

**SOUTH SENECA
CENTRAL SCHOOL DISTRICT**

Ovid, New York

FINANCIAL REPORT

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



SOUTH SENECA CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

Board of Education
South Seneca Central School District
Ovid, New York

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 South Seneca Central School District (the School District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 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.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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; budgetary comparison schedules; the Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plans; the Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability; Schedule of Changes in the School District's Total OPEB Liability and Related Ratios; and related notes be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit; Schedule of Project Expenditures - Capital Projects Fund; Schedule of Net Investment in Capital Assets; and 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*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 GAAS. In our opinion, the supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2023, on our consideration of the 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 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 School District's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 5, 2023

SOUTH SENECA CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

The following is a discussion and analysis of South Seneca Central School District's (the School District) financial performance for the fiscal year ended June 30, 2023. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements, and supplementary information (both required and not required). The basic financial statements include two kinds of statements that present different views of the School District.

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the School District's overall financial status.
- The remaining statements are Governmental Fund financial statements that focus on individual parts (the funds of the School District), reporting the School District's operations in greater detail than the District-wide financial statements.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year, a Schedule of Changes in the School District's total Other Postemployment Benefits (OPEB) Liability and Related Ratios related to the School District's postemployment benefits, and information related to the School District's pension obligations.

District-Wide Financial Statements

The District-wide financial statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two District-wide financial statements report the School District's net resources and how they have changed. Net position (the difference between the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources) is one way to measure the School District's financial health or position.

Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. To assess the School District's overall health, one needs to consider additional nonfinancial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

SOUTH SENECA CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

In the District-wide financial statements, the School District's activities are shown as Governmental Activities. Most of the School District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state formula aid finance most of these activities.

Fund Financial Statements

The Fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "Major" Funds, not on the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. The School District has two kinds of funds:

- **Governmental Funds:** Most of the School District's basic services are included in Governmental Funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out; and (2) the balances left at year end that are available for spending. Consequently, the Governmental Funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the District-wide financial statements, additional information following the Governmental Fund financial statements explains the relationship (or differences) between them.
- **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others, such as the Student Activities Funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

SOUTH SENECA CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The School District's combined net position for the fiscal year ended June 30, 2023 increased by \$423,229. Our analysis focuses on the net position (*Figure 1*) and changes in net position (*Figure 2*) of the School District's Governmental Activities.

Figure 1

<i>Condensed Statement of Net Position</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2023</i>	<i>2022</i>	
<i>Current Assets</i>	\$ 3,365,433	\$ 4,495,604	\$ (1,130,171)
<i>Noncurrent Assets</i>	10,296,605	17,004,569	(6,707,964)
<i>Capital Assets, Net</i>	38,641,794	38,628,291	13,503
<i>Total Assets</i>	52,303,832	60,128,464	(7,824,632)
<i>Total Deferred Outflows of Resources</i>	7,172,560	5,815,787	1,356,773
<i>Current Liabilities</i>	5,063,422	4,601,802	461,620
<i>Noncurrent Liabilities</i>	12,664,602	10,251,661	2,412,941
<i>Total Liabilities</i>	17,728,024	14,853,463	2,874,561
<i>Total Deferred Inflows of Resources</i>	803,116	10,568,765	(9,765,649)
<i>Net Investment in Capital Assets</i>	31,297,058	28,414,208	2,882,850
<i>Restricted</i>	10,474,663	10,235,548	239,115
<i>Unrestricted</i>	(826,469)	1,872,267	(2,698,736)
<i>Total Net Position</i>	\$ 40,945,252	\$ 40,522,023	\$ 423,229

The decrease in current assets is mainly due to a decrease in unrestricted cash which moved to restricted cash in noncurrent assets. The decrease in noncurrent assets is primarily due to the decrease in the net pension asset - proportionate share. The increase in capital assets, net, is mainly due to an increase in capital projects during the current year exceeding depreciation expense.

The changes in deferred outflows of resources - pensions and deferred inflows of resources - pensions, are related to changes in the actuarially determined proportionate share of the pension systems plans net pension (asset)/liability and related deferred outflows and inflows of resources.

Noncurrent liabilities increased primarily due to the net pension asset changing to net pension liability during the year. Changes in deferred outflows of resources - OPEB, and deferred inflows of resources - OPEB, are related to changes in the actuarial valuation of the School District's OPEB plan.

Net investment in capital assets increased because capital outlay and debt principal payments exceeded debt proceeds and depreciation and amortization expense for the current year. The increase in restricted net position is primarily based on increases in Board-approved reserves in the General Fund. Unrestricted net position decreased due to the results of operations offset by the changes above.

SOUTH SENECA CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

Our analysis in *Figure 2* considers the operations of the School District's activities.

Figure 2

<i>Changes in Net Position</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2023</i>	<i>2022</i>	
<i>REVENUES</i>			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	\$ 225,448	\$ 138,584	\$ 86,864
<i>Operating Grants and Contributions</i>	3,338,928	2,508,623	830,305
<i>General Revenues:</i>			
<i>Real Property Taxes</i>	7,963,479	7,713,389	250,090
<i>Real Property Tax Items</i>	717,649	759,848	(42,199)
<i>State Sources</i>	14,782,163	14,501,246	280,917
<i>Use of Money and Property</i>	484,123	45,160	438,963
<i>Other General Revenues</i>	1,482,004	1,402,275	79,729
<i>Total Revenues</i>	\$ 28,993,794	\$ 27,069,125	\$ 1,924,669
<i>PROGRAM EXPENSES</i>			
<i>General Support</i>	\$ 6,203,474	\$ 5,313,416	\$ 890,058
<i>Instruction</i>	19,518,089	15,331,502	4,186,587
<i>Pupil Transportation</i>	1,798,898	1,376,769	422,129
<i>School Lunch Program</i>	687,586	504,429	183,157
<i>Interest on Long-Term Debt</i>	362,518	476,976	(114,458)
<i>Total Expenses</i>	\$ 28,570,565	\$ 23,003,092	\$ 5,567,473
<i>CHANGE IN NET POSITION</i>	\$ 423,229	\$ 4,066,033	\$ (3,642,804)

Total revenues for the School District's Governmental Activities increased 7.11%. Property taxes increased based on increases in voter approved tax levy, while other items related to property taxes decreased due to STAR tax relief reimbursements. State sources increased primarily due to increases in state basic formula aid and interest income. Total expenses increased 24.20%. This change stems from an increase in pension and OPEB obligations.

SOUTH SENECA CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Figure 3 shows the changes in fund balances for the year for the School District's Governmental Funds. As the School District completed the year, its Governmental Funds, as presented in the Balance Sheet, reported a decrease in combined fund balances of 3.35% over the prior year. This decrease is primarily the result of decreases in Capital Fund revenue, offset by increases in General Fund revenue from other state sources.

Figure 3

<i>Governmental Fund Balances</i>	<i>2023</i>	<i>2022</i>	<i>Total Dollar Change</i>
<i>General Fund</i>	\$ 11,049,967	\$ 10,564,732	\$ 485,235
<i>Special Aid Fund</i>	(74,514)	73,388	(147,902)
<i>School Lunch Fund</i>	207,193	151,733	55,460
<i>Debt Service Fund</i>	966,711	949,070	17,641
<i>Capital Fund</i>	(860,832)	-	(860,832)
<i>Miscellaneous Special Revenue Fund</i>	505,692	464,669	41,023
<i>Total Governmental Funds</i>	\$ 11,794,217	\$ 12,203,592	\$ (409,375)

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the School District budget was revised several times. These budget amendments consisted of budget transfers between functions, which did change the overall budget. In addition, the Board of Education revised the budget for carry-over encumbrances of \$139,758. Actual charges to appropriations (expenditures and encumbrances) were \$939,910 less than final budgeted amounts and revenues along with other financing sources exceeded estimates by \$649,656 for the year ended June 30, 2023.

SOUTH SENECA CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

Figure 4 summarizes the original and final budgets, the actual expenditures (including encumbrances), and the variances for the year ending June 30, 2023.

Figure 4

<i>Condensed Budgetary Comparison General Fund - 2023</i>	<i>Original Budget</i>	<i>Revised Budget</i>	<i>Actual w/ Encumbrances</i>	<i>Favorable (Unfavorable) Variance</i>
<i>REVENUES</i>				
<i>Real Property Taxes</i>	\$ 7,896,610	\$ 7,896,610	\$ 7,963,479	\$ 66,869
<i>Other Tax Items</i>	806,755	806,755	717,649	(89,106)
<i>State Sources</i>	14,974,469	14,974,469	14,782,163	(192,306)
<i>Federal Sources</i>	85,000	85,000	103,482	18,482
<i>Other, Including Financing Sources</i>	1,000,000	1,185,274	2,030,991	845,717
<i>Total Revenues and Other Financing Sources</i>	\$24,762,834	\$24,948,108	\$25,597,764	\$ 649,656
<i>Appropriated Fund Balance</i>	\$ 1,107,833	\$ 1,107,833		
<i>Carryover Encumbrances</i>	\$ 139,758	\$ 139,758		
<i>EXPENDITURES</i>				
<i>General Support</i>	\$ 3,222,787	\$ 4,141,696	\$ 3,992,002	\$ 149,694
<i>Instruction</i>	13,158,699	12,611,009	12,166,730	444,279
<i>Pupil Transportation</i>	1,527,292	1,535,317	1,464,318	70,999
<i>Employee Benefits</i>	4,507,809	4,275,939	4,007,559	268,380
<i>Debt Service</i>	3,382,838	3,435,438	3,435,438	-
<i>Other Financing Uses</i>	211,000	196,300	189,742	6,558
<i>Total Expenditures and Other Financing Uses</i>	\$26,010,425	\$26,195,699	\$25,255,789	\$ 939,910

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2023, the School District had invested in a broad range of capital assets. This amount represents a net increase of 0.03% compared to last year, as shown in Figure 5.

Figure 5

<i>Changes in Capital Assets</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2023</i>	<i>2022</i>	
<i>Land</i>	\$ 201,966	\$ 201,966	\$ -
<i>Construction in Progress</i>	1,510,910	-	1,510,910
<i>Buildings, Net</i>	34,372,458	35,784,288	(1,411,830)
<i>Equipment, Net</i>	2,498,087	2,453,176	44,911
<i>Intangible Lease Assets, Net</i>	58,373	188,861	(130,488)
<i>Total</i>	\$ 38,641,794	\$ 38,628,291	\$ 13,503

SOUTH SENECA CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

Capital asset activity for the year ended June 30, 2023 included the following:

Construction in Progress	\$ 1,510,910
Equipment	545,803
Total Additions	<u>2,056,713</u>
 (Less) Net Book Value of Disposed Equipment	 (67,428)
(Less) Amortization Expense	(130,488)
(Less) Depreciation Expense	<u>(1,845,294)</u>
 Net Change in Capital Assets	 <u>\$ 13,503</u>

Debt Administration

Debt considered liabilities of Governmental Activities decreased by \$3,140,624 in 2023, as shown in *Figure 6*. Total indebtedness represented approximately 14.2% of the School District's constitutional debt limit, exclusive of building aid estimates.

Figure 6

<i>Outstanding Debt</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2023</i>	<i>2022</i>	
<i>Serial Bonds</i>	\$ 7,105,000	\$ 10,193,571	\$ (3,088,571)
<i>Lease Liabilities</i>	39,318	91,371	(52,053)
<i>Total</i>	\$ 7,144,318	\$ 10,284,942	\$ (3,140,624)

Additional information on the maturities and terms of the School District's outstanding debt can be found in the notes to these financial statements.

The School District's bond rating, per Moody's, is A1.

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

- COVID-19 had a substantial impact on New York State's ability to provide state aid to school districts during the 2020-21 and 2021-22 years. Currently, with CRRSA and ARP Federal stimulus, South Seneca was able to balance its 2023-24 budget. Over the next year, South Seneca plans on using its portion of stimulus fund to cover shortfall from NYS, investing on learning loss programs, upgrade the air circulation and quality in our buildings, purchase PPE and other necessary supplies to safely open school.

SOUTH SENECA CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

- The School District has prioritized operations which will translate to a longer, sustainable future for South Seneca. Continuous goals are to utilize more BOCES services (which are state aidable), reconfiguring special education programs within the School District and to evaluating staffing annually. The School District enters 2023-24 in a stable position where it can meet the program goals of the Board of Education and the new state educational requirements.
- South Seneca Central School District has continued to utilize services of Central Business Offices (CBO) at TST BOCES to consolidate office functions. Tax collection, accounts payable, payroll functions, benefits and now Treasury of the District are mainly performed at the CBO. NYSED encourages Districts to share services through BOCES and, therefore, provide additional state aid to participating districts.
- Pension rates had been declining over the past several years for school districts those these rates change annually based on stock market results. The School District's highest required contributions to the pension systems are 9.6% (ERS) and 9.76% (TRS) for 2023-24. The majority of our staff are TRS eligible employees. South Seneca has built up reserves to offset any fluctuations of these expenditures for future years.
- Recently enacted legislation in New York State caps tax levy increases to CPI or 2% whichever is less. However, the law provides for some adjustments which allows the Tax Cap to exceed 2%. For the 2023-24 budget year, due to the impact of COVID-19 the tax levy increase approved by voters was 2.31% which includes adjustments for capital expenditures. Over the next few years we believe the tax levy will continue to go around the 2% cap. In addition, the School District has established reserves and will be able to utilize the reserves to stabilize the current and future budgets as a result of any calculated tax cap.
- South Seneca Central School has utilized the \$100,000 Capital Outlay for annual, smaller-sized maintenance projects. The focus of the 2023-24 project is for the update of main water line to building and installation of a digital sign system in the Middle- High School. South Seneca is currently in the Design Developing and contract documents of the Capital Improvement Project phases and its working closely with the BOE, Administration, Staff, Community, Architects, Lawyers, and Fiscal Advisors in developing a proposal that would benefit its students, staff and community.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the South Seneca Central 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, South Seneca Central School District, at 7263 Main Street, Ovid, New York 14521.

SOUTH SENECA CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2023

ASSETS

Current Assets

Cash - Unrestricted	\$ 846,195
Cash - Restricted	<u>201,995</u>
Due From State and Federal Governments	<u>1,974,656</u>
Other Receivables, Net	<u>306,044</u>
Inventories	<u>29,193</u>
Prepaid Items	<u>7,350</u>
Total Current Assets	<u>3,365,433</u>

Noncurrent Assets

Cash -Restricted	<u>10,296,605</u>
Capital Assets, Net:	
Nondepreciable Capital Assets	<u>1,712,876</u>
Depreciable Capital Assets, Net	<u>36,870,545</u>
Intangible Lease Assets, Net	<u>58,373</u>
Total Noncurrent Assets	<u>48,938,399</u>

Total Assets	<u>52,303,832</u>
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DEFERRED OUTFLOWS OF RESOURCES

Pensions	<u>5,196,241</u>
OPEB	<u>1,976,319</u>
Total Deferred Outflows of Resources	<u>7,172,560</u>

LIABILITIES

Current Liabilities

Accounts Payable	<u>328,791</u>
Accrued Liabilities	<u>445,479</u>
Due to Other Governments	<u>530</u>
Bond Interest and Matured Bonds	<u>11,401</u>
Unearned Revenues	<u>178,971</u>
Due to Teachers' Retirement System	<u>807,490</u>
Due to Employees' Retirement System	<u>86,025</u>
Compensated Absences Payable	<u>20,336</u>
Other Liabilities	<u>199</u>
Current Portion of Long-Term Liabilities:	
Bonds Payable	<u>3,145,000</u>
Lease Liabilities	<u>39,318</u>
Total Current Liabilities	<u>5,063,540</u>

See Notes to Basic Financial Statements

SOUTH SENECA CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION (CONTINUED) JUNE 30, 2023

LIABILITIES (CONTINUED)

Noncurrent Liabilities and Obligations

Bonds Payable	<u>\$ 3,960,000</u>
Compensated Absences Payable	<u>816,659</u>
Other Postemployment Benefit Liabilities	<u>5,685,856</u>
Net Pension Liability - Proportionate Share	<u>2,201,969</u>
Total Noncurrent Liabilities	<u>12,664,484</u>

Total Liabilities	<u>17,728,024</u>
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DEFERRED INFLOWS OF RESOURCES

Pensions	<u>480,023</u>
OPEB	<u>323,093</u>

Total Deferred Inflows of Resources	<u>803,116</u>
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NET POSITION

Net Investment in Capital Assets	<u>31,297,058</u>
Restricted	<u>10,474,663</u>
Unrestricted	<u>(826,469)</u>

Total Net Position	<u>\$ 40,945,252</u>
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See Notes to Basic Financial Statements

SOUTH SENECA CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants	
FUNCTIONS/PROGRAMS				
General Support	\$ 6,203,474	\$ -	\$ -	\$ (6,203,474)
Instruction	19,518,089	180,605	2,771,937	(16,565,547)
Pupil Transportation	1,798,898	-	-	(1,798,898)
School Lunch Program	687,586	44,843	566,991	(75,752)
Interest on Debt	362,518	-	-	(362,518)
Total Functions and Programs	\$ 28,570,565	\$ 225,448	\$ 3,338,928	(25,006,189)

GENERAL REVENUES

Real Property Taxes	7,963,479
Real Property Tax Items	717,649
Use of Money and Property	484,123
State Sources	14,782,163
Sale of Property and Compensation for Loss	107,321
Miscellaneous	1,374,683

Total General Revenues 25,429,418

Change in Net Position 423,229

Total Net Position - Beginning of Year 40,522,023

Total Net Position - End of Year **\$ 40,945,252**

See Notes to Basic Financial Statements

SOUTH SENECA CENTRAL SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2023

	Major Funds					Non-Major Fund	Total Governmental Funds
	Special Revenue Funds					Miscellaneous Special Revenue Fund	
	General Fund	Special Aid Fund	School Lunch Fund	Debt Service Fund	Capital Projects Fund		
ASSETS							
Cash - Unrestricted	\$ 571,781	\$ 274,414	\$ -	\$ -	\$ -	\$ -	\$ 846,195
Cash - Restricted	8,824,260	-	152,284	964,687	49,711	507,658	10,498,600
Due From Other Funds	1,610,919	2,519	-	2,024	-	-	1,615,462
Due From State and Federal Governments	852,002	1,079,607	38,334	-	4,713	-	1,974,656
Other Receivables	270,632	35,412	-	-	-	-	306,044
Inventories	-	-	29,193	-	-	-	29,193
Prepaid Items	7,350	-	-	-	-	-	7,350
Total Assets	\$ 12,136,944	\$ 1,391,952	\$ 219,811	\$ 966,711	\$ 54,424	\$ 507,658	\$ 15,277,500
LIABILITIES							
Accounts Payable	\$ 77,396	\$ 46,815	\$ 2,272	\$ -	\$ 200,418	\$ 1,890	\$ 328,791
Accrued Liabilities	91,077	353,545	857	-	-	-	445,479
Due to Other Funds	4,530	896,094	-	-	714,838	-	1,615,462
Due to Other Governments	-	-	530	-	-	-	530
Due to Teachers' Retirement System	807,490	-	-	-	-	-	807,490
Due to Employees' Retirement System	86,025	-	-	-	-	-	86,025
Compensated Absences Payable	20,336	-	-	-	-	-	20,336
Unearned Revenues	-	170,012	8,959	-	-	-	178,971
Other Liabilities	123	-	-	-	-	76	199
Total Liabilities	1,086,977	1,466,466	12,618	-	915,256	1,966	3,483,283
FUND BALANCES							
Nonspendable	7,350	-	29,193	-	-	-	36,543
Restricted	8,824,260	-	178,000	966,711	-	505,692	10,474,663
Assigned	1,143,860	-	-	-	-	-	1,143,860
Unassigned	1,074,497	(74,514)	-	-	(860,832)	-	139,151
Total Fund Balances	11,049,967	(74,514)	207,193	966,711	(860,832)	505,692	11,794,217
Total Liabilities and Fund Balances	\$ 12,136,944	\$ 1,391,952	\$ 219,811	\$ 966,711	\$ 54,424	\$ 507,658	\$ 15,277,500

See Notes to Basic Financial Statements

SOUTH SENECA CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2023

Fund Balances - Total Governmental Funds		\$ 11,794,217
Amounts reported for Governmental Activities in the Statement of Net Position are different because:		
Capital assets, net of accumulated depreciation and amortization, used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.		
Total Historical Cost	\$ 69,377,972	
(Less) Accumulated Depreciation	(30,301,412)	
(Less) Accumulated Amortization	<u>(434,766)</u>	38,641,794
The School District's proportionate share of the Employee Retirement Systems' collective net pension liability is not reported in the funds.		
TRS Net Pension Liability	\$ (1,456,873)	
ERS Net Pension Liability	<u>(745,096)</u>	(2,201,969)
Deferred outflows of resources, including deferred charges on defeased debt, OPEB, and pensions, represents a consumption of net position that applies to future periods and, therefore, is not reported in the funds. Deferred inflows of resources, including OPEB and pensions, represents an acquisition of net position that applies to future periods and, therefore, is not reported in the funds.		
OPEB Deferred Outflows of Resources	\$ 1,976,319	
ERS Deferred Outflows of Resources - Pension	1,073,090	
TRS Deferred Outflows of Resources - Pension	4,123,151	
OPEB Deferred Inflows of Resources	(323,093)	
ERS Deferred Inflows of Resources - Pension	(60,734)	
TRS Deferred Inflows of Resources - Pension	<u>(419,289)</u>	6,369,444
Long-term liabilities, including bonds and notes payable, and lease liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.		
Bonds Payable	\$ (7,105,000)	
Lease Liabilities	<u>(39,318)</u>	(7,144,318)
Certain accrued obligations and expenses reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported in the Governmental Funds.		
Accrued Interest on Long-Term Debt	\$ (11,401)	
Long-Term Compensated Absences	(816,659)	
Other Postemployment Benefit Liabilities	<u>(5,685,856)</u>	<u>(6,513,916)</u>
Net Position of Governmental Activities		<u><u>\$ 40,945,252</u></u>

See Notes to Basic Financial Statements

SOUTH SENECA CENTRAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2023

	Major Funds					Non-Major Fund	Total Governmental Funds
	Special Revenue Funds					Miscellaneous Special Revenue Fund	
	General Fund	Special Aid Fund	School Lunch Fund	Debt Service	Capital Projects Fund		
REVENUES							
Real Property Taxes	\$ 7,963,479	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,963,479
Other Tax Items	717,649	-	-	-	-	-	717,649
Charges for Services	117,871	-	-	-	-	-	117,871
Use of Money and Property	455,199	-	48	17,641	-	11,235	484,123
Sale of Property and Compensation for Loss	174,749	-	-	-	-	87,315	262,064
Miscellaneous	1,283,172	79,784	4,410	-	-	-	1,367,366
State Sources	14,782,163	639,675	10,809	-	-	-	15,432,647
Federal Sources	40,748	2,011,730	539,028	-	-	-	2,591,506
Medical Reimbursement	62,734	-	-	-	-	-	62,734
Surplus Food	-	-	17,154	-	-	-	17,154
Sales - School Lunch	-	-	44,629	-	-	-	44,629
Total Revenues	25,597,764	2,731,189	616,078	17,641	-	98,550	29,061,222
EXPENDITURES							
General Support	3,929,015	-	-	-	-	-	3,929,015
Instruction	12,086,582	2,040,906	283,863	-	-	57,527	14,468,878
Pupil Transportation	1,464,193	18,031	-	-	-	-	1,482,224
Employee Benefits	4,007,559	294,818	20,355	-	-	-	4,322,732
Debt Service:							
Principal	3,057,053	-	-	-	-	-	3,057,053
Interest	378,385	-	-	-	-	-	378,385
Cost of Sales	-	-	321,400	-	-	-	321,400
Capital Outlay	-	-	-	-	1,510,910	-	1,510,910
Total Expenditures	24,922,787	2,353,755	625,618	-	1,510,910	57,527	29,470,597
Excess (Deficiency) of Revenues Over Expenditures	674,977	377,434	(9,540)	17,641	(1,510,910)	41,023	(409,375)
OTHER FINANCING SOURCES AND (USES)							
Operating Transfers In	-	24,742	65,000	-	650,078	-	739,820
Operating Transfers (Out)	(189,742)	(550,078)	-	-	-	-	(739,820)
Total Other Financing Sources and (Uses)	(189,742)	(525,336)	65,000	-	650,078	-	-
Net Change in Fund Balances	485,235	(147,902)	55,460	17,641	(860,832)	41,023	(409,375)
Fund Balances - Beginning of Year	10,564,732	73,388	151,733	949,070	-	464,669	12,203,592
Fund Balances - End of Year	\$ 11,049,967	\$ (74,514)	\$ 207,193	\$ 966,711	\$ (860,832)	\$ 505,692	\$ 11,794,217

See Notes to Basic Financial Statements

SOUTH SENECA CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

Net Change in Fund Balances - Total Governmental Funds **\$ (409,375)**

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. In the Statement of Activities, only the gain or loss on the sale of capital assets is reported, whereas proceeds from the sale are reported as revenue in the Governmental Funds.

Capital Asset Additions	\$ 2,056,713	
Net Book Value of Disposed Assets	(67,428)	
Depreciation Expense	(1,845,294)	
Amortization Expense	<u>(130,488)</u>	13,503

Debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Principal Paid on Serial Bonds	\$ 3,005,000	
Principal Paid on Leases	<u>52,053</u>	3,057,053

Long-term liabilities, such as those associated with employee benefits, are reported in the Statement of Net Position. Therefore, expenses which result in an (increase) or decrease in these long-term liabilities are not reflected in the Governmental Fund financial statements. In addition, changes in the School District's deferred outflows and deferred inflows of resources related to other postemployment benefits do not affect current financial resources and are, also, not reported in the Governmental Funds.

Net Change in Compensated Absences Payable	\$ 16,127	
Net Change in Other Postemployment Benefit Liabilities	<u>(1,756,895)</u>	(1,740,768)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported in the Governmental Funds.

Amortization of Deferred Charges on Defeased Debt	\$ (70,859)	
Amortization of Premiums on Obligations	83,571	
Change in Accrued Interest	<u>3,155</u>	15,867

Changes in the School District's proportionate share of net pension (assets)/liabilities have no effect on current financial resources and therefore, are not reported in the Governmental Funds. In addition, changes in the School District's deferred outflows and deferred inflows of resources related to pensions do not affect current financial resources and are also not reported in the Governmental Funds.

ERS	\$ (282,933)	
TRS	<u>(230,118)</u>	<u>(513,051)</u>

Net Change in Net Position of Governmental Activities **\$ 423,229**

See Notes to Basic Financial Statements

SOUTH SENECA CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2023

	<u>Custodial Fund</u>
ASSETS	
Cash - Unrestricted	<u>\$ 110,489</u>
Total Assets	<u><u>\$ 110,489</u></u>
NET POSITION	
Unrestricted	<u>\$ 110,489</u>
TOTAL NET POSITION	<u><u>\$ 110,489</u></u>

See Notes to Basic Financial Statements

SOUTH SENECA CENTRAL SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED JUNE 30, 2023

	Custodial Fund
ADDITIONS	
Extraclass Receipts	<u>\$ 98,346</u>
DEDUCTIONS	
Extraclass Disbursements	<u>89,422</u>
Change in Net Position	<u>8,924</u>
Net Position - Beginning of Year	<u>101,565</u>
Net Position - End of Year	<u>\$ 110,489</u>

See Notes to Basic Financial Statements

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 1 **Summary of Significant Accounting Policies**

The accompanying financial statements of South Seneca Central School District (the School District) have been prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP) for governments, as prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

Essentially, the primary function of the School District is to provide education for pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function.

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 (Board) consisting of seven members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. 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 financial reporting entity consists of the following, as defined by GASB Statement No. 14, "The Financial Reporting Entity," as amended.

- The primary government, which is the South Seneca Central School District;
- 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 basic financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the School District. 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 Extraclassroom Activity Funds are included in the School District's reporting entity.

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. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be obtained from the School District's business office, 7263 Main Street, Ovid, New York 14521.

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Joint Venture

The School District is one of nine component school districts in the Tompkins-Seneca-Tioga Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs that provide educational and support activities.

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 (GML).

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

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the Education Law.

Basis of Presentation - District-Wide Financial 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.

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Basis of Presentation - District-Wide Financial Statements - Continued

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 relate to the administration and support of the School District's programs, including personnel, overall administration, and finance. Employee benefits are allocated to functional expenses as a percentage of related payroll expense. Program revenues include 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.

Basis of Presentation - Governmental Fund Financial Statements

The Governmental Fund financial 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 Governmental Fund financial statements is on Major Governmental Funds, each displayed in a separate column.

The School District reports the following Major Governmental Funds:

- General Fund: The School District's primary operating fund. It accounts for all financial transactions not required to be accounted for in another fund.
- Special Revenue Funds: These funds account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:
 - Special Aid Fund: Used to account for proceeds received from state and federal grants that are restricted for special educational programs.
 - School Lunch Fund: Used to account for child nutrition activities whose funds are restricted as to use.
- Capital Projects Fund: Accounts for financial resources used for the renovation of the School District's educational complex and the purchase of School District transportation equipment.
- Debt Service Fund: Accounts for the accumulation of resources and payment of principal and interest on long-term general obligation debt of Governmental Activities.

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Basis of Presentation - Governmental Fund Financial Statements - Continued

The School District reports the following Non-Major Governmental Fund:

- **Miscellaneous Special Revenue Fund:** Accounts for resources donated to the School District for various purposes. Also, the fund accounts for student scholarships whose funds are restricted as to use.

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.

The School District reports the following Fiduciary Fund:

- **Custodial Fund:** Assets are held by the School District as agent for Extracurricular Activity Funds.

Measurement Focus and Basis of Accounting

The District-wide and Fiduciary Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange 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 financial 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.

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Cash and Investments

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. Investments are stated at fair value.

Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided, as it is believed that such allowance would not be material. All receivables are expected to be collected within the subsequent fiscal year.

Due To/From Other Funds

Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year end is provided subsequently in these notes.

Inventories and Prepaid Items

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, at stated value, which approximates fair value. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount. Prepaid items represent payments made by the School District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and Governmental Fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of fund balance for these non-liquid assets (inventories and prepaid items) has been reported as nonspendable to signify that a portion of fund balance is not available for other subsequent expenditures.

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Capital Assets

Capital assets are reported at actual cost for acquisitions, including the right to use assets acquired through financed lease arrangements, subsequent to June 30, 1998. For assets acquired prior to June 30, 1998, capital assets are reported at estimated historical costs, based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair market value at the time received.

Capital assets with a cost in excess \$1,000 for furniture and equipment and \$10,000 for buildings at the date of acquisition are depreciated using the straight-line method over the following estimated useful lives:

	Estimated Useful Life
Buildings	20 - 40 Years
Furniture and Equipment	3 - 20 Years

The School District amortizes its intangible assets in line with the liability payments.

Vested Employee Benefits - Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical time.

Sick leave eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

School District employees are granted vacation time in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement No. 16, "Accounting for Compensated Absences," the liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

In the Governmental Fund financial statements only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you-go basis.

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Leases

The School District determines if an arrangement is or contains a lease at inception. The School District records assets and lease obligations for leases, which are initially based on the discounted future minimum lease payments over the term of the lease. The School District used the rate implicit in the lease agreements. In some cases, the implicit rate is not easily determinable, and the School District elects to use its incremental borrowing rate in calculating present value of lease payments.

Lease term is defined as the non-cancelable period of the lease plus any options to extend the lease when it is reasonably certain that it will be exercised. For leases with a term, including renewals, of 12 months or less, no intangible lease assets or lease obligations are recorded on the Statement of Net Position and the School District will recognize short-term lease expense for these leases on a straight-line basis over the lease term.

The School District's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Amortization expense for leases is recognized on the same basis as payments on the lease liabilities and is included in the education expense function. Interest expense is recognized using the effective interest method. Variable payments, short-term rentals, and payments associated with non-lease components are expensed as incurred.

Postemployment Benefits

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

In addition to providing pension benefits, the School District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the School District's employees may become 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 post-retirement benefits is shared between the School District and the retired employee. The School District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the General Fund in the year paid.

The School District complies with GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." The School District's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with the statement. See Note 11 for additional information.

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

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 judgements, other postemployment benefit payable and compensated absences that will be paid from governmental funds, are reported as a liability in the funds 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.

Unearned Revenue

Unearned revenues arise when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when the School District has legal claim to the resources, the liability for deferred revenues is removed and revenues are recorded.

Statute provides the authority for the School District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, such amounts are recognized as revenues in the subsequent fiscal year, rather than when measurable and available.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element 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 School District reports deferred charges on defeased debt resulting from the difference in the carrying value of refunded debt and its reacquisition price, which is amortized over the shorter of the life of the refunded or refunding debt. The School District also reports deferred outflows of resources related to pensions and OPEB plans in the District-wide Statement of Net Position. The types of deferred outflows related to pensions and OPEB are described in Notes 10 and 11, respectively.

In addition to liabilities, the Statement of Net Position reports 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 will not be recognized as an inflow of resources (revenue) until that time. The School District reports deferred inflows of resources related to pensions and OPEB plans which are further described in Notes 10 and 11, respectively.

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, it is the School District's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

Equity Classifications - District-Wide Financial Statements

Equity is classified as net position and displayed in three components:

- Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted - Consists of resources with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - Consists of all other resources that do not meet the definition of "restricted" or "net investment in capital assets."

Equity Classifications - Governmental Fund Financial Statements

Constraints are broken into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- Nonspendable - Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowments principal.
- Restricted - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the School District's legally adopted reserves are reported here.
- Committed - Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority prior to the end of the fiscal year, and requires the same level of formal action to remove said constraint.

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Equity Classifications - Governmental Fund Financial Statements - Continued

- Assigned - Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.
- Unassigned - Represents the residual classification of the government's General Fund and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain in the General Fund to no more than 4% of the next year's budgetary appropriations. Funds properly retained under other sections of law (i.e., reserve funds established pursuant to Education Law or GML) are excluded from the 4% limitation. The 4% limitation is applied to unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

The Board of Education of the School District has not adopted any resolutions to commit fund balance. The School District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and then unassigned fund balance.

Legally Adopted Reserves

Fund balance reserves are created to satisfy legal restrictions, plan for future expenditures, or relate to resources not available for general use or appropriation. The following reserve funds are available to school districts within the New York State. These reserve funds are established through board action or voter approval and a separate identity must be maintained for each reserve. Earnings on the invested resources become part of the respective reserve funds; however, separate bank accounts are not necessary for each reserve fund. These reserves are reported in the fund financial statements as Restricted Fund Balance. Reserves currently in use by the School District include the following:

- Capital Reserve (Education Law §3651) - 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.

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Legally Adopted Reserves - Continued

- Employee Benefit Accrued Liability Reserve (GML §6-p) - Used to reserve funds for the payment of accrued employee benefits due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.
- Unemployment Insurance Reserve (GML §6-m) - 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 60 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.
- Mandatory Reserve for Debt Service (GML §6-l) - Used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of School District property or capital improvements that were financed by obligations, which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvements. This reserve is accounted for in the Debt Service Fund.
- Retirement Contributions Reserve (GML §6-r) - Used to reserve funds for the payment of retirement contributions, due to volatility in the economic marketplace. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. 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, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. These reserves are accounted for in the General Fund.
- Liability Reserve (Education Law §1709 [8-c]) - Used to reserve funds for the payment of potential property loss and liability claims. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

Legally Adopted Reserves - Continued

- Insurance Reserve (GML §6-m) - Used to pay liability, casualty, and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve, however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the General Fund.

Property Taxes - Calendar

Real property taxes are levied annually by the Board of Education no later than September 1 and became a lien on August 10, 2022. Taxes were collected during the period September 1 to November 30, 2022.

Property Taxes - Enforcement

Uncollected real property taxes are subsequently enforced by the Counties of Seneca and Schuyler. An amount representing uncollected real property taxes transmitted to the Counties for enforcement is paid to the School District no later than the following April 1.

Interfund Transfers

The operations of the School District give rise to certain transactions between funds, including transfers, to provide services and construct assets. The amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds for interfund transfers have been eliminated from the Statement of Activities. A detailed description of the individual fund transfers that occurred during the year is provided subsequently in these notes.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP 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.

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

***Note 1* Summary of Significant Accounting Policies - Continued**

New Accounting Standards

The School District adopted and implemented the following current Statements of the GASB effective for the year ended June 30, 2023:

- GASB has issued Statement No. 96, "Subscription-Based Information Technology Arrangements". The School District has determined there was no material effect on the financial statements.

Future Changes in Accounting Standards

- GASB has issued Statement No. 101, "Compensated Absences," effective for the year ending June 30, 2025.

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

***Note 2* Participation in BOCES**

During the year ended June 30, 2023, the School District's share of BOCES income amounted to \$1,262,002. The School District was billed \$5,275,635 for BOCES administration and program costs. Financial statements for Tompkins-Seneca-Tioga BOCES are available from the BOCES administrative office at 555 Warren Road, Ithaca, New York.

***Note 3* Cash and Cash Equivalents**

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. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

The School District's aggregate bank balances of \$12,164,503, including certificates of deposit, are either insured or collateralized with securities held by the pledging financial institution in the School District's name.

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 3 Cash and Cash Equivalents - Continued

Restricted cash consists of the following at June 30, 2023:

Restricted for Debt Service	\$	966,711
Restricted for Capital Projects		47,687
Restricted for Other General Fund Reserves		8,824,260
Restricted for School Lunch		152,284
Restricted for Scholarships		<u>507,658</u>
Total		<u><u>\$ 10,498,600</u></u>

Note 4 Interfund Balances and Activity

Interfund balances at June 30, 2023 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$1,610,919	\$ 4,530	\$ -	\$ 189,742
Special Aid Fund	2,519	896,094	24,742	550,078
Capital Projects Fund	-	714,838	650,078	-
School Lunch Fund	-	-	65,000	-
Debt Service Fund	<u>2,024</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u><u>\$1,615,462</u></u>	<u><u>\$1,615,462</u></u>	<u><u>\$ 739,820</u></u>	<u><u>\$ 739,820</u></u>

Interfund receivables and payables are eliminated on the Statement of Net Position.

The School District typically transfers from the General Fund to the Special Aid Fund the School District's share of the cost to accommodate the mandated accounting for the School District's share of expenditures of a Special Aid Fund project and to and from the Debt Service Fund for the payment of long-term debt. The School District also transfers funds from the Capital Reserve in the General Fund to the Capital Projects Fund, as needed, to fund capital projects. Periodically, the School District transfers funds as needed to subsidize the School Lunch Fund.

The School District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 5 Capital Assets

Capital asset balances and activity for the year ended June 30, 2023, were as follows:

Governmental Activities	Beginning Balance	Additions	Reclassifications and Disposals	Ending Balance
Capital Assets That Are Not Depreciated				
Land	\$ 201,966	\$ -	\$ -	\$ 201,966
Construction in Progress	-	1,510,910	-	1,510,910
Total Nondepreciable Historical Cost	<u>201,966</u>	<u>1,510,910</u>	<u>-</u>	<u>1,712,876</u>
Capital Assets That Are Depreciated				
Buildings	62,394,680	-	-	62,394,680
Furniture and Equipment	4,641,556	545,803	(410,082)	4,777,277
Total Depreciable Historical Cost	<u>67,036,236</u>	<u>545,803</u>	<u>(410,082)</u>	<u>67,171,957</u>
Intangible Lease Assets:				
Equipment	493,139	-	-	493,139
Total Historical Cost	<u>67,731,341</u>	<u>2,056,713</u>	<u>(410,082)</u>	<u>69,377,972</u>
(Less) Accumulated Depreciation				
Buildings	(26,610,392)	(1,411,830)	-	(28,022,222)
Furniture and Equipment	(2,188,380)	(433,464)	342,654	(2,279,190)
Total Accumulated Depreciation	<u>(28,798,772)</u>	<u>(1,845,294)</u>	<u>342,654</u>	<u>(30,301,412)</u>
(Less) Accumulated Amortization				
Equipment	(304,278)	(130,488)	-	(434,766)
Total Historical Cost, Net	<u>\$ 38,628,291</u>	<u>\$ 80,931</u>	<u>\$ (67,428)</u>	<u>\$ 38,641,794</u>

Depreciation and amortization expense was charged to governmental functions as follows:

General Support	\$ 1,585,786
Instruction	63,049
Pupil Transportation	322,646
School lunch program	4,301
Total	<u>\$ 1,975,782</u>

Note 6 Short-Term Debt

The School District may issue revenue anticipation notes (RANs) and tax anticipation notes (TANs), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund. The School District did not issue or redeem any RANs or TANs during the year.

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 6 Short-Term Debt - Continued

The School District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which an insufficient or no provision is made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued. The School District did not issue or redeem any budget notes during the year.

The School District may issue bond anticipation notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date. The School District did not issue or redeem any BANs during the year.

Note 7 Long-Term Debt

At June 30, 2023, the total outstanding indebtedness of the School District represented 14.2% of its statutory debt limit, exclusive of building aid estimates. Long-term debt is classified as follows:

- Serial Bonds - The School District borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving institution or investor and are not offered for public sale. There are no terms that present additional risk to the School District associated with these direct borrowings or placements.

The following is a summary of the School District's long-term debt for the year ended June 30, 2023:

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2023</u>
2015 Refunding Bonds	06/15/2015	06/15/2024	3.00%-5.00%	\$ 4,510,000
2017 Serial Bonds	06/15/2017	06/15/2033	2.00%-3.00%	<u>2,595,000</u>
Total				<u>\$ 7,105,000</u>

Interest expense on long-term debt during the year ended June 30, 2023 was comprised of the following:

Interest Paid	\$ 377,838
(Less) Interest Accrued in the Prior Year	(14,556)
Plus Interest Accrued in the Current Year	11,401
(Less) Amortization of Bond Premium	(83,571)
Plus Amortization of Deferred Charges on Defeased Debt	<u>70,859</u>
Total	<u>\$ 361,971</u>

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 7 Long-Term Debt - Continued

Interest paid on the Serial Bonds varies from year to year, in accordance with interest rates specified in the bond agreements.

Long-term debt balances and activity for the year are summarized below:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Serial Bonds	\$ 10,110,000	\$ -	\$ (3,005,000)	\$ 7,105,000	\$ 3,145,000
Unamortized Premiums	83,571	-	(83,571)	-	-
Total	\$ 10,193,571	\$ -	\$ (3,088,571)	\$ 7,105,000	\$3,145,000

The following is a summary of the maturity of long-term indebtedness:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 3,145,000	\$ 243,638	\$ 3,388,638
2025	450,000	102,888	552,888
2026	470,000	93,888	563,888
2027	480,000	83,900	563,900
2028	490,000	73,100	563,100
2029-2033	2,070,000	160,750	2,230,750
Total	\$ 7,105,000	\$ 758,164	\$ 7,863,164

On June 15, 2015, the School District issued \$13,915,000 of general obligation bonds, with interest rates ranging between 3.0% and 5.0%. The School District issued these bonds to advance refund \$14,090,000 of outstanding refunding serial bonds with interest rates ranging from 4.0% to 5.75%. The School District used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the bonds. As a result, \$14,090,000 in bonds is considered defeased and the liability was removed from the School District's financial statements.

The outstanding principal of the defeased bonds was \$4,510,000 at June 30, 2023. The School District capitalized deferred charges on defeased debt related to the refunding bonds of \$2,595,000 which will be amortized over the life of the bonds.

The components of deferred charges on defeased debt are summarized as follows:

<u>Deferred Charges on Defeased Debt</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
2015 Refunding Bonds	\$ 70,859	\$ -	\$ (70,859)	\$ -	\$ -

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 8 Compensated Absences

Compensated absences represents the value of the earned and unused portion of the liability for compensated absences. This liability is liquidated from the General Fund.

A summary of balances and activity related to noncurrent compensated absences for the year ended June 30, 2023 follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Compensated Absences	\$ 834,475	\$ -	\$ (17,816)	\$ 816,659

Changes to long-term compensated absences are reported net, as it is impractical to individually determine additions and deletions during the fiscal year.

Note 9 Lease Liabilities

The School District enters into lease agreements for certain equipment that are considered leases. The School District is not party to any material short-term leases, and current leases do not require any variable payments.

At June 30, 2023, the School District reported \$493,139 offset by accumulated amortization of \$130,488 in intangible assets that were not included in the lease liability below.

Lease liabilities as of June 30, 2023 are as follows:

Description of Lease	Issue Date	Final Maturity	Discount Rate	Outstanding June 30, 2023
Copiers	4/3/2019	4/2/2024	0.81%	\$ 39,318
Total				\$ 39,318

The following is a summary of the maturity of lease liabilities:

Year	Principal	Interest	Total
2024	\$ 39,318	\$ 133	\$ 39,451
Total	\$ 39,318	\$ 133	\$ 39,451

Interest paid for the current year amount to \$547.

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 10 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems)**

Plan Descriptions and Benefits Provided - Teachers' Retirement System (TRS) (System)

The School District participates in the New York State 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 to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in 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. Additional information regarding the System may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

Tier 3 and Tier 4 members are required by law to contribute 3% of salary to the System. Effective October 2000, contributions were eliminated for Tier 3 and 4 members with 10 or more years of service or membership. Effective January 1, 2010, Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Effective April 1, 2012, Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a salary based upon salary earned. Pursuant to Article 14 and Article 15 of the RSSL, 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 RSSL. 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.

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 10 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

Plan Descriptions and Benefits Provided - Employees' Retirement System (ERS) (System)

The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer 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 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, New York 12244.

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1973, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to be making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 10 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Summary of Significant Accounting Policies

The Systems' financial statements from which the Systems' fiduciary respective net position is determined are prepared using the accrual basis of accounting. Plan member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Plan investments are reported at fair value. For detailed information on how investments are valued, please refer to the Systems' annual reports.

Contributions

Contributions for the current year and two preceding Plan years were equal to 100% of the contributions required, and were as follows:

	ERS	TRS
2023	\$ 284,863	\$ 674,327
2022	374,260	680,251
2021	319,412	589,082

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 the following (asset)/liability for its proportionate share of the net pension (asset)/liability for each of the Systems. The net pension (asset)/liability was measured as of March 31, 2023 for ERS and June 30, 2022 for TRS. The total pension liability used to calculate the net pension (asset)/liability was determined by an actuarial valuation. The School District's proportionate share of the net pension (asset)/liability was based on a projection of the School District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was derived from reports provided to the School District by the ERS and TRS Systems.

	ERS	TRS
Actuarial Valuation Date	04/01/2022	06/30/2021
Net Pension (Asset)/Liability	\$ 21,444,032,790	\$ 1,918,891,690
School District's Proportionate Share of the Plan's Total Net Pension (Asset)/Liability	1,456,873	745,096
School District's Share of the Net Pension (Asset)/Liability	0.0067938%	0.038829%

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

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

For the year ended June 30, 2023, the School District recognized pension expense of \$567,591 for ERS and \$949,466 for TRS in the District-wide financial statements. 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	
	ERS	TRS	ERS	TRS
Differences Between Expected and Actual Experience	\$ 155,168	\$ 780,766	\$ 40,914	\$ 14,930
Changes of Assumptions	707,552	1,445,359	7,820	300,146
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	962,734	8,559	-
Changes in Proportion and Differences Between the School District's Contributions and Proportionate Share of Contributions	124,345	214,407	3,441	104,213
School District's Contributions Subsequent to the Measurement Date	86,025	719,885	-	-
Total	\$ 1,073,090	\$ 4,123,151	\$ 60,734	\$ 419,289

School District contributions subsequent to the measurement date, reported as deferred outflows of resources, 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	ERS	TRS
2024	\$ 237,768	\$ 566,442
2025	(37,030)	318,349
2026	321,698	(99,893)
2027	403,895	1,908,614
Thereafter	-	290,465

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 10 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

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

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2023	June 30, 2022
Actuarial Valuation Date	April 1, 2022	June 30, 2021
Investment Rate of Return	5.9%	6.95%
Salary Increases	4.4%	1.95% - 5.18%
Cost of Living Adjustments	1.5%	1.3%
Inflation Rate	2.9%	2.4%

Actuarial Assumptions

For ERS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021, applied on a generational basis.

For ERS, 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. For TRS, the actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period July 1, 2015 - June 30, 2020.

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

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 10 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

Actuarial Assumptions - Continued

For TRS, 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 the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below.

Measurement Date	ERS	TRS
	March 31, 2023	June 30, 2022
Asset Type		
Domestic Equities	4.30%	6.50%
International Equities	6.85%	7.20%
Global Equities	-	6.90%
Real Estate	4.60%	6.20%
Private Equity	7.50%	9.90%
Opportunistic/Absolute Return Strategy	5.38%	-
Real Assets	5.84%	-
Cash	-	-
Credit	5.43%	-
Domestic Fixed Income	-	1.10%
Global Bonds	-	0.60%
Private Debt	-	5.30%
Real Estate Debt	-	2.40%
High-Yield Bonds	-	3.30%
Cash Equivalents	-	(0.30%)

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 10 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and 6.95% for TRS. 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 contributions from employers will be made at statutorily required rates, actuarially. Based on the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the School District's proportionate share of the net pension (asset)/liability calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the School District's proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current rate:

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 3,520,638	\$ 1,456,873	\$ (267,642)
TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 6,870,130	\$ 745,096	\$ (4,406,019)

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 10 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Pension Plan Fiduciary Net Position

The components of the current-year net pension (asset)/liability of the employers as of the respective valuation dates were as follows:

Measurement Date	Dollars in Thousands	
	ERS	TRS
	March 31, 2023	June 30, 2022
Employers' Total Pension Liability	\$ 232,627,259	\$ 133,883,473
Plan Net Position	(211,183,223)	(131,964,582)
Employers' Net Pension (Asset)/Liability	\$ 21,444,036	\$ 1,918,891
Ratio of Plan Net Position to the Employers' Total Pension Liability	90.8%	98.6%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Employee contributions are remitted monthly. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 30, 2023 through June 30, 2023 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$86,025.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October, and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions and employee contributions as of June 30, 2023 amounted to \$719,885.

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 10 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

Current Year Activity

The following is summary of current year activity:

	Beginning Balance	Change	Ending Balance
ERS			
Net Pension (Asset)/Liability	\$ (561,921)	\$ 2,018,794	\$ 1,456,873
Deferred Outflows of Resources	(1,187,572)	114,482	(1,073,090)
Deferred Inflows of Resources	1,911,077	(1,850,343)	60,734
Subtotal	161,584	282,933	444,517
TRS			
Net Pension (Asset)/Liability	(7,287,957)	8,033,053	745,096
Deferred Outflows of Resources	(4,139,726)	16,575	(4,123,151)
Deferred Inflows of Resources	8,238,799	(7,819,510)	419,289
Subtotal	(3,188,884)	230,118	(2,958,766)
Total	\$ (3,027,300)	\$ 513,051	\$ (2,514,249)

Note 11 **Other Postemployment Benefits Other Than Pensions (OPEB)**

The School District reports OPEB in accordance with GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions."

General Information about the OPEB Plan

Plan Description - The School District provides a self-insured minimum premium traditional indemnity plan to eligible retirees and dependents through the Tompkins-Seneca-Tioga Health Insurance Cooperative. The Plan offers retirees a choice between two deductibles with all other coverage being the same.

Benefit eligibility provisions are established and may be amended by action of the School District subject to applicable collective bargaining and employment agreements. The School District assigns the authority to establish and amend provisions to the Board of Education for non-bargaining unit employees. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Benefits Provided - The School District provides health insurance coverage, and survivor benefits and postemployment dental coverage to retirees and dependents; however, participants must pay 100% of the premium cost.

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

***Note 11* Other Postemployment Benefits Other Than Pensions (OPEB) - Continued**

General Information about the OPEB Plan - Continued

The specifics of each contract are on file at the School District offices and are available upon request.

Employees Covered by Benefit Terms - At June 30, 2023, the following employees were covered by the benefit terms:

Inactive Employees	77
Active Employees	<u>174</u>
Total	<u>251</u>

Total OPEB Liability

The School District's total OPEB liability of \$5,685,856 was measured as of July 1, 2022 and was determined by an actuarial valuation as of July 1, 2022.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the July 1, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Single Discount Rate	3.54%
Salary Rate	3.50%
Rate of Inflation	2.50%
Marriage Rate	70.00%
Participation Rate	100.00%
Healthcare Cost Trend Rates	7.00% for 2024, Decreasing to an Ultimate Rate of 3.94% for 2093

The long-term bond rate is based on the Bond Buyer Weekly 20-Year Bond GO Index as of the measurement date (or the nearest business day thereto).

Mortality rates were based on the sex-distinct RP-2014 Mortality Tables for employees and healthy annuitants, adjusted backward to 2006 with Scale MP-2014, and then adjusted for mortality improvements with Scale MP-2021 mortality improvement scale on a fully generational basis.

Rates of turnover and retirement rates are based on the experience under the New York State Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS). The ERS rates are based on the April 1, 2010 - March 31, 2015 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2014, applied on a generational basis.

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 11 Other Postemployment Benefits Other Than Pensions (OPEB) - Continued

Total OPEB Liability - Continued

Termination rates were based on the percentage of employees who will terminate employment at the given age each year, for reasons other than death, or retirement.

The actuarial assumptions used in the July 1, 2022 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

Changes in Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2022	\$ 2,274,476
Changes for the Year	
Service Cost	44,319
Interest Cost	47,151
Changes of Benefit Terms	1,783,642
Differences Between Expected and Actual Experience	858,940
Changes in Assumptions or Other Inputs	908,262
Benefit Payments	(230,934)
	3,411,380
Balance at June 30, 2023	\$ 5,685,856

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 higher than the current discount rate:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB Liability	\$ 6,323,864	\$ 5,685,856	\$ 5,139,250

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend 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 healthcare cost trend rate that is 1 percentage point lower or higher than the current healthcare cost trend rate:

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 5,424,065	\$ 5,685,856	\$ 5,998,871

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 11 Other Postemployment Benefits Other Than Pensions (OPEB) - Continued

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 \$2,058,042.

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	\$ 846,627	\$ 183,335
Changes in Assumptions or Other Inputs	828,545	139,758
Contributions Subsequent to Measurement Date	301,147	-
Total	\$ 1,976,319	\$ 323,093

School District contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the OPEB 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 OPEB expense as follows:

Fiscal Year	Amount
Ending June 30,	Amount
2024	182,930
2025	186,142
2026	200,121
2027	189,112
2028	197,273
Thereafter	396,501

Current Year Activity

The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
Other Postemployment Benefits Liability	\$ 2,274,476	\$ 3,411,380	\$ 5,685,856
Deferred Outflows of Resources	(417,630)	(1,558,689)	(1,976,319)
Deferred Inflows of Resources	418,889	(95,796)	323,093
Total	\$ 2,275,735	\$ 1,756,895	\$ 4,032,630

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

***Note 12* Commitments and Contingencies**

Risk Financing and Related Insurance - General Information

The School District is exposed to various risks of loss related to, but not limited to, torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters. 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 - Health Insurance

The School District incurs costs related to an employee health insurance plan (Plan) sponsored by Tompkins-Seneca-Tioga BOCES and its component districts. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. School districts joining the Plan must remain members for a minimum of one year; a member district may withdraw from the Plan after that time by providing notice to the consortium prior to May 1, immediately preceding the commencement of the next school year. Plan members include eight districts, with the School District bearing a proportionate share of the Plan's assets and claims liabilities. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities.

The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured.

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 expense in the periods in which they are made.

During the year ended June 30, 2023, the School District incurred premiums or contribution expenditures totaling \$2,263,788.

Grants

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

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 13 Fund Balance Detail

At June 30, 2023, nonspendable, restricted, and assigned fund balances in the governmental funds were as follows:

	<u>General Fund</u>	<u>School Lunch Fund</u>	<u>Debt Service Fund</u>	<u>Misc. Special Revenue Fund</u>
Nonspendable				
Prepaid Expenses	\$ 7,350	\$ -	\$ -	\$ -
Inventory	-	29,193	-	-
Total Nonspendable Fund Balance	<u>\$ 7,350</u>	<u>\$ 29,193</u>	<u>\$ -</u>	<u>\$ -</u>
Restricted				
Unemployment Insurance Reserve	\$ 327,053	\$ -	\$ -	\$ -
Retirement Contribution Reserve - ERS	2,112,720	-	-	-
Retirement Contribution Reserve - TRS	495,761	-	-	-
Liability Reserve	914,223	-	-	-
Insurance Reserve	216,134	-	-	-
Employee Benefit Accrued				
Liability Reserve	426,832	-	-	-
Capital Reserve	4,331,537	-	-	-
School Lunch	-	178,000	-	-
Debt Service	-	-	966,711	-
Scholarships	-	-	-	505,692
Total Restricted Fund Balance	<u>\$ 8,824,260</u>	<u>\$ 178,000</u>	<u>\$ 966,711</u>	<u>\$ 505,692</u>
Assigned				
Appropriated for Next Year's Budget	\$ 1,000,600	\$ -	\$ -	\$ -
Encumbered for:				
General Support	62,987	-	-	-
Instruction	80,148	-	-	-
Pupil Transportation	125	-	-	-
Total Assigned Fund Balance	<u>\$ 1,143,860</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 14 Restricted Fund Balances

Portions of fund balance are restricted and are not available for current expenditures as reported in the Governmental Funds Balance Sheet. The balances and activity for the year ended June 30, 2023 of the General Fund restricted reserves were as follows:

General Fund	Beginning Balance	Additions	Interest Earned	Appropriated	Ending Balance
Unemployment Insurance Reserve	\$ 318,250	\$ -	\$ 8,803	\$ -	\$ 327,053
Retirement Contribution Reserve - ERS	2,117,141	-	60,579	(65,000)	2,112,720
Retirement Contribution Reserve - TRS	481,970	-	13,791	-	495,761
Liability Reserve	888,791	-	25,432	-	914,223
Insurance Reserve	210,121	-	6,013	-	216,134
Employee Benefit Accrued Liability Reserve	429,541	-	12,291	(15,000)	426,832
Capital Reserve - Improvements	3,637,159	-	68,213	-	3,705,372
Capital Reserve - Buses	622,650	-	3,515	-	626,165
Total	<u>\$ 8,705,623</u>	<u>\$ -</u>	<u>\$ 198,637</u>	<u>\$ (80,000)</u>	<u>\$ 8,824,260</u>

SOUTH SENECA CENTRAL SCHOOL DISTRICT

SCHEDULE OF REVENUES COMPARED TO BUDGET (NON-U.S. GAAP) GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local Sources				
Real Property Taxes	\$ 7,896,610	\$ 7,896,610	\$ 7,963,479	\$ 66,869
Real Property Tax Items	806,755	806,755	717,649	(89,106)
Charges for Services	4,000	4,000	117,871	113,871
Use of Money and Property	192,500	192,500	455,199	262,699
Sale of Property and Compensation for Loss	-	167,274	174,749	7,475
Miscellaneous	803,500	821,500	1,283,172	461,672
Total Local Sources	9,703,365	9,888,639	10,712,119	823,480
State Sources	14,974,469	14,974,469	14,782,163	(192,306)
Federal Sources	85,000	85,000	103,482	18,482
Total Revenues	24,762,834	24,948,108	25,597,764	649,656
Total Revenues and Other Financing Sources	24,762,834	24,948,108	\$ 25,597,764	\$ 649,656
Appropriated Fund Balance	1,107,833	1,107,833		
Encumbrances Carried Forward From Prior Year	139,758	139,758		
Total Revenues, Appropriated Reserves, and Designated Fund Balance	\$ 26,010,425	\$ 26,195,699		

See Notes to Required Supplementary Information

SOUTH SENECA CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (NON-U.S. GAAP) GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
EXPENDITURES					
General Support					
Board of Education	\$ 69,363	\$ 88,169	\$ 73,526	\$ -	\$ 14,643
Central Administration	234,932	236,182	232,345	-	3,837
Finance	453,623	509,189	490,512	32	18,645
Staff	81,480	130,861	128,263	-	2,598
Central Services	2,025,210	2,841,601	2,673,333	62,955	105,313
Special Items	358,179	335,694	331,036	-	4,658
Total General Support	3,222,787	4,141,696	3,929,015	62,987	149,694
Instruction					
Instruction, Administration, and Improvement	767,174	909,416	876,435	2,850	30,131
Teaching - Regular School	5,013,154	4,908,560	4,812,037	9,822	86,701
Programs for Children With Disabilities	3,833,394	3,293,165	3,107,318	-	185,847
Occupational Education	901,023	803,323	799,148	-	4,175
Teaching - Special School	54,616	64,034	62,019	-	2,015
Instructional Media	1,475,941	1,709,164	1,587,547	49,882	71,735
Pupil Services	1,113,397	923,347	842,078	17,594	63,675
Total Instruction	13,158,699	12,611,009	12,086,582	80,148	444,279
Pupil Transportation	1,527,292	1,535,317	1,464,193	125	70,999
Employee Benefits	4,507,809	4,275,939	4,007,559	-	268,380
Debt Service					
Principal	3,005,000	3,057,600	3,057,600	-	-
Interest	377,838	377,838	377,838	-	-
Total Debt Service	3,382,838	3,435,438	3,435,438	-	-
Total Expenditures	25,799,425	25,999,399	24,922,787	143,260	933,352
OTHER FINANCING USES					
Operating Transfers Out	211,000	196,300	189,742	-	6,558
Total Expenditures and Other Financing Uses	\$ 26,010,425	\$ 26,195,699	25,112,529	\$ 143,260	\$ 939,910
Net Change in Fund Balance			485,235		
Fund Balance - Beginning of Year			10,564,732		
Fund Balance - End of Year			\$ 11,049,967		

See Notes to Required Supplementary Information

SOUTH SENECA CENTRAL SCHOOL DISTRICT

SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS NYSLRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 284,863	\$ 374,260	\$ 319,412	\$ 282,584	\$ 289,979	\$ 285,409	\$ 286,105	\$ 350,869	\$ 320,554	\$ 318,093
Contributions in Relation to the Contractually Required Contribution	(284,863)	(374,260)	(319,412)	(282,584)	(289,979)	(285,409)	(286,105)	(350,869)	(320,554)	(318,093)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School District's Covered Employee Payroll	2,446,802	2,271,164	2,242,554	1,973,088	1,930,164	1,897,468	1,867,471	1,849,503	1,729,439	1,735,753
Contributions as a Percentage of Covered Employee Payroll	11.6%	16.5%	14.2%	14.3%	15.0%	15.0%	15.3%	19.0%	18.5%	18.3%

SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS NYSTRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$ 719,885	\$ 674,327	\$ 680,251	\$ 589,082	\$ 687,887	\$ 669,290	\$ 794,408	\$ 803,062	\$1,009,283	\$ 898,200
Contributions in Relation to the Contractually Required Contribution	(719,885)	(674,327)	(680,251)	(589,082)	(687,887)	(669,290)	(794,408)	(803,062)	(1,009,283)	(898,200)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School District's Covered Employee Payroll	6,995,967	7,075,834	7,137,996	6,648,781	6,477,279	6,829,490	6,778,225	6,056,275	5,757,461	5,527,385
Contributions as a Percentage of Covered Employee Payroll	10.3%	9.5%	9.5%	8.9%	10.6%	9.8%	11.7%	13.3%	17.5%	16.3%

See Notes to Required Supplementary Information

SOUTH SENECA CENTRAL SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY NYSLRS PENSION PLAN FOR THE YEAR ENDED JUNE 30,

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's Proportion of the Net Pension (Asset)/Liability	0.0067938%	0.0068738%	0.0066878%	0.0063878%	0.0063767%	0.0061852%	0.0061944%	0.0064478%	0.0062535%
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 1,456,873	\$ (561,921)	\$ 6,659	\$ 1,691,537	\$ 451,809	\$ 199,624	\$ 582,037	\$ 1,034,891	\$ 211,258
School District's Covered Employee Payroll During the Measurement Period	2,446,802	2,271,164	2,242,554	1,973,088	1,998,098	1,863,925	1,867,471	1,849,503	1,697,165
School District's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Employee Payroll	(59.5%)	24.7%	0.3%	85.7%	22.6%	10.7%	31.2%	56.0%	12.4%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.8%	103.7%	99.9%	98.2%	96.8%	98.2%	94.7%	90.7%	97.9%
The Following is a Summary of Changes of Assumptions									
Inflation	2.90%	2.70%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.70%
Salary Increases	4.40%	4.40%	4.50%	4.20%	3.80%	3.80%	3.80%	3.80%	4.90%
Cost of Living Adjustments	1.50%	1.40%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.40%
Investment Rate of Return	5.90%	5.90%	6.80%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%
Discount Rate	5.90%	5.90%	6.80%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%
Society of Actuaries' Mortality Scale	MP-2021	MP-2020	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014	MP-2014

* Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

See Notes to Required Supplementary Information

SOUTH SENECA CENTRAL SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY NYSTRS PENSION PLAN FOR THE YEAR ENDED JUNE 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015
School District's Proportion of the Net Pension (Asset)/Liability	0.038829%	0.042056%	0.039172%	0.038926%	0.039544%	0.040777%	0.039253%	0.038329%	0.037419%
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 745,096	\$ (7,287,957)	\$ 1,082,436	\$ (1,011,302)	\$ (715,066)	\$ (309,948)	\$ 420,416	\$ (3,981,110)	\$ (4,168,257)
School District's Covered Employee Payroll During the Measurement Period	7,075,834	7,137,996	6,648,781	5,546,911	6,829,490	6,778,225	6,056,275	5,757,461	5,527,385
School District's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Employee Payroll	(10.5%)	102.1%	16.3%	18.2%	10.5%	4.6%	6.9%	69.1%	75.4%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.6%	113.2%	97.8%	102.2%	101.5%	100.7%	99.0%	110.5%	111.5%
The Following is a Summary of Changes of Assumptions									
Inflation	2.40%	2.20%	2.20%	2.25%	2.25%	2.50%	3.00%	3.00%	3.00%
Salary Increases	1.95%-5.18%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	4.0%-10.9%	4.0%-10.9%	4.0%-10.9%
Cost of Living Adjustments	1.30%	1.30%	1.30%	1.50%	1.50%	1.50%	1.63%	1.63%	1.63%
Investment Rate of Return	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%	8.00%
Discount Rate	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%	8.00%
Society of Actuaries' Mortality Scale	MP-2021	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	AA	AA	AA

* Schedule is intended to show information for 10 years.
Additional years will be displayed as they become available.

See Notes to Required Supplementary Information

SOUTH SENECA CENTRAL SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE SCHOOL DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE LAST 10 FISCAL YEARS

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Service Cost	\$ 44,319	\$ 45,922	\$ 72,835	\$ 67,906	\$ 87,882	\$ 103,705	\$ *	\$ *	\$ *	\$ *
Interest Cost	47,151	51,904	97,596	107,937	96,223	80,551	*	*	*	*
Changes of Benefit Terms	1,783,642	-	-	-	71,495	-	*	*	*	*
Differences Between Expected and Actual Experience	858,940	-	(300,605)	-	296,776	-	*	*	*	*
Changes in Assumptions or Other Inputs	908,262	(8,636)	(32,910)	80,758	(212,571)	(180,164)	*	*	*	*
Benefit Payments	(230,934)	(234,698)	(265,134)	(259,085)	(148,206)	(135,301)	*	*	*	*
	<u>3,411,380</u>	<u>(145,508)</u>	<u>(428,218)</u>	<u>(2,484)</u>	<u>191,599</u>	<u>(131,209)</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Total OPEB Liability - Beginning of Year	<u>2,274,476</u>	<u>2,419,984</u>	<u>2,848,202</u>	<u>2,850,686</u>	<u>2,659,087</u>	<u>2,790,296</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>
Total OPEB Liability - End of Year	<u>\$ 5,685,856</u>	<u>\$ 2,274,476</u>	<u>\$ 2,419,984</u>	<u>\$ 2,848,202</u>	<u>\$ 2,850,686</u>	<u>\$ 2,659,087</u>	<u>\$ 2,790,296</u>	<u>\$ *</u>	<u>\$ *</u>	<u>\$ *</u>
Covered Employee Payroll	\$ 9,611,480	\$ 10,177,998	9,611,480	\$ 9,226,705	\$ 7,760,542	\$ 8,991,885	\$ *	\$ *	\$ *	\$ *
Total OPEB Liability as a Percentage of Covered Payroll	59.16%	22.35%	25.18%	30.87%	36.73%	29.57%	*	*	*	*
The Following is a Summary of Changes of Assumptions										
Healthcare Cost Trend Rates	7.00%	7.00%	7.00%	6.30%	6.30%	3.60%	*	*	*	*
Salary Increases	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	*	*	*	*
Discount Rate	3.54%	2.14%	2.21%	3.50%	3.87%	3.60%	*	*	*	*
Society of Actuaries' Mortality Scale	MP-2021	MP-2020	MP-2019	MP-2018	MP-2017	MP-2016	*	*	*	*

* Information for Periods Prior to Implementation of GASB Statement No. 75 is Unavailable.

See Notes to Required Supplementary Information

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2023

***Note 1* 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 a legal (appropriated) budget is adopted. The voters of the School District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line 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.

Budgets are 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.

Annual legal budgets are not adopted for the Special Revenue Funds (Special Aid, Miscellaneous Special Revenue, and School Lunch). Budgetary controls for the Special Aid Fund are established in accordance with the applicable grant agreements. Special Aid grants may also cover a period other than the School District's fiscal year. Budgetary controls for School Lunch and Miscellaneous Special Revenue Funds are established internally.

***Note 2* Reconciliation of the General Fund Budget Basis to U.S. GAAP**

No adjustment is necessary to convert excess of revenues and other sources over expenditures and other uses on the U.S. GAAP basis to the budget basis, as there were no encumbrances added to the actual expenditures recorded in the budgetary comparison schedules.

***Note 3* Schedule of the School District's Proportionate Share of the Net Pension (Asset)/Liability**

The Schedule of the School District's Proportionate Share of the Net Pension (Asset)/Liability, required supplementary information, presents eight years of information. These schedules will present ten years of information as it becomes available from the pension plans.

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2023

Note 4 **Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability**

NYSLRS

Changes in Benefit Terms

The New York State Legislature lowered the vesting requirement for Tier 5 and Tier 6 from ten years to five years (Chapter 56 of the Laws of 2022), prior to the April 1, 2022 actuarial valuation.

NYSTRS

Changes in Benefit Terms

Effective with the 2022 actuarial valuation, the following plan change was effective: The number of years of credited service required for vesting changed from ten years to five years for Tier 5 and 6 members for purposes of eligibility for a service retirement benefit or a deferred-vested benefit

SOUTH SENECA CENTRAL SCHOOL DISTRICT

SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT FOR THE YEAR ENDED JUNE 30, 2023

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 25,870,667
Prior Year's Encumbrances	<u>139,758</u>
Original Budget	<u>26,010,425</u>
Budget Revision	<u>185,274</u>
Final Budget	<u><u>\$ 26,195,699</u></u>

§1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

Next Year's Budget is a Voter Approved Budget	<u><u>\$ 26,864,443</u></u>	
Maximum Allowed (4% of the 2023-2024 Budget)		<u><u>\$ 1,074,578</u></u>
General Fund Balance Subject to §1318 of Real Property Tax Law:		
Unrestricted Fund Balance:		
Assigned Fund Balance	\$ 1,143,860	
Unassigned Fund Balance	<u>1,074,497</u>	
Total Unrestricted Fund Balance	<u><u>2,218,357</u></u>	
(Less):		
Appropriated Fund Balance	\$ 1,000,600	
Reserve for Encumbrances	<u>143,260</u>	
Total Adjustments	<u><u>1,143,860</u></u>	
General Fund Balance Subject to §1318 of Real Property Tax Law		<u><u>\$ 1,074,497</u></u>
Actual Percentage		4.00%

SOUTH SENECA CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2023

PROJECT TITLE	Original Budget	Revised Budget	Expenditures			Unexpended Balance	Proceeds of Obligations	Methods of Financing			Fund Balance June 30, 2023	
			Prior Years	Current Year	Total			State Aid	Transfers	Local Sources		Total
Interlaken Elementary 0004-021	\$ 100,000	\$ 100,000	\$ -	\$ 100,000	\$ 100,000	\$ -	\$ -	\$ -	\$ 100,000	\$ -	\$ 100,000	\$ -
Total 23-24 Project	21,890,000	19,328,972	-	1,410,910	1,410,910	17,918,062	-	-	550,078	-	550,078	(860,832) *
Total	\$ 21,990,000	\$ 19,428,972	\$ -	\$ 1,510,910	\$ 1,510,910	\$ 17,918,062	-	\$ -	\$ 650,078	\$ -	\$ 650,078	\$ (860,832)

* Architectural and State Approved Budget Modifications for Subproject Reallocations are Not Yet Finalized and Were Unavailable at This Report Date.

SOUTH SENECA CENTRAL SCHOOL DISTRICT

SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS JUNE 30, 2023

Capital Assets, Net	<u>\$ 38,641,794</u>
(Deduct)	
Short-Term Portion of Bonds Payable	<u>(3,145,000)</u>
Long-Term Portion of Bonds Payable	<u>(3,960,000)</u>
Short-Term Portion of Lease Liabilities	<u>(39,318)</u>
Capital Fund Payables	<u>(200,418)</u>
Net Investment in Capital Assets	<u><u>\$ 31,297,058</u></u>

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

Board of Education
South Seneca Central School District
Ovid, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of South Seneca Central School District (the School District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 5, 2023.

Report on Internal Control Over Financial Reporting

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

Report on Compliance and Other Matters

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

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.

Respectfully submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 5, 2023

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

Board of Education
South Seneca Central School District
Ovid, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited South Seneca Central School District's (the School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2023. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the 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 the 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 the School District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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 the 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 the 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 5, 2023

SOUTH SENECA 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 #	Pass - Through Grantor #	Pass - Through to Subrecipients	Expenditures
U.S. Department of Education				
Passed Through NYS Department of Education				
Special Education Cluster:				
Special Education - Grants to States (IDEA, Part B)	84.027	0032-23-0848	\$ -	\$ 247,366
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-23-0848	-	7,541
(COVID-19) ARP Special Education - Grants to States	84.027X	5533-22-0848	-	35,694
(COVID-19) ARP Special Education - Preschool Grants	84.173X	0033-22-0848	-	4,064
Total Special Education Cluster			-	<u>294,665</u>
Title I Grants to Local Educational Agencies	84.010	0021-23-2810	-	443,904
Title I Grants to Local Educational Agencies	84.010	0021-22-2810	-	8,302
Total Title I			-	<u>452,206</u>
Title IV - Student Support and Academic Enrichment Program	84.424A	0204-22-2810	-	31,289
Total Title IV			-	<u>31,289</u>
Rural Education	84.358	0006-23-2810	-	3,075
Rural Education	84.358	0006-22-2810	-	1,980
Total Rural Education			-	<u>5,055</u>
Supporting Effective Instruction State Grants	84.367	0147-23-2810	-	7,000
Supporting Effective Instruction State Grants	84.367	0147-22-2810	-	18,440
Total Supporting Effective Instruction State Grants			-	<u>25,440</u>
(COVID-19) Elementary and Secondary School Emergency Relief (ESSER)	84.425D	5890-21-2810	-	639,612
(COVID-19) Governor's Emergency Education Relief (GEER) Fund	84.245U	5895-21-2810	-	550,078
Total Education Stabilization Fund (ESF)			-	<u>1,189,690</u>
Total U.S. Department of Education			-	<u>1,998,345</u>
U.S. Department of Justice				
BJA's STOP School Violence Program	16.839	(1)	-	13,385
Total U.S. Department of Justice			-	<u>13,385</u>
U.S. Department of Health and Health and Human Services				
Passed Through Seneca County Health Department of Health				
(COVID)-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	(1)	-	40,748
Total U.S. Department of Health and Human Services			-	<u>40,748</u>
U.S. Department of Agriculture				
Passed Through NYS Department of Education				
Child Nutrition Cluster:				
School Breakfast Program	10.553	(1)	-	160,518
National School Lunch Program	10.555	(1)	-	346,109
Summer Food Service Program for Children	10.559	(1)	-	5,772
Total Child Nutrition Cluster			-	<u>512,399</u>
Direct Program				
(COVID-19) Pandemic EBT Food Benefits	10.542	N/A	-	43,783
Total U.S. Department of Agriculture			-	<u>556,182</u>
Total Expenditures of Federal Awards			\$ -	<u>\$ 2,608,660</u>

(1) - Unable to Determine

See Notes to Schedule of Expenditures of Federal Awards

SOUTH SENECA CENTRAL SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2023

Note 1 **Basis of Presentation**

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

Note 2 **Basis of Accounting**

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore some amounts presented in this schedule may differ from amounts presented in, or used in, preparation of the financial statements.

Note 3 **Indirect Costs**

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented. The School District has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

Note 4 **Matching Costs**

Matching costs, such as the School District's share of certain program costs, are not included in the reported expenditures.

Note 5 **Non-Monetary Federal Program**

The School District is the recipient of a federal award program that does not result in cash receipts or disbursements termed a "non-monetary program." During the year ended June 30, 2023, the School District received and used \$17,154 worth of commodities under the National School Lunch Program (ALN #10.555).

Note 6 **Subrecipients**

No amounts were provided to subrecipients.

Note 7 **Other Disclosures**

No insurance is specifically carried to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value and is covered by the School District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year end.

SOUTH SENECA CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023

Section I Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified that are not
considered to be material weakness(es)? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified that are not
considered to be material weakness(es)? yes X none reported

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

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR §200.516(a)? yes X no

Identification of major programs:

<u>ALN Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.425C and 84.425D</u>	<u>Education Stabilization Fund (ESF)</u>

Dollar threshold used to distinguish between Type A and Type B
Programs \$ 750,000

Auditee qualified as low risk? yes X no

SOUTH SENECA CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023

Section II Financial Statement Findings None.

Section III Federal Award Findings and Questioned Costs None.