

**SANDY CREEK CENTRAL
SCHOOL DISTRICT**



**MANAGEMENT'S
DISCUSSION AND
ANALYSIS**

AND

**BASIC FINANCIAL
STATEMENTS**

**For the Year Ended
June 30, 2023**

**SANDY CREEK CENTRAL SCHOOL DISTRICT
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Independent Auditor's Report

Board of Education
Sandy Creek Central School District

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Sandy Creek Central School District, as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Sandy Creek Central School 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 accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's 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 auditor's 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards 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 Sandy Creek Central School 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 Sandy Creek Central School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sandy Creek Central School District's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis as required by the New York State Education Department and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The Schedule of Expenditures of Federal Awards and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December __, 2023, on our consideration of the Sandy Creek Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sandy Creek Central School 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 Sandy Creek Central School District's internal control over financial reporting and compliance.

D'Arcangelo + Co., LLP

January 5, 2024

Rome, New York

**SANDY CREEK CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

The Sandy Creek Central School District's discussion and analysis of financial performance provides an overall review of the District's financial activities for the fiscal years ended June 30, 2023 and 2022. The intent of this discussion and analysis is to look at the District's financial performance as a whole. This should be read in conjunction with the financial statements, which immediately follow this section.

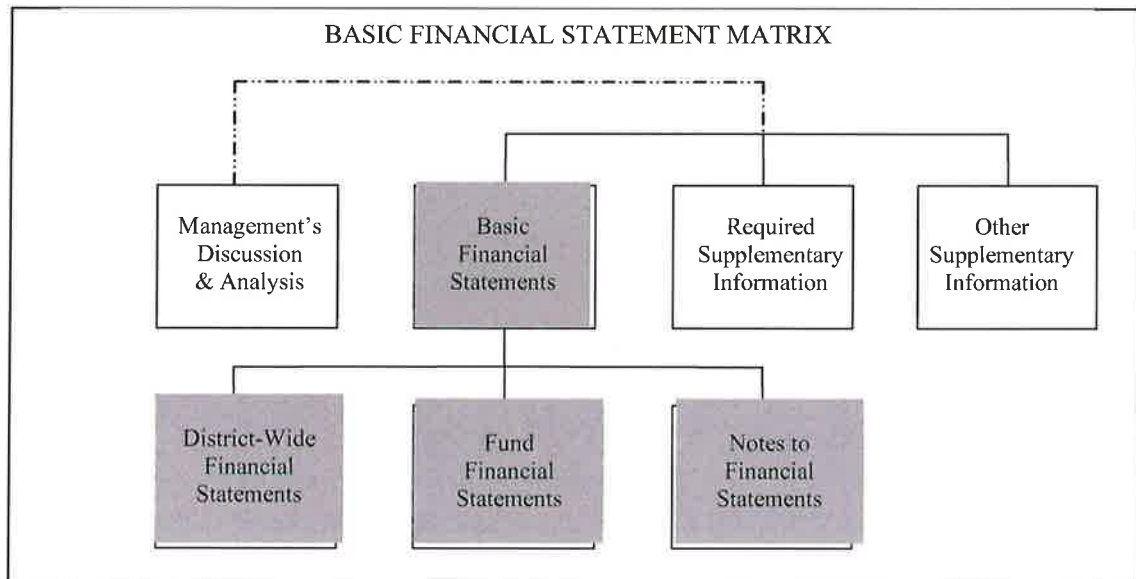
1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2023 are as follows:

- The District's total Net Position, as reflected in the District-wide financial statements, decreased by \$132,425.
- The current Unrestricted Net Position is a deficit in the amount of \$66,706,578. The deficit is primarily the result of the Other Postemployment Benefits liability, which required the recognition of an unfunded liability of \$57,820,170 at June 30, 2023. Since New York State Laws provide no mechanism for funding the liability, the deficit is not expected to be alleviated in future years.
- The District's expenses for the year, as reflected in the District-wide financial statements, totaled \$27,904,582. This amount was offset by \$83,633 in program charges for services and \$2,834,749 in operating grants.
- General revenues of \$24,853,775 amount to 89.5% of total revenues.
- State and federal revenue increased by \$1,483,010 to \$17,403,068 in 2023 from \$15,920,058 in 2022 primarily due to an increase in the District's basic formula State aid.
- The General Fund's total fund balance, as reflected in the fund financial statements on pages 15 and 17, decreased by \$96,440 to \$8,767,964. The District also increased the reserve funds in the General Fund by a net of \$468,589.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – Management's Discussion and Analysis (MD&A), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements consist of district-wide financial statements, fund financial statements, and notes to the financial statements. A graphic display of the relationship of these statements follows:



See Independent Auditor's Report.

**SANDY CREEK CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

A. District-wide Financial Statements

The District-wide financial statements are organized to provide an understanding of the fiscal performance of the District as a whole in a manner similar to a private sector business. There are two District-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

These statements utilize the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The Statement of Net Position presents information on all of the District's assets, deferred outflows, liabilities, and deferred inflows, with the difference between the two reported as Net Position. Increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating, respectively.

The Statement of Activities

The Statement of Activities presents information showing the change in Net Position during the fiscal year. All changes in Net Position are recorded at the time the underlying financial event occurs. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

B. Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District are reported in the governmental funds and the fiduciary funds.

These statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period that they become measurable, funded through available resources and payable within a current period.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the District-wide financial statements. However, the governmental fund financial statements focus on shorter term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the District's operations and the services it provides.

Because the focus of governmental funds is narrower than that of District-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the District-wide financial statements. By doing so, you may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds, General Fund, School Lunch Fund, Special Aid Fund, Miscellaneous Special Revenue Fund, Debt Service Fund, and Capital Projects Fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in its capacity as agent or trustee. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The fiduciary activities have been excluded from the District-wide financial statements because the District cannot use these assets to finance its operations.

**SANDY CREEK CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total Net Position decreased by \$132,425 between fiscal year 2023 and 2022. A summary of the District's Statement of Net Position for June 30, 2023 and 2022 is as follows:

	2023	2022	Increase (Decrease)	Percentage Change
Current and Other Assets	\$ 14,442,160	\$ 15,437,872	\$ (995,712)	(6.4%)
Net Pension Asset - Proportionate Share		7,501,900	(7,501,900)	(100.0%)
Right to Use Leased Assets, Net	374,995	547,834	(172,839)	(31.5%)
Capital Assets, Net	46,367,909	45,257,449	1,110,460	2.5%
Total Assets	<u>61,185,064</u>	<u>68,745,055</u>	<u>(7,559,991)</u>	(11.0%)
Deferred Outflow of Resources	<u>17,315,232</u>	<u>20,281,837</u>	<u>(2,966,605)</u>	(14.6%)
Non-Current Liabilities	79,747,247	74,629,372	5,117,875	6.9%
Net Pension Liability - Proportionate Share	2,681,528	2,681,528	2,681,528	100.0%
Other Liabilities	<u>2,904,482</u>	<u>6,954,759</u>	<u>(4,050,277)</u>	(58.2%)
Total Liabilities	<u>85,333,257</u>	<u>81,584,131</u>	<u>3,749,126</u>	4.6%
Deferred Inflow of Resources	<u>24,626,251</u>	<u>38,769,548</u>	<u>(14,143,297)</u>	(36.5%)
Net Position				
Net Investment in Capital Assets	27,601,532	27,644,580	(43,048)	(0.2%)
Restricted	7,645,834	5,720,169	1,925,665	33.7%
Unrestricted (Deficit)	<u>(66,706,578)</u>	<u>(64,691,536)</u>	<u>(2,015,042)</u>	(3.1%)
Total Net Position	<u>\$ (31,459,212)</u>	<u>\$ (31,326,787)</u>	<u>\$ (132,425)</u>	(0.4%)

- Current and other assets decreased by \$995,712, as compared to the prior year. The decrease is primarily due to a net decrease in restricted cash and cash equivalents, mainly as a result of a decrease in Capital Fund restricted cash.
- Right to use leased assets decreased by \$172,839 as compared to the prior year due to amortization exceeding new lease additions in the current year. Note 7 to the Financial Statements provides additional information.
- Capital assets increased by \$1,110,460 as compared to the prior year. This increase is primarily due to amounts expended for capital assets exceeding depreciation expense in the current year. Note 7 to the Financial Statements provides additional information.
- Deferred Outflows of Resources decreased by \$2,966,605, as compared to the prior year, primarily due to changes in actuarial assumptions used in estimating the OPEB liability and the net pension liability.
- Non-current liabilities increased by \$5,117,875, as compared to the prior year. This increase is primarily the result of the net increase in other postemployment benefits liability of \$872,008, and the new bond issuance of \$4,165,000.
- GASB requires the inclusion of the District's proportionate share of net assets and/or liabilities in the New York State Teachers' Retirement System and Employees' Retirement Systems. There was an increase in the District's proportionate share of the net pension liability as reported by the retirement systems of \$2,681,528. In the prior year, the District reported a net pension asset of \$7,501,900.
- Other liabilities decreased by \$4,050,277 as compared to the prior year. This decrease is primarily the result of the decrease in Capital Fund BANs payable of \$4,757,648 as it was converted to serial bonds in the current year.
- Deferred Inflows of Resources decreased by \$14,143,297, as compared to the prior year, as a result of changes in the assumptions used and the effect of differences between actual and expected experience when estimating the OPEB liability, as well as the net pension liability, as reported by the retirement systems.
- The Net Position invested in capital assets is calculated by subtracting the amount of outstanding debt used for construction from the total cost of all asset acquisitions and leases, net of accumulated depreciation and amortization. The total cost of these

**SANDY CREEK CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

acquisitions includes expenditures to purchase land, construct and improve buildings, and to purchase and lease vehicles, equipment and furniture to support District operations.

- The restricted portion of net position at June 30, 2023, is \$7,645,834, which represents the amount of the District's reserves in the General Fund and other restricted funds for Scholarships and Awards, Debt Service and Capital Projects.
- The unrestricted Net Position at June 30, 2023, is a deficit of \$66,706,578, which represents the amount by which the District's liabilities, excluding debt related to capital construction, exceeded the District's assets other than capital assets, mainly due to the recognition of the liability for Postemployment Benefits Other Than Pensions in the amount of \$57,820,170.

B. Changes in Net Position

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. In the accompanying financial statements STAR (school tax relief) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2023 and 2022 is as follows.

Revenues	2023	2022	Increase (Decrease)	Percentage Change
Program Revenues				
Charges for Services	\$ 83,633	\$ 57,908	\$ 25,725	44.4%
Operating Grants	2,834,749	2,510,452	324,297	12.9%
General Revenues				
Property Taxes and STAR	7,068,391	6,904,560	163,831	2.4%
State and Federal Sources	17,403,068	15,920,058	1,483,010	9.3%
Use of Money and Property	174,150	77,888	96,262	123.6%
Other	<u>208,166</u>	<u>318,015</u>	<u>(109,849)</u>	(34.5%)
Total Revenues	<u>27,772,157</u>	<u>25,788,881</u>	<u>1,983,276</u>	7.7%
Expenses				
General Support	4,352,918	3,994,160	358,758	9.0%
Instruction	19,355,419	15,680,352	3,675,067	23.4%
Pupil Transportation	2,006,801	1,705,362	301,439	17.7%
Debt Service-Unallocated Interest	1,140,639	357,212	783,427	219.3%
Food Service Program	<u>1,048,805</u>	<u>894,743</u>	<u>154,062</u>	17.2%
Total Expenses	<u>27,904,582</u>	<u>22,631,829</u>	<u>5,272,753</u>	23.3%
Total Change in Net Position	<u>\$ (132,425)</u>	<u>\$ 3,157,052</u>	<u>\$ (3,289,477)</u>	(104.2%)

The District's revenues increased by \$1,983,276 in 2023 or 7.7%. The major factors that contributed to the net increase were:

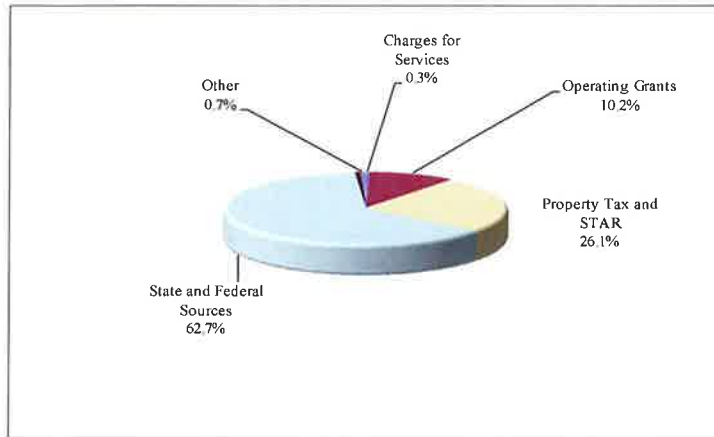
- Operating Grants increased by \$324,297 primarily due to the increases in the COVID-19 Education Stabilization Fund grants of \$178,477, the COVID-19 Special Education grants of \$46,916, and state grants of \$49,253.
- State and federal revenue increased by \$1,483,010 to \$17,403,068 in 2023 from \$15,920,058 in 2022. This increase was primarily due to an increase in the District's basic formula State aid.

The District's total expenses increased compared with the prior year by \$5,272,753 or 23.3%. The overall increase was primarily due to the increase in pension expense and other postemployment benefits expense, as discussed in Note 11 and Note 12 of the financial statements.

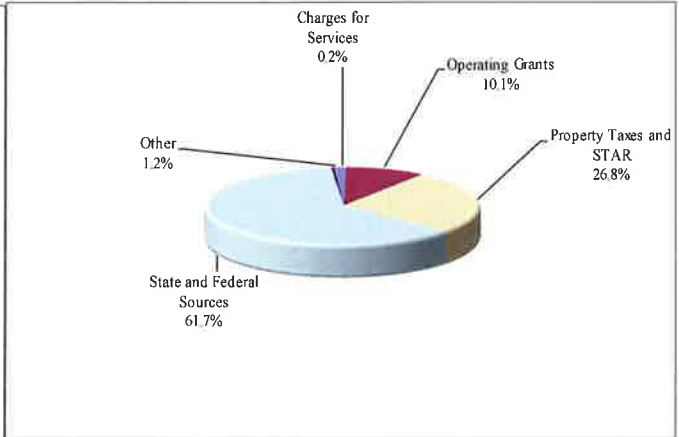
**SANDY CREEK CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

A graphic display of the distribution of revenues for the two years follows:

**For the Year Ended
June 30, 2023**

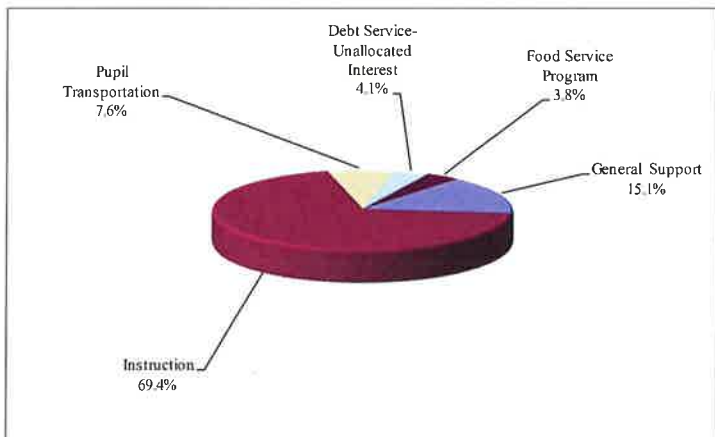


June 30, 2022

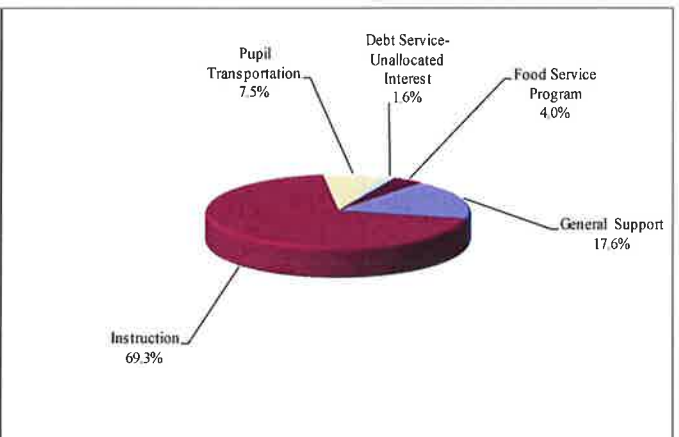


A graphic display of the distribution of expenses for the two years follows:

**For the Year Ended
June 30, 2023**



June 30, 2022



See Independent Auditor's Report.

**SANDY CREEK CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUND BALANCES

At June 30, 2023, the District's governmental funds reported a combined fund balance of \$11,634,269 which is an increase of \$2,507,196 from the prior year. A summary of the change in fund balance by fund is as follows:

	Ending Balance	Beginning Balance	Difference
General Fund			
Restricted			
Workers' Compensation	\$ 274,258	\$ 273,710	\$ 548
Unemployment Insurance	11,045	11,023	22
Employees' Retirement Contribution Reserve	1,097,108	1,094,918	2,190
Employee Benefit Accrued Liability	1,268,691	1,306,408	(37,717)
Capital Reserve - Transportation	692,147	441,264	250,883
Capital Reserves - Facilities	<u>1,584,409</u>	<u>1,331,746</u>	<u>252,663</u>
Total Restricted	<u>4,927,658</u>	<u>4,459,069</u>	<u>468,589</u>
Assigned			
Appropriated for Subsequent Year's Budget	185,000	798,894	(613,894)
General Support	62,831	414,803	(351,972)
Instruction	201	1,366,571	(1,366,370)
Pupil Transportation	<u>33,500</u>	<u>416,425</u>	<u>(382,925)</u>
Total Assigned	<u>281,532</u>	<u>2,996,693</u>	<u>(2,715,161)</u>
Unassigned	<u>3,558,774</u>	<u>1,408,642</u>	<u>2,150,132</u>
Total General Fund	<u>8,767,964</u>	<u>8,864,404</u>	<u>(96,440)</u>
School Lunch Fund			
Nonspendable	9,498	15,930	(6,432)
Assigned	<u>138,631</u>	<u>143,779</u>	<u>(5,148)</u>
Total School Lunch Fund	<u>148,129</u>	<u>159,709</u>	<u>(11,580)</u>
Miscellaneous Special Revenue Fund			
Restricted	<u>93,103</u>	<u>69,556</u>	<u>23,547</u>
Debt Service Fund			
Restricted	<u>1,233,290</u>	<u>1,191,544</u>	<u>41,746</u>
Capital Fund			
Restricted	1,391,783		1,391,783
Unassigned (Deficit)	<u></u>	<u>(1,158,140)</u>	<u>1,158,140</u>
Total Capital Fund	<u>1,391,783</u>	<u>(1,158,140)</u>	<u>2,549,923</u>
Total	<u>\$ 11,634,269</u>	<u>\$ 9,127,073</u>	<u>\$ 2,507,196</u>

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2022-2023 Budget

The District's General Fund adopted budget for the year ended June 30, 2023, was \$25,283,238 . This is an increase of \$866,632 over the prior years adopted budget.

**SANDY CREEK CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

The budget was funded through a combination of revenues and designated fund balance. The majority of this funding source was State Aid in the amount of \$17,049,703 and property taxes and STAR for \$7,084,317. The following is a detail of additions to the adopted budget:

Change from Adopted Budget to Revised Budget

Adopted Budget	\$ 25,283,238
Add: Prior Year's Encumbrances	<u>2,197,799</u>
Original Budget	<u>27,481,037</u>
Less: Adjustments to Carryover Encumbrances	<u>(4,709)</u>
Final Budget	<u>\$ 27,476,328</u>

B. Change in General Fund's Unassigned Fund Balance (Budget to Actual)

The general fund's unassigned fund balance is the component of total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves and designations to fund the subsequent year's budget. It is this balance that is commonly referred to as the "fund balance". The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

Opening, Unassigned Fund Balance	\$ 1,408,642
Revenues and Other Sources Under Budget	(2,527,979)
Carryover Encumbrances from June 30, 2022	2,197,799
Expenditures and Encumbrances under Budget	2,335,007
Decrease to Assigned - Appropriated Fund Balance	613,894
Net Increase to Reserved Funds	<u>(468,589)</u>
Closing, Unassigned Fund Balance	<u>\$ 3,558,774</u>

Opening, Unassigned Fund Balance, Restated

The District's portion of fund balance that was retained as unassigned as of June 30, 2022 was \$1,408,642. This was 5.6% of the District's 2022-2023 approved operating budget.

Revenues Under Budget

The 2022-2023 final budget for revenues and appropriated fund balance and reserves was \$27,476,328. The actual revenues received for the year were \$24,948,349. The actual revenue under budgeted revenue and other financing sources and appropriated fund balance was \$2,527,979. This variance contributes directly to the change to the unassigned portion of the General Fund balance from June 30, 2022 to June 30, 2023.

Carryover Encumbrances from June 30, 2022

The District carried over encumbrances from June 30, 2022 of \$2,197,799. These encumbrances are additions to the 2023 General Fund Budget, and contribute to the change to the unassigned portion of the General Fund balance from June 30, 2022 to June 30, 2023.

Expenditures and Encumbrances Under Budget

The 2022-2023 final budget for expenditures and other financing uses was \$27,476,328. The actual expenditures were \$25,044,789. After encumbrances of \$96,532, the unexpended and unencumbered budget was \$2,335,007. This under

**SANDY CREEK CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

expenditure contributes to the change to the unassigned portion of the General fund balance from June 30, 2022 to June 30, 2023.

Appropriated Fund Balance

The District has chosen to appropriate \$185,000 of its available June 30, 2023, fund balance to partially fund its 2023-2024 approved operating budget. This amount is a decrease of \$613,894 from the prior year's appropriation.

Reserved Fund Balance

The District's reserve funds increased a net \$468,589 in the General Fund for the year ending June 30, 2023, primarily due to increases in the Capital Reserves.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the District will begin the 2023-2024 fiscal year with an unassigned fund balance of \$3,558,774. This is an increase of \$2,150,132 from the unassigned balance from June 30, 2022. The unassigned fund balance is 13.5% of the 2023-2024 budget.

6. CAPITAL ASSETS, RIGHT TO USE ASSETS, AND DEBT ADMINISTRATION

A. Capital and Right to Use Assets

At June 30, 2023, the District had invested in a broad range of capital assets, including land, buildings and improvements and equipment. The net increase in capital assets is due to capital additions greater than the depreciation recorded for the year ended June 30, 2023. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2023 and 2022, is as follows:

	2023	2022	Increase (Decrease)
Land	\$ 14,100	\$ 14,100	\$
Construction in Process	3,739,617	1,431,892	2,307,725
Buildings and Improvements	41,563,539	42,791,018	(1,227,479)
Vehicles, Furniture, and Equipment	1,050,653	1,020,439	30,214
Capital Assets, Net	<u>\$ 46,367,909</u>	<u>\$ 45,257,449</u>	<u>\$ 1,110,460</u>

At June 30, 2023, the District had recorded right to use leased assets equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, net of accumulated amortization. A summary of the District's right to use leased assets, net of amortization at June 30, 2023 and 2022, is as follows:

	2023	2022	Increase (Decrease)
Right to Use Leased Assets - Equipment, Net	<u>\$ 374,995</u>	<u>\$ 547,834</u>	<u>\$ (172,839)</u>

B. Debt Administration

At June 30, 2023, the District had total bonds payable of \$19,445,000. At June 30, 2023, the District utilized 43% of its NYS Constitutional Debt Limit. A summary of the outstanding serial bond debt at June 30, 2023 and 2022 is as follows:

Issue Date	Interest Rate	2023	2022	Increase (Decrease)
6/2011 Revenue Bond - Excel	2.0%-4.0%	\$ 485,000	\$ 710,000	\$ (225,000)
6/2022 DASNY Bond	4.25%-5.00%	14,795,000	15,065,000	(270,000)
6/2023 DASNY Bond	5.00%	4,165,000		4,165,000
Total		<u>\$ 19,445,000</u>	<u>\$ 15,775,000</u>	<u>\$ 3,670,000</u>

**SANDY CREEK CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2023**

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The voters and the Board of Education approved the 2023-2024 General Fund budget for \$ 26,386,330, an increase of \$1,103,092 or 4.36% from the previous year. The appropriated fund balance applied to the budget was \$185,000. The budget also uses \$271,536 of reserves to balance the expenditure plan with revenues. Our reserves are slowly decreasing over time. SCCS is a highly aided district, meaning that about 69% of revenues come from State Aid. This means that any modifications at the State level to funding formulas have the potential of greatly impacting our district and the programs we provide to students. Unpredictability of state aid is a major budget challenge. The NYS Comptroller has made warnings regarding the State's budget gaps and the fiscal cliff ahead due to the end of Pandemic Federal Aid. These funds will cease at the end of 2024.

The Pandemic Federal Aid funds that were appropriated to Public Schools in NYS are assisting the District to recover from not only learning loss but social emotional loss as well. The District Plans to use the \$3,506,385 through summer and afterschool programming, directed counseling technology expansion and classroom interventionist to address specific areas of learning loss such as reading and math.

Post COVID-19, it is the School District's intention to maintain programs at current levels for the upcoming school year(s) based on enrollment and student need with appropriate state aid. Should a loss in aid occur, programming of non-mandated programs and class-sizes will be examined.

The School District does not currently have, nor anticipate, financial obligations due to litigation.

The economic health of our community is projected to decline in step with current levels of inflation for the foreseeable future.

Enrollment projections for our School District remain steady.

The School District held a successful capital project vote on March 6, 2018. Construction of Phase I was mostly completed over the summer of 2019 and completed by December 2019, Phase II plans and specifications were submitted, approved, bid with construction mostly completed by June 2022. Phase III plans and specifications were submitted and approved. The bulk of the work for Phase III will take place in summer of 2023.

8. CONTACTING THE DISTRICT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office at:

Sandy Creek Central School District
Business Office
124 Salisbury Street
Sandy Creek, NY 13145

SANDY CREEK CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2023

Assets	
Cash and Cash Equivalents	\$ 3,975,051
Restricted Cash and Cash Equivalents	7,010,356
Receivables	
Due From Other Governments	3,447,255
Inventory	9,498
Right to Use Leased Assets, Net of Accumulated Amortization	374,995
Capital Assets, Net of Accumulated Depreciation	<u>46,367,909</u>
Total Assets	<u>61,185,064</u>
Deferred Outflow of Resources	
Pensions	5,595,030
Other Postemployment Benefits	<u>11,720,202</u>
Total Deferred Outflow of Resources	<u>17,315,232</u>
Total Assets and Deferred Outflow of Resources	<u>\$ 78,500,296</u>
Liabilities	
Accounts Payable	\$ 1,261,060
Accrued Liabilities	683,818
Retainage Payable	41,264
Due To	
Other Governments	2,067
Teachers' Retirement System	820,098
Employees' Retirement System	96,175
Net Pension Liability - Proportionate Share	2,681,528
Noncurrent Liabilities	
Due Within One Year	
Compensated Absences	15,487
Lease Liability	217,549
Unamortized Premium	70,122
Bonds Payable	990,000
Due in More Than One Year	
Compensated Absences	620,620
Other Postemployment Liability	57,820,170
Lease Liability	162,086
Unamortized Premium	1,396,213
Bonds Payable	<u>18,455,000</u>
Total Liabilities	<u>85,333,257</u>
Deferred Inflow of Resources	
Pensions	531,641
Other Postemployment Benefits	<u>24,094,610</u>
Total Deferred Inflow of Resources	<u>24,626,251</u>
Net Position	
Net Investment in Capital Assets	27,601,532
Restricted	7,645,834
Unrestricted (Deficit)	<u>(66,706,578)</u>
Total Net Position (Deficit)	<u>(31,459,212)</u>
Total Liabilities, Deferred Inflow of Resources, and Net Position	<u>\$ 78,500,296</u>

The Accompanying Notes are an Integral Part of These Financial Statement.

SANDY CREEK CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
General Support	\$ 4,352,918	\$	\$	\$ (4,352,918)
Instruction	19,355,419	5,940	2,162,256	(17,187,223)
Pupil Transportation	2,006,801			(2,006,801)
Debt Service - Unallocated Interest	1,140,639			(1,140,639)
Food Service	1,048,805	77,693	672,493	(298,619)
Total Functions/Programs	<u>\$ 27,904,582</u>	<u>\$ 83,633</u>	<u>\$ 2,834,749</u>	<u>(24,986,200)</u>
General Revenues				
Real Property Taxes				6,348,860
STAR and Other Real Property Tax Items				719,531
Use of Money and Property				174,150
Loss on Sales of Property and Compensation for Loss				(73,890)
State and Federal Sources				17,403,068
Miscellaneous				<u>282,056</u>
Total General Revenues				<u>24,853,775</u>
Change in Net Position				(132,425)
Net Position (Deficit), Beginning of Year				<u>(31,326,787)</u>
Net Position (Deficit), End of Year				<u>\$ (31,459,212)</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**SANDY CREEK CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2023**

	General	School Lunch	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
Assets							
Cash and Cash Equivalents	\$ 3,931,555	\$ 12,141	\$ 31,355	\$	\$	\$	\$ 3,975,051
Restricted Cash and Cash Equivalents	4,927,658			93,103	1,231,780	757,815	7,010,356
Receivables							
Due From Other Governments	1,821,087	45,184	784,962			796,022	3,447,255
Due from Other Funds	853,385	85,000	38,115		1,510	40,235	1,018,245
Inventory		9,498					9,498
Total Assets	<u>\$ 11,533,685</u>	<u>\$ 151,823</u>	<u>\$ 854,432</u>	<u>\$ 93,103</u>	<u>\$ 1,233,290</u>	<u>\$ 1,594,072</u>	<u>\$ 15,460,405</u>
Liabilities							
Payables							
Accounts Payable	\$ 1,066,190	\$ 1,726	\$	\$	\$	\$ 193,144	\$ 1,261,060
Accrued Liabilities	612,056	948					613,004
Due To							
Other Governments		1,020	1,047				2,067
Other Funds	155,715		853,385			9,145	1,018,245
Teachers' Retirement System	820,098						820,098
Employees' Retirement System	96,175						96,175
Compensated Absences	15,487						15,487
Total Liabilities	<u>2,765,721</u>	<u>3,694</u>	<u>854,432</u>			<u>202,289</u>	<u>3,826,136</u>
Fund Balances							
Nonspendable		9,498					9,498
Restricted	4,927,658			93,103	1,233,290	1,391,783	7,645,834
Assigned	281,532	138,631					420,163
Unassigned (Deficit)	3,558,774						3,558,774
Total Fund Balances (Deficit)	<u>8,767,964</u>	<u>148,129</u>		<u>93,103</u>	<u>1,233,290</u>	<u>1,391,783</u>	<u>11,634,269</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balances	<u>\$ 11,533,685</u>	<u>\$ 151,823</u>	<u>\$ 854,432</u>	<u>\$ 93,103</u>	<u>\$ 1,233,290</u>	<u>\$ 1,594,072</u>	<u>\$ 15,460,405</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

SANDY CREEK CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES
TO THE DISTRICT-WIDE NET POSITION
June 30, 2023

Total Governmental Fund Balances	\$ <u>11,634,269</u>
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Amounts reported for governmental activities in the Statement of Net Position are different because:

The cost of building, acquiring, and leasing capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those capital and leased assets among the assets of the School District as a whole, and their original costs are expensed annually over their useful lives.

Original Cost of Leased Assets	687,867
Accumulated Amortization	(312,872)
Original Cost of Capital Assets	69,189,713
Accumulated Depreciation	<u>(22,821,804)</u>
	<u>46,742,904</u>

Proportionate share of long-term liability, deferred outflows and deferred inflows associated with participation in state retirement systems are not current financial resources or obligations and are not reported in the funds.

Deferred Outflows - Pensions	5,595,030
Net Pension Liability - Proportionate Share	(2,681,528)
Deferred Inflows - Pensions	<u>(531,641)</u>
	<u>2,381,861</u>

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Retainage Payable	(41,264)
Bonds Payable	(19,445,000)
Accrued Interest on Bonds Payable	(70,814)
Unamortized Bond Premium	(1,466,335)
Lease Liability	(379,635)
Other Postemployment Liabilities	(57,820,170)
Deferred Outflows - OPEB	11,720,202
Deferred Inflows - OPEB	(24,094,610)
Noncurrent portion of Compensated Absences Payable	<u>(620,620)</u>
	<u>(92,218,246)</u>

Total Net Position	\$ <u><u>(31,459,212)</u></u>
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The Accompanying Notes are an Integral Part of These Financial Statements.

SANDY CREEK CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
For the Year Ended June 30, 2023

	General	School Lunch	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
Revenues							
Real Property Taxes	\$ 6,348,860	\$	\$	\$	\$	\$	\$ 6,348,860
STAR and Other Real Property Tax Items	719,531						719,531
Charges for Services	5,940						5,940
Use of Money and Property	131,801	442		162	41,745		174,150
Sale of Property and Compensation for Loss	45,047						45,047
Miscellaneous	219,937			62,119			282,056
State Aid	17,403,068	40,637	249,859				17,693,564
Federal Aid	74,165	631,856	1,838,232				2,544,253
School Lunch Sales		77,693					77,693
Total Revenues	<u>24,948,349</u>	<u>750,628</u>	<u>2,088,091</u>	<u>62,281</u>	<u>41,745</u>		<u>27,891,094</u>
Expenditures							
General Support	3,522,999				130,945	2,711,375	6,365,319
Instruction	10,849,900		2,122,931	38,734			13,011,565
Pupil Transportation	1,702,646		33,513				1,736,159
Food Service Program		846,741					846,741
Employee Benefits	6,593,192	467					6,593,659
Debt Service - Principal	969,399						969,399
Debt Service - Interest	1,153,300						1,153,300
Total Expenditures	<u>24,791,436</u>	<u>847,208</u>	<u>2,156,444</u>	<u>38,734</u>	<u>130,945</u>	<u>2,711,375</u>	<u>30,676,142</u>
Excess (Deficit) Revenues Over Expenditures	<u>156,913</u>	<u>(96,580)</u>	<u>(68,353)</u>	<u>23,547</u>	<u>(89,200)</u>	<u>(2,711,375)</u>	<u>(2,785,048)</u>
Other Financing Sources (Uses)							
Proceeds of Debt						4,165,000	4,165,000
Premium on Obligations					570,946		570,946
Proceeds of Leases						403,650	403,650
BANs Redeemed from Appropriations						152,648	152,648
Transfers from Other Funds		85,000	68,353			540,000	693,353
Transfers to Other Funds	(253,353)				(440,000)		(693,353)
Total Other Financing Sources (Uses)	<u>(253,353)</u>	<u>85,000</u>	<u>68,353</u>		<u>130,946</u>	<u>5,261,298</u>	<u>5,292,244</u>
Excess (Deficit) Revenues Over Expenditures and Other Financing Sources	<u>(96,440)</u>	<u>(11,580)</u>		<u>23,547</u>	<u>41,746</u>	<u>2,549,923</u>	<u>2,507,196</u>
Fund Balances (Deficit), Beginning of Year	<u>8,864,404</u>	<u>159,709</u>		<u>69,556</u>	<u>1,191,544</u>	<u>(1,158,140)</u>	<u>9,127,073</u>
Fund Balances, End of Year	<u>\$ 8,767,964</u>	<u>\$ 148,129</u>	<u>\$</u>	<u>\$ 93,103</u>	<u>\$ 1,233,290</u>	<u>\$ 1,391,783</u>	<u>\$ 11,634,269</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**SANDY CREEK CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES AND
EXPENDITURES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023**

Net Changes in Fund Balance - Total Governmental Funds \$ 2,507,196

Capital Outlays to purchase, lease or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their useful lives as depreciation and amortization expenses in the Statement of Activities. This is the amount by which capital outlays exceeded depreciation, amortization and loss on disposal in the period.

Right to Use Leased Assets	403,650	
Amortization Expense	(576,489)	
Depreciation Expense	(1,628,842)	
Loss on Disposal	(118,937)	
Change in Retainage Payable	569,146	
Capital Outlays	<u>2,858,239</u>	1,506,767

Bond and lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayments of bond and lease principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Issuance of Serial Bonds	(4,165,000)	
Issuance of Premium on Bond	(570,946)	
Repayment Bond Principal	495,000	
Amortization of Premium on Bond	34,438	
Repayment of Lease Principal	321,751	
Proceeds from Leases	<u>(403,650)</u>	(4,288,407)

Certain expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. Changes in these amounts are as follows:

Accrued Interest on Serial Bonds	(21,777)	
Compensated Absences	42,540	
Other Postemployment Benefit Expense	<u>766,401</u>	787,164

(Increases) Decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Teachers' Retirement System	(259,815)	
Employees' Retirement System	<u>(385,330)</u>	(645,145)

Change in Net Position Governmental Activities \$ (132,425)

The Accompanying Notes are an Integral Part of These Financial Statements.

SANDY CREEK CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2023

	<u>Custodial</u>
Assets	
Cash and Cash Equivalents - Restricted	\$ <u>105,119</u>
Net Position	
Restricted for Extraclassroom Activities	\$ <u>105,119</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

SANDY CREEK CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
For the Year Ended June 30, 2023

	<u>Custodial</u>
Additions	
Charges for Services, Sale of Property, and Miscellaneous	\$ 110,214
Taxes Collected for Other Governments	<u>149,000</u>
Total Additions	<u>259,214</u>
Deductions	
Club Activities	88,965
Taxes Distributed to Other Governments	<u>149,000</u>
Total Deductions	<u>237,965</u>
Change in Net Position	21,249
Net Position, Beginning of Year	<u>83,870</u>
Net Position, End of Year	<u><u>\$ 105,119</u></u>

The Accompanying Notes are an Integral Part of These Financial Statements.

SANDY CREEK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Sandy Creek Central School District (the School District) have been prepared in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) as they apply to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the School District are described below:

Reporting Entity

The School District is governed by the laws of New York State. The School District is an independent entity governed by an elected Board of Education. The Board is responsible for and controls all activities related to public school education within the School District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the School District is based upon criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the School District and its component unit(s) and other organizational entities determined to be includable in the School District's financial reporting entity. The School District is not a component unit of another reporting entity. The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the School District's reporting entity.

(a) Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. The School District accounts for assets held as an agent for various student organizations in a Fiduciary Custodial Fund. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the School District's administrative offices.

Joint Venture

The School District is a component district in the Oswego County Board of Cooperative Education Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a School District can terminate its status as a BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES' Board is considered a corporate body. Members of a BOCES' Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES' property is held by the BOCES' Board as a corporation [§1950(6)]. In addition, BOCES' Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

At June 30, 2023, the School District did not owe the BOCES for billed services. Participating Districts may also issue debt on behalf of BOCES. During the year ended June 30, 2023, the School District issued no debt on behalf of BOCES. Financial statements for Oswego County BOCES are available from the BOCES' administrative office at 179 County Route 64, Mexico, New York 13114.

SANDY CREEK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

Basis of Presentation

(a) District-Wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the School District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

(b) Fund Financial Statements

The fund statements provide information about the School District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All funds of the School District are displayed as major funds. The School District reports the following governmental funds:

General Fund: This is the School District's primary operating fund used to account for and report all financial resources not accounted for in another fund.

Special Revenue Funds:

Special Aid Fund: This fund accounts for and reports the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditures for specified purposes.

School Lunch Fund: This fund is used to account for and report transactions of the School District's lunch and breakfast programs.

Miscellaneous Special Revenue Fund: This fund is used to account for and report transactions of the School District's scholarship funds, and other miscellaneous student funds. The District has both custody and administrative control over these various scholarships and other funds. Established criteria govern the use of the funds and members of the School District or representatives of the donors may serve on committees to determine who benefits.

Debt Service Fund: This fund accounts for and reports financial resources that are restricted to expenditures for principal and interest. Debt service funds should be used to report resources if legally mandated.

Capital Project Fund: This fund is used to account for and report financial resources that are restricted or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

(c) Fiduciary Funds

This fund is used to account for and report fiduciary activities. Fiduciary activities are those in which the School District acts as trustee or agent for resources that belong to others. These activities are not included in the District-Wide financial statements, because their resources do not belong to the School District and are not available to be used. There is one class of fiduciary funds:

Custodial Funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the School District as agent for various student groups and tax collections for the independent libraries within the District.

SANDY CREEK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

Measurement Focus and Basis of Accounting

The District-Wide and fiduciar 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 transaction takes place. Nonexchange transactions, in which the School District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements 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 School District considers all revenues reported in the governmental funds to be available if the revenues are collected within six months after the end of the fiscal year.

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. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the District-Wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the School District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities, and useful lives of long-lived assets.

Cash and Cash Equivalents

The School District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC 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 Districts.

**SANDY CREEK CENTRAL SCHOOL DISTRICT
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Property Taxes

Real property taxes are levied annually by the Board of Education and become a lien no later than September 1. Taxes are collected during the period from the date of the levy to October 31. Uncollected real property taxes are subsequently enforced by the counties of Oswego, Lewis, and Jefferson. An amount representing uncollected real property taxes transmitted to the county for enforcement is paid by the counties to the School District no later than the forthcoming April 1.

Receivables

Receivables are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

Interfund Transactions

The operations of the School District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The School District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the interfund transactions for governmental funds throughout the year is shown in Note 11 to the financial statements.

Inventories

Inventories of food in the school lunch fund are recorded at cost on a first-in, first-out basis or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market. A reserve for inventory has been recognized to indicate that this does not constitute available spendable resources.

Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Right to Use Leased Assets

The District has recorded right to use lease assets as a result of implementing GASB 87, *Leases*. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term. The right to use assets are amortized on a straight-line basis over the life of the related lease.

Capital Assets

Capital assets are reported at actual cost. Donated assets are reported at estimated fair market value at the time received.

The School District uses capitalization a threshold of \$1,000 for which which asset acquisitions are added to the capital asset accounts and depreciated using the straight-line method. Estimated useful lives of capital assets reported in the District-Wide statements:

Vehicles, Furniture, and Equipment	5–15 Years
Buildings and Building Improvements	10–40 Years

Vested Employee Benefits – Compensated Absences

The School District's employees are granted vacation leave, sick leave, and earn compensated absences in varying amounts. In the event of termination or upon retirement, an employee is entitled to payment for accumulated vacation leave, sick leave, and unused compensated absences at various rates subject to certain maximum limitations.

Consistent with GASB, an accrual for accumulated sick leave is included in the compensated absences liability at year end. The compensated absences liability is calculated based on the pay rates in effect at year end.

In the fund statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources.

Retirement Plans and Other Benefits

Eligible School District employees participate in the New York State Teachers' Retirement System or the New York State Employees' Retirement System.

SANDY CREEK CENTRAL SCHOOL DISTRICT
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In addition to providing pension benefits, the School District provides postemployment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if School District employees are eligible for these benefits if they reach normal retirement age while working for the School District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the School District and the retired employee. Other postemployment benefit costs are measured and disclosed using the accrual basis of accounting (see Note 13).

Deferred Outflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and differences during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. In addition, this item includes the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The second item relates to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has two items that qualify for reporting in this category. First is related to pensions reported in the District-Wide Statement of Net Position. This represents the effect of the net change in the School District's proportion of the collective net pension asset/liability (TRS and ERS Systems) and difference during the measurement periods between the School District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is related to other postemployment benefits (OPEB) reported on the District-wide Statement of Position and represents the effect of differences between expected and actual experience and changes in assumptions during the year. These amounts are deferred and will be recognized in OPEB expense over the next several years.

Equity classifications

(a) District-Wide Financial Statements

In the District-Wide statements there are three classes of Net Position:

Net Investment in Capital Assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

Restricted Net Position – reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – reports all other net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the School District.

(b) Fund Statements

The following classifications describe the relative strength of the spending constraints:

Nonspendable

This category includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. This category consists of the inventories in the School Lunch Fund.

Restricted Resources

This category includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Generally, the School District's policy is to use restricted resources only when appropriated by the Board of Education. When an expenditure is incurred for purposes for which both restricted and unrestricted net position

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For the Year Ended June 30, 2023

are available, the School District's policy concerning which to apply first varies with the intended use, and with associated legal requirements. The School District has established the following restricted fund balances:

- ***Reserve for Workers' Compensation***

Workers' Compensation Reserve (GML §6-j) 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 self-insurance program. The reserve is established by Board action, and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. The reserve is accounted for in the General Fund.

- ***Reserve for Unemployment Insurance***

Unemployment Insurance Reserve (GML §6-m) is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.

- ***Retirement Contribution Reserve***

According to General Municipal Law §6-r, must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, not to exceed a total of 10%. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. The District has not adopted this sub-fund. The reserve is accounted for in the General Fund.

- ***Reserve for Employee Benefit Accrued Liability***

Reserve for Employee Benefit Accrued Liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve was 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. The reserve is accounted for in the General Fund.

- ***Capital Reserve***

According to Education Law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund under Restricted Fund Balance. The authorized capital reserves are as follows:

- In May 2011, the voters and Board of Education establish a fifteen-year reserve fund pursuant to section 3651 of the Education Law for the maximum amount of \$2,000,000 (plus accrued interest) to be used for the purchase of bus and student transportation related equipment, such reserve fund to be funded from any excess General Fund monies during the term of such reserve fund. As of June 30, 2023, the District has funded \$1,323,779 into this reserve.
- In May 2019, the voters and Board of Education establish a ten-year reserve fund pursuant to section 3651 of the Education Law for the maximum amount of \$2,500,000 to be used for construction, renovations, improvements, additions, and athletic fields to the District facilities, such reserve fund to be funded from any excess General Fund monies during the term of such reserve fund. As of June 30, 2023, the District has funded \$1,584,409 into this reserve.

**SANDY CREEK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
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- **Miscellaneous Special Revenue Fund**

This reserve is used to account for various endowment and scholarship awards, as well as other student funds over which the District has administrative control. This reserve is accounted for in the Miscellaneous Special Revenue Fund.

- **Debt Service**

This fund is used to account for and report the financial resources that are restricted to pay debt service. The funds include unused debt proceeds and interest and earnings on the temporary investment of debt proceeds.

- **Capital Projects Fund**

This fund is used to account for and report the financial resources that are restricted by a voter approved proposition for acquisition, construction or major repair of capital facilities.

Unrestricted Resources

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless School District has provided otherwise in its commitment or assignment actions.

- **Committed** - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision-making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2023.
- **Assigned** - Includes amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Board of Education or (b) the designated official, such as the School District's Purchasing Agent, to which the Board has delegated the authority to assign amounts to be used for specific purposes. All encumbrances, other than capital fund, are classified as Assigned Fund Balance in the applicable fund. The amount appropriated for the subsequent year's budget of the General fund is also classified as Assigned Fund Balance in the General Fund.
- **Unassigned** - Includes all other fund equity amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the School District. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in the respective fund.

Future Change in Accounting Standards

- GASB Statement No. 100, *Accounting Changes and Error Corrections*, effective for the year ending June 30, 2024.
- GASB Statement No. 101, *Compensated Absences*, effective for the year ending June 30, 2025

The District will evaluate the impact these pronouncements may have on its financial statements and will implement them as applicable and when material.

2. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the District-Wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic resource management focus of the Statement of Activities, compared with the current financial resource management focus of the governmental funds.

Total Fund Balances of Governmental Funds Compared To Net Position of Governmental Activities

Total fund balances of the School District's governmental funds differs from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheet.

Statement of Revenues, Expenditures, and Changes in Fund Balances Compared To Statement of Activities

Differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities fall into one of six broad categories. The amounts shown represent:

**SANDY CREEK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023**

(a) Long-Term Revenue Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available,” whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

(b) Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase and lease of capital items in the governmental fund statements and depreciation and amortization expense on those items as recorded in the Statement of Activities.

(c) Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

(d) Employee Benefit Allocation

Expenditures for employee benefits are not allocated a specific function on the Statement of Revenues, Expenditures, and Changes in Fund Balances based on the requirements of New York State. These costs have been allocated based on total salary for each function.

(e) Pension differences

Pension differences occur as a result of changes in the School District’s proportion of the collective net pension asset/liability and differences between the School District’s contributions and its proportionate share of the total contributions to the pension systems.

(f) OPEB Differences

OPEB differences occur as a result of changes in the School District’s total OPEB liability and differences between the School District’s contributions and OPEB expense.

3. STEWARDSHIP AND COMPLIANCE

General Fund – Statutory Unassigned Fund Balance Limit

The School District’s unassigned fund balance was under the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the School District’s budget for the upcoming school year. At June 30, 2023, the School District’s unassigned fund balance was 13.5% of the 2023-2024 budget.

Statutory Debt Limit

At June 30, 2023, the School District was in compliance with the statutory debt limit.

NYS Real Property Tax Cap

Chapter 97 of the Laws of 2011 established a property tax levy limit (generally referred to as the tax cap) that restricts the amount of property taxes local governments (including school Districts) can levy. The School District was in compliance with the tax cap for the year ended June 30, 2023.

Budgetary Procedures and Budgetary Accounting

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund for which legal (appropriated) budgets are adopted:

The voters of the School District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

**SANDY CREEK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
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The budget is adopted annually on a basis consistent with U.S. GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

Budgets are established and used for individual Capital Fund expenditures as approved by a special referendum of the School District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

Budget Revisions

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

Change from Adopted Budget to Revised Budget

Adopted Budget	\$ 25,283,238
Add: Prior Year's Encumbrances	<u>2,197,799</u>
Original Budget	<u>27,481,037</u>
Adjustments	
Adjustment to Carryover Encumbrances	<u>(4,709)</u>
Final Budget	<u>\$ 27,476,328</u>

No supplemental appropriations were made during the current year.

Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

4. PARTICIPATION IN BOCES

During the year ended June 30, 2023, the School District was billed \$3,885,830 for BOCES administrative and program costs. The School District's share of BOCES aid amounted to \$1,179,256. Financial statements for the BOCES are available from the BOCES' administrative office.

5. CASH AND CASH EQUIVALENTS

Custodial Credit and Currency Risks

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. While the School District does not have a specific policy for custodial credit risk, New York State statutes govern the School District's investment policies, as discussed previously in these Notes.

As of June 30, 2023, the School District's bank balances of \$11,742,864 were not exposed to custodial credit risk because they were covered by FDIC or collateralized with securities held by the pledging financial institution in the School District's name.

Restricted Cash

- Restricted cash of \$4,927,658 in the General Fund represents funds held by the School District in the Workers' Compensation Reserve, Unemployment Insurance Reserve, the Employees' Retirement Contribution Reserve, the Reserve for Employee Benefit Accrued Liability, and Capital Reserve funds established by the School District.
- Restricted cash of \$93,103 in the Miscellaneous Special Revenue Fund represents funds gifted to the District for scholarships and awards.

SANDY CREEK CENTRAL SCHOOL DISTRICT
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- Restricted cash of \$1,231,780 in Debt Service Fund represents funds held by the School District from unspent debt proceeds and interest earned on debt proceeds to be appropriated for debt service.
- Restricted cash of \$757,815 in Capital Fund represents funds held by the School District from unspent proceeds from debt.
- Restricted cash and cash equivalents of \$105,119 in the Custodial Fund represents funds restricted for Extraclassroom activities.

6. DUE FROM OTHER GOVERNMENTS

Due from other governments at June 30, 2023, consisted of:

General Fund	
New York State - General and Excess Cost Aid	\$ 1,290,421
BOCES Aid	530,666
Total General Fund	<u>1,821,087</u>
Special Aid Fund	
Federal and State Grants	<u>784,962</u>
School Lunch Fund	
Federal and State School Lunch Reimbursements	<u>45,184</u>
Capital Fund	
Excel Grant	<u>796,022</u>
Total	<u>\$ 3,447,255</u>

7. CAPITAL AND RIGHT TO USE LEASED ASSETS

Capital asset activity for the year ended June 30, 2023, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 14,100	\$	\$	\$ 14,100
Construction in Progress	<u>1,431,892</u>	<u>2,307,725</u>		<u>3,739,617</u>
Total	<u>1,445,992</u>	<u>2,307,725</u>		<u>3,753,717</u>
Capital Assets Being Depreciated				
Buildings and Improvements	61,100,392	81,000		61,181,392
Furniture, Equipment and Vehicles	<u>4,257,956</u>	<u>469,514</u>	<u>(472,866)</u>	<u>4,254,604</u>
Total	<u>65,358,348</u>	<u>550,514</u>	<u>(472,866)</u>	<u>66,381,728</u>
Accumulated Depreciation				
Buildings and Improvements	18,309,374	1,308,479		19,617,853
Furniture, Equipment and Vehicles	<u>3,237,517</u>	<u>320,363</u>	<u>(353,929)</u>	<u>3,203,951</u>
Total	<u>21,546,891</u>	<u>1,628,842</u>	<u>(353,929)</u>	<u>22,821,804</u>
Net Capital Assets Being Depreciated	<u>43,811,457</u>	<u>(1,078,328)</u>	<u>(118,937)</u>	<u>42,614,192</u>
Net Capital Assets	<u>\$ 45,257,449</u>	<u>\$ 1,229,397</u>	<u>\$ (118,937)</u>	<u>\$ 46,367,909</u>

SANDY CREEK CENTRAL SCHOOL DISTRICT
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Depreciation expense is charged as follows:

<u>Function/Program</u>	
General Support	\$ 162,884
Instruction	1,221,632
Pupil Transportation	162,884
School Lunch	<u>81,442</u>
Total Depreciation	<u>\$ 1,628,842</u>

Right to use leased asset activity for the year ended June 30, 2023, is as follows:

	Beginning			Ending
	Balance	Additions	Deletions	Balance
Right to Use Leased Assets				
Leased Equipment	\$ 1,205,317	\$ 403,650	\$ 921,100	\$ 687,867
Accumulated Amortization				
Leased Equipment	<u>657,483</u>	<u>576,489</u>	<u>921,100</u>	<u>312,872</u>
Net Right to Use Leased Assets	<u>\$ 547,834</u>	<u>\$ (172,839)</u>	<u>\$</u>	<u>\$ 374,995</u>

Amortization expense of \$576,489 is charged to Instruction.

8. SHORT-TERM LIABILITIES

Short-term liability balances and activity are as follows:

<u>Description</u>	Outstanding Beginning Balance	Issued	Paid	Outstanding Ending Balance
Governmental Activities				
BAN	<u>\$ 4,757,648</u>	<u>\$</u>	<u>\$ 4,757,648</u>	<u>\$</u>

<u>Payable From/Description</u>	Date of Original Issue	Original Amount	Date of Final Maturity	Interest Rate (%)	Outstanding Amount
BAN	06/22	\$ 4,757,648	06/23	3.25%	<u>\$ 0</u>

Interest expense on short-term debt for the year was \$154,624.

SANDY CREEK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

9. LONG-TERM LIABILITIES

Long-term liability balances and activity are as follows:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities					
Serial Bonds	\$ 15,775,000	\$ 4,165,000	\$ (495,000)	\$ 19,445,000	\$ 990,000
Unamortized Bond Premium	929,827	570,946	(34,438)	1,466,335	70,122
Lease Liability	297,736	403,650	(321,751)	379,635	217,549
OPEB Liability	56,948,162	4,606,119	(3,734,111)	57,820,170	
Compensated Absences	663,160		(27,053)	636,107	15,487
Total Governmental Activities	\$ 74,613,885	\$ 9,745,715	\$ (4,612,353)	\$ 79,747,247	\$ 1,293,158

Long-Term Debt Maturity Schedule

The following is a statement of serial bonds with corresponding maturity schedules:

Payable From/Description	Date of Original Issue	Original Amount	Date of Final Maturity	Interest Rate (%)	Outstanding Amount
Revenue Bond - Excel	06/11	\$ 2,615,000	06/25	3.00-5.25	\$ 485,000
DASNY Bond	06/22	\$ 15,065,000	06/49	4.25-5.00	14,795,000
DASNY BOND	06/23	\$ 4,165,000	06/39	5.00	4,165,000
Total					\$ 19,445,000

Principal and interest payments due on serial bonds are as follows:

For the Year Ending June 30,	Serial Bonds		
	Principal	Interest	Total
2024	\$ 990,000	\$ 1,011,043	\$ 2,001,043
2025	1,050,000	899,638	1,949,638
2026	845,000	846,513	1,691,513
2027	885,000	804,263	1,689,263
2028	930,000	760,013	1,690,013
2029-2033	5,375,000	3,055,813	8,430,813
2034-2038	4,700,000	1,623,063	6,323,063
2039-2043	1,905,000	858,063	2,763,063
2044-2048	2,255,000	403,963	2,658,963
2049	510,000	21,675	531,675
Total	\$ 19,445,000	\$ 10,284,047	\$ 29,729,047

Serial Bonds

The School District borrows funds on a long-term basis for the purpose of financing acquisitions of land and equipment and construction of buildings and improvements. This policy enables the cost of these capital assets to be borne by the present and future tax payers receiving the benefit of the capital assets. These long-term liabilities for governmental funds are maintained separately and represent a reconciling item between the fund and District-wide statements. Interest associated with long-term debt is recorded as an expenditure when such amounts are due.

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In the event of a default in the payment of principal and/or interest on Bonds, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes as a covenant by the State with the holders from time to time of the Bonds.

Unamortized Premium

The original issue premiums on the 2022 and 2023 DASNY bonds was deferred and recorded as an addition to long-term liabilities on the District-wide financial statements. The premiums will be amortized using the straight-line method over the remaining time to maturity of the respective bond issue, and included as a reduction to interest expense on the statement of activities. Amortization of the premiums on bonds is as follows:

Unamortized Premiums, 6/30/2022	\$ 929,827
Add: Bond Premium on 2023 DASNY Bond	570,946
Less: Amortization of Premiums	<u>(34,438)</u>
Unamortized Premiums, 6/30/2023	<u><u>\$ 1,466,335</u></u>

Lease Liability

The District has entered into agreements with the BOCES to lease certain equipment such as copiers and other technology equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of the inception of the agreements. The agreements were executed on various dates beginning in fiscal year 2021 to 2023, and are for a term of 3 years. Annual lease payments for these agreements range from \$48,007 to \$114,551. The lease liability is measured at various discount rates ranging from .78% to 3.60%, as stated in the lease agreements, or as imputed based on market rates. As a result of these leases, the District has recorded a right to use asset with a net book value of \$374,995 at June 30, 2023.

Future lease payments are as follows:

For the Year Ending	Leases		
June 30,	Principal	Interest	Total
2024	\$ 217,549	\$ 10,519	\$ 228,068
2025	127,188	5,362	132,550
2026	17,187	812	17,999
2027	<u>17,711</u>	<u>290</u>	<u>18,001</u>
Total	<u><u>\$ 379,635</u></u>	<u><u>\$ 16,983</u></u>	<u><u>\$ 396,618</u></u>

Interest on long-term debt for the year was composed of:

Interest Paid	\$ 998,676
Less: Interest Accrued in the Prior Year	(49,037)
Less: Amortization of Bond Premium	(34,438)
Plus: Interest Accrued in the Current Year	<u>70,814</u>
Total Interest Expense on Long-Term Debt	<u><u>\$ 986,015</u></u>

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10. INTERFUND BALANCES AND ACTIVITY

The following is a summary of the Interfund Transactions for the year ended June 30, 2023:

Fund Type	Interfund		Interfund	
	Receivables	Payables	Revenues	Expenditures
General	\$ 853,385	\$ 155,715	\$	\$ 253,353
School Lunch	85,000		85,000	
Special Aid	38,115	853,385	68,353	
Debt Service	1,510			440,000
Capital Fund	<u>40,235</u>	<u>9,145</u>	<u>540,000</u>	
Total	<u>\$ 1,018,245</u>	<u>\$ 1,018,245</u>	<u>\$ 693,353</u>	<u>\$ 693,353</u>

The School District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. These balances are considered current.

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

The interfund transfer from the General Fund to the Special Aid Fund was made to fund the School District's 20% portion of the Summer School Program.

The interfund transfer from the General Fund to the School Lunch Fund was made to subsidize the operations of the School Lunch Fund.

The interfund transfer from the General Fund to the Capital Fund was made to fund a small capital outlay project for \$100,000.

The District transferred \$440,000 from the Debt Service Fund to the Capital Fund to pay the BAN in the current year.

11. PENSION PLANS

A. New York State and Local Employees' Retirement System (ERS)

(a) Plan Description

The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits.

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

(b) Contributions

The System is noncontributory for employees who joined prior to July 28, 1976. For employees who joined after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary for the first ten years of membership. Employees who joined on or after January 1, 2010 but before April 1, 2012 are required to contribute 3% of their annual salary for their entire working career. Those who joined on or after April 1, 2012 contribute at a rate ranging from 3% to 6% based on their total annualized salary. Under the authority of the RSSL, the Comptroller certifies the actuarially determined rates expressly used in

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computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. All required contributions for the NYSERS fiscal year ended March 31, 2023, were paid.

The required contributions for the current year and two preceding years were:

	Amount
2021	\$ 366,893
2022	\$ 354,993
2023	\$ 274,042

(c) Pension Assets/Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the School District reported a liability of \$1,901,361 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2022. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2023, the School District's proportion was .0088666 percent which is an increase of .0014882 percent from prior year's proportionate share of .0073784 percent.

For the year ended June 30, 2023, the School District recognized pension expense of \$385,330. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 202,510	\$ 53,397
Change of assumptions	923,424	10,206
Net difference between projected and actual earnings on Pensions plan investments		11,170
Changes in proportion and differences between contributions and proportionate share of contributions	103,483	77,824
Contributions subsequent to the measurement date	96,175	
Total	<u>\$ 1,325,592</u>	<u>\$ 152,597</u>

At June 30, 2023, \$96,175 was reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	
2024	\$ 258,168
2025	\$ (95,785)
2026	\$ 384,847
2027	\$ 529,590

(d) Actuarial Assumptions

The total pension liability at March 31, 2023 was determined by using an actuarial valuation as of April 1, 2022, with update procedures used to roll forward the total pension liability to March 31, 2023. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the April 1, 2022 valuation were as follows:

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Investment Rate of Return	
(Net of Investment Expense, including Inflation)	5.90%
Salary Scale	4.40%
Decrement Tables	April 1, 2015 - March 31, 2020
	System's Experience
Inflation Rate	2.90%

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2021.

The actuarial assumptions used in the April 1, 2022 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2023 are summarized below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	32%	4.30%
International Equity	15%	6.85%
Private Equity	10%	7.50%
Real Estate	9%	4.60%
Opportunistic/ARS Portfolio	3%	5.38%
Credit	4%	5.43%
Real Assets	3%	5.84%
Fixed Income	23%	1.50%
Cash	1%	0.00%
	<u>100.00%</u>	

(e) Discount Rate

The discount rate used to calculate the total pension asset/liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's 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 asset/liability.

(f) Sensitivity of the Proportionate Share of the Net Pension (Asset) Liability to the Discount Rate Assumption

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 5.9 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.9 percent) or 1-percentage-point higher (6.9 percent) than the current rate:

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	Decrease (4.9%)	Assumption (5.9%)	Increase (6.9%)
Proportionate share of the net pension (asset) liability	\$ 4,594,774	\$ 1,901,361	\$ (349,299)

(g) Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued ERS financial report.

(h) Payables to the Pension Plan

The School District has recorded an amount due to ERS in amount of \$96,175 at June 30, 2023. This amount represents the three months of the School District's fiscal year that will be covered in the ERS 2023-2024 billing cycle and has been accrued as an expenditure in the current year.

B. New York State Teachers' Retirement System (TRS)

(a) Plan Description

The School District participates in the New York Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits. The TRS was created and exists pursuant to Article 11 of the New York State Education Law. TRS is administered by the system and governed by a ten-member board to provide these benefits to teachers employed by participating employers in the State of New York, excluding New York City. The System provides benefits to plan members and beneficiaries as authorized by the New York State Law and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and membership class (6 tiers). The System's financial statements are prepared using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. TRS issues a publicly available financial report that contains basic financial statements and required supplementary information for the System. For additional plan information please refer to the NYSTRS Comprehensive Annual Financial Report which can be found on the TRS website located at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

(b) Contributions

Pursuant to Article 11 of the New York State Education Law, employers are required to contribute at an actuarially determined rate adopted annually by the Retirement Board. Tier 3 and Tier 4 members who have less than 10 years of service or membership are required by law to contribute 3% of salary to the System. Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a schedule based upon salary earned. Pursuant to Article 14 and Article 15 of the Retirement and Social Security Law, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

The required employer contributions for the current year and two preceding years were:

	Amount
2021	\$ 643,950
2022	\$ 705,848
2023	\$ 757,874

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(c) Pension Assets/Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the School District reported a liability of \$780,167 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2021. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2022, the School District's proportion was .040657 percent, which was an increase of .000847 percent from its proportion measured as of June 30, 2021 of .039810 percent.

For the year ended June 30, 2023, the School District recognized a pension expense of \$259,815. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 817,516	\$ 15,633
Changes of assumptions	1,513,392	314,273
Net difference between projected and actual earnings on Pension plan investments	1,008,049	
Changes in proportion	172,607	49,138
Contributions subsequent to the measurement date	757,874	
Total	<u>\$ 4,269,438</u>	<u>\$ 379,044</u>

At June 30, 2023, \$757,874 was reported as a deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date, and, will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30,</u>	
2023	\$ 610,286
2024	\$ 335,381
2025	\$ (95,055)
2026	\$ 2,009,539
2027	\$ 265,239
Thereafter	\$ 7,130

(d) Actuarial Assumptions

The total pension liability at June 30, 2022 measurement date was determined by using an actuarial valuation as of June 30, 2021, with update procedures used to roll forward the total pension liability to June 30, 2022.

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Significant actuarial assumptions used in the June 30, 2021 valuation were as follows:

Investment Rate of Return 6.95 % compounded annually, net of pension plan investment expense, including inflation.

Salary scale Rates of increase differ based on service.
They have been calculated based upon recent NYSTRS member experience.

Service	Rate
5	5.18%
15	3.64%
25	2.50%
35	1.95%

Projected COLAs 1.3% compounded annually.

Inflation rate 2.4%

Annuitant and active mortality rates are based on plan member experience, with adjustments for mortality improvements based on the Society of Actuaries Scale MP 2021, applied on a generational basis.

The actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. 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.

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the valuation date of June 30, 2022 is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic equity	33.0%	6.5%
International equity	16.0%	7.2%
Global equity	4.0%	6.9%
Real estate equity	11.0%	6.2%
Private equity	8.0%	9.9%
Domestic fixed income securities	16.0%	1.1%
Global bonds	2.0%	0.6%
Private debt	2.0%	5.3%
Real estate debt	6.0%	2.4%
High-yield fixed income securities	1.0%	3.3%
Cash equivalents	<u>1.0%</u>	-0.3%
	<u>100.0%</u>	

* Real rates of return are net of the long-term inflation assumption of 2.4%..

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(e) Discount Rate

The discount rate used to calculate the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school Districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the System's 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 asset/liability.

(f) Sensitivity of the Proportionate Share of the Net Pension (Asset)/Liability to the Discount Rate Assumption

The following presents School District's proportionate share of the net pension (asset) liability is calculated using the discount rate of 6.95 percent, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Proportionate share of the net pension (asset) liability	\$ 7,193,504	\$ 780,167	\$ (4,613,407)

(g) Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued TRS financial report.

(h) Payables to the Pension Plan

The School District has recorded an amount due to TRS in amount of \$757,874 (excluding employees share) in the General Fund at June 30, 2023. This amount represents contribution for the 2022-2023 fiscal year that will be made in 2023-2024 and has been accrued as an expenditure in the current year.

12. POSTRETIREMENT HEALTH CARE BENEFITS

(a) Plan Description

The School District administers the Sandy Creek Retiree Medical Plan (the Plan) as a single-employer defined benefit Other Postemployment Benefit plan. The plans are single-employer defined benefit OPEB plans administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board.

The Plan does not issue a standalone publicly available financial report since no assets are accumulated in a trust that meets all of the criteria in GASB Statement No. 75, paragraph 4.

(b) Benefits Provided

Employees are eligible when they meet the retirement requirements of the NYS Teachers' and Employees' Retirement Systems and participating in the medical plan at the time of retirement. The Plan provides for continuation of medical insurance benefits for certain retirees and their spouses and can be amended by action of the School District subject to applicable collective bargaining and employment agreements as follows:

- Superintendent – The retiree and spouse are covered for life. The District covers 100% of the medical premium and 100% of the premium for vision. The District will also reimburse the Medicare Part B premium for the retiree only.
- Teachers' & Administrators' Association – The retiree and spouse are covered for life. The District covers 92% of the medical premium and 100% of the premium for vision. The District will also reimburse the Medicare Part B premium for the retiree only, subject to the same cost-sharing provisions as medical.
- Non-Instructional and Confidential Employees – The retiree and spouse are covered for life. The District covers 94% of the medical premium and 100% of the premium for vision. The District will also reimburse the Medicare Part B premium for the retiree only, subject to the same cost-sharing provisions as medical.

SANDY CREEK CENTRAL SCHOOL DISTRICT
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The Plan does not issue a stand along publicly available financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

(c) Employees Covered by Benefit Terms

	Total
Inactive employees currently receiving benefit payments	136
Active employees	134
Total	<u>270</u>

(d) Total OPEB Liability

The School District's total OPEB liability of \$57,820,170 was measured as of June 30, 2023 and was determined by an actuarial valuation as of July 1, 2022.

(e) Changes in the Net OPEB Liability

Changes in the School District's total OPEB liability were as follows:

	Total OPEB Liability
Balances, June 30, 2022	\$ 56,948,162
Changes recongnized for the year:	
Service cost	1,631,135
Interest on Total OPEB Liability	2,156,808
Change of Benefit Terms	(297,940)
Differences between expected and actual experience	818,176
Changes of Assumptions or Other Inputs	(1,541,406)
Benefit payments	<u>(1,894,765)</u>
Net changes	<u>872,008</u>
Balances, June 30, 2023	<u>\$ 57,820,170</u>

(f) Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease (2.86%)	Current Assumption (3.86%)	1% Increase (4.86%)
Total OPEB liability	\$ 67,540,334	\$ 57,820,170	\$ 50,012,723

(g) Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

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	1% Decrease (6.750 to 3.037%)	Current Assumption (7.750 to 4.037%)	1% Increase (8.750 to 5.037%)
Total OPEB liability	\$ 48,737,871	\$ 57,820,170	\$ 69,511,323

Sensitivity analysis for healthcare cost inflation (trend) rate is illustrated as of end of year.

(h) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the School District recognized OPEB expense of \$210,947. At June 30, 2023, the School District reported deferred outflows of resources 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	\$ 2,719,204	\$ 11,273,138
Changes of assumptions or other inputs	9,000,998	12,821,472
Total	<u>\$ 11,720,202</u>	<u>\$ 24,094,610</u>

Contributions subsequent to the measurement date will be recognized in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended June 30:</u>	<u>Amount</u>
2024	\$ (2,361,639)
2025	\$ (2,278,294)
2026	\$ (3,101,544)
2027	\$ (3,186,154)
2028	\$ (1,431,438)
Therafter	\$ (15,339)

(i) Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2022 and a June 30, 2023 measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Valuation Date	July 1, 2022
Measurement Date	June 30, 2023
Reporting Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal - Level Percent of Pay
Plan Type	Single Employer Defined Benefit Plan
Inflation rate	2.25%
Salary Increases, Including Wage Inflation	3.50%
Healthcare Cost Trend Rates	6.750 to 3.784%
Discount Rate	3.86% (Prior year discount rate was 3.69%)
Mortality	Mortality rates were based on April 1, 2015 to March 31, 2020 NYSLRS experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021 on a generational basis.

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The following changes in actuarial assumptions have been made since the prior measurement date:

Discount Rate – The selected discount rate is based on the Bond Buyer General Obligation 20-Municipal Bond Index, the discount rate used has changed from 3.69% in the prior year to 3.86% in the current year.

13. COMMITMENTS AND CONTINGENCIES

The School District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

Risk Financing and Related Insurance

(a) Workers' Compensation - Nonpool, Risk Retained

The School District incurs costs related to the Onondaga-Cortland-Madison Self-Funded Workers' Compensation Consortium Plan (Plan) sponsored by the Board of Cooperative Educational Services, Onondaga-Cortland-Madison. The Plan's objectives are to furnish workers' compensation benefits to participating Districts at a significant cost savings. Membership in the Plan may be offered to any school District with the approval of the Board of Directors. Voluntary withdrawal from the Plan may be effective only once annually on the last day of the Plan year as may be established by the Board of Directors. Notice of the Intention to Withdraw must be given in writing to the Chairperson of the Board of Directors and the Treasurer not less than sixty (60) days prior to the end of the Plan year.

Plan membership is currently comprised of 19 members and Onondaga-Cortland-Madison BOCES. If a surplus of participants' assessments exists after the close of a Plan year, the Board may retain from such surplus an amount sufficient to establish and maintain a claim contingency fund. Surplus funds in excess of the amount transferred to or included in such contingency fund shall be applied in reduction of the next annual assessment or to the billing of Plan participants. All monies paid to the Treasurer by participants shall be commingled and administered as a common fund. No refunds shall be made to a participant and no assessments shall be charged to a participant other than the annual assessment. However, if it appears to the Board of Directors that the liabilities of the Plan will exceed its cash assets, after taking into account any "excess insurance", the Board shall determine the amount needed to meet such deficiency and shall assess such amount against all participants pro-rata per enrollee. Pursuant to General Municipal Law, the municipal agreement does not transfer risk.

The Plan purchases, on an annual basis, stop-loss insurance to limit its exposure for claims paid.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. During the year ended June 30, 2023, the School District incurred premiums or contribution expenditures totaling \$48,929.

(b) Health Insurance - Pool, Non-Risk Retained

For its employee health insurance coverage, the Sandy Creek Central School District is a participant in the Cooperative Health Insurance Fund of Central New York, a public entity risk pool operated for the benefit of 28 individual governmental units located within the counties of Onondaga, Cortland, and Madison. The School District pays an annual premium to the Plan for this employee health insurance coverage. The Cooperative Health Insurance Fund of Central New York is considered a self-sustaining risk pool that will provide coverage for its members. The Cooperative Health Insurance Fund of Central New York obtains independent coverage for aggregate claims that approximate \$148 million and the Sandy Creek Central School District has essentially transferred all related risk to the Cooperative Health Insurance Fund of Central New York. During the 2022-2023 school year, the School District's expenditure to the pool was \$4,770,123.

SANDY CREEK CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023

(c) Union Agreements

The School District has the following bargaining unit agreements in place with the related expiration dates:

Sandy Creek Administrators' Association	Expires June 30, 2025
Sandy Creek Teachers' Association	Expires June 30, 2025
Sandy Creek Central Non-Instructional Staff	Expires June 30, 2024

14. FUND BALANCE

(a) The following is a summary of the change in General fund restricted reserve funds during the year ended June 30, 2023:

	Beginning Balance	Increases	Decreases	Ending Balance
Restricted				
General Fund				
Workers' Compensation	\$ 273,710	\$ 548	\$	\$ 274,258
Unemployment Insurance	11,023	22		11,045
Employees' Retirement Contribution Reserve	1,094,918	2,190		1,097,108
Employee Benefit Accrued Liability	1,306,407	2,614	(40,330)	1,268,691
Capital Reserve - Transportation	440,384	251,763		692,147
Capital Reserves - Facilities	1,332,626	251,783		1,584,409
Total General Fund Restricted	\$ 4,459,068	\$ 508,920	\$ (40,330)	\$ 4,927,658

(b) The following is the disaggregation of the fund balance that is reported in summary on the Governmental Fund's Balance Sheet at June 30, 2023:

	General	School Lunch	Miscellaneous Special Revenue	Debt Service	Capital	Total
Nonspendable	\$	\$ 9,498	\$	\$	\$	\$ 9,498
Restricted						
Workers' Compensation Reserve	274,258					274,258
Unemployment Insurance Reserve	11,045					11,045
Employees' Retirement Contribution Reserve	1,097,108					1,097,108
Employee Benefit Accrued Liability Reserve	1,268,691					1,268,691
Capital Reserve - Transportation	692,147					692,147
Capital Reserves - Facilities	1,584,409					1,584,409
Scholarships and Endowments			93,103			93,103
Debt Service				1,233,290		1,233,290
Capital Projects					1,391,783	1,391,783
Total Restricted	4,927,658		93,103	1,233,290	1,391,783	7,645,834
Assigned						
General Support	62,831					62,831
Instruction	201					201
Pupil Transportation	33,500					33,500
School Lunch		138,631				138,631
Appropriated for Subsequent Year's Budget	185,000					185,000
Total Assigned	281,532	138,631				420,163
Unassigned	3,558,774					3,558,774
Total Fund Equity (Deficit)	\$ 8,767,964	\$ 148,129	\$ 93,103	\$ 1,233,290	\$ 1,391,783	\$ 11,634,269

15. DEFICIT NET POSITION AND FUND BALANCE

At June 30, 2023, the government-wide net position had an unrestricted deficit of \$66,706,578 and a total net position deficit of \$31,459,212. The deficit is due to the recognition of the liability for other postemployment liability in the amount of \$57,820,170. The laws of New York State provide no mechanism to fund this deficit. Therefore, the deficit is not expected to be eliminated.

SANDY CREEK CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual		Final Budget Variance With Actual
Revenues					
Local Sources					
Real Property Taxes	\$ 7,038,347	\$ 7,038,347	\$ 6,348,860	\$	(689,487)
Star and Other Real Property Tax Items	45,970	45,970	719,532		673,562
Charges for Services			5,940		5,940
Use of Money and Property	22,000	22,000	131,801		109,801
Sale of Property and Compensation for Loss	15,500	15,500	45,047		29,547
Miscellaneous	165,750	165,750	219,936		54,186
State Aid	17,049,703	17,049,703	17,403,068		353,365
Federal Aid	40,000	40,000	74,165		34,165
Total Revenues	24,377,270	24,377,270	24,948,349		571,079
Other Financing Sources					
Appropriated Reserves	107,074	107,074			(107,074)
Appropriated Fund Balance	2,996,693	2,991,984			(2,991,984)
Total Revenues and Other Financing Sources	\$ 27,481,037	\$ 27,476,328	24,948,349	\$	(2,527,979)
Expenditures					
General Support					
Board of Education	\$ 83,259	\$ 83,133	71,800	\$	\$ 11,333
Central Administration	197,024	197,000	280,541		(83,541)
Finance	396,704	396,634	277,871		118,763
Staff	147,886	147,886	162,612		(14,726)
Central Services	2,280,000	2,280,000	2,287,891	62,831	(70,722)
Special Items	534,938	534,938	442,284		92,654
Total General Support	3,639,811	3,639,591	3,522,999	62,831	53,761
Instruction					
Instruction, Administration, and Improvement	563,090	563,090	512,947		50,143
Teaching - Regular School	6,165,971	6,160,921	5,399,586	201	761,134
Programs for Children With Special Needs	3,001,002	3,000,942	2,437,143		563,799
Occupational Education	1,226,934	1,226,934	1,106,785		120,149
Teaching - Special School	213,684	213,684	123,011		90,673
Instructional Media	888,900	886,318	492,751		393,567
Pupil Services	1,019,495	1,019,016	777,677		241,339
Total Instruction	13,079,076	13,070,905	10,849,900	201	2,220,804
Pupil Transportation	2,298,731	2,298,646	1,702,646	33,500	562,500
Employee Benefits	6,459,044	6,462,811	6,593,192		(130,381)
Debt Service - Principal	1,717,837	495,000	969,399		(474,399)
Debt Service - Interest	71,538	1,294,375	1,153,300		141,075
Total Expenditures	27,266,037	27,261,328	24,791,436	96,532	2,373,360
Other Financing Uses					
Transfers to Other Funds	215,000	215,000	253,353		(38,353)
Total Expenditures	\$ 27,481,037	\$ 27,476,328	25,044,789	\$ 96,532	\$ 2,335,007
Net Change in Fund Balance			(96,440)		
Fund Balance - Beginning of Year			8,864,404		
Fund Balance - End of Year			\$ 8,767,964		

Notes to Required Supplementary Information:

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund, the only fund with a legally adopted budget.

The budget is adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

**SANDY CREEK CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE SCHOOL DISTRICT'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2023**

	2023	2022	2021	2020	2019	2018 *
Service cost	\$ 1,631,135	\$ 2,310,302	\$ 1,981,126	\$ 2,269,598	\$ 2,077,506	\$ 1,888,776
Interest	2,156,808	1,388,166	1,595,881	2,204,939	2,414,213	2,094,111
Changes of benefit terms	(297,940)				561,281	
Differences between expected and actual experience	818,176		(13,990,934)	(8,859,331)	7,120,749	
Changes in assumptions or other inputs	(1,541,406)	(15,907,412)	4,877,160	14,943,837	(1,388,255)	(618,494)
Expected benefit payments	(1,894,765)	(1,665,758)	(1,576,284)	(1,597,736)	(1,497,353)	(1,224,969)
Net change in total OPEB liability	872,008	(13,874,702)	(7,113,051)	8,961,307	9,288,141	2,139,424
Total OPEB liability - beginning of year	56,948,162	70,822,864	77,935,915	68,974,608	59,686,467	57,547,043
Total OPEB liability - ending of year	\$ 57,820,170	\$ 56,948,162	\$ 70,822,864	\$ 77,935,915	\$ 68,974,608	\$ 59,686,467
Covered employee payroll	\$11,162,075	\$10,487,603	\$10,280,494	\$10,838,120	\$10,629,143	\$10,523,094
Total OPEB liability as a percentage of covered payroll	518.01%	543.00%	688.91%	719.09%	648.92%	567.20%

* 10 years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

Notes to Required Supplementary Information:

The Districts' OPEB Plan has no assets.

Actuarial Assumptions

The actuarial methods and assumptions used to calculate the total OPEB liability are described in Note 13 to the financial statements.

Changes to Assumptions -

Discount rate has changed from 3.69% in the prior year to 3.86% in the current year, based on the Fidelity General Obligation 20-Year AA Municipal Bond Index.

SANDY CREEK CENTRAL SCHOOL DISTRICT
SCHEDULE OF LOCAL GOVERNMENT CONTRIBUTIONS
For the Year Ended June 30, 2023

ERS Pension Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 274,042	\$ 354,993	\$ 366,893	\$ 370,326	\$ 362,095	\$ 339,031	\$ 332,818	\$ 356,784	\$ 424,920	\$ 479,288
Contributions in Relation to the Contractually Required Contribution	274,042	354,993	366,893	370,326	362,095	339,031	332,818	356,784	424,920	479,288
Contribution Deficiency (Excess)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
School District's Covered-ERS Employee Payroll	\$ 2,469,168	\$ 2,267,313	\$ 2,588,821	\$ 2,385,240	\$ 2,480,806	\$ 2,320,923	\$ 2,317,081	\$ 2,198,355	\$ 2,269,677	\$ 2,453,177
Contributions as a Percentage of Covered-Employee Payroll	11.10%	15.66%	14.17%	15.53%	14.60%	14.61%	14.36%	16.23%	18.72%	19.54%

TRS Pension Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 757,874	\$ 705,848	\$ 643,950	\$ 661,629	\$ 803,155	\$ 827,625	\$ 766,913	\$ 890,926	\$ 933,782	\$ 1,196,791
Contributions in Relation to the Contractually Required Contribution	757,874	705,848	643,950	661,629	803,155	827,625	766,913	890,926	933,782	1,196,791
Contribution Deficiency (Excess)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
School District's Covered-TRS Employee Payroll	\$ 7,365,151	\$ 7,202,531	\$ 6,757,083	\$ 7,467,596	\$ 7,562,665	\$ 8,445,153	\$ 6,543,626	\$ 6,762,457	\$ 4,823,062	\$ 7,436,286
Contributions as a Percentage of Covered-Employee Payroll	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.17%	19.36%	16.09%

SANDY CREEK CENTRAL SCHOOL DISTRICT
SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY
For the Year Ended June 30, 2023

ERS Pension Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015 *
District's Proportion of the net pension asset/liability	0.0088666%	0.0073784%	0.0084184%	0.0082478%	0.0102329%	0.0092532%	0.0084575%	0.0092088%	0.0091752%
District's proportionate share of the net pension (asset) liability	\$ 1,901,361	\$ (603,158)	\$ 8,383	\$ 2,184,065	\$ 615,833	\$ 257,573	\$ 795,982	\$ 1,306,362	\$ 296,246
District's covered-employee payroll	\$ 2,469,168	\$ 2,267,313	\$ 2,588,821	\$ 2,385,240	\$ 2,480,806	\$ 2,320,923	\$ 2,317,081	\$ 2,198,355	\$ 2,269,677
District's proportionate share of the net pension asset/liability as a percentage of its covered-employee payroll	77.00%	26.60%	00.32%	91.57%	24.82%	11.10%	34.35%	59.42%	13.05%
Plan fiduciary net position as a percentage of total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.20%	94.70%	90.70%	97.90%

TRS Pension Plan

	2022	2021	2020	2019	2018	2017	2016	2015	2014 *
District's Proportion of the net pension asset/liability	0.0406570%	0.0398100%	0.0439970%	0.0453170%	0.0459230%	0.0460340%	0.0456360%	0.0454490%	0.0457280%
District's proportionate share of the net pension (asset) liability	\$ 780,167	\$ (6,898,742)	\$ 1,215,742	\$ (1,177,326)	\$ (830,401)	\$ (349,900)	\$ 488,781	\$ (4,720,734)	\$ (5,093,794)
District's covered-employee payroll	\$ 7,202,531	\$ 6,757,083	\$ 7,467,596	\$ 7,562,665	\$ 8,445,153	\$ 6,543,626	\$ 6,762,457	\$ 4,823,062	\$ 7,436,286
District's proportionate share of the net pension asset/liability as a percentage of its covered-employee payroll	10.83%	102.10%	16.28%	15.57%	09.83%	05.35%	07.23%	97.88%	68.50%
Plan fiduciary net position as a percentage of total pension liability	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

* Information is presented only for the years available.

**SANDY CREEK CENTRAL SCHOOL DISTRICT
SCHEDULES OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET
AND REAL PROPERTY TAX LIMIT - GENERAL FUND
For the Year Ended June 30, 2023**

Change from Adopted Budget to Revised Budget

Adopted Budget	\$ 25,283,238
Add: Prior Year's Encumbrances	<u>2,197,799</u>
Original Budget	27,481,037
Less: Adjustment to Carryover Encumbrances	<u>(4,709)</u>
Final Budget	<u>\$ 27,476,328</u>

Section 1318 of Real Property Tax Law Limit Calculation

2023-2024 Voter-Approved Expenditure Budget	<u>\$ 26,386,330</u>
Maximum Allowed (4% of 2023-24 Budget)	<u>\$ 1,055,453</u>
General Fund - Fund Balance Subject to Section 1318 of Real Property Tax Law :	
Unrestricted Fund Balance:	
Assigned Fund Balance	281,532
Unassigned Fund Balance	<u>3,558,774</u>
Total Unrestricted Fund Balance	<u>3,840,306</u>
Less:	
Appropriated Fund Balance	185,000
Encumbrances Included in Committed and Assigned Fund Balance	<u>96,532</u>
Total adjustments	<u>281,532</u>
General Fund - Fund Balance Subject to Section 1318 of Real Property Tax Law	<u>\$ 3,558,774</u>
Actual Percentage	13.5%

See Independent Auditor's Report.

SANDY CREEK CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
For the Year Ended June 30, 2023

PROJECT TITLE	Original Authorization	Revised Authorization	Expenditures		Unexpended Balance	Proceeds of Obligations	Methods of Financing		Fund Balance June 30, 2023
			Prior Years	Current Year			Federal and State Aid	Local Sources	
2017 Phase I	\$ 1,382,181	\$ 1,382,181	\$ 1,382,181	\$	\$	\$	\$	\$ 1,382,181	\$ 1,382,181
2017 Phase II	20,235,819	20,235,819	19,269,824	859,213	106,782	21,349,475	479,636	1,237,819	23,066,930
2017 Phase III	3,500,000	3,500,000	8,442	1,311,498	2,180,060				(1,319,940)
Total 2017 Project	25,118,000	25,118,000	20,660,447	2,170,711	2,286,842	21,349,475	479,636	2,620,000	24,449,111
Smart Schools Bond Act	1,306,298	1,374,291	1,333,399	40,892			1,124,154		1,124,154
2020 Local Project	100,000	100,000	9,135		90,865				(9,135)
2021 Local Project	100,000	100,000	80,726		19,274			100,000	100,000
2022 Local Project	100,000	100,000	90,050		9,950			100,000	100,000
2023 Local Project	100,000	100,000		96,122	3,878			100,000	100,000
Totals	\$ 26,824,298	\$ 26,892,291	\$ 22,173,757	\$ 2,307,725	\$ 2,410,809	\$ 21,349,475	\$ 1,603,790	\$ 2,920,000	\$ 25,873,265
									\$ 1,391,783

SANDY CREEK CENTRAL SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
For the Year Ended June 30, 2023

Capital Assets, Net	\$ 46,367,909
Right to Use Leased Assets, Net	<u>374,995</u>
Total	<u>46,742,904</u>
Add:	
Capital Fund Unspent Bond Proceeds	<u>757,815</u>
	<u>\$ 757,815</u>
Deduct:	
Lease Liability	(379,635)
Unamortized Bond Premium	(1,466,335)
Serial Bonds Payable	(19,445,000)
Capital Fund Balance	<u>1,391,783</u>
	<u>(19,899,187)</u>
Net Investment in Capital Assets	<u>\$ 27,601,532</u>

See Independent Auditor's Report.

Independent Auditor's 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

Board of Education

Sandy Creek Central School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sandy Creek 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 Sandy Creek Central School District's basic financial statements, and have issued our report thereon dated January 5, 2024.

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 Sandy Creek Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Sandy Creek Central School 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 school district'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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-1 that we consider to be a significant deficiency.

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2023-2.

Sandy Creek Central School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the school 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 school district's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

D'Arcangelo & Co., LLP

January 5, 2024

Rome, New York

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

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

**Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance
Required by the Uniform Guidance**

Board of Education
Sandy Creek Central School District, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sandy Creek Central School District's 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 Sandy Creek Central School District's major federal programs for the year ended June 30, 2023. Sandy Creek Central School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Sandy Creek Central School 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Sandy Creek Central School 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 Sandy Creek Central School 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 Sandy Creek Central School District's federal programs.

Auditor's 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 Sandy Creek Central School 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 generally accepted auditing standards, *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 Sandy Creek Central School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Sandy Creek Central School 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 Sandy Creek Central School 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 Sandy Creek Central School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-2 that we consider to be a significant deficiency.

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.

D'Arcangelo & Co., LLP

January 5, 2024

Rome, New York

SANDY CREEK CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN	Agency or Pass-through Number	Current Year Expenditures	Expenditures To Subrecipients
<u>U.S. Department of Agriculture</u>				
(Passed Through the New York State Education Department - Pass through number 461901040000)				
Child Nutrition Cluster				
Non-Cash Assistance				
Food Donation	10.555	N/A	\$ 48,305	\$
Cash Assistance				
National School Breakfast Program	10.553	N/A	132,424	
National School Lunch Program	10.555	N/A	386,775	
Snack Program	10.555	N/A	17,251	
Summer Food Service	10.559	N/A	38,081	
Total Child Nutrition Cluster			622,836	
Local Food for Schools Program	10.185	N/A	8,392	
Pandemic Electronic Benefits Transfer (P-EBT)	10.649	N/A	628	
Total U.S. Department of Agriculture			631,856	
<u>U.S. Department of Education</u>				
(Passed Through New York State Department of Education)				
Special Education Cluster (IDEA)				
Special Education - Grants to States (IDEA, Part B)	84.027	0032-23-0717	233,001	
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-23-0717	12,574	
COVID-19 Special Education - Grants to States	84.027X	5532-22-0717	42,215	
COVID-19 Special Education - Preschool Grants	84.173X	5533-22-0717	4,701	
Total Special Education Cluster (IDEA)			292,491	
Title IV- SSAE Allocation	84.424	0204-23-2365	16,340	
Total			16,340	
Education Stabilization Fund				
COVID-19 American Rescue Plan- Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5880-21-2365	537,020	
COVID-19 American Rescue Plan- Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5882-21-2365	67,293	
COVID-19 American Rescue Plan- Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5883-21-2365	70,622	
COVID-19 American Rescue Plan- Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5884-21-2365	378,717	
COVID-19 Elementary and Secondary School Emergency Relief (ESSE)	84.425D	5891-21-2365	220,492	
Total			1,274,144	
Title I Grants to Local Educational Agencies	84.010	0021-23-2365	225,822	
Improving Teacher Quality State Grants (Title II A)	84.367	0147-23-2365	29,435	
Total U.S. Department of Education			1,838,232	
<u>Total Federal Financial Assistance</u>			\$ 2,470,088	\$

See Notes to Schedule of Expenditures of Federal Awards and Independent Auditor's Report.

**SANDY CREEK CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023**

1. SIGNIFICANT ACCOUNTING POLICIES

Organization

The accompanying Schedule of Expenditures of Federal Awards represents all Federal awards administered by the Sandy Creek Central School District. The School District's organization is defined in Note 1 to the School District's financial statements.

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Sandy Creek Central School District under programs of the federal government for the year ended June 30, 2023. The information in this Schedule is presented in accordance with the 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).

Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Cluster Programs

The following programs are identified by "OMB Compliance Supplement" to be part of a cluster of programs:

U.S. Department of Education

Special Education Cluster

ALN 84.027	Special Education - Grants to States (IDEA, Part B)
ALN 84.173	Special Education - Preschool Grants (IDEA Preschool)
ALN 84.027X	COVID-19 Special Education - Grants to States
ALN 84.173X	COVID-19 Special Education - Preschool Grants

U.S. Department of Agriculture

Nutrition Cluster

ALN 10.555	Food Donation
ALN 10.553	National School Breakfast Program
ALN 10.555	National School Lunch Program
ALN 10.555	Snack Program
ALN 10.559	Summer Food Service Program

Use of Subrecipients

There were no awards passed through to subrecipients.

Food Donation

Nonmonetary assistance is reported in the schedule at fair market value of the food commodities received. At June 30, 2023, the School District had food commodities totaling \$5,875 in inventory.

De Minimis Indirect Cost Rate

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**SANDY CREEK CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL COMPLIANCE REQUIREMENTS
For the Year Ended June 30, 2023**

Summary of Auditor's Results

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major Federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies reported for major Federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	<u>U.S. Department of Education</u> Education Stabilization Fund (COVID-19) ALN 84.425D Elementary and Secondary School Emergency Relief (ESSER) ALN 84.425U American Rescue Plan- Elementary and Secondary School Emergency Relief (ARP ESSER)
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

(Continued)

**SANDY CREEK CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL COMPLIANCE REQUIREMENTS
For the Year Ended June 30, 2023**

Findings – Financial Statement Audit

I. Significant Deficiencies

2023-1: Account Reconciliations and Closing Procedures

Condition: We noted that various accounts were not reconciled at the time of our audit procedures.

Criteria: Timely account reconciliations and closing procedures ensure the accuracy of the accounting information, as well as reduce the probability of errors or irregularities, including fraud, to exist without notice

Cause: Turnover in the position of Business Administrator close to yearend caused the District to fall behind with reconciliations and closing.

Effect: Significant additional time was needed to reconcile and close properly, which delayed the timing of the audit.

Recommendation: We recommend that management implement a Closing Procedures Checklist to assist in the closing process and help ensure that the necessary steps are taken to reconcile and close the District's accounts in a timely manner.

District Response: Management will implement closing procedures and follow a closing checklist to ensure accounts are reconciled and closed in a timely manner.

Findings and Questioned Costs – Major Federal Award Programs

I. Significant Deficiencies

2023-2: Employee Stipends (Allowable Costs)

**ALN 84.425U COVID 19 American Rescue Plan- Elementary and Secondary School Emergency Relief (ARP ESSER)
SLR Learning Loss**

Condition: Stipends for four business office employees were paid out of the grant totaling \$13,500 during the current year. The approved grant budget (FS-10) was not amended for the correct number of FTEs and total amount of the stipends paid. Therefore, the stipends paid exceeded the amount budgeted for by \$1,500.

In addition, documentation of Board approval for any stipends paid from Federal grants during the year could not be located upon request during the audit.

Questioned Cost: N/A

Criteria: NYSED requires School Districts to submit FS-10 Budget forms for Federal grants to ensure expenditures have prior approval of NYSED. The budget should be amended as needed using a form FS-10A. In addition, employee stipends should be approved by the Board prior to payment, and evidence of approval should be documented.

Cause: Established controls and procedures did not ensure that the stipends were properly budgeted for and approved.

Effect: Expenditures were paid out of the grant that were not properly budgeted for and approved.

Recommendation: We recommend that management implement a process to ensure that the grant budgets and other reporting is proper and complete. The process should include procedures to amend grant budgets as needed. We also recommend that management revise its payroll procedures to ensure that all stipends are approved by the Board prior to payment. Evidence of Board approval should be maintained in the personnel files.

District Response: Management will retrain the appropriate personnel on the procedures for completing and reviewing grant budgets and reports. Additionally, management will retrain the appropriate personnel on the procedures for approving and processing payroll stipends.

**SANDY CREEK CENTRAL SCHOOL DISTRICT
STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS – FEDERAL COMPLIANCE REQUIREMENTS
For the Year Ended June 30, 2023**

Findings – Financial Statement Audit

None noted.

Findings and Questioned Costs – Major Federal Award Programs

None noted.