budget for the general fund requiring approval by the Board. A public hearing is held upon completion and filing of the tentative budget. Subsequently, the budget is adopted by the Board. The proposed budget is then presented to voters of the District. The budget for the fiscal year beginning July 1, 2022 was approved by a majority of the voters in a general election held on May 17, 2022.

Annual appropriations are adopted and employed for control of the general fund. These budgets are adopted on a GAAP basis under the modified accrual basis of accounting. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations authorized for the current year may be increased by the planned use of specific restricted, committed, and assigned fund balances and subsequent budget amendments approved by the Board as a result of new revenue sources not included in the original budget.

Major capital expenditures are subject to individual project budgets based on the cost of the project and external financing rather than annual appropriations. For the capital projects fund, these budgets do not lapse at year end and are carried over to the completion of the project.

Encumbrance accounting is used to assure budgetary control over commitments related to unperformed (executory) contracts for goods or services outstanding at the end of each year. Encumbrances are budgetary expenditures in the year committed and again in the subsequent period when the expenditure is paid. All budget appropriations that are unencumbered lapse at the end of the fiscal year. Encumbrances outstanding at year end are presented for GAAP-related purposes as committed or assigned fund balances and do not constitute expenditures or liabilities. At July 1, encumbrances carried forward from the prior year are reestablished as budgeted appropriations.

Inventory

Inventory consists of food and similar goods related to food service operations and is recorded at the lower of first-in, first-out cost or net realizable value. Donated commodities are stated at values which approximate market.

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisals. Contributed assets are recorded at fair value at the time received. Depreciation and amortization are provided in the government-wide statements over estimated useful lives using the straight-line method. Maintenance and repairs are expensed as incurred; significant improvements are capitalized.

Capitalization thresholds for determining which assets are added to capital accounts and the estimated useful lives of capital assets are:

	Capitalization Policy	Estimated Useful Life in Years
Buildings and improvements	\$ 5,000	15 - 40
Equipment	\$ 5,000	5 - 20
Vehicles	\$ 5,000	8

Bond Defeasances

In the government-wide financial statements, gains or losses on bond refundings represent the difference between the price required to repay previously issued debt and the net carrying amount of the retired debt, and are recorded as either a deferred outflow or deferred inflow of resources. In subsequent years, these amounts are amortized on a straight-line basis as a component of interest expense over the shorter of the life of the old or new debt.

Bond Premiums

Premiums received upon the issuance of debt are included as other financing sources in the governmental funds statements when issued. In the government-wide statements, premiums are recognized with the related debt issue and amortized on a straight-line basis as a component of interest expense over the life of the related obligation.

Pensions

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) as mandated by State law. The Systems recognize benefit payments when due and payable in accordance with benefit terms; investment assets are reported at fair value. On the government-wide statements, the District recognizes its proportionate share of the net pension position, deferred outflows and deferred inflows of resources, pension expense (revenue), and information about and changes in the fiduciary net position on the same basis as reported by the respective defined benefit pension plans.

Other Postemployment Benefits (OPEB)

On the government-wide statements, the total OPEB liability, deferred outflows and deferred inflows of resources, and OPEB expense of the District’s defined benefit healthcare plan (Note 9) have been measured on the same basis as reported by the plan. Benefit payments are recognized when due and payable in accordance with benefit terms.

Compensated Absences

The liability for compensated absences reported in the government-wide financial statements consists of unpaid accumulated 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 those expected to become eligible to receive such payments are included. Sick pay is accrued on the basis of negotiated contracts with administrators and employee groups which provide for the payment of accumulated sick time at retirement or the option of converting this vested amount to provide for the payment of health insurance until exhausted.

The government-wide financial statements reflect the entire liability, while in the governmental funds financial statements, only the amount of matured liabilities is accrued based on expendable available financial resources.

Equity Classifications

Government-Wide Statements

The District is required to classify net position into three categories:

- *Net investment in capital assets* – consists of capital assets, net of accumulated depreciation and amortization, and defeasance losses reduced by outstanding balances of any related debt obligations attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – consists of restricted assets reduced by related liabilities and deferred inflows of resources. Restrictions are imposed by external organizations such as federal or state laws or required by the terms of the District's bonds.
- *Unrestricted* – the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position and therefore are available for general use by the District.

Governmental Fund Statements

The District considers unrestricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, unless the use of the restricted amount was appropriated in the current year's budget. Within unrestricted fund balance, the District considers committed, assigned, then unassigned resources to have been spent when an expenditure is incurred for which amounts in any of those fund balance classifications could be used.

Fund balance is categorized as follows:

Nonspendable:	
Inventory	\$ 10,482
Restricted:	
Capital	450,000
Debt service	68,987
Employee benefit accrued liability	79,102
Retirement contribution	377,666
Unemployment insurance	24,007
Workers' compensation	37,015
Repair	51,071
Scholarships	6,782
Assigned:	
Encumbrances	78,482
Food service	105,461
Public library	63,299
Unassigned	63,594
	<u>\$ 1,415,948</u>

Nonspendable fund balances represent resources that cannot be spent as they are not expected to be converted to cash.

Restricted fund balances generally result from reserves created by the State of New York Legislature and included in General Municipal Law, State Education Law, or Real Property Tax Law as authorized for use by the Board of Education. Certain reserves may require voter approval for their establishment and/or use. Earnings on invested resources are required to be added to the various reserves.

Fund balance restrictions include scholarships donated to the District by third parties for the benefit of students and the following reserves:

- *Capital* – is used to accumulate funds to finance all or a portion of future capital projects for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve. During 2022, voters approved the creation of capital reserves totaling \$1,000,000, which has been funded \$450,000 to date.
- *Debt service* – is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations (including bond premiums), and remaining bond proceeds not needed for their original purpose as required by §165 of Finance Law. This reserve must be used to pay the debt service obligations for which the original money was generated.
- *Employee benefit accrued liability* – is used to account for the payment of accumulated vacation and sick time due upon termination of an employee's services. It is 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.
- *Retirement contribution* – is used to finance retirement contributions payable to TRS and ERS. For TRS, funding is limited to 2% annually of eligible salaries with a maximum reserve of 10% of eligible salaries. At June 30, 2023, the retirement contribution reserve includes \$236,144 for TRS and \$141,522 for ERS.
- *Unemployment insurance* – is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants as the District has elected to use the benefit reimbursement method.
- *Workers' compensation* – is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this program.
- *Repair* – is used to accumulate funds to finance costs of major repairs to capital improvements or equipment and requires a public hearing prior to its use.

Committed fund balances are authorized by the Board of Education as recommended by the District's management prior to the end of the fiscal year, although funding of the commitment may be established subsequent to year end.

Assigned fund balances may include the planned use of existing fund balance to offset the subsequent year's tax levy. Additionally, the Board of Education has given the District's management the authority to assign fund balances for specific purposes that are neither restricted nor committed.

Interfund Balances

The operations of the District include transactions between funds including resources for cash flow purposes. These interfund receivables and payables are repaid within one year. Permanent transfers of funds provide financing or other services.

In the government-wide statements, the amounts reported on the statement of net position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to fiduciary funds.

Interfund receivables and payables are netted on the accompanying governmental funds balance sheet as the right of legal offset exists. It is the District's practice to settle these amounts at the net balances due between funds.

2. Stewardship and Compliance

The District’s unassigned fund balance in the general fund exceeds 4% of the 2024 expenditure budget, which is a limitation imposed by New York State Real Property Tax Law §1318.

The capital projects deficit fund balance of \$439,430 will be funded when the District obtains additional financing for its projects.

3. Cash

Cash management is governed by State laws and as established in the District’s written policies. Cash resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. The District’s banking policies permit the Treasurer to use demand accounts and certificates of deposit. Invested resources are limited to obligations of the United States Treasury and its Agencies, repurchase agreements, and obligations of the State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Custodial credit risk is the risk that in the event of a bank failure the District’s deposits may not be returned to it. At June 30, 2023, the District’s bank deposits were fully collateralized by FDIC coverage or collateralized with securities held by the pledging institution’s agent in the District’s name.

4. Interfund Transactions – Fund Financial Statements

Fund	Receivable	Payable	Transfers	
			In	Out
General	\$ 687,466	\$ 378,154	\$ -	\$ 246,848
Special aid	311,906	182,528	-	-
Capital projects	-	455,382	246,848	-
Debt service	-	5,077	-	-
Food service	66,248	-	-	-
Public library	-	44,479	-	-
	<u>\$ 1,065,620</u>	<u>\$ 1,065,620</u>	<u>\$ 246,848</u>	<u>\$ 246,848</u>

The District’s general fund provides cash flow to other funds. Amounts are typically repaid in the subsequent year when funds are available. The transfers from the general fund to the capital projects fund represent the District’s local share of capital projects.

5. Capital Assets

	July 1, 2022	Increases	Retirements/ Reclassifications	June 30, 2023
Non-depreciable and non-amortizable capital assets:				
Land	\$ 80,627	\$ -	\$ (23,726)	\$ 56,901
Construction in progress	363,132	349,827	-	712,959
Total non-depreciable and non-amortizable assets	443,759	349,827	(23,726)	769,860
Depreciable capital assets:				
Buildings and improvements	27,975,167	-	145,863	28,121,030
Equipment	1,373,207	70,900	338,306	1,782,413
Vehicles	627,290	193,965	392,080	1,213,335
Total depreciable assets	29,975,664	264,865	876,249	31,116,778
Accumulated depreciation:				
Buildings and improvements	(8,945,217)	(633,185)	1,075,275	(8,503,127)
Equipment	(1,157,344)	(56,969)	(181,740)	(1,396,053)
Vehicles	(331,578)	(116,188)	(201,474)	(649,240)
Total accumulated depreciation	(10,434,139)	(806,342)	692,061	(10,548,420)
Total depreciable assets, net	19,541,525	(541,477)	1,568,310	20,568,358
Right-to-use lease assets:				
Equipment	411,423	189,865	(40,748)	560,540
Accumulated amortization	(118,078)	(74,136)	32,598	(159,616)
Total right-to-use assets, net	293,345	115,729	(8,150)	400,924
	\$ 20,278,629	\$ (75,921)	\$ 1,536,434	\$ 21,739,142

Depreciation and amortization expense have been allocated to the following functions: general support \$120,115, instruction \$644,175, and pupil transportation \$116,188.

The District determined that capital assets and related accumulated depreciation was not appropriate given the remaining useful lives of its assets. The District adjusted certain capital assets in the net amount of \$1,536,434 for June 30, 2023, which has been reflected as a special item on the accompanying statement of activities.

As of June 30, 2023, net investment in capital assets consists of the following:

Capital assets, net of accumulated depreciation and amortization	\$ 21,739,142
Defeasance loss	216,164
Bonds and related premiums	(9,270,890)
Energy performance contract	(335,000)
	<u>\$ 12,349,416</u>

6. Short-Term Debt

There were no bond anticipation notes (BANs) outstanding at June 30, 2023. In 2023, existing BANs of \$1,238,000 were liquidated from \$1,100,000 in bond proceeds, \$61,000 in bond premiums, and \$77,000 redeemed from appropriations.

7. Long-Term Liabilities

	July 1, 2022	Increases	Decreases	June 30, 2023	Amount Due in One Year
Bonds	\$ 8,155,000	\$ 1,100,000	\$ 1,130,000	\$ 8,125,000	\$ 1,250,000
Bond premiums	1,116,989	147,966	119,065	1,145,890	-
Energy performance contract	365,000	-	30,000	335,000	30,000
Compensated absences	444,000	9,000	-	453,000	26,000
	<u>\$ 10,080,989</u>	<u>\$ 1,256,966</u>	<u>\$ 1,279,065</u>	<u>\$ 10,058,890</u>	<u>\$ 1,306,000</u>

Existing Obligations

Description	Maturity	Rate	Balance
2017 DASNY refunding bond	June 2039	2.0%-5.0%	\$ 3,010,000
2020 DASNY bond	June 2033	5.0%	420,000
2021 DASNY bond	June 2036	4.0%-5.0%	3,595,000
2023 DASNY bond	June 2034	5.0%	1,100,000
Energy performance contract	September 2031	3.0%	335,000
			<u>\$ 8,460,000</u>

Debt Service Requirements

Years ending June 30,	Principal	Interest
2024	\$ 1,280,000	\$ 399,167
2025	900,000	321,773
2026	485,000	279,772
2027	515,000	256,222
2028	535,000	231,171
2029-2033	3,030,000	742,850
2034-2038	1,575,000	153,895
2039	140,000	4,726
	<u>\$ 8,460,000</u>	<u>\$ 2,389,576</u>

8. Pension Plans

Plan Descriptions

The District participates in the following cost-sharing, multiple employer, public employee retirement systems:

- TRS is administered by the New York State Teachers' Retirement Board and provides 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 issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained from the New York State Teachers' Retirement System at www.nystrs.org.
- ERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute and provide benefits to employees. ERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained from the New York State and Local Retirement System at www.osc.state.ny.us/retire.

Benefits: The Systems provide retirement, disability, and death benefits for eligible members, including automatic cost of living adjustments. In general, retirement benefits are determined based on an employee's individual circumstances using a pension factor, an age factor, and final average salary. The benefits vary depending on the individual's employment tier. Pension factors are determined based on tier and an employee's years of service, among other factors.

Contribution Requirements: No employee contribution is required for those hired prior to July 1976. The Systems require employee contributions of 3% of salary for the first 10 years of service for those employees who joined the Systems from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3.5% (TRS) or 3% (ERS) of compensation throughout their active membership in the Systems. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. Pursuant to Article 11 of Education Law, an actuarially determined contribution rate is established annually for TRS by the New York State Teachers' Retirement Board. This rate was 10.29% for 2023. For ERS, the Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the District to the pension accumulation fund. For 2023, these rates ranged from 8.3% - 13.1%.

The amount outstanding and payable to TRS for the year ended June 30, 2023 was \$318,078. A liability to ERS of \$61,698 is accrued based on the District's legally required contribution for employee services rendered from April 1 through June 30, 2023.

Net Pension Position, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources

At June 30, 2023, the District reported a liability of \$315,435 for its proportionate share of the TRS net pension position and a liability of \$757,675 for its proportionate share of the ERS net pension position.

The TRS total pension liability at the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, with update procedures applied to roll forward the total pension liability to June 30, 2022. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to TRS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At June 30, 2022, the District's proportion was 0.016438%, an increase of 0.000472 from its proportion measured as of June 30, 2021.

The ERS total pension liability at the March 31, 2023 measurement date was determined by an actuarial valuation as of April 1, 2022, with update procedures applied to roll forward the total pension liability to March 31, 2023. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At March 31, 2023, the District's proportion was 0.0035333%, an increase of 0.0002731 from its proportion measured as of March 31, 2022.

For the year ended June 30, 2023, the District recognized net pension expense of \$702,035 on the government-wide statements (TRS expense of \$407,056 and ERS expense of \$294,979). At June 30, 2023, the District reported deferred outflows and deferred inflows of resources as follows:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 330,536	\$ (6,321)	\$ 80,698	\$ (21,278)
Changes of assumptions	611,891	(127,067)	367,976	(4,067)
Net difference between projected and actual earnings on pension plan investments	407,572	-	-	(4,451)
Changes in proportion and differences between District contributions and proportionate share of contributions	29,272	(26,474)	58,029	-
District contributions subsequent to the measurement date	318,078	-	61,698	-
	<u>\$ 1,697,349</u>	<u>\$ (159,862)</u>	<u>\$ 568,401</u>	<u>\$ (29,796)</u>

District contributions subsequent to the measurement date will be recognized as an addition to (a reduction of) the net pension asset (liability) in the subsequent year. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30,	TRS		ERS	
2024	\$	243,488	\$	123,623
2025		126,386		(22,689)
2026		(49,841)		164,430
2027		798,849		211,543
2028		98,374		-
Thereafter		2,153		-
	\$	1,219,409	\$	476,907

Actuarial Assumptions

For TRS, the actuarial assumptions used in the June 30, 2021 valuation, with update procedures used to roll forward the total pension liability to June 30, 2022, were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020. These assumptions are:

Inflation – 2.4%

Salary increases – Based on TRS member experience, dependent on service, ranging from 1.95%-5.18%

Projected Cost of Living Adjustments (COLA) – 1.3% compounded annually

Investment rate of return – 6.95% compounded annually, net of investment expense, including inflation

Mortality – Based on TRS member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021, applied on a generational basis

Discount rate – 6.95%

The long-term expected rate of return on TRS pension plan investments was determined in accordance with Actuarial Standard of Practice No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

For ERS, the actuarial assumptions used in the April 1, 2022 valuation, with update procedures used to roll forward the total pension liability to March 31, 2023, were based on the results of an actuarial experience study for the period April 1, 2015 to March 31, 2020. These assumptions are:

Inflation – 2.9%

Salary increases – 4.4%

COLA – 1.5% annually

Investment rate of return – 5.9% compounded annually, net of investment expense, including inflation

Mortality – Society of Actuaries' Scale MP-2021

Discount rate – 5.9%

The long-term expected rate of return on ERS pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Investment Asset Allocation

Best estimates of arithmetic real rates of return (net of the long-term inflation assumption) for each major asset class and the Systems' target asset allocations as of the applicable valuation dates are summarized as follows:

Asset Class	TRS		ERS	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	33%	6.5%	32%	4.3%
Global and international equities	20%	6.9%-7.2%	15%	6.9%
Private equities	8%	9.9%	10%	7.5%
Real estate equities	11%	6.2%	9%	4.6%
Domestic fixed income securities	16%	1.1%	23%	1.5%
Global fixed income securities	2%	0.6%	-	-
Bonds and mortgages	6%	2.4%	-	-
Short-term	1%	(0.3)%	1%	-
Other	3%	3.3%-5.3%	10%	5.4%-5.8%
	<u>100%</u>		<u>100%</u>	

Discount Rate

The discount rate projection of cash flows assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those 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.

The following presents the District's proportionate share of its net pension position calculated using the discount rate of 6.95% (TRS) and 5.9% (ERS) and the impact of using a discount rate that is 1% higher or lower than the current rate.

	At Current		
	1.0% Decrease	Discount Rate	1.0% Increase
District's proportionate share of the TRS net pension asset (liability)	\$ (2,908,462)	\$ (315,435)	\$ 1,865,283
District's proportionate share of the ERS net pension asset (liability)	\$ (1,830,974)	\$ (757,675)	\$ 139,192

9. OPEB

Plan Description

The District maintains a single-employer defined benefit healthcare plan (the Plan) providing for the continuation of medical insurance for District employees and their spouses based on various bargaining unit agreements and individual contracts. Benefit provisions are based on individual contracts with the District, as negotiated from time to time. Eligibility is based on covered employees who retire from the District and have met vesting requirements. The Plan is also open to all eligible retirees and provides continued insurance through the conversion of sick time or by payment of monthly premiums by participants in the District's policies. The District thereby provides an implicit rate subsidy on behalf of eligible retirees. The Plan has no assets, does not issue financial statements, and is not a trust.

At July 1, 2022, employees covered by the Plan include:

Active employees	84
Inactive employees or beneficiaries currently receiving benefits	7
Inactive employees entitled to but not yet receiving benefits	-
	<u>91</u>

Total OPEB Liability

The District’s total OPEB liability of \$628,976 was measured as of July 1, 2022 and was determined by an actuarial valuation as of the same date.

The total OPEB liability was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Healthcare cost trend rates* – based on a combination of employer history, national trend surveys, and professional judgment, initially 7.5% decreasing to an ultimate rate of 4.5% after 2029
- Salary increases* – 3.3% – 8.8% for ERS and 1.84% – 12.31% for TRS
- Mortality* – SOA Pub-2010 General Headcount Weighted Mortality Table fully generational using Scale MP-2021
- Discount rate* – 4.09% based on the S&P Municipal Bond 20 Year High Grade Rate Index as of the measurement date
- Inflation rate* – 2.5%

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2022	\$ 637,329
Changes for the year:	
Service cost	37,760
Interest	14,607
Changes of benefit terms	-
Differences between expected and actual experience	(31,284)
Changes of assumptions or other inputs	(13,121)
Benefit payments	(16,315)
Net changes	(8,353)
Balance at June 30, 2023	\$ 628,976

The following presents the sensitivity of the District’s total OPEB liability to changes in the discount rate, including what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1% higher or lower than the current discount rate:

	1.0% Decrease (3.09%)	Discount Rate (4.09%)	1.0% Increase (5.09%)
Total OPEB liability	\$ (677,626)	\$ (628,976)	\$ (583,401)

The following presents the sensitivity of the District’s total OPEB liability to changes in the healthcare cost trend rates, including what the District’s total OPEB liability would be if it were calculated using trend rates that are 1% higher or lower than the current healthcare cost trend rates:

	1.0% Decrease (6.5% to 3.5%)	Healthcare Cost Trend Rate (7.5% to 4.5%)	1.0% Increase (8.5% to 5.5%)
Total OPEB liability	\$ (562,823)	\$ (628,976)	\$ (706,043)

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2023, the District recognized OPEB expense of \$36,014. At June 30, 2023, the District reported deferred outflows and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,786	\$ (111,318)
Changes of assumptions or other inputs	70,030	(24,258)
Benefit payments subsequent to the measurement date	8,508	-
	<u>\$ 80,324</u>	<u>\$ (135,576)</u>

Benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the subsequent year. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30,	
2024	\$ (16,353)
2025	(18,251)
2026	(7,703)
2027	(5,990)
2028	(3,727)
Thereafter	(11,736)
	<u>\$ (63,760)</u>

10. Risk Management

General Liability

The District purchases commercial insurance for various risks of loss due to torts, theft, damage, errors and omissions, and natural disasters. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three years.

Workers' Compensation

The District participates in the Cattaraugus/Allegany Workers' Compensation Plan (the Plan) sponsored by Cattaraugus-Allegany-Erie-Wyoming BOCES. The Plan administers a workers' compensation insurance fund pursuant to Article 5 of the Workers' Compensation Law to finance the liability and risk related to workers' compensation claims and to lower the costs of coverage to the participating members. The Plan includes 22 school districts and the BOCES unit as of June 30, 2022 (the most recent information available).

The District has transferred partial risk to the Plan. Plan members pay monthly premium equivalents based upon a pro-rata share of expenditures. All funds received are pooled and administered as a common fund. Plan members could be subjected, however, to pro-rata supplemental assessments in the event that the Plan's assets are not adequate to meet claims. To date, these supplemental assessments have not been required.

The Plan information for the year ended June 30, 2022 is included in the financial statements of Cattaraugus-Allegany-Erie-Wyoming BOCES, which can be obtained from Cattaraugus-Allegany-Erie-Wyoming BOCES, 1825 Windfall Road, Olean, New York 14760.

Health Insurance

The District participates in the Allegany-Cattaraugus Schools Medical Health Plan (the Plan), sponsored by Cattaraugus-Allegany-Erie-Wyoming BOCES. The Plan has been established to administer a health insurance program to lower the costs of such coverage to the 23 participating members as of June 30, 2022 (the most recent information available).

The District has transferred partial risk to the Plan. Plan members pay monthly premium equivalents based upon a pro-rata share of expenditures. All funds received are pooled and administered as a common fund. Plan members could be subjected, however, to pro-rata supplemental assessments in the event that the Plan's assets are not adequate to meet claims. To date, these supplemental assessments have not been required.

The Plan has published its own financial report for the year ended June 30, 2022, which can be obtained from Cattaraugus-Allegany-Erie-Wyoming BOCES, 1825 Windfall Road, Olean, New York 14760.

11. Commitments and Contingencies

Grants

The District receives financial assistance from federal and state agencies in the form of grants and calculated aid as determined by the State. The expenditure of grant funds generally requires compliance with the terms and conditions specified in the agreements and are subject to audit by the grantor agencies. State aid payments are based upon estimated expenditures and pupil statistics, are complex, and subject to adjustment. Any disallowed claims resulting from such audits could become a liability of the District. Based on prior experience, management expects such amounts to be immaterial.

Construction Commitments

The District has entered into contracts with various construction companies for one of its outstanding capital projects. District voters approved spending up to \$5,500,000 and \$235,000 has been spent to date.

BELFAST CENTRAL SCHOOL DISTRICT

**Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Position
New York State Teachers' Retirement System**

As of the measurement date of June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension position	0.016438%	0.015966%	0.015921%	0.016021%	0.016496%	0.016666%	0.017147%	0.016938%	0.017345%	0.016892%
District's proportionate share of the net pension asset (liability)	\$ (315,435)	\$ 2,766,827	\$ (439,949)	\$ 416,225	\$ 298,299	\$ 126,682	\$ (183,649)	\$ 1,759,304	\$ (1,932,128)	\$ (111,194)
District's covered payroll	\$ 2,912,112	\$ 2,710,010	\$ 2,785,508	\$ 2,674,153	\$ 2,687,082	\$ 2,641,084	\$ 2,645,913	\$ 2,544,295	\$ 2,562,129	\$ 2,474,341
District's proportionate share of the net pension position as a percentage of its covered payroll	10.83%	102.10%	15.79%	15.56%	11.10%	4.80%	6.94%	69.15%	75.41%	4.49%
Plan fiduciary net position as a percentage of the total pension liability	98.57%	113.20%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

The following is a summary of changes of assumptions:

Inflation	2.4%	2.4%	2.2%	2.2%	2.25%	2.5%	2.5%	3.0%	3.0%	3.0%
Salary increases	1.95%-5.18%	1.95%-5.18%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	4.0%-10.9%	4.0%-10.9%	4.0%-10.9%
Cost of living adjustments	1.3%	1.3%	1.3%	1.3%	1.5%	1.5%	1.5%	1.625%	1.625%	1.625%
Investment rate of return	6.95%	6.95%	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Discount rate	6.95%	6.95%	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Society of Actuaries' mortality scale	MP-2021	MP-2020	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	AA	AA	AA

BELFAST CENTRAL SCHOOL DISTRICT

**Required Supplementary Information
Schedule of District Contributions
New York State Teachers' Retirement System**

For the years ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 318,078	\$ 285,387	\$ 258,264	\$ 246,796	\$ 283,995	\$ 263,334	\$ 309,535	\$ 350,848	\$ 446,015	\$ 416,346
Contribution in relation to the contractually required contribution	(318,078)	(285,387)	(258,264)	(246,796)	(283,995)	(263,334)	(309,535)	(350,848)	(446,015)	(416,346)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 3,091,137	\$ 2,912,112	\$ 2,710,010	\$ 2,785,508	\$ 2,674,153	\$ 2,687,082	\$ 2,641,084	\$ 2,645,913	\$ 2,544,295	\$ 2,562,129
Contributions as a percentage of covered payroll	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%

BELFAST CENTRAL SCHOOL DISTRICT

Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Position
New York State and Local Employees' Retirement System

As of the measurement date of March 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension position	0.00353333%	0.0032602%	0.0031917%	0.0029151%	0.0025410%	0.0024336%	0.0025679%	0.0027063%	0.0029017%
District's proportionate share of the net pension asset (liability)	\$ (757,675)	\$ 266,506	\$ (3,178)	\$ (771,941)	\$ (180,036)	\$ (78,544)	\$ (241,364)	\$ (434,361)	\$ (98,027)
District's covered payroll	\$ 1,160,601	\$ 1,059,716	\$ 1,008,870	\$ 930,212	\$ 882,940	\$ 835,494	\$ 831,866	\$ 852,272	\$ 994,897
District's proportionate share of the net pension position as a percentage of its covered payroll	65.28%	25.15%	0.32%	82.99%	20.39%	9.40%	29.01%	50.97%	9.85%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

The following is a summary of changes of assumptions:

Inflation	2.9%	2.7%	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.7%
Salary increases	4.4%	4.4%	4.4%	4.2%	4.2%	3.8%	3.8%	3.8%	4.9%
Cost of living adjustments	1.5%	1.4%	1.4%	1.3%	1.3%	1.3%	1.3%	1.3%	1.4%
Investment rate of return	5.9%	5.9%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Discount rate	5.9%	5.9%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Society of Actuaries' mortality scale	MP-2021	MP-2020	MP-2020	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014	MP-2014

Data prior to 2015 is unavailable.

BELFAST CENTRAL SCHOOL DISTRICT

**Required Supplementary Information
Schedule of District Contributions
New York State and Local Employees' Retirement System**

For the years ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 128,901	\$ 162,789	\$ 138,104	\$ 125,156	\$ 120,277	\$ 122,247	\$ 127,155	\$ 138,613	\$ 135,219
Contribution in relation to the contractually required contribution	(128,901)	(162,789)	(138,104)	(125,156)	(120,277)	(122,247)	(127,155)	(138,613)	(135,219)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 1,160,601	\$ 1,059,716	\$ 1,008,870	\$ 930,212	\$ 882,940	\$ 835,494	\$ 831,866	\$ 852,272	\$ 994,897
Contributions as a percentage of covered payroll	11.11%	15.36%	13.69%	13.45%	13.62%	14.63%	15.29%	16.26%	13.59%

Data prior to 2015 is unavailable.

BELFAST CENTRAL SCHOOL DISTRICT

**Required Supplementary Information
Schedule of Changes in the District's
Total OPEB Liability and Related Ratios**

For the years ended June 30,	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability - beginning	\$ 637,329	\$ 602,389	\$ 557,305	\$ 552,540	\$ 539,134	\$ 594,372	\$ 566,047
Changes for the year:							
Service cost	37,760	35,333	26,554	25,764	26,876	30,257	29,777
Interest	14,607	16,803	20,124	21,905	19,804	17,963	16,072
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(31,284)	(24,227)	(48,331)	(31,534)	4,766	(60,964)	(33,449)
Changes of assumptions or other inputs	(13,121)	19,180	67,963	13,409	(18,425)	(23,465)	47,396
Benefit payments	(16,315)	(12,149)	(21,226)	(24,779)	(19,615)	(19,029)	(31,471)
Net change in total OPEB liability	(8,353)	34,940	45,084	4,765	13,406	(55,238)	28,325
Total OPEB liability - ending	\$ 628,976	\$ 637,329	\$ 602,389	\$ 557,305	\$ 552,540	\$ 539,134	\$ 594,372
Covered-employee payroll	\$ 3,791,449	\$ 3,774,852	\$ 3,682,782	\$ 3,465,825	\$ 3,381,293	\$ 2,903,204	\$ 2,865,947
Total OPEB liability as a percentage of covered-employee payroll	16.59%	16.88%	16.36%	16.08%	16.34%	18.57%	20.74%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

The following is a summary of changes of assumptions:

Healthcare cost trend rates	7.5% - 4.5%	7.5% - 4.5%	8.0% - 4.5%	7.5% - 4.5%	8.0% - 4.5%	8.5% - 5.0%	9.0% - 5.09%
Inflation	2.5%	2.5%	2.5%	2.5%	2.5%	1.3%	1.3%
Salary increases	1.84% - 12.31%	1.76% - 10.0%	1.76% - 10.0%	1.76% - 10.0%	1.76% - 10.0%	1.76% - 10.0%	1.76% - 10.0%
Discount rate	4.09%	2.19%	2.66%	3.51%	3.87%	3.56%	2.92%
Society of Actuaries' mortality scale	MP-2021	MP-2020	MP-2020	MP-2018	MP-2018	MP-2015	MP-2015

Data prior to 2017 is unavailable.

Supplementary Information
Schedule of Change from Original to Final Budget and
Calculation of Unrestricted Fund Balance Limit - General Fund

For the year ended June 30, 2023

Original expenditure budget	\$ 10,739,734
Encumbrances carried over from prior year	98,653
Use of reserves:	
Employee benefits and repairs	47,735
Retirement contribution	51,000
Capital	<u>150,005</u>
	<u>248,740</u>
Revised expenditure budget	<u>\$ 11,087,127</u>

* * *

Unrestricted Fund Balance

Assigned	\$ 78,482
Unassigned	<u>503,024</u>
	581,506
Encumbrances included in assigned fund balance	(78,482)
Appropriated fund balance used for tax levy	<u>-</u>
Amount subject to 4% limit pursuant to Real Property Tax Law §1318	<u>\$ 503,024</u>
§1318 of Real Property Tax Law - unrestricted fund balance limit calculation	
2024 expenditure budget (unaudited)	\$ 11,813,963
4% of budget	<u>472,559</u>
Actual percentage of 2024 expenditure budget	<u>4.3%</u>

Supplementary Information
Schedule of Capital Project Expenditures

June 30, 2023

Project Title	Original Budget	Expenditures			Unexpended Balance
		Prior Years	Current Year	Total	
Capital Improvement Project 2022	\$ 5,500,000	\$ -	\$ 234,559	\$ 234,559	\$ 5,265,441
Smart Schools Bond Act	559,939	499,651	18,425	518,076	41,863
Capital Outlay Project	100,000	-	96,843	96,843	3,157
	<u>\$ 6,159,939</u>	<u>\$ 499,651</u>	<u>\$ 349,827</u>	<u>\$ 849,478</u>	<u>\$ 5,310,461</u>

BELFAST CENTRAL SCHOOL DISTRICT

Supplementary Information
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grantor Number	Expenditures
<u>U.S. Department of Education</u>			
Rural Education	84.358	S358A203960	\$ 21,693
Passed Through New York State Education Department			
Special Education Cluster:			
Special Education Grants to States	84.027	0032-23-0038	103,635
Special Education Preschool Grants	84.173	0033-23-0038	3,835
Total Special Education Cluster			107,470
Title I Grants to Local Educational Agencies	84.010	0021-23-0090	210,026
Supporting Effective Instruction State Grants	84.367	0147-23-0090	18,675
Student Support and Academic Enrichment Program	84.424	0204-22-0090	9,582
Student Support and Academic Enrichment Program	84.424	0204-23-0090	15,576
Education Stabilization Fund:			
Elementary and Secondary School Emergency Relief Fund	84.425D	5891-21-0090	340,317
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5880-21-0090	130,515
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5882-21-0090	33,827
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5883-21-0090	14,553
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5884-21-0090	292,517
Total Education Stabilization Fund			811,729
Total U.S. Department of Education			1,194,751
<u>U.S. Department of Agriculture</u>			
Passed Through New York State Education Department			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	97,891
National School Lunch Program	10.555	N/A	210,272
Passed through New York State Office of General Services			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	23,658
Total Child Nutrition Cluster and U.S. Department of Agriculture			331,821
Total Expenditures of Federal Awards			\$ 1,526,572

See accompanying notes.

Notes to Schedule of Expenditures of Federal Awards

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs administered by Belfast Central School District (the District), an entity as defined in Note 1 to the District’s basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other governmental agencies, are included on the Schedule of Expenditures of Federal Awards.

Basis of Accounting

The District uses the modified accrual basis of accounting for each federal program, consistent with the fund basis financial statements.

The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable programs and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program, which are periodically reconciled with the District’s financial reporting system.

Indirect Costs

The District does not use the 10% de minimis indirect cost rate permitted by the Uniform Guidance.

Non-Monetary Federal Program

The District is the recipient of a federal award program that does not result in cash receipts or disbursements, termed a “non-monetary program.” During the year ended June 30, 2023, the District used \$23,658 worth of commodities under the National School Lunch Program (Assistance Listing Number 10.555).

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
Belfast Central School District

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 remaining fund information of Belfast Central School District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 10, 2023.

Report on Internal Control over Financial Reporting

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

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

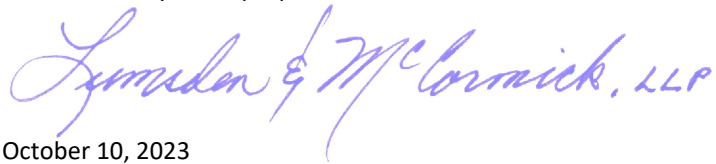
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in blue ink that reads "Lynden & McCormick, LLP". The signature is written in a cursive, flowing style.

October 10, 2023

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Education
Belfast Central School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Suzman & McCormick, LLP

October 10, 2023

Schedule of Findings and Questioned Costs

For the year ended June 30, 2023

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? No

Identification of major programs:

Name of Federal Program or Cluster	Assistance Listing Number	Amount
Education Stabilization Fund	84.425	\$ 811,729

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

Section II. Financial Statement Findings

No matters were reported.

Section III. Federal Award Findings and Questioned Costs

No matters were reported.

Summary Schedule of Prior Audit Findings

For the year ended June 30, 2023

Finding 2021-001:
(Internal Control over Financial Reporting under
***Government Auditing Standards*)**

Condition: The District uses third party software to maintain its capital asset inventory system. Discrepancies exist between the previous system, the current system, and previously issued financial statements. Discrepancies result from failure to transfer assets from construction in progress to depreciable capital asset categories upon project completion, changes in useful lives of existing capital assets, and lack of reconciliation in beginning balances of accumulated depreciation to prior year ending balances. We also noted many items included in the capital asset inventory that are under the District's threshold of \$5,000.

Current Status: The District reconciled its capital asset records and made the appropriate adjustments.

BELFAST CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY

JUNE 30, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Education
Belfast Central School District

Qualified Opinion

We have audited the accompanying schedule of additions and deductions of Belfast Central School District (the District) Extraclassroom Activity for the year ended June 30, 2023, and the related notes to the schedule.

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinion section of our report, the schedule referred to in the first paragraph presents fairly, in all material respects, the additions and deductions of Belfast Central School District Extraclassroom Activity for the year ended June 30, 2023, in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Qualified Opinion

Certain accounting records of Belfast Central School District Extraclassroom Activity accounts were not adequate for us to form an opinion regarding the completeness of additions in the accompanying schedule stated at \$86,440.

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

Responsibilities of Management for the Schedule

Management is responsible for the preparation and fair presentation of this schedule in accordance with GAAP; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedule that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Schedule

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedule.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the schedule.

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

A handwritten signature in blue ink that reads "Lunden & McCormick, LLP". The signature is written in a cursive, flowing style.

October 10, 2023

BELFAST CENTRAL SCHOOL DISTRICT EXTRACLASROOM ACTIVITY

Schedule of Additions and Deductions

For the year ended June 30, 2023

	July 1, 2022	Additions	Deductions	June 30, 2023
Class Clubs:				
Class of 2022	\$ 2,965	\$ -	\$ 1,133	\$ 1,832
Class of 2023	13,218	10,681	20,272	3,627
Class of 2024	6,236	14,637	3,929	16,944
Class of 2025	4,618	9,057	5,602	8,073
Class of 2026	-	4,948	2,270	2,678
Yearbook Club	(2,315)	3,900	6,093	(4,508)
Choir Club	3,926	3,068	3,261	3,733
Band Club	2,326	3,672	1,635	4,363
Middle School Club	48,226	19,697	45,712	22,211
National Honor Society	298	7,642	3,843	4,097
Student Council	4,008	9,138	8,191	4,955
	\$ 83,506	\$ 86,440	\$ 101,941	\$ 68,005

Notes to the Schedule

1. Summary of Significant Accounting Policies

Financial Reporting Entity

Extraclassroom Activity accounts are those operated by and for the students. Proceeds are voluntarily collected by students and are spent by them, as they deem appropriate under established guidelines. The Extraclassroom Activity accounts are included in the financial statements of Belfast Central School District (the District) in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.