BYRON-BERGEN CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2023

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June 30, 2023

Lumsden McCormick LLP
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Byron-Bergen 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 Byron-Bergen 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 GAAP, 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 auditing standards generally accepted in the United States of America. 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 September 21, 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.

Lumsden & McCormick, LLP

September 21, 2023

Management's Discussion and Analysis (unaudited)

June 30, 2023

Introduction

Management's Discussion and Analysis (MD&A) of Byron-Bergen 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 as part of 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's custodial fund includes extraclassroom activity funds. 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	$ 26,767,000	$ 25,258,000	$ 1,509,000	6.0%
Capital assets	44,049,000	42,747,000	1,302,000	3.0%
Total assets	70,816,000	68,005,000	2,811,000	4.1%
Deferred outflows of resources	7,261,000	6,311,000	950,000	15.1%
Long-term liabilities	26,963,000	26,177,000	786,000	3.0%
Other liabilities	10,479,000	2,131,000	8,348,000	391.7%
Total liabilities	37,442,000	28,308,000	9,134,000	32.3%
Deferred inflows of resources	1,227,000	10,834,000	(9,607,000)	(88.7%)
Net position				
Net investment in capital assets	27,872,000	26,697,000	1,175,000	4.4%
Restricted	11,641,000	6,303,000	5,338,000	84.7%
Unrestricted	(105,000)	2,174,000	(2,279,000)	(104.8%)
Total net position	$ 39,408,000	$ 35,174,000	$ 4,234,000	12.0%

Net position amounted to $39,408,000 and $35,174,000 as of 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 outstanding 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 scholarships donated for the benefit of students and reserves set aside for specific purposes governed by laws. These reserves include the retirement contribution reserve, restricted to fund contributions paid by the District to the New York State Teachers' Retirement System (TRS) and New York State and Local Employees' Retirement System (ERS); the capital reserve, which is dedicated for future renovations or equipment as approved by the District's voters; and an employee benefit accrued liability reserve, which must be used to pay future accumulated vacation and sick time. Other restricted resources include debt service, workers' compensation, unemployment insurance, liability, and insurance reserves.

Current and other assets increased by $1,509,000 ($11,253,000 or 80.3% increase in 2022) primarily as a result of bond anticipation notes (BAN) proceeds and positive operating results that caused an increase in cash and investments of $9,579,000, offset by the District's proportionate share of the TRS and ERS net pension position resulting in a liability of $2,383,000 compared to an asset of $7,862,000 in 2022. Capital assets increased $1,302,000 ($1,117,000 or 2.5% decrease in 2022) due to capital spending of $3,733,000 exceeding depreciation, amortization, and disposals.

Long-term liabilities increased by $786,000 ($3,127,000 or 10.7% decrease in 2022) due to the increase of $2,383,000 in the TRS and ERS net pension liability and an increase of $1,034,000 in the total OPEB liability, offset by principal payments on bonds and leases outstanding. The increase in other liabilities of $8,348,000 ($6,000 or 0.3% decrease in 2022) primarily due to an increase in BANs of $7,538,000, which will be converted to permanent financing when the ongoing 2021 Capital Improvements Project is completed, and an increase in accounts payable of $815,000 due to timing of capital project payments at year end.

Changes in deferred outflows and deferred inflows of resources include changes in pension activity at the State level which are required to be reflected in the District's financial statements. Deferred outflows of resources include contributions 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. Also included in deferred outflows and deferred inflows of resources are differences between expected and actual experience and changes of assumptions related to the District's total OPEB liability.

Condensed Statement of Activities	2023	2022	Change $	Change %
Revenues				
Program revenues				
Charges for services	$ 419,000	$ 228,000	$ 191,000	83.8%
Operating and capital grants and contributions	2,955,000	3,383,000	(428,000)	(12.7%)
General revenues				
Property taxes and sales tax	9,485,000	9,322,000	163,000	1.7%
State aid	15,019,000	14,739,000	280,000	1.9%
Other	915,000	343,000	572,000	166.8%
Total revenues	28,793,000	28,015,000	778,000	2.8%
Expenses				
Instruction	17,426,000	16,235,000	1,191,000	7.3%
Support services				
General support	4,457,000	3,788,000	669,000	17.7%
Pupil transportation	1,712,000	1,544,000	168,000	10.9%
Food service	603,000	541,000	62,000	11.5%
Interest	361,000	403,000	(42,000)	(10.4%)
Total expenses	24,559,000	22,511,000	2,048,000	9.1%
Change in net position	4,234,000	5,504,000	(1,270,000)	(23.1%)
Net position – beginning	35,174,000	29,670,000	5,504,000	18.6%
Net position – ending	$ 39,408,000	$ 35,174,000	$ 4,234,000	12.0%

District revenues increased $778,000 in 2023 (6.6% or $1,728,000 increase in 2022). The increase in other revenues of $572,000 (decrease of 21.1% or $92,000 in 2022) is due to $488,000 more interest income received in 2023 as the District was able to take advantage of increased cash balances and higher investment interest rates. State aid increased $280,000 ($501,000 or 3.5% increase in 2022) primarily from increases in general aid. The decrease of $428,000 in operating and capital grants and contributions ($1,201,000 or 55.0% increase in 2022) was primarily due to a decrease in grants received from the Education Stabilization Fund of $619,000 as well as a decrease in Federal reimbursement from the Child Nutrition Cluster of $254,000, offset by increases in reimbursement received for the Smart School Bond Act of $331,000.

Total expenses increased $2,048,000 ($44,000 or 0.2% increase in 2022). Payroll remained consistent with an increase of $13,000 or 0.1% ($758,000 or 7.6% increase in 2022) due to retirements exceeding the cost of new hires and contractual salary increases. The District recognized ERS and TRS pension expense of $1,647,000, as compared to net pension income of $336,000 in 2022, which is reflected as a negative expense. In addition, OPEB expense increased $146,000 due to changes in actuarial estimates.

Financial Analysis of the District's Funds

Total fund balances for the governmental funds increased $1,034,000 from $15,286,000 to $16,320,000 as follows:

- Total fund revenue increased $711,000 or 2.5% (increase of $1,803,000 or 6.9% in 2022) and total fund expenditures increased by $3,017,000 or 11.9% (decrease of $250,000 or 1.0% in 2022). The overall revenue increase is due to increases in interest income, State aid, and Smart Schools Bond Act revenue, offset by decreases in Federal aid in the Education Stabilization Fund and Child Nutrition Cluster, as previously mentioned. The overall increase in expenditures is due to an increase in capital outlay by $2,942,000 or 382.4% ($1,948,000 or 71.7% decrease in 2022) as the 2021 Capital Improvements Project was under way for the entire year.
- The general fund experienced an increase in fund balance of $3,474,000, compared to a decrease in fund balance of $109,000 in 2022. This change was attributable to a decrease in net transfers to other funds of $3,467,000.

General Fund Budgetary Highlights

The revenue budget for 2023 was $25,099,000, with actual revenues amounting to $25,548,000, a favorable variance of $449,000 or 1.8%. This was primarily caused by interest earnings in excess of those anticipated.

Actual expenditures and carryover encumbrances were less than the final budget by $3,617,000 or 15.9%. The difference is attributable to many factors and many unknown items at the time the budget is prepared. The District was able to generate savings in central services, teaching, programs for children with disabilities, and employee benefits.

Capital Assets

	2023	2022
Land	$ 139,000	$ 139,000
Construction in progress	4,076,000	650,000
Buildings and improvements	61,388,000	61,292,000
Machinery and equipment	4,355,000	4,782,000
	69,958,000	66,863,000
Accumulated depreciation	(26,144,000)	(24,445,000)
	43,814,000	42,418,000
Right-to-use leased equipment, net	235,000	329,000
	$ 44,049,000	$ 42,747,000

Current year additions of $3,733,000 were offset by depreciation expense, amortization expense, and disposals of $2,431,000.

Debt

At June 30, 2023, the District had $16,091,000 in bonds and leases outstanding, with $2,431,000 due within one year ($18,459,000 of bonds and leases outstanding at June 30, 2022). Outstanding compensated absences payable were $5,306,000, with $832,000 expected to be paid within one year ($5,442,000 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 to ensure continuity of programs upon the eventual reduction in these funds. School districts in New York State are also 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 planning process.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, 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 Lori Prinz, School Business Administrator, Byron-Bergen Central School District, 6917 W. Bergen Road, Bergen, New York 14416-9747.

Statement of Net Position

June 30, 2023
(With comparative totals as of June 30, 2022)

	2023	2022
Assets		
Cash	$ 6,142,169	$ 5,901,925
Due from other governments	912,515	863,475
State and federal aid receivable	1,134,395	1,403,190
Investments	18,544,356	9,205,484
Inventory	34,028	22,371
Net pension asset	-	7,861,745
Capital assets (Note 5)	70,714,979	67,537,505
Accumulated depreciation and amortization	(26,666,135)	(24,790,142)
Total assets	70,816,307	68,005,553
Deferred Outflows of Resources		
Defeasance loss	55,503	74,004
Deferred outflows of resources related to pensions	5,661,447	5,475,825
Deferred outflows of resources related to OPEB	1,543,926	760,678
Total deferred outflows of resources	7,260,876	6,310,507
Liabilities		
Accounts payable	1,232,995	417,708
Accrued liabilities	131,997	196,910
Due to retirement systems	1,007,781	934,322
Unearned revenue	106,023	119,701
Bond anticipation notes	8,000,000	462,258
Long-term liabilities		
Due within one year:		
Leases	145,843	149,661
Bonds	2,285,000	2,295,000
Compensated absences	832,000	852,000
Due beyond one year:		
Leases	110,531	179,777
Bonds and related premiums	14,051,880	16,465,058
Compensated absences	4,474,000	4,590,000
Net pension liability	2,383,463	-
Total OPEB liability	2,680,041	1,645,789
Total liabilities	37,441,554	28,308,184
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	568,384	10,055,936
Deferred inflows of resources related to OPEB	658,858	778,306
Total deferred inflows of resources	1,227,242	10,834,242
Net Position		
Net investment in capital assets	27,872,737	26,697,100
Restricted	11,640,749	6,302,813
Unrestricted	(105,099)	2,173,721
Total net position	$ 39,408,387	$ 35,173,634

See accompanying notes.

Statement of Activities

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

		Program Revenues			Net (Expense) Revenue	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	**2023**	2022
Governmental activities						
General support	$ 4,457,272	$ 72,290	$ -	$ -	**$ (4,384,982)**	$ (3,734,202)
Instruction	17,425,574	182,130	2,134,924	331,136	**(14,777,384)**	(13,471,068)
Pupil transportation	1,711,979	-	-	-	**(1,711,979)**	(1,544,288)
Interest expense	361,110	-	-	-	**(361,110)**	(403,060)
School food service	602,489	164,824	489,256	-	**51,591**	252,637
	$ 24,558,424	$ 419,244	$ 2,624,180	$ 331,136	**(21,183,864)**	(18,899,981)
General revenues						
Real property and sales taxes					**9,485,067**	9,322,215
Miscellaneous					**914,956**	343,096
State aid					**15,018,594**	14,738,593
Total general revenues					**25,418,617**	24,403,904
Change in net position					**4,234,753**	5,503,923
Net position - beginning					**35,173,634**	29,669,711
Net position - ending					**$ 39,408,387**	$ 35,173,634

See accompanying notes.

Balance Sheet - Governmental Funds

June 30, 2023
(With summarized comparative totals as of June 30, 2022)

	General	Capital Projects	Special Aid	Debt Service	Food Service	Miscellaneous Special Revenue	Total Governmental Funds 2023	Total Governmental Funds 2022
Assets								
Cash	$ 3,240,447	$ 929,519	$ 399,786	$ 975,262	$ 588,515	$ 8,640	**$ 6,142,169**	$ 5,901,925
Due from other governments	912,515	-	-	-	-	-	**912,515**	863,475
State and federal aid receivable	242,752	-	867,618	-	24,025	-	**1,134,395**	1,403,190
Due from other funds, net	1,208,313	-	-	13,143	-	-	**1,221,456**	1,123,532
Investments	9,366,409	8,458,865	-	-	-	719,082	**18,544,356**	9,205,484
Inventory	-	-	-	-	34,028	-	**34,028**	22,371
Total assets	$ 14,970,436	$ 9,388,384	$ 1,267,404	$ 988,405	$ 646,568	$ 727,722	**$ 27,988,919**	$ 18,519,977
Liabilities								
Accounts payable	$ 226,767	$ 999,179	$ 6,096	$ -	$ 953	$ -	**$ 1,232,995**	$ 417,708
Accrued liabilities	92,263	-	-	-	8,334	-	**100,597**	176,710
Due to retirement systems	1,002,420	-	-	-	5,361	-	**1,007,781**	934,322
Due to other funds, net	-	17,061	1,204,395	-	-	-	**1,221,456**	1,123,532
Unearned revenue	38,610	10,500	56,913	-	-	-	**106,023**	119,701
Bond anticipation notes	-	8,000,000	-	-	-	-	**8,000,000**	462,258
Total liabilities	1,360,060	9,026,740	1,267,404	-	14,648	-	**11,668,852**	3,234,231
Fund Balances								
Nonspendable	-	-	-	-	34,028	400,000	**434,028**	422,371
Restricted	10,324,622	361,644	-	988,405	-	327,722	**12,002,393**	9,257,542
Committed	494,264	-	-	-	-	-	**494,264**	444,023
Assigned	652,309	-	-	-	597,892	-	**1,250,201**	1,186,839
Unassigned	2,139,181	-	-	-	-	-	**2,139,181**	3,974,971
Total fund balances	13,610,376	361,644	-	988,405	631,920	727,722	**16,320,067**	15,285,746
Total liabilities and fund balances	$ 14,970,436	$ 9,388,384	$ 1,267,404	$ 988,405	$ 646,568	$ 727,722	**$ 27,988,919**	$ 18,519,977

See accompanying notes.

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

June 30, 2023

Total fund balances - governmental funds		$ 16,320,067
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 therefore are not reported as assets in governmental funds.		44,048,844
Defeasance losses associated with bond refundings are recognized as deferred outflows of resources in the government-wide statements.		55,503
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	5,661,447	
Net pension liability	(2,383,463)	
Deferred inflows of resources related to pensions	(568,384)	2,709,600
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	1,543,926	
Total OPEB liability	(2,680,041)	
Deferred inflows of resources related to OPEB	(658,858)	(1,794,973)
Certain liabilities are not due and payable currently and therefore are not reported as liabilities in the governmental funds. These liabilities are:		
Leases	(256,374)	
Bonds and related premiums	(16,336,880)	
Accrued interest	(31,400)	
Compensated absences	(5,306,000)	(21,930,654)
Net position - governmental activities		$ 39,408,387

See accompanying notes.

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

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

	General	Capital Projects	Special Aid	Debt Service	Food Service	Miscellaneous Special Revenue	Total Governmental Funds 2023	Total Governmental Funds 2022
Revenues								
Real property taxes	$ 7,812,824	$ -	$ -	$ -	$ -	$ -	**$ 7,812,824**	$ 7,545,076
Real property tax items	1,594,975	-	-	-	-	-	**1,594,975**	1,711,444
Nonproperty taxes	77,268	-	-	-	-	-	**77,268**	65,695
Charges for services	167,207	-	-	-	-	-	**167,207**	105,205
Use of money and property	475,693	64,433	-	76,708	-	25,228	**642,062**	73,903
Sale of property and compensation for loss	98,963	-	-	-	-	-	**98,963**	19,612
Miscellaneous	262,463	-	-	-	737	6,525	**269,725**	391,005
State sources	15,018,594	331,136	696,082	-	82,513	-	**16,128,325**	14,928,008
Federal sources	40,387	-	1,398,455	-	406,743	-	**1,845,585**	3,193,309
Sales	-	-	-	-	164,087	-	**164,087**	56,396
Total revenues	25,548,374	395,569	2,094,537	76,708	654,080	31,753	**28,801,021**	28,089,653
Expenditures								
General support	2,734,097	-	-	-	121,421	-	**2,855,518**	2,619,759
Instruction	10,706,220	-	1,805,875	-	-	4,401	**12,516,496**	12,769,461
Pupil transportation	1,246,852	25,572	11,959	-	-	-	**1,284,383**	1,371,416
Employee benefits	3,917,835	-	276,703	-	37,646	-	**4,232,184**	4,057,544
Debt service								
Principal	156,220	-	-	2,757,258	-	-	**2,913,478**	2,823,030
Interest	2,915	-	-	456,672	-	-	**459,587**	519,237
Cost of sales	-	-	-	-	338,842	-	**338,842**	364,858
Capital outlay	-	3,604,578	-	-	107,048	-	**3,711,626**	769,413
Total expenditures	18,764,139	3,630,150	2,094,537	3,213,930	604,957	4,401	**28,312,114**	25,294,718
Excess revenues (expenditures)	6,784,235	(3,234,581)	-	(3,137,222)	49,123	27,352	**488,907**	2,794,935
Other financing sources (uses)								
Lease proceeds	-	83,156	-	-	-	-	**83,156**	171,755
BANs redeemed from appropriations	-	462,258	-	-	-	-	**462,258**	424,508
Operating transfers, net	(3,310,012)	96,082	-	3,213,930	-	-	**-**	-
Total other financing sources (uses)	(3,310,012)	641,496	-	3,213,930	-	-	**545,414**	596,263
Net change in fund balances	3,474,223	(2,593,085)	-	76,708	49,123	27,352	**1,034,321**	3,391,198
Fund balances - beginning	10,136,153	2,954,729	-	911,697	582,797	700,370	**15,285,746**	11,894,548
Fund balances - ending	$ 13,610,376	$ 361,644	$ -	$ 988,405	$ 631,920	$ 727,722	**$ 16,320,067**	$ 15,285,746

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		$ 1,034,321
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 their estimated useful lives as depreciation and amortization expense. This is the amount by which capital outlays exceed depreciation and amortization expense and disposals.		1,301,481
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	1,049,430	
2023 ERS accrued contribution	110,859	
2022 ERS accrued contribution	(85,802)	
2023 TRS pension expense	(1,069,573)	
2023 ERS pension expense	(576,948)	(572,034)
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.		(131,556)
Leases are recorded as other financing sources in the governmental funds but increase long-term liabilities in the statement of net position.		(83,156)
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.		2,451,220
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 bond premiums and defeasance loss	109,677	
Interest	(11,200)	
Compensated absences	136,000	234,477
Change in net position - governmental activities		$ 4,234,753

See accompanying notes.

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	$ 7,758,231	$ 7,758,231	**$ 7,812,824**		$ 54,593
Real property tax items	1,670,025	1,670,025	**1,594,975**		(75,050)
Nonproperty taxes	35,000	35,000	**77,268**		42,268
Charges for services	42,000	42,000	**167,207**		125,207
Use of money and property	87,000	87,000	**475,693**		388,693
Sale of property and compensation for loss	5,000	5,000	**98,963**		93,963
Miscellaneous	145,800	145,800	**262,463**		116,663
State sources	15,126,037	15,126,037	**15,018,594**		(107,443)
Federal sources	230,000	230,000	**40,387**		(189,613)
Total revenues	25,099,093	25,099,093	**25,548,374**		449,281
Expenditures					
General support					
Board of education	28,850	31,350	**27,059**	-	(4,291)
Central administration	246,893	249,241	**239,753**	-	(9,488)
Finance	373,106	377,128	**303,926**	-	(73,202)
Staff	139,600	140,400	**118,297**	-	(22,103)
Central services	2,193,036	2,183,836	**1,632,180**	20,088	(531,568)
Special items	425,807	431,007	**412,882**	-	(18,125)
Instruction					
Instruction, administration, and improvement	699,946	724,279	**587,090**	600	(136,589)
Teaching - regular school	6,360,860	6,306,155	**5,430,186**	72,699	(803,270)
Programs for children with handicapping conditions	3,097,684	3,123,364	**2,333,062**	-	(790,302)
Occupational education	809,050	809,610	**676,733**	-	(132,877)
Teaching - special schools	48,400	48,400	**26,400**	-	(22,000)
Instructional media	783,014	703,926	**630,179**	7,306	(66,441)
Pupil services	1,171,841	1,247,142	**1,022,570**	112	(224,460)
Pupil transportation	1,269,065	1,599,190	**1,246,852**	251,504	(100,834)
Employee benefits	4,764,425	4,579,548	**3,917,835**	-	(661,713)
Debt service					
Principal	-	169,000	**156,220**	-	(12,780)
Interest	-	3,000	**2,915**	-	(85)
Total expenditures	22,411,577	22,726,576	**18,764,139**	352,309	(3,610,128)
Excess revenues (expenditures)	2,687,516	2,372,517	**6,784,235**	(352,309)	4,059,409
Other financing sources (uses)					
Operating transfers in	-	-	**3,918**		3,918
Operating transfers out	(3,313,929)	(3,313,930)	**(3,313,930)**		-
Appropriated fund balance, reserves, and carryover encumbrances	626,413	941,413	**-**		(941,413)
Total other financing sources (uses)	(2,687,516)	(2,372,517)	**(3,310,012)**		(937,495)
Excess revenues (expenditures) and other financing sources (uses)	$ -	$ -	**$ 3,474,223**	$ (352,309)	$ 3,121,914

See accompanying notes.

Statement of Fiduciary Net Position - Custodial Fund

June 30, 2023

Assets		
Cash	$	106,871
Net Position		
Extraclassroom activity balances	$	106,871

* * *

BYRON-BERGEN CENTRAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position - Custodial Fund

For the year ended June 30, 2023

Additions		
Student activity receipts	$	122,410
Deductions		
Student activity disbursements		109,274
Change in net position		13,136
Net position - beginning		93,735
Net position - ending	$	106,871

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

Byron-Bergen 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 Genesee Valley BOCES (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 currently no such debt issued by the District.

During the year ended June 30, 2023, the District was billed $3,415,000 for BOCES administrative and program costs and recognized revenue of $161,000 as a refund from prior year expenditures paid to BOCES and $72,000 in rental and other income. Audited financial statements are available from BOCES' administrative offices.

Public Entity Risk Pools

The District participates in the Genesee Area Healthcare Plan and the Genesee County Self-Insurance Workers' Compensation Plan, which are public entity risk pools. These plans are designed to provide health insurance and workers' compensation 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 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.
- *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.
- *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.
- *Debt service fund.* This fund is used to account for resources that are restricted, committed, or assigned to expenditure for principal and interest. Financial resources accumulated for future principal and interest payments are also included in this fund.

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

- *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.
- *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 and sales 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 levies real property taxes no later than September 1. For the year ended June 30, 2023, the tax lien was issued on August 1, 2022 for collection from September 1, 2022 through October 31, 2022. Thereafter, uncollected amounts became the responsibility of Monroe, Orleans, and Genesee Counties. Such amounts were submitted to the District by April 1st of the following year as required by law.

The District is subject to tax abatements granted by the Genesee County Industrial Development Agency (GCIDA), a public benefit corporation created by an act of the New York State Legislature to promote and assist private sector industrial and business development. Through GCIDA, companies promise to expand or maintain facilities or employment within the communities served by the District, to establish a new business, or to relocate an existing business to the communities. Economic development agreements entered into by GCIDA can include the abatement of county, town, and school district taxes, in addition to other assistance. In the case of the District, these abatements have resulted in reductions of property taxes, which the District administers as temporary reductions in the assessed value of the properties involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100%. For the year ended June 30, 2023, the District's taxes were abated $62,000 under these agreements.

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.

Investments

Investments include collateralized bank deposits, repurchase agreements, and U.S. Treasury Securities held in external investment pools and recorded at fair value.

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 generally reported at actual or estimated historical cost based on appraisals. Financed right-to-use lease assets are recorded at the present value of the initial lease liability. 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	$ 50,000	15-50
Machinery and equipment	$ 5,000	5-25

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 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 for the District's defined benefit healthcare plan (Note 9) have been measured on the same basis as reported by the plan. Benefit payments are 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 administrative 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 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, reduced by outstanding balances of any related debt obligations that are 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	$	34,028
Scholarships		400,000
Restricted:		
Debt service		988,405
Liability		713,328
Unemployment insurance		252,004
Capital		3,406,826
Employee benefit accrued liability		2,096,217
Insurance		806,422
Retirement contribution		2,891,741
Workers' compensation		519,728
Scholarships		327,722
Committed		494,264
Assigned:		
Designated for subsequent years		300,000
Encumbrances		352,309
Food service		597,892
Unassigned		2,139,181
	$	16,320,067

Nonspendable fund balances represents resources that cannot be spent as they are not expected to be converted to cash and include inventory and the principal portion of scholarships required to remain intact.

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:

- *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 and BAN premiums), and remaining bond proceeds not needed for their original purpose as required under §165 of Finance Law. This reserve must be used to pay the debt service obligations for which the original money was generated.
- *Liability* – is used to pay for liability claims incurred. Annual funding of this reserve may not exceed 3% of the budget.
- *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.
- *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. In 2019 and 2023, voters approved the establishment of three reserves, with funding not to exceed $1,000,000, $2,000,000, and $4,000,000 plus interest, respectively, over a 10-year period. The 2019 reserve has been fully funded. To date, $2,007,170 has been allocated to the two 2023 reserves. Amounts remaining and available for use in the general fund at June 30, 2023 total $3,045,182.
- *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.
- *Insurance* – is used to pay liability, casualty, and other types of losses except losses incurred for which insurance may be purchased. The amount is funded through budgetary appropriations which may not exceed 5% of the budget.
- *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 $791,157 for TRS and $2,100,584 for ERS.
- *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.

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. Committed fund balance represents amounts authorized by the Board for payment of certain employee benefits.

Assigned fund balances 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 budget, which is a limitation imposed by New York State Real Property Tax Law §1318.

3. Cash and Investments

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 insured by FDIC coverage or collateralized with securities held in trust by the pledging institution's agent or an undivided security interest in pooled assets in the District's name.

Credit risk is the risk of loss attributed to the magnitude of the District's investments in a single issuer. The District's external investment pool is rated AAAm from S&P Global Ratings.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In order to limit its exposure, the District's external investment pool limits the maturity dates of its investments. The dollar weighted average days to maturity (WAM) at June 30, 2023 is 33 days. Next interest rate reset dates for floating rate securities are used in calculation of the WAM. The weighted average life of the pool is 74 days.

4. Interfund Transactions – Fund Financial Statements

Fund	Receivable	Payable	Transfers In	Transfers Out
General	$ 1,208,313	$ -	$ 3,918	$ 3,313,930
Capital projects	-	17,061	100,000	3,918
Special aid	-	1,204,395	-	-
Debt service	13,143	-	3,213,930	-
	$ 1,221,456	$ 1,221,456	$ 3,317,848	$ 3,317,848

The District's general fund provides cash flow to the various other funds; these amounts are repaid in the subsequent year when funds are received from the State after final expenditure reports have been submitted and approved or when permanent financing is obtained. The general fund made permanent transfers to the capital projects fund for a capital project and to the debt service fund for principal and interest payments. The capital projects fund made a permanent transfer to the general fund to repay unused project proceeds.

5. Capital Assets

	July 1, 2022	Increases	Retirements/ Reclassifications	June 30, 2023
Non-depreciable and non-amortizable capital assets:				
Land	$ 139,383	$ -	$ -	$ 139,383
Construction in progress	650,562	3,521,422	(96,082)	4,075,902
Total non-depreciable and non-amortizable assets	789,945	3,521,422	(96,082)	4,215,285
Depreciable capital assets:				
Buildings and improvements	61,292,041	-	96,082	61,388,123
Machinery and equipment	4,781,986	128,513	(555,617)	4,354,882
Total depreciable assets	66,074,027	128,513	(459,535)	65,743,005
Accumulated depreciation:				
Buildings and improvements	(21,547,922)	(1,877,267)	-	(23,425,189)
Machinery and equipment	(2,897,519)	(369,410)	547,773	(2,719,156)
Total accumulated depreciation	(24,445,441)	(2,246,677)	547,773	(26,144,345)
Total depreciable assets, net	41,628,586	(2,118,164)	88,238	39,598,660
Right-to-use lease assets:				
Equipment	673,533	83,156	-	756,689
Accumulated amortization	(344,701)	(177,089)	-	(521,790)
Total right-to-use assets, net	328,832	(93,933)	-	234,899
	$ 42,747,363	$ 1,309,325	$ (7,844)	$ 44,048,844

Depreciation and amortization expense have been allocated to the following functions: general support $263,513, instruction $1,956,740, pupil transportation $179,418, and food service $24,095.

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

Capital assets, net of accumulated depreciation and amortization	$ 44,048,844
Defeasance loss	55,503
Lease liability	(256,374)
BANs, bonds, and related premiums, net of unspent proceeds	(15,975,236)
	$ 27,872,737

6. Short-Term Debt

Aggregate bond anticipation notes (BANs) outstanding at June 30, 2023 amounted to $8,000,000 ($462,258 as of June 30, 2022) and carried interest at 4.75% (0.34% as of June 30, 2022). In 2023, BANs of $8,000,000 were issued and $462,258 were redeemed from appropriations.

7. Long-Term Liabilities

	July 1, 2022	Increases	Decreases	June 30, 2023	Amount Due in One Year
Leases	$ 329,438	$ 83,156	$ 156,220	$ 256,374	$ 145,843
Bonds	18,130,000	-	2,295,000	15,835,000	2,285,000
Bond premiums	630,058	-	128,178	501,880	-
Compensated absences	5,442,000	-	136,000	5,306,000	832,000
	$ 24,531,496	$ 83,156	$ 2,715,398	$ 21,899,254	$ 3,262,843

Existing Obligations

Description	Maturity	Rate	Balance
Serial bonds – 2020	June 2035	2%	$ 12,515,000
Refunding bonds – 2020	June 2026	1%-4%	3,320,000
Equipment lease – 2019	January 2024	2.58%	1,705
Equipment lease – 2019	March 2024	1.58%	12,240
Equipment lease – 2020	October 2024	1.78%	17,697
Equipment lease – 2021	October 2025	0.93%	22,340
Equipment lease – 2021	February 2024	0.93%	32,491
Equipment lease – 2022	November 2024	0.34%	54,528
Equipment lease – 2022	November 2026	0.34%	38,775
Equipment lease – 2023	March 2026	3.00%	76,598
			$ 16,091,374

Debt Service Requirements

	Bonds		Leases	
Years ending June 30,	Principal	Interest	Principal	Interest
2024	$ 2,285,000	$ 383,100	$ 145,843	$ 3,379
2025	2,360,000	310,300	69,454	1,652
2026	1,520,000	234,900	36,326	404
2027	985,000	193,400	4,751	4
2028	1,005,000	173,700	-	-
2029 – 2033	5,450,000	555,200	-	-
2034 – 2035	2,230,000	65,900	-	-
	$ 15,835,000	$ 1,916,500	$ 256,374	$ 5,439

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% - 17.5%.

The amount outstanding and payable to TRS for the year ended June 30, 2023 was $804,921. A liability to ERS of $110,859 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 $851,867 for its proportionate share of the TRS net pension position and a liability of $1,531,596 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 0.044394%, an increase of 0.002229 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 0.0071423%, an increase of 0.0003542 from its proportion measured as of March 31, 2022.

For the year ended June 30, 2023, the District recognized pension expense of $1,646,521 on the government-wide statements (TRS expense of $1,069,573 and ERS expense of $576,948). 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	$ 892,649	$ (17,070)	$ 163,127	$ (43,013)
Changes of assumptions	1,652,478	(343,156)	743,842	(8,221)
Net difference between projected and actual earnings on pension plan investments	1,100,693	-	-	(8,998)
Changes in proportion and differences between contributions and proportionate share of contributions	111,618	(142,598)	81,260	(5,328)
District contributions subsequent to the measurement date	804,921	-	110,859	-
	$ 4,562,359	$ (502,824)	$ 1,099,088	$ (65,560)

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	$ 621,078	$ 232,694
2025	336,328	(59,853)
2026	(135,156)	327,542
2027	2,164,189	422,286
2028	267,715	-
Thereafter	460	-
	$ 3,254,614	$ 922,669

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:

	TRS		ERS	
Asset Class	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%
	100%		100%	

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.

	1.0% Decrease	At Current Discount Rate	1.0% Increase
District's proportionate share of the TRS net pension asset (liability)	$ (7,854,614)	$ (851,867)	$ 5,037,397
District's proportionate share of the ERS net pension asset (liability)	$ (3,701,212)	$ (1,531,596)	$ 281,369

9. OPEB

Plan Description

The District maintains a single-employer defined benefit healthcare plan (the Plan) providing for continuation of medical insurance benefits for District employees and their spouses based on various bargaining unit agreements and individual contracts. Eligibility for benefits is based on covered employees who retire from the District and have met vesting requirements. The Plan provides an implicit rate subsidy for retirees that choose to remain on the District's healthcare plans at their own expense subsequent to retirement. 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	111
Inactive employees or beneficiaries currently receiving benefits	27
Inactive employees entitled to but not yet receiving benefits	-
	138

Total OPEB Liability

The District's total OPEB liability of $2,680,041 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022, with update procedures to roll forward the total OPEB liability to June 30, 2023.

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 the Society of Actuaries' Getzen Trend Model, initially 5.8% per year to an ultimate rate of 3.8% after 2073
Salary increases – 2.4%
Mortality – Pub-2010 Mortality Table with generational projection of future improvements with Scale MP-2021
Discount rate – 3.65% based on the Bond Buyer General Obligation 20-Bond Municipal Index as of the measurement date
Inflation rate – 2.4%

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2022	$ 1,645,789
Changes for the year:	
Service cost	87,326
Interest	58,457
Changes of benefit terms	-
Differences between expected and actual experience	587,863
Changes of assumptions or other inputs	465,579
Benefit payments	(164,973)
Net changes	1,034,252
Balance at June 30, 2023	$ 2,680,041

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 (2.65%)	Discount Rate (3.65%)	1.0% Increase (4.65%)
Total OPEB liability	$ (2,904,186)	$ (2,680,041)	$ (2,471,811)

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 (4.8% to 2.8%)	Healthcare Cost Trend Rate (5.8% to 3.8%)	1.0% Increase (6.8% to 4.8%)
Total OPEB liability	$ (2,368,487)	$ (2,680,041)	$ (3,049,059)

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2023, the District recognized OPEB expense of $296,529. 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	$ 672,096	$ (611,516)
Changes of assumptions or other inputs	871,830	(47,342)
	$ 1,543,926	$ (658,858)

Amounts reports as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30,		
2024	$	150,746
2025		150,746
2026		150,746
2027		132,587
2028		63,508
Thereafter		236,735
	$	885,068

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 insurance coverage in any of the past three years.

Health Insurance

The District participates in the Genesee Area Healthcare Plan (the Plan). The Plan has been established to administer a health insurance program to lower the costs of such coverage to the 24 participating members as of June 30, 2022 (the most recent information available).

The District has transferred all 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. Refunds are not made nor additional assessments charged other than the annual premium equivalents. If the Plan's assets were to be exhausted, members would be equally responsible for the remaining liabilities.

The Plan has published its own financial report for the year ended June 30, 2022, which can be obtained from Genesee Valley BOCES, 80 Munson Street, LeRoy New York 14482.

Workers' Compensation

The District participates in the Genesee County Self-Insurance Workers' Compensation Plan (the Plan) sponsored by Genesee County. 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 47 members as of December 31, 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 December 31, 2022 which can be obtained from Genesee County Self-Insurance Workers' Compensation Plan, 15 Main Street, Batavia, New York 14020.

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 is 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.

Commitments

The District's taxpayers have approved a capital improvement project that remains in progress at year end and is expected to cost $17,108,000. As of June 30, 2023, $3,836,000 has been expended on the project and numerous open contracts are in place.

Litigation

The District is subject to claims and lawsuits that arise in the ordinary course of business. In the opinion of management, these claims will not have a material adverse effect upon the financial position of the 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	0.044394%	0.042165%	0.044579%	0.045249%	0.045713%	0.046315%	0.044178%	0.044391%	0.043960%	0.045931%
District's proportionate share of the net pension asset (liability)	$ (851,867)	$ 7,306,843	$ (1,231,847)	$ 1,175,563	$ 826,614	$ 352,039	$ (473,160)	$ 4,610,808	$ 4,896,911	$ 302,339
District's covered payroll	$ 7,864,469	$ 7,156,800	$ 7,566,524	$ 7,552,740	$ 7,446,153	$ 7,339,377	$ 6,817,044	$ 6,805,183	$ 6,580,736	$ 6,788,265
District's proportionate share of the net pension position as a percentage of its covered payroll	10.83%	102.10%	16.28%	15.56%	11.10%	4.80%	6.94%	67.75%	74.41%	4.45%
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

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	$ 804,921	$ 770,718	$ 682,043	$ 670,394	$ 802,101	$ 729,723	$ 860,175	$ 903,940	$ 1,168,923	$ 1,055,215
Contribution in relation to the contractually required contribution	(804,921)	(770,718)	(682,043)	(670,394)	(802,101)	(729,723)	(860,175)	(903,940)	(1,168,923)	(1,055,215)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 7,822,362	$ 7,864,469	$ 7,156,800	$ 7,566,524	$ 7,552,740	$ 7,446,153	$ 7,339,377	$ 6,817,044	$ 6,805,183	$ 6,580,736
Contributions as a percentage of covered payroll	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.18%	16.03%

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	0.0071423%	0.0067881%	0.0066437%	0.0067468%	0.0068015%	0.0068749%	0.0068653%	0.0070527%	0.0066416%
District's proportionate share of the net pension asset (liability)	$ (1,531,596)	$ 554,902	$ (6,615)	$ (1,786,596)	$ (481,904)	$ (221,884)	$ (645,081)	$ (1,131,975)	$ (224,368)
District's covered payroll	$ 2,281,792	$ 2,224,998	$ 2,293,915	$ 2,336,602	$ 2,240,209	$ 2,331,766	$ 2,308,649	$ 2,075,859	$ 1,916,607
District's proportionate share of the net pension position as a percentage of its covered payroll	67.12%	24.94%	0.29%	76.46%	21.51%	9.52%	27.94%	54.53%	11.71%
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.

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	2014
Contractually required contribution	$ 244,509	$ 339,906	$ 315,908	$ 320,694	$ 313,085	$ 338,197	$ 346,515	$ 409,084	$ 365,998	$ 417,270
Contribution in relation to the contractually required contribution	(244,509)	(339,906)	(315,908)	(320,694)	(313,085)	(338,197)	(346,515)	(409,084)	(365,998)	(417,270)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 2,281,792	$ 2,224,998	$ 2,293,915	$ 2,336,602	$ 2,240,209	$ 2,331,766	$ 2,308,649	$ 2,075,859	$ 1,916,607	$ 1,974,974
Contributions as a percentage of covered payroll	10.72%	15.28%	13.77%	13.72%	13.98%	14.50%	15.01%	19.71%	19.10%	21.13%

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
Total OPEB liability - beginning	$ 1,645,789	$ 1,660,184	$ 2,339,355	$ 2,094,217	$ 1,598,229	$ 1,588,609
Changes for the year:						
Service cost	87,326	83,970	78,951	92,759	53,894	72,974
Interest	58,457	36,891	52,491	74,194	47,597	43,287
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience	587,863	-	(772,294)	-	(227,267)	333,963
Changes of assumptions or other inputs	465,579	(62,372)	48,464	213,678	753,889	-
Benefit payments	(164,973)	(72,884)	(86,783)	(135,493)	(132,125)	(440,604)
Net change in total OPEB liability	1,034,252	(14,395)	(679,171)	245,138	495,988	9,620
Total OPEB liability - ending	$ 2,680,041	$ 1,645,789	$ 1,660,184	$ 2,339,355	$ 2,094,217	$ 1,598,229
Covered-employee payroll	$ 6,545,346	$ 6,808,215	$ 6,808,215	$ 8,980,099	$ 8,980,099	$ 9,483,905
Total OPEB liability as a percentage of covered-employee payroll	40.9%	24.2%	24.4%	26.1%	23.3%	16.9%

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

Differences between expected and actual experience for 2023 reflect removal of current and future post-65 retirees that will be or are paying 100% of the benefit; such employees had a negative liability and removal from the Plan therefore increases the liability. Differences between expected and actual experience for 2021 and 2019 represent a decrease in active members included in the valuation. Such differences for 2018 are due to differences between projected benefit payments and the District's actual contributions.

Covered-employee payroll was adjusted in 2021 to properly exclude employees who waived health insurance coverage.

The following is a summary of changes of assumptions:

	2023	2022	2021	2020	2019	2018
Healthcare cost trend rates	5.8%-3.8%	5.3%-4.1%	5.3%-4.1%	6.1%-4.1%	6.1%-4.1%	7.5%-4.5%
Inflation	2.4%	2.6%	2.6%	2.6%	2.6%	2.6%
Salary increases	2.4%	2.6%	2.6%	2.6%	2.6%	3.0%
Discount rate	3.65%	3.54%	2.16%	2.21%	3.5%	3.0%
Society of Actuaries' mortality scale	MP-2021	MP-2019	MP-2019	MP-2016	MP-2016	MP-2016

Data prior to 2018 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	$	25,524,093
Encumbrances carried over from prior year		201,413
Proposition #2 - purchase of three buses		315,000
Revised expenditure budget	$	26,040,506

* * *

Unrestricted Fund Balance		
Assigned	$	652,309
Unassigned		2,139,181
		2,791,490
Encumbrances included in assigned fund balance		(352,309)
Appropriated fund balance used for tax levy		(300,000)
Amount subject to 4% limit pursuant to Real Property Tax Law §1318	$	2,139,181
§1318 of Real Property Tax Law - unrestricted fund balance limit calculation		
2024 expenditure budget (unaudited)	$	25,972,402
4% of budget		1,038,896
Actual percentage of 2024 expenditure budget		8.2%

Supplementary Information
Schedule of Capital Project Expenditures

June 30, 2023

Project Title	Original Budget	Expenditures Prior Years	Expenditures Current Year	Expenditures Total	Unexpended Balance
2021 Capital Improvements Project	$ 17,107,802	$ 476,711	$ 3,359,397	$ 3,836,108	$ 13,271,694
2022-2023 Capital Outlay Project	100,000	-	100,000	100,000	-
Smart Schools Bond Act	1,060,464	708,040	62,025	770,065	290,399
	$ 18,268,266	$ 1,184,751	$ 3,521,422	$ 4,706,173	$ 13,562,093

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.S. Department of Homeland Security:			
Passed Through New York State Division of Homeland Security and Emergency Services:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4480DR-NY	$ 13,330
U.S. Department of Education:			
Passed Through New York State Education Department:			
Special Education Cluster:			
Special Education Grants to States	84.027	0032-23-0278	$ 271,064
Special Education Preschool Grants	84.173	0033-23-0278	13,130
Total Special Education Cluster			284,194
Title I Grants to Local Educational Agencies	84.010	0021-23-1005	148,500
Supporting Effective Instruction State Grants	84.367	0147-23-1005	24,411
Student Support and Academic Enrichment Program	84.424	0204-23-1005	13,488
Education Stabilization Fund:			
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5880-21-1005	621,592
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5883-21-1005	6,884
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5884-21-1005	299,386
Total Education Stabilization Fund			927,862
Total U.S. Department of Education			1,398,455
U.S. Department of Agriculture:			
Passed Through New York State Education Department:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	69,200 [1]
National School Lunch Program	10.555	N/A	264,180 [1]
Summer Food Service Program for Children	10.559	N/A	42,540 [1]
Pandemic EBT Administrative Costs	10.649	N/A	1,256
Passed Through New York State Office of General Services:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	29,567 [1]
Total U.S. Department of Agriculture			406,743
Total Expenditures of Federal Awards			$ 1,818,528

[1] *Total Child Nutrition Cluster - $405,487*

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 Byron-Bergen 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 $29,567 worth of commodities under the National School Lunch Program (Assistance Listing Number 10.555).

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

The Board of Education
Byron-Bergen 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 Byron-Bergen 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 September 21, 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.

Lumsden & McCormick, LLP

September 21, 2023

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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
Byron-Bergen Central School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Byron-Bergen 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.

Lumsden & McCormick, LLP

September 21, 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	$ 927,862

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.