

D'Arcangelo & Co., LLP

Certified Public Accountants & Consultants

200 E. Garden St., P.O. Box 4300, Rome, N.Y. 13442-4300
315-336-9220 Fax: 315-336-0836

Required Communication with Board of Education

Board of Education
Holland Patent Central School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Holland Patent Central School District for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 22, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Holland Patent Central School District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed in 2024. We noted no transactions entered into by Holland Patent Central School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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 significantly from those expected. The most sensitive estimates effecting the financial statements were:

1. The District, in accordance with GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pension*, requires significant actuarial estimates to calculate the District's postemployment benefits liability.
2. Estimates involving depreciable lives of the District's capital assets and the related depreciation.
3. In accordance with the GASB No. 87, *Leases*, there are estimates with regard to the related interest rates used for the lease liabilities and lease term used for amortization of the right to use assets.
4. The District, in accordance with GASB No. 68, *Accounting and Financial Reporting for Pensions* (as amended by GASB Statement 71), requires significant actuarial estimates to calculate the net pension assets and liabilities, deferred inflows and outflows of resources – pensions, and pension expense.

We evaluated the key factors and assumptions used by management to develop the estimates in determining that they were reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes the misstatements detected as a result of audit procedures that have been corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreement arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 9, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI) that supplements the basic financial statements. 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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 supplementary information, which accompanies the financial statements but 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, the method of preparing it has not changed from the prior period, 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.

Restriction on Use

This information is intended solely for the use of the Board of Education, Administration of Holland Patent Central School District, and the New York State Education Department, and is not intended to be and should not be used by anyone other than these specified parties.

Findings and Recommendations

In addition, we have enclosed a memorandum summarizing matters involving the internal control structure and its operations that we feel can be improved and strengthened. These matters are not considered to be significant deficiencies or material weaknesses.

D'Arcangelo & Co., LLP

October 9, 2024

Rome, New York

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT
SCHEDULE OF AUDIT FINDINGS AND RECOMMENDATIONS
For the Year Ended June 30, 2024**

There were no findings noted in the current year.

**HOLLAND PATENT CENTRAL SCHOOL DISTRICT
STATUS OF PRIOR YEAR AUDIT FINDINGS AND RECOMMENDATIONS
For the Year Ended June 30, 2024**

A. Unassigned Fund Balance-Prior Year

As of June 30, 2021, the General Fund of the School District has an unassigned fund balance of \$2,795,315 which represents 10.42% of the subsequent year's budget. New York State's Real Property Tax Law limits the amount of undesignated fund balance to 4% of the subsequent year's budget. As of June 30, 2022, the General Fund's unassigned fund balance was \$3,260,887, or 8.58% of the subsequent year's budget. As of June 30, 2023, the General Fund unassigned fund balance was \$2,326,998, which represents 5.93% of the subsequent year's budget.

We recommend that Management implement a plan to reduce the unassigned portion of General Fund balance to an amount within the 4% limit.

Status: As of June 30, 2024, the General Fund unassigned fund balance was \$1,576,491, which represents 3.90% of the subsequent year's budget, and is in compliance with the statutory limit.

B. Per Diem Payroll

During our June 30, 2023 audit, we noted 3 instances in which 2 per diem employees paid out of the Education Stabilization Fund (ARP ESSER) grants were over paid. The over payments were due to an error in which the employees were paid their daily rate for each hour worked, instead of each day worked. The total amount of the over payments was \$11,925. Management has met with employees to begin the process to recover the overpayments, and one of the affected employees has already paid the District back in full.

We recommend that the District implement an independent review process to validate the inputs and verify the calculations of hourly/per diem employees before the payroll is issued to ensure employees are paid accurately.

Status: This condition was not noted in the current year.

Client: 41608 - Holland Patent Central School District
Engagement: 2024 FS - Holland Patent Central School District
Workpaper: Adjusting Journal Entries Report

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
GW - To adjust compensated absences			
GW 0687	Compensated Absences	62,466.00	
GW 9089-900	Employee Benefits Allocation		62,466.00
Total		62,466.00	62,466.00
Adjusting Journal Entries JE # 2			
GW - To record principal payments on bonds and EPC			
GW 0628	Bonds Payable	1,970,000.00	
GW 0630	NOTES PAYABLE	191,531.00	
GW 9710	Serial Bonds Principal		2,161,531.00
Total		2,161,531.00	2,161,531.00
Adjusting Journal Entries JE # 3			
GW - To adjust accrued interest on LTD			
GW 0605	Accrued Interest	3,050.00	
GW 9789	Other Debt Interest		3,050.00
Total		3,050.00	3,050.00
Adjusting Journal Entries JE # 4			
GW To record CY OPEB activity under GASB 75			
GW 0691	Deferred Inflows- OPEB	1,792,498.00	
GW 9089-900	Employee Benefits Allocation	1,833,445.00	
GW 0498	DEFERRED OUTFLOWS- OPEB		3,135,673.00
GW 0689	GASB 45 Liability		490,270.00
Total		3,625,943.00	3,625,943.00
Adjusting Journal Entries JE # 5			
GW To record TRS activity for GASB 68			
GW 0638	Net Pension Liability-Proportionate Share	466,380.00	
GW 0697	Deferred Inflows-Pension	210,634.00	
GW 9089-900	Employee Benefits Allocation	828,315.00	
GW 0108	Net Pension Asset=Proportionate Share		
GW 0496	Deferred Outflows-Pension		48,006.00
GW 0496	Deferred Outflows-Pension		1,457,323.00
Total		1,505,329.00	1,505,329.00
Adjusting Journal Entries JE # 6			
GW To record ERS activity for GASB 68			
GW 0638	Net Pension Liability-Proportionate Share	561,953.00	
GW 9089-900	Employee Benefits Allocation	235,349.00	
GW 0108	Net Pension Asset=Proportionate Share		
GW 0496	Deferred Outflows-Pension		207,285.00

	GW 0697	Deferred Inflows-Pension		590,017.00
Total			797,302.00	797,302.00

Adjusting Journal Entries JE # 7

GW - To allocate employee benefits

	GW 1999-900	General Support - Employee Benefits	1,205,417.00	
	GW 2999-900	Instruction - Employee Benefits	8,416,353.00	
	GW 5599-900	Transportation - Employee Benefits	940,182.00	
	GW 6999-900	School Lunch Employee Benefits	219,951.00	
	GW 9089-900	Employee Benefits Allocation		10,781,903.00
Total			10,781,903.00	10,781,903.00

Adjusting Journal Entries JE # 8

GW- To record CY amortization on bond premiums and advance refunding.

	GW 0627	Premium on Bonds Payable	147,504.00	
	GW 0497.01	Deferred Outflow on Debt Refunding		8,922.00
	GW 9711	Serial Bonds Interest		138,582.00
Total			147,504.00	147,504.00

Adjusting Journal Entries JE # 9

GW - To adjust current portion of LTD

	GW 0630	NOTES PAYABLE	5,974.00	
	GW 0688	Current Portion of Long-Term Debt	205,000.00	
	GW 0622	Current Portion Notes Payable		5,974.00
	GW 0628	Bonds Payable		205,000.00
Total			210,974.00	210,974.00

Adjusting Journal Entries JE # 10

GW - To record CY fixed asset activity

	GW 0102	Buildings	11,138.00	
	GW 0104	Equipment	446,916.00	
	GW 0105	Construcion in Progress	1,110,678.00	
	GW 0114	ACCUM DEPRECIATION - EQUIPMENT	564,369.00	
	GW 0104	Equipment		564,369.00
	GW 1999-200	General Support - Capitalized Expenditures		251,879.00
	GW 2999-200	Instruction - Capitalized Expenditures		921,484.00
	GW 5999-200	Transportation - Capitalized Expenditures		395,369.00
Total			2,133,101.00	2,133,101.00

Adjusting Journal Entries JE # 11

GW - To record CY depreciation expense

	GW 1999-300	General Support - Depreciation	252,855.00	
	GW 2999-300	Instruction - Depreciation	925,054.00	
	GW 5599-300	Transportation - Depreciation	100,239.00	
	GW 0112	ACCUM DEPRECIATION - BUILDINGS		800,184.00
	GW 0114	ACCUM DEPRECIATION - EQUIPMENT		466,464.00
	GW 0116	A/D LAND IMPROVEMENTS		11,500.00

Total		1,278,148.00	1,278,148.00
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Adjusting Journal Entries JE # 12

To reclassify lease debt service for 23/24 year.

A 9788.600-00-0000	LEASE PRINCIPAL	74,105.00	
A 9788.700-00-0000	LEASE INTEREST	1,378.00	
A 2610.490-00-0100	Computer Assisted Instruction, BOCES		75,483.00
Total		75,483.00	75,483.00

Adjusting Journal Entries JE # 13

GW- To record current year lease additions and deletions

GW 0124	INTANGIBLE LEASE ASSET - MACHINERY AND EQUIPMENT	420,070.00	
GW 0134	ACCUMULATED AMORTIZATION - INTANGIBLE LEASE ASSET - MACHINERY AND EQUIPMENT	621,498.00	
GW 0124	INTANGIBLE LEASE ASSET - MACHINERY AND EQUIPMENT		621,498.00
GW 2999-250	TEACH REG SCHOOL - EQUIPMENT		420,070.00
Total		1,041,568.00	1,041,568.00

Adjusting Journal Entries JE # 14

GW To record Current year lease amortization.

GW 2999-350	INSTRUCTION - AMORTIZATION	430,272.00	
GW 0134	ACCUMULATED AMORTIZATION - INTANGIBLE LEASE ASSET - MACHINERY AND EQUIPMENT		430,272.00
Total		430,272.00	430,272.00

Adjusting Journal Entries JE # 15

GW To record current year lease payment

GW 0681	LEASE LIABILITY	74,105.00	
GW 9788-600	LEASES - PRINCIPAL		74,105.00
Total		74,105.00	74,105.00

Adjusting Journal Entries JE # 16

To reclass appropriated fund balance to agree to budget and adjust tax cert reserve

A864	Reserve for Tax Certiorari	306,774.00	
A909	Fund Balance-Unreserved	306,774.00	
A909	Fund Balance-Unreserved		306,774.00
A910	APPROPRIATED FUND BALANCE		306,774.00
Total		613,548.00	613,548.00

Adjusting Journal Entries JE # 17

To correct the amount of state lunch claims booked in federal.

C 3190	State Aid	42,689.00	
C 4190	Federal Aid	3,090.00	
C 4190	Federal Aid	44,403.00	
C 3190	State Aid		3,090.00
C 3190	State Aid		44,403.00

C 4190	Federal Aid		42,689.00
Total		90,182.00	90,182.00

Adjusting Journal Entries JE # 18

CLIENT ENTRY 548- To accrue June 2024 invoices for General and Capital Fund

A 1420.400-00	LEGAL CONTRACTUAL EXPENSE	3,224.00	
A 2110.200-30	EQPT MIDDLE SCHOOL	1,324.00	
H201 2110.245	Incidental - Architect's Fees - To Be Moved to a Project Code	10,450.00	
H201 2110.245	Incidental - Architect's Fees - To Be Moved to a Project Code	72,600.00	
H401 2110.240-24	Capital Emergency Project - 2024 HS Pool - Administration	276.00	
H401 2110.240-24	Capital Emergency Project - 2024 HS Pool - Administration	900.00	
A601	ACCRUED LIABILITIES		1,324.00
A601	ACCRUED LIABILITIES		3,224.00
H201601	Accounts Liabilities		83,050.00
H401601	Accounts Payable		276.00
H401601	Accounts Payable		900.00
Total		88,774.00	88,774.00

Adjusting Journal Entries JE # 19

CLIENT Entry- To record receivable for 2/1/24 - 8/31/24 SIG as of 6/30/2024.

F0011 410	Due From State and Federal	8,000.00	
F0011 410	Due From State and Federal	9,200.00	
F0011 4289.241	23-24 SIG		8,000.00
F0011 4289.241	23-24 SIG		9,200.00
Total		17,200.00	17,200.00

Adjusting Journal Entries JE # 20

CLIENT Entry- TRS Accrual adjust based on 2024 estimated bill released by NYSTRS

A632	DUE TO RETIREMENT SYSTEM	77,419.00	
A 9020.800-00	TEACHER RETIREMENT		77,419.00
Total		77,419.00	77,419.00

Adjusting Journal Entries JE # 21

Client Entry 551- Transfer Additional Amount from unreserved Fund Balance to Capital

A909	Fund Balance-Unreserved	75,000.00	
A878	Reserve for Capital Projects		75,000.00
Total		75,000.00	75,000.00

Adjusting Journal Entries JE # 22

CLIENT ENTRY 552 To record FICA Expense for Healthcare Worker Bonus Paid

A391	Due From Other Funds	191.00	
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F 2110.800-00-HWB	HEALTHCARE WORKER BONUS -		
	FICA/MEDI	191.00	
A 9030.800-00	SOCIAL SECURITY		191.00
F 630	DUE TO OTHER FUNDS		191.00