

**Scio Central School District**

**Basic Financial Statements,  
Required Supplementary Information,  
Supplementary Information, and  
Federal Awards Information  
As of June 30, 2023  
Together With  
Independent Auditor's Report**

**SCIO CENTRAL SCHOOL DISTRICT**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Education  
Scio Central School District  
Scio, 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 Scio Central School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Scio Central School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Scio Central 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Scio Central School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### *Responsibilities of Management for the Financial Statements*

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

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

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## ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, Schedules of Changes in the District's Total OPEB Liability and Related Ratios, Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual – General Fund, Schedule of District Contributions, and Schedule of District's Proportionate Share of the Net Pension Liability be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Scio Central School District's basic financial statements. The accompanying Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Project Expenditures – Capital Projects Fund, Net Investment in Capital Assets and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed above, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2023, on our consideration of Scio Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Scio Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Scio Central School District's internal control over financial reporting and compliance.

*Allied CPAs, P.C.*

Amherst, New York  
October 10, 2023

## **MANAGEMENT DISCUSSION AND ANALYSIS**

**SCIO CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2023. The 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 government-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. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

The District's total net position at the close of this fiscal year was \$7,866,455.

Total net position increased from \$7,248,245 due to a change in net position of \$618,210.

The District's total combined fund balance at the close of this fiscal year was \$4,067,965.

The District's total combined fund balance increased from \$3,933,735 due to an increase of revenues over expenditures of \$134,230.

Total long-term debt at year-end was \$7,454,576 on June 30, 2023, an increase of \$338,765 from the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. 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 *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operation in *more detail* than the district-wide statements. The fund financial statements concentrate on the School District's most significant funds.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- The *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

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.



**SCIO CENTRAL SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The following figure summarizes the major features of the School District’s financial statements, including the portion of the School District’s activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

**Major Features of the District-Wide and Fund Financial Statements**

	<b>Fund Financial Statements</b>		
	<b>District-Wide</b>	<b>Governmental Funds</b>	<b>Fiduciary Funds</b>
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	·Statement of net position ·Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balances	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/ deferred outflows of resources/ liability/ deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

**SCIO CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**

**District-Wide Statements**

The district-wide 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 and liabilities. 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 statements report the School District's net assets and how they have changed. Net position – the difference between the School District's assets and liabilities – 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, you need to consider additional non-financial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

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 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 specific programs:

- Some funds are required by State law and by bond covenants.
- The School District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

The 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 you 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 statements, additional information at the bottom of the governmental funds 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 scholarship fund. 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.

**SCIO CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE**

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$7,866,455 at the close of the most recent fiscal year.

**Summary of Condensed Statement of Net Position**

	Governmental Activities and Total School District			
	Beginning	Ending	Increase (Decrease)	Percentage Change
<b><u>ASSETS AND DEFERRED OUTFLOWS</u></b>				
<b><u>ASSETS</u></b>				
Current and other assets	\$ 7,662,566	\$ 4,676,538	\$ (2,986,028)	38.97%
Capital assets and right-to-use assets	9,393,721	9,571,006	177,285	-1.89%
<b>TOTAL ASSETS</b>	<b>17,056,287</b>	<b>14,247,544</b>	<b>(2,808,743)</b>	<b>16.47%</b>
Deferred outflows of resources	2,203,921	2,087,498	(116,423)	5.28%
<b>TOTAL ASSETS AND</b>				
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 19,260,208</b>	<b>\$ 16,335,042</b>	<b>\$ (2,925,166)</b>	<b>15.19%</b>
<b><u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u></b>				
<b><u>LIABILITIES</u></b>				
Long-term debt outstanding	\$ 7,115,811	\$ 7,454,576	\$ 338,765	-4.76%
Other liabilities	488,226	616,707	128,481	-26.32%
<b>TOTAL LIABILITIES</b>	<b>7,604,037</b>	<b>8,071,283</b>	<b>467,246</b>	<b>-6.14%</b>
Deferred inflows of resources	4,407,926	397,304	(4,010,622)	90.99%
<b>TOTAL LIABILITIES AND</b>				
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>12,011,963</b>	<b>8,468,587</b>	<b>(3,543,376)</b>	<b>29.50%</b>
<b><u>NET POSITION</u></b>				
Net investment in capital assets	3,062,643	4,109,984	1,047,341	-34.20%
Restricted	2,382,150	2,542,845	160,695	-6.75%
Unrestricted	1,803,452	1,213,626	(589,826)	32.71%
<b>TOTAL NET POSITION</b>	<b>7,248,245</b>	<b>7,866,455</b>	<b>618,210</b>	<b>-8.53%</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS,</b>				
<b>AND NET POSITION</b>	<b>\$ 19,260,208</b>	<b>\$ 16,335,042</b>	<b>\$ (2,925,166)</b>	<b>15.19%</b>

The largest portion of the District's net position reflects its investment in capital assets of \$4,109,984 (e.g. land, buildings, machinery, equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding.

The restricted portion of the District's net position of \$2,542,845 represents resources that are subject to external restrictions on how they may be used, which include Board of Education established reserves, and funds designated for capital projects and debt service.

The remaining balance of unrestricted net position of \$1,213,626 may be used to meet the District's ongoing obligations to students and creditors.

**SCIO CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE**

**Changes in Net Position from Operating Results**

	<b>Governmental Activities and Total School District</b>			
	<b>Beginning</b>	<b>Ending</b>	<b>Increase (Decrease)</b>	<b>Percentage Change</b>
<b>REVENUES:</b>				
<b>PROGRAM REVENUES:</b>				
Charges for services	\$ 99,671	\$ 117,491	\$ 17,820	-17.88%
Operating grants and contributions	1,210,063	1,651,564	441,501	-36.49%
<b>GENERAL REVENUES:</b>				
Property taxes and tax items	2,188,153	2,229,752	41,599	-1.90%
State and federal sources	7,767,304	8,020,569	253,265	-3.26%
Other	358,041	369,332	11,291	-3.15%
<b>TOTAL REVENUES</b>	<b>11,623,232</b>	<b>12,388,708</b>	<b>765,476</b>	<b>-6.59%</b>
<b>EXPENSES:</b>				
General support	1,998,159	2,549,741	551,582	-27.60%
Instruction	6,950,877	7,665,747	714,870	-10.28%
Pupil transportation	748,682	939,584	190,902	-25.50%
Debt service - interest	351,099	274,477	(76,622)	21.82%
School lunch expenditures	290,400	340,949	50,549	-17.41%
<b>TOTAL EXPENSES</b>	<b>10,339,217</b>	<b>11,770,498</b>	<b>1,431,281</b>	<b>-13.84%</b>
Changes in net position	1,284,015	618,210	(665,805)	51.85%
NET POSITION - BEGINNING	5,964,230	7,248,245	1,284,015	-21.53%
<b>NET POSITION - ENDING</b>	<b>\$ 7,248,245</b>	<b>\$ 7,866,455</b>	<b>\$ 618,210</b>	<b>-8.53%</b>

**SCIO CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS**

**Statement of Revenues, Expenditures and Changes in Fund Balance**

	<b>Governmental Funds</b>						<b>Total</b>
	<b>General</b>	<b>Special Aid</b>	<b>School Lunch</b>	<b>Miscellaneous Special Revenue</b>	<b>Capital</b>	<b>Debt Service</b>	
<b>FUND BALANCE AT JUNE 30, 2021</b>	<b>\$ 3,013,725</b>	<b>\$ -</b>	<b>\$ 44,571</b>	<b>\$ 70,616</b>	<b>\$ (706,400)</b>	<b>\$ 989,231</b>	<b>\$ 3,411,743</b>
Revenues	10,334,573	841,714	362,377	84,455	73	40	11,623,232
Expenditures	(9,865,787)	(841,714)	(313,083)	(70,986)	(128,839)	-	(11,220,409)
Other financing sources (uses)	-	-	-	-	119,169	-	119,169
<b>FUND BALANCE AT JUNE 30, 2022</b>	<b>\$ 3,482,511</b>	<b>\$ -</b>	<b>\$ 93,865</b>	<b>\$ 84,085</b>	<b>\$ (715,997)</b>	<b>\$ 989,271</b>	<b>\$ 3,933,735</b>
Revenues	10,670,458	1,314,607	339,260	63,534	62	788	12,388,709
Expenditures	(10,017,099)	(1,314,607)	(369,465)	(53,765)	(499,543)	-	(12,254,479)
Other financing sources (uses)	(86,561)	-	-	-	86,561	-	-
<b>FUND BALANCE AT JUNE 30, 2023</b>	<b>\$ 4,049,309</b>	<b>\$ -</b>	<b>\$ 63,660</b>	<b>\$ 93,854</b>	<b>\$ (1,128,917)</b>	<b>\$ 990,059</b>	<b>\$ 4,067,965</b>

**SCIO CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2023**

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The following changes were made to the original budget in the General Fund as follows:

- General support was increased by \$317,385.
- Instruction was decreased by \$228,156.
- Pupil transportation was increased by \$31,877.
- Employee benefits decreased by \$121,106.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets and Right-to-Use Assets**

The District's investment in capital assets as of June 30, 2023, amounted to \$9,571,006 (net of accumulated depreciation and amortization). The investment in capital assets and right-to-use assets includes land, buildings, equipment, vehicles, and infrastructure.

The following table lists the capital assets and right-to-use assets:

<u>Asset</u>	<b>Balance at June 30, 2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at June 30, 2023</b>
Land	\$ 1,376	\$ -	\$ -	\$ 1,376
Work in progress	-	366,292	-	366,292
Buildings	16,310,763	-	-	16,310,763
Building improvements	1,393,974	3,471	-	1,397,445
Equipment and vehicles	2,514,245	194,891	(2,855)	2,706,281
Right-to-use assets	437,725	162,577	(40,825)	559,477
<b>TOTAL CAPITAL ASSETS AND RIGHT-TO-USE ASSETS</b>	<b>20,658,083</b>	<b>727,231</b>	<b>(43,680)</b>	<b>21,341,634</b>
<u>Depreciation and Amortization</u>	<b>Balance at June 30, 2022</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balance at June 30, 2023</b>
Buildings	\$ 8,091,944	\$ 327,560	\$ -	8,419,504
Building improvements	1,292,570	25,253	-	1,317,823
Equipment and vehicles	1,687,042	150,897	(2,189)	1,835,750
Right-to-use assets	192,806	80,812	(76,067)	197,551
<b>TOTAL DEPRECIATION AND AMORTIZATION</b>	<b>11,264,362</b>	<b>584,522</b>	<b>(78,256)</b>	<b>11,770,628</b>
<b>TOTAL CAPITAL ASSETS, NET</b>	<b>\$ 9,393,721</b>	<b>\$ 142,709</b>	<b>\$ 34,576</b>	<b>\$ 9,571,006</b>

**SCIO CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2023**

**CAPITAL ASSETS AND DEBT ADMINISTRATION (CONT.)**

**Long-Term Debt**

**Summary of Outstanding Long-Term Debt**

	<b><u>Total School District</u></b>	
	<b><u>June 30, 2022</u></b>	<b><u>June 30, 2023</u></b>
Serial bonds	\$ 6,086,159	\$ 5,461,022
Compensated absences	320,573	342,848
OPEB	709,079	583,072
Net pension liability	-	1,067,634
<b>TOTAL</b>	<b><u>\$ 7,115,811</u></b>	<b><u>\$ 7,454,576</u></b>

At June 30, 2023, the School District had long-term serial bonds outstanding of \$5,461,022 as compared to \$6,086,159 in the prior year. During the year, retirement of serial bonds debt amounted to \$625,137. The constitutional debt limit for the district is contained in Section 104.00 of the Local Finance Law. The limit is 10% of the full value on the most recent tax roll. The debt limit for the District falls under the 4% debt contracting power.

**Bond Rating**

The District's Moody's bond rating is Baa1 and their S&P rating is A.

**FACTORS BEARING ON THE DISTRICT'S FUTURE**

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- Uncertainties regarding Aid from New York State may adversely affect the District's programs and financial position.
- The 2% tax cap may adversely affect the District's programs and financial position.

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in its finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Business Office, Scio Central School District, Scio, New York, 3968 Washington, Scio, New York 14880.

## **BASIC FINANCIAL STATEMENTS**



**SCIO CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

**ASSETS AND DEFERRED OUTFLOWS**

**ASSETS**

Unrestricted cash	\$	3,468,441
Restricted cash		93,854
State and federal aid receivable		1,051,711
Other receivables		47,525
Due from fiduciary fund		1,454
Inventories		13,553
Capital assets, net of depreciation		9,209,080
Right of use assets, net of amortization		361,926
		14,247,544

**TOTAL ASSETS**

**DEFERRED OUTFLOWS OF RESOURCES**

Pensions		1,972,786
OPEB		114,712
		2,087,498

**TOTAL DEFERRED OUTFLOWS OF RESOURCES**

**TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES \$ 16,335,042**

**LIABILITIES, DEFERRED INFLOWS, AND NET POSITION**

**LIABILITIES**

Accounts payable	\$	158,416
Accrued liabilities		5,366
Accrued interest on obligations		12,684
Due to other governments		2,043
Due to employees' retirement system		52,345
Due to teachers' retirement system		385,853
Long-term liabilities:		
Due in less than one year:		
Bonds payable		491,334
Due in more than one year:		
Bonds payable		4,969,688
Compensated absences		342,848
Accrued post-employment benefit obligation		583,072
Net pension liability - proportionate share		1,067,634
		8,071,283

**TOTAL LIABILITIES**

**DEFERRED INFLOWS OF RESOURCES**

Deferred revenues		4,550
Pensions		226,586
OPEB		166,168
		397,304

**TOTAL DEFERRED INFLOWS OF RESOURCES**

**NET POSITION**

Net investment in capital assets		4,109,984
Restricted		2,542,845
Unrestricted		1,213,626
		7,866,455

**TOTAL NET POSITION**

**TOTAL LIABILITIES AND NET POSITION \$ 16,335,042**

The accompanying notes are an integral  
part of the basic financial statements.

**SCIO CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

		Program Revenue			
	Expenses	Charges for Services	Operating Grants		Net (Expense) Revenue and Changes in Net Position
<b><u>FUNCTIONS / PROGRAMS</u></b>					
General support	\$ (2,549,741)	\$ -	\$ -	\$ -	\$ (2,549,741)
Instruction	(7,665,747)	15,802	1,337,150		(6,312,795)
Pupil transportation	(939,584)	77,317	-		(862,267)
Debt service	(274,477)	24,372	314,414		64,309
School lunch	(340,949)	-	-		(340,949)
<b>TOTAL FUNCTIONS AND PROGRAMS</b>	<b>\$ (11,770,498)</b>	<b>\$ 117,491</b>	<b>\$ 1,651,564</b>		<b>(10,001,443)</b>
 <b><u>GENERAL REVENUES:</u></b>					
Real property tax					1,833,922
Real property tax items					395,830
Use of money and property					82,853
Sale of property					5,351
Miscellaneous					281,128
State sources					7,979,768
Federal sources					40,801
<b>TOTAL GENERAL REVENUES</b>					<b>10,619,653</b>
Change in net position					618,210
Total net position - beginning of year					7,248,245
<b>Total net position - end of year</b>					<b>\$ 7,866,455</b>

The accompanying notes are an integral part of the basic financial statements.

**SCIO CENTRAL SCHOOL DISTRICT**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

**ASSETS**

	<b>General</b>	<b>Special Aid</b>	<b>School Lunch</b>	<b>Miscellaneous Special Revenue</b>	<b>Capital Projects</b>	<b>Debt Service</b>	<b>Total Governmental Funds</b>
<b><u>ASSETS</u></b>							
Unrestricted cash	\$ 3,129,853	\$ 20,299	\$ 32,261	\$ -	\$ 85,530	\$ 200,498	\$ 3,468,441
Restricted cash	-	-	-	93,854	-	-	93,854
State and federal aid receivable	142,182	908,431	1,098	-	-	-	1,051,711
Other receivables	47,525	-	-	-	-	-	47,525
Due from other funds	1,706,180	-	18,687	-	86,561	789,561	2,600,989
Inventories	-	-	13,553	-	-	-	13,553
<b>TOTAL ASSETS</b>	<b>\$ 5,025,740</b>	<b>\$ 928,730</b>	<b>\$ 65,599</b>	<b>\$ 93,854</b>	<b>\$ 172,091</b>	<b>\$ 990,059</b>	<b>\$ 7,276,073</b>

**LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE**

**LIABILITIES**

Accounts payable	\$ 39,946	\$ 118,416	\$ 54	\$ -	\$ -	\$ -	\$ 158,416
Accrued liabilities	3,563	981	822	-	-	-	5,366
Due to other funds	494,724	803,803	-	-	1,301,008	-	2,599,535
Due to other governments	-	2,043	-	-	-	-	2,043
Due to employees' retirement system	52,345	-	-	-	-	-	52,345
Due to teachers' retirement system	385,853	-	-	-	-	-	385,853
<b>TOTAL LIABILITIES</b>	<b>976,431</b>	<b>925,243</b>	<b>876</b>	<b>-</b>	<b>1,301,008</b>	<b>-</b>	<b>3,203,558</b>

**DEFERRED INFLOWS OF RESOURCES**

Deferred revenues	-	3,487	1,063	-	-	-	4,550
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**FUND BALANCE**

Non-spendable	-	-	13,553	-	-	-	13,553
Restricted	1,458,932	-	-	93,854	-	990,059	2,542,845
Assigned	752,908	-	50,107	-	-	-	803,015
Unassigned	1,837,469	-	-	-	(1,128,917)	-	708,552
<b>TOTAL FUND BALANCE</b>	<b>4,049,309</b>	<b>-</b>	<b>63,660</b>	<b>93,854</b>	<b>(1,128,917)</b>	<b>990,059</b>	<b>4,067,965</b>

**TOTAL LIABILITIES, DEFERRED INFLOWS**

<b>AND FUND BALANCE</b>	<b>\$ 5,025,740</b>	<b>\$ 928,730</b>	<b>\$ 65,599</b>	<b>\$ 93,854</b>	<b>\$ 172,091</b>	<b>\$ 990,059</b>	<b>\$ 7,276,073</b>
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The accompanying notes are an integral  
part of the basic financial statements.

**SCIO CENTRAL SCHOOL DISTRICT**  
**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

<b>Fund Balances - Total Governmental Funds</b>	<b>\$ 4,067,965</b>
Amounts reported for Governmental Activities in the Statement of Net Position are:	
Capital assets, net of accumulated depreciation, are not current financial resources and are not reported in the funds.	9,209,080
Right of use assets, net of accumulated amortization, are not reported in the funds	361,926
The District's proportionate share of the teacher and employee retirement system's net pension (liability) asset are not reported in the funds.	
TRS net pension (liability) asset	(323,897)
ERS net pension (liability) asset	(743,737)
Deferred outflows of resources, including OPEB and pensions, represent a consumption of net position that applies to future periods and is not reported in the funds. Deferred inflows of resources, including OPEB and pensions, represent an acquisition of net position that applies to future periods and is not reported in the funds.	
ERS and TRS deferred outflows of resources - pensions	1,972,786
OPEB deferred outflows of resources	114,712
ERS and TRS deferred inflows of resources - pensions	(226,586)
OPEB deferred inflows of resources	(166,168)
Long term liabilities are not due and payable in the current period and are not reported in the funds.	
Bonds payable	(5,461,022)
Compensated absences	(342,848)
Other post employment benefits liability	(583,072)
Interest is accrued on outstanding balances of debt obligations.	
Accrued interest on obligations	(12,684)
<b>NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ <u>7,866,455</u></b>

The accompanying notes are an integral part of the basic financial statements.

**SCIO CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Miscellaneous Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
<b>REVENUES:</b>							
Real property tax	\$ 1,833,922	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,833,922
Real property tax items	395,830	-	-	-	-	-	395,830
Charges for services	93,119	-	-	-	-	-	93,119
Use of money and property	81,997	-	6	-	62	788	82,853
Sale of property	5,351	-	-	-	-	-	5,351
Miscellaneous	217,126	-	468	63,534	-	-	281,128
State sources	8,002,311	150,640	7,039	-	-	-	8,159,990
Federal sources	40,801	1,163,967	307,375	-	-	-	1,512,143
Sales - food service	-	-	24,372	-	-	-	24,372
<b>TOTAL REVENUES</b>	<b>10,670,457</b>	<b>1,314,607</b>	<b>339,260</b>	<b>63,534</b>	<b>62</b>	<b>788</b>	<b>12,388,708</b>
<b>EXPENDITURES:</b>							
General support	1,893,107	167,303	-	-	366,292	-	2,426,702
Instruction	4,819,646	1,040,957	-	53,765	-	-	5,914,368
Pupil transportation	595,424	11,590	-	-	133,251	-	740,265
Employee benefits	1,807,084	94,757	28,516	-	-	-	1,930,357
Debt service - principal	625,137	-	-	-	-	-	625,137
Debt service - interest	276,700	-	-	-	-	-	276,700
Cost of sales	-	-	340,949	-	-	-	340,949
<b>TOTAL EXPENDITURES</b>	<b>10,017,098</b>	<b>1,314,607</b>	<b>369,465</b>	<b>53,765</b>	<b>499,543</b>	<b>-</b>	<b>12,254,478</b>
Excess (deficiency) of revenues over expenditures	653,359	-	(30,205)	9,769	(499,481)	788	134,230
<b>OTHER FINANCING SOURCES (USES):</b>							
Operating transfers in	-	-	-	-	86,561	-	86,561
Operating transfers out	(86,561)	-	-	-	-	-	(86,561)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(86,561)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>86,561</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	566,798	-	(30,205)	9,769	(412,920)	788	134,230
Fund balance - beginning of year	3,482,511	-	93,865	84,085	(715,997)	989,271	3,933,735
<b>Fund balance - end of year</b>	<b>\$ 4,049,309</b>	<b>\$ -</b>	<b>\$ 63,660</b>	<b>\$ 93,854</b>	<b>\$ (1,128,917)</b>	<b>\$ 990,059</b>	<b>\$ 4,067,965</b>

The accompanying notes are an integral  
part of the basic financial statements.

**SCIO CENTRAL SCHOOL DISTRICT**  
**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Net change in fund balances - Total governmental funds	\$	134,230
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital outlay expenditures for capital assets are recorded in governmental funds as expenditures. Such expenditures are not recorded in the Statement of Activities because they are recorded as capital assets.		683,551
Depreciation and amortization is recorded on the Statement of Activities but not in the governmental funds.		(506,266)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of debt repayments made.		625,137
Net accrued interest on obligations are not reported in the governmental funds.		2,223
Changes in accrued compensated absences reported in the Statement of Activities do not provide for or require the use of current financial resources and are not reported as expenditures in the governmental funds.		(22,275)
Changes in the proportionate share of the net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and are not reported as expenditures in the governmental funds:		
Employees' retirement system liability		(1,041,324)
Teachers' retirement system liability		(3,176,044)
The Statement of Activities shows the actual and projected long term expenditures for postemployment benefits are reported, whereas, on the governmental funds only the actual expenditures are recorded.		126,007
Deferred outflows and deferred inflows are not reported in the governmental funds:		
Change in deferred outflows of employees retirement system		(66,201)
Change in deferred outflows of teacher retirement system		22,290
Change in deferred outflows of other post-employment benefits		(72,512)
Change in deferred inflows of employees retirement system		979,707
Change in deferred inflows of teacher retirement system		3,014,542
Change in deferred inflows of other post-employment benefits		(84,855)
<b>CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>618,210</u></b>

The accompanying notes are an integral  
part of the basic financial statements.

**SCIO CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**JUNE 30, 2023**

**ASSETS**

	<b><u>Private Purpose Trust Fund</u></b>
<b><u>ASSETS</u></b>	
Unrestricted cash	\$ <u>36,054</u>
<b>TOTAL ASSETS</b>	<b>\$ <u><u>36,054</u></u></b>

**LIABILITIES AND NET POSITION**

<b><u>LIABILITIES</u></b>	
Due to other funds	\$ <u>1,454</u>
<b><u>NET POSITION</u></b>	
Endowment scholarships	<u>34,600</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ <u><u>36,054</u></u></b>

The accompanying notes are an integral  
part of the basic financial statements.

**SCIO CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b><u>Private Purpose Trust Fund</u></b>
<b><u>ADDITIONS:</u></b>	
Contributions	\$ 2,399
Use of money	<u>67</u>
<b>TOTAL ADDITIONS</b>	<b><u>2,466</u></b>
 <b><u>DEDUCTIONS:</u></b>	
Scholarship expenses	<u>2,300</u>
<b>TOTAL DEDUCTIONS</b>	<b><u>2,300</u></b>
Change in net position	166
Net position - beginning of year	<u>34,434</u>
<b>Net position - end of year</b>	<b><u>\$ 34,600</u></b>

The accompanying notes are an integral part of the basic financial statements.



**NOTES TO THE FINANCIAL STATEMENTS**

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

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

The financial statements of the Scio Central School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies utilized by the District are described below:

**Reporting Entity**

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education 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 District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement No. 14, The Financial Reporting Entity, as amended by GASB Statement No. 39, Component Units. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, no entities are included in the District's reporting entity.

Extraclassroom Activity Funds - The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The district accounts for assets for various student organizations in the miscellaneous special revenue fund. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District's business office.

**Joint Venture**

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

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

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

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 1 - Summary of Certain Significant Accounting Policies (Cont.)**

During the year, the District was billed \$2,786,542 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,252,628. Financial statements for BOCES are available from the BOCES administrative office.

**Basis of Presentation:**

**District-Wide Statements**

The Statement of Net Position and the Statement of Activities present financial information about the 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 non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Activities presents a comparison between program expenses and revenue for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenue includes 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. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

**Funds Statements**

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

The District reports the following major governmental funds:

*General Fund* - This is the District's primary operating fund. It accounts for all financial transactions except those required to be accounted for in another fund.

*Special Revenue Funds* - These funds account for the proceeds of specific revenue sources, such as Federal and State Grants, that are legally restricted to expenditures for specified purposes. Special revenues funds include the following:

- *Special Aid Fund* - Used to account for proceeds received from State and Federal grants that are restricted for specific educational programs.
- *School Food Service Fund* - Used to account for child nutrition activities whose funds are restricted as to use.
- *Miscellaneous Special Revenue Fund* - Used to account for Extraclassroom activities whose funds are restricted for various student activities.

*Capital Projects Fund* - These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. For these funds, each capital project is assessed to determine whether it is a major or non-major fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 1 - Summary of Certain Significant Accounting Policies (Cont.)**

**Funds Statements (Cont.)**

*Debt Service Fund* - This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

**Fiduciary Fund**

Fiduciary activities are those in which the 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 District, and are not available to be used.

There is one class of fiduciary fund:

*Private Purpose Trust Fund* - These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

**Measurement Focus and Basis of Accounting**

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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 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 state aid is recognized in the fiscal year it is appropriated by the state. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 365 days after the end of the fiscal year, except for real property taxes which are considered to be available if they are collected within 60 days 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.

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 1 - Summary of Certain Significant Accounting Policies (Cont.)**

**Property Taxes**

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on August 15. Taxes are collected during the period September 1 to November 1.

Uncollected real property taxes are subsequently enforced by the County in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1.

**Restricted Resources**

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

**Interfund Transactions**

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

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

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to the notes to the financial statements for a detailed disclosure by individual fund for interfund receivables, payables, revenues, and expenditures activity.

**Estimates**

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

**Subsequent Events**

The District has evaluated events and transactions for potential recognition or disclosure in the financial statements through October 10, 2023, the date the financial statements were available to be issued.

Subsequent to year end, the District issued a bond in the amount of \$115,351 to finance the purchase of a school bus.

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 1 - Summary of Certain Significant Accounting Policies (Cont.)**

**Cash (and Cash Equivalents)**

The 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 District's investment policies. Resources must be deposited in 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; obligations of the State and its municipalities and Districts and obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations (if permitted by the District's policy).

**Receivables**

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

**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 that approximates market. Purchases of inventorial 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 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 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 amount is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. These non-liquid assets (inventories and prepaid items) have been recognized as non-spendable fund balances to signify that a portion of fund balance is not available for other subsequent expenditures.

**Capital Assets**

Capital assets should be accounted for at historical (actual) cost or, if the cost is not practicably determinable, at estimated cost. The cost of the capital asset should include ancillary charges necessary to place the asset into use. Donated capital assets and capital assets acquired in a service concession arrangement should be recorded at acquisition value. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date, or the amount at which a liability could be liquidated with the counter party at the acquisition.

Land and construction in process are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	<b><u>Capitalization Threshold</u></b>	<b><u>Depreciation Method</u></b>	<b><u>Estimated Useful Life</u></b>
Buildings	\$ 1,500	Straight-line	30 - 40 years
Equipment and vehicles	1,500	Straight-line	5 - 20 years

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 1 - Summary of Certain Significant Accounting Policies (Cont.)**

**Deferred Outflows and Inflows of Resources**

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to OPEB reporting in the district wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The fourth item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

**Deferred Revenues**

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

**Compensated Absences**

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

District employees are granted vacation 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 has been calculated using the vesting/termination method and an accrual for that 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 funds 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.

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 1 - Summary of Certain Significant Accounting Policies (Cont.)**

**Other Benefits**

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 District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

**Short-Term Debt**

The District may issue Bond Anticipation Notes (BAN), 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 BAN's issued for capital purposes be converted to long-term financing within five years after the original issue date. The District did not issue any BANs for the year ended June 30, 2023.

**Accrued Liabilities and Long-Term Obligations**

Payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the 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 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.

**Order of Use of Fund Balance**

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported an unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.



**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 1 - Summary of Certain Significant Accounting Policies (Cont.)**

**Equity Classifications**

*District-wide Statements* - In the district-wide statements there are three classes of net position:

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

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

*Unrestricted net position* – reports other net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the District.

*Funds Statements* - In the fund basis statements there are five classifications of fund balance:

*Non-spendable* - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes inventory in the School Lunch Fund of \$13,553.

*Restricted* - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or law or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The School District has established the following restricted fund balances:

*Debt Service* - According to General Municipal Law §6-1, the mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that 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 improvement. This reserve is accounted for in the General Fund.

*Employee Benefit Accrued Liability Reserve Fund* - According to General Municipal Law §6-p, expenditures made from the employee benefit accrued liability reserve fund must be used for the payment of accrued employee benefit due 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.

*Workers' Compensation Reserve Fund* - According to General Municipal Law §6-j, all expenditures made from the worker's compensation reserve fund must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the General Fund.

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 1 - Summary of Certain Significant Accounting Policies (Cont.)**

*Restricted Fund Balance (Cont.)*

*Retirement Contributions Reserve Fund* - According to General Municipal Law §6-r, all expenditures made from the retirement contributions reserve fund must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund. 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.

*Unemployment Insurance Payment Reserve Fund* - According to General Municipal Law §6-m, all expenditures made from the unemployment insurance payment reserve fund must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the 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. This reserve is accounted for in the General Fund.

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

*Liability Claims and Property Loss Reserve Funds* - According to Education Law §1709(8) (c), must be used to pay for liability claims and property loss incurred. Separate funds for liability claims and property loss are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts with a population under 125,000. This reserve is accounted for in the General Fund.

*Repair Reserve Funds* - According to General Municipal Law §6-d, expenditures made from the repair reserve fund must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the General Fund.

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 1 - Summary of Certain Significant Accounting Policies (Cont.)**

Restricted fund balance includes the following:

<b><u>GENERAL FUND:</u></b>	
Capital reserve	\$ 863,439
Employee benefit liability	178,804
TRS reserve	137,403
Liability claims and property loss	70,800
Bus reserve	66,977
Retirement contributions	55,360
Repairs	53,971
Unemployment insurance	22,005
Debt	8,516
Equipment reserve	1,657
<b>TOTAL GENERAL FUND</b>	<b><u>1,458,932</u></b>
<b><u>MISCELLANEOUS SPECIAL REVENUE FUND:</u></b>	
Extraclassroom activities	87,501
Other	6,353
<b>TOTAL MISC SPECIAL REVENUE FUND</b>	<b><u>93,854</u></b>
<b><u>DEBT SERVICE FUND:</u></b>	
Debt service - fund balance	<u>990,059</u>
<b>TOTAL RESTRICTED FUND BALANCE</b>	<b><u>\$ 2,542,845</u></b>

*Committed* - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authorities, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2023.

*Assigned* - Includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year. Assigned Fund Balance includes the following:

<b><u>GENERAL FUND:</u></b>	
Designated for subsequent years' expenditures	\$ 639,614
Designated use of reserves in subsequent year	100,000
Encumbrances	13,294
<b>TOTAL GENERAL FUND</b>	<b><u>752,908</u></b>
<b><u>SCHOOL LUNCH FUND:</u></b>	
Fund balance	<u>50,107</u>
<b>TOTAL SCHOOL LUNCH FUND</b>	<b><u>50,107</u></b>
<b>TOTAL ASSIGNED FUND</b>	<b><u>\$ 803,015</u></b>

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 1 - Summary of Certain Significant Accounting Policies (Cont.)**

*Unassigned* - Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned. NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserve for tax reduction, a school district can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year, encumbrances and amounts reserved for insurance recoveries are also excluded from the 4% limitation.

**Net Position/Fund Balance**

Net Position Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund Balance Flow Assumption: Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

**Note 2 - Explanation of Certain Differences between Governmental Fund Statements and District-Wide Statements**

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

**Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities**

Total fund balance of the District's governmental funds differs from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund balance sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions and other post-employment benefits.

**Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities**

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

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

*Capital Related Differences* - Capital related differences include the difference between proceeds for the sale of capital assets reported on funds statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the funds statements and depreciation expense on those items as recorded in the Statement of Activities.

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 2 - Explanation of Certain Differences between Governmental Fund Statements and District-Wide Statements (Cont.)**

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

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

*OPEB differences* - OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

**Budgets**

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

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that 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. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These 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. No supplemental appropriations occurred during the year.

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

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

Certain Special Revenue Funds have not been included in the comparison because they do not have legally authorized (appropriated) budgets.

**Note 3 - Stewardship, Compliance, and Accountability**

**Encumbrances**

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

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 4 - Cash and Cash Equivalents**

The District's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

	<b>Bank Balance</b>	<b>Carrying Amount</b>
FDIC Insured	\$ 500,000	\$ 500,000
Collateralized with securities held by the pledging financial institution, or its trust department or agent in the District's name:	3,251,223	3,098,349
<b>TOTAL DEPOSITS</b>	<b>\$ 3,751,223</b>	<b>\$ 3,598,349</b>

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$93,854 in the Miscellaneous Special Revenue Fund, \$87,501 of the restricted cash is for Student's Extraclassroom activities and \$6,353 is restricted for the Backpack Program.

**Deposits**

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2023, all deposits were fully insured and collateralized by the District's agent in the District's name

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

**Note 5 - Receivables**

Receivables at year-end for individual major funds, including the applicable allowances for uncollectible accounts, are as follows:

<b>Description</b>	<b>Governmental Activities</b>			<b>Total</b>
	<b>General</b>	<b>Special Aid</b>	<b>School Lunch</b>	
State and Federal aid receivable	\$ 142,182	\$ 908,431	\$ 1,098	\$ 1,051,711
Other receivables	47,525	-	-	47,525
<b>Total</b>	<b>\$ 189,707</b>	<b>\$ 908,431</b>	<b>\$ 1,098</b>	<b>\$ 1,099,236</b>

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 6 - Capital Assets and Right of Use Assets**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
<b>GOVERNMENTAL ACTIVITIES:</b>				
<b><u>CAPITAL ASSETS NOT BEING DEPRECIATED:</u></b>				
Land	\$ 1,376	-	-	\$ 1,376
<b>TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED</b>	<b>\$ 1,376</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,376</b>
<b><u>CAPITAL ASSETS BEING DEPRECIATED:</u></b>				
Buildings	\$ 16,350,631	\$ -	\$ -	\$ 16,350,631
Building improvements	1,393,974	3,471	-	1,397,445
Vehicles	1,015,306	133,251	-	1,148,557
Equipment	1,459,071	61,640	(2,855)	1,517,856
Work in progress	-	366,292	-	366,292
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED</b>	<b>20,218,982</b>	<b>564,654</b>	<b>(2,855)</b>	<b>20,780,781</b>
<b><u>LESS: ACCUMULATED DEPRECIATION</u></b>				
Buildings	8,091,944	327,560	-	8,419,504
Building improvements	1,292,570	25,253	-	1,317,823
Vehicles	566,492	112,160	-	678,652
Equipment	1,120,550	38,737	(2,189)	1,157,098
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>11,071,556</b>	<b>503,710</b>	<b>(2,189)</b>	<b>11,573,077</b>
Total capital assets being depreciated, net	9,147,426	60,944	(666)	9,207,704
<b>TOTAL CAPITAL ASSETS, NET</b>	<b>\$ 9,148,802</b>	<b>\$ 60,944</b>	<b>\$ (666)</b>	<b>\$ 9,209,080</b>

Depreciation expense charged to governmental functions as follows:

Instruction	\$ 342,523
Pupil Transportation	161,187
<b>TOTAL</b>	<b>\$ 503,710</b>

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
<b><u>RIGHT-TO-USE LEASE ASSETS</u></b>				
Equipment	\$ 437,725	\$ 162,577	\$ (40,825)	\$ 559,477
Less: accumulated amortization	192,806	80,812	(76,067)	197,551
<b>TOTAL RIGHT TO USE ASSETS, NET</b>	<b>\$ 244,919</b>	<b>\$ 81,765</b>	<b>\$ 35,242</b>	<b>\$ 361,926</b>

Total amortization expense of \$4,745 was charged to instructional purposes.

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 7 - Short-term Debt**

The District had no outstanding BANs for the fiscal year ended June 30, 2023.

**Note 8 - Long-Term Debt**

**Serial Bonds**

The School District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enable the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. The provisions will be in the General Fund's future budgets for capital indebtedness.

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

	<b>Balance at June 30, 2022</b>		<b>Additions</b>	<b>Deletions</b>	<b>Balance at June 30, 2023</b>		<b>Amounts Due Within One Year</b>
<b><u>LONG-TERM LIABILITIES</u></b>							
Bonds payable	\$ 6,086,159	\$ -	\$ (625,137)	\$ 5,461,022	\$ 491,334		
Compensated absences	320,573	22,275	-	342,848	-		
OPEB	709,079	-	(126,007)	583,072	-		
Net pension liability	-	1,067,634	-	1,067,634	-		
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>\$ 7,115,811</b>	<b>\$ 1,089,909</b>	<b>\$ (751,144)</b>	<b>\$ 7,454,576</b>	<b>\$ 491,334</b>		

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences.

Serial Bond obligations are composed of the following at June 30, 2023:

<b>Description</b>	<b>Issue Date</b>	<b>Final Maturity</b>	<b>Interest Rate</b>	<b>Balance</b>
Serial bonds	6/2017	6/2032	5.00%	\$ 1,615,000
Statutory installment bond	8/2019	8/2023	3.50%	17,775
Statutory installment bond	9/2019	9/2024	2.70%	42,524
Serial bonds	6/2021	6/2036	4.00 - 5.00%	3,620,000
Statutory installment bond	6/2021	6/2026	1.90%	70,388
Statutory installment bond	10/2021	10/2026	1.95%	95,335
<b>Total</b>				<b>\$ 5,461,022</b>

The following is a summary of debt service requirements for bonds payable:

<b>Fiscal Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 491,334	\$ 255,767	\$ 747,101
2025	488,559	235,860	724,419
2026	487,296	215,926	703,222
2027	488,833	193,015	681,848
2028	480,000	169,300	649,300
2029 - 2033	2,430,000	467,000	2,897,000
2034 - 2038	595,000	31,800	626,800
<b>Total</b>	<b>\$ 5,461,022</b>	<b>\$ 1,568,668</b>	<b>\$ 7,029,690</b>



**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 8 - Long-Term Debt (Cont.)**

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

Interest paid	\$	276,700
Less: Interest accrued in prior year		(14,907)
Add: Interest accrued in current year		12,684
<b>TOTAL INTEREST EXPENSE</b>	<b>\$</b>	<b><u>274,477</u></b>

**Note 9 – Pension Plans**

**Plan Description**

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS). These are cost-sharing multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death, and disability.

**Teachers' Retirement System (TRS)**

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer 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 Statute. The New York State TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report and additional information may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 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](http://www.nystrs.org).

**Employees' Retirement System (ERS)**

The 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 (NYSRSSL). 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 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](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 9 – Pension Plans (Cont.)**

**Funding Policies**

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31.

The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years and were as follows:

	<b>NYSERS</b>		<b>NYSTRS</b>
2023	\$ 118,149	\$	293,043
2022	160,327		266,228
2021	137,533		266,941

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2023, the 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 (asset) liability used to calculate of the net pension (asset) liability was based on a projection of the District's long-term share of contributions to the Systems relative to the projects contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the School District.

For the year ended June 30, 2023, the districted recognized a pension expense of \$259,914 for ERS and \$293,043 for TRS. At June 30, 2023, the district's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>		<b>Deferred Inflows of Resources</b>	
	<b>ERS</b>	<b>TRS</b>	<b>ERS</b>	<b>TRS</b>
Differences between expected and actual experience	\$ 79,214	\$ 339,403	\$ 20,887	\$ 6,490
Changes of Assumptions	361,207	628,306	3,992	130,475
Net difference between projected and actual earnings on pension plan investments	-	418,506	4,369	-
Changes in proportion and differences between District contributions and proportionate share of contributions	16,308	88,963	12,898	47,475
District's contributions subsequent to the measurement date	564	40,315	-	-
<b>TOTAL</b>	<b>\$ 457,293</b>	<b>\$ 1,515,493</b>	<b>\$ 42,146</b>	<b>\$ 184,440</b>

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 9 – Pension Plans (Cont.)**

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension (asset) liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended</u>	<u>ERS</u>	<u>TRS</u>
2023	\$ -	\$ 257,887
2024	97,972	141,953
2025	(37,619)	(40,564)
2026	152,978	822,306
2027	201,251	106,583
Thereafter	-	2,572

**Actuarial Assumptions**

The total pension (asset) liability at March 31, 2023, was determined by using an actuarial valuation as of April 1, 2022, with update procedures used to roll forward total pension liability to March 31, 2023. 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
Interest Rate	5.90%	6.95%
Inflation Rate	2.90%	2.70%
Salary scale	4.40%	4.40%
Cost of living adjustment	1.50%	1.40%
Decrement Tables	April 1, 2015 - March 31, 2020 System's experience	July 1, 2015 - June 30, 2020 System's experience

For ERS, annuitant mortality rates are based on April 1, 2015- March 31, 2020, System's experience with adjustments for mortality improvements based on MP-2020. For TRS, annuitant mortality rates are based on July 1, 2015 – June 30, 2020, System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP2020.

For ERS, the actuarial assumptions used in the April 1, 2021, 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 are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 9 – Pension Plans (Cont.)**

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 weighing the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2023	June 30, 2022
<b><u>ASSET TYPE:</u></b>		
Domestic equity	32.00%	33.00%
International equity	15.00%	16.00%
Private equity	10.00%	8.00%
Global equity	-	4.00%
Real estate	9.00%	11.00%
Opportunistic/ARS portfolio	3.00%	-
Credit	4.00%	-
Real assets	3.00%	-
Domestic fixed income securities	23.00%	16.00%
Global bonds	-	2.00%
Private debt	-	2.00%
Real estate debt	-	6.00%
High-yield bonds	-	1.00%
Fixed income	-	-
Cash	1.00%	1.00%

**Discount Rate**

The discount rate used to calculate the total pension liability was 5.90% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contribution from plan members will be made at the current contribution rates and that contributions from employers will be made statutorily required rates, actuarially. Based upon 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.

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 9 – Pension Plans (Cont.)**

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

The following presents the District's proportionate share of the net pension (asset) liability calculated using the discount rate of 5.90 percent for ERS and 6.95 percent for TRS, as well as what the District's proportionate share of the net pension (asset) liability, would be if it were calculated using a discount rate that is 1-percentagepoint lower (4.90% for ERS and 5.95% for TRS) or 1-percentagepoint higher (6.90% for ERS and 7.95% for TRS), than the current rate:

	<b>1% Decrease 4.90%</b>	<b>Current Assumption 5.90%</b>	<b>1% Increase 6.90%</b>
<b>ERS</b>			
Employer's proportionate share of the net pension liability (asset)	\$ 1,797,293	\$ 743,737	\$ 136,632
	<b>1% Decrease 5.95%</b>	<b>Current Assumption 6.95%</b>	<b>1% Increase 7.95%</b>
<b>TRS</b>			
Employer's proportionate share of the net pension liability (asset)	\$ 2,986,485	\$ 323,897	\$ (1,915,322)

**Pension Plan Fiduciary Net Position**

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

	<b>ERS</b>	<b>TRS</b>	<b>TOTAL</b>
Employers' total pension liability (asset)	\$ 232,627,259	\$ 133,883,474	\$ 366,510,733
Fiduciary net position	211,183,223	131,964,582	343,147,805
Employers' net position liability (asset)	\$ 21,444,036	\$ 1,918,892	\$ 23,362,928
Ration of fiduciary net position to the Employers' total pension liability (asset)	90.78%	98.57%	93.63%

**Payables to the Pension Plan**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31<sup>st</sup>. Accrued retirement contributions as of June 30, 2023, represent the projected employer contribution for the period of April 1, 2023, based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions, as of June 30, 2023, amounted to \$52,345.

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 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, as of June 30, 2023, amounted to \$385,853.

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 10 - Post-Employment (Health Insurance) Benefits (GASB 75)**

**General Information about the OPEB Plan**

**Plan Description**

The District administers a defined benefit OPEB plan that provides OPEB for all permanent full-time general employees of the District. The plan is a single employer defined benefit OPEB plan (the Plan) administered by Article 11 of the State Compiled Statutes which grants the authority to establish and amend the benefit terms and financing requirements to the District's Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

**Benefits Provided**

The District provides for continuation of medical and/or Medicare Part B benefits for certain retirees and their spouses. The benefit terms are dependent on which contract each employee falls under, retirees and their spouses receive benefits for the lifetime of the retired employee. The specifics of each contract are on file at the 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 or beneficiaries currently receiving benefit payments	14
Active employees	<u>90</u>
Total employees	<u>94</u>

**Total OPEB Liability**

The District's total OPEB liability of \$583,072 was measured as of July 1, 2022, and was determined by an actuarial valuation as of July 1, 2021.

**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:

Inflation	2.50%
Salary scale	3.30% - 8.80%
Discount rate	4.09%
Healthcare cost trend rates	7.5% for 2023, decreasing to an ultimate rate of 4.50%

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 10 - Post-Employment (Health Insurance) Benefits (GASB 75) (Cont.)**

**Actuarial Assumptions and Other Inputs (Cont.)**

The discount rate was selected from a range of indices for 20-year tax-exempt general obligation municipal bonds as of July 1, 2022 (measurement date).

The actuarial assumptions used in the July 1, 2021, valuation were based on the results of an actuarial experience study for the period July 1, 2021.

**Changes in the Total OPEB Liability**

Balance at June 30, 2022		\$ <u>709,079</u>
<u>Changes for the year:</u>		
Service cost		38,886
Interest		15,703
Changes in assumptions or other inputs		(15,962)
Differences between expected and actual experience		(102,403)
Benefit payments		<u>(62,231)</u>
Net changes		<u>(126,007)</u>
 <b>Balance at June 30, 2023</b>		 <b>\$ <u>583,072</u></b>

Changes of assumptions and other inputs reflect a change in the discount rate from 2.19 percent in 2022 to 4.09 percent in 2023.

**Sensitivity to the Total OPEB Liability to Changes in the Discount Rate**

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.09 percent) or 1 percentage point higher (5.09 percent) than the current discount rate:

	<u>1% Decrease</u> <u>(3.09%)</u>	<u>Discount</u> <u>Rate</u> <u>(4.09%)</u>	<u>1% Increase</u> <u>(5.09%)</u>
Total OPEB Liability	\$ <u>626,127</u>	\$ <u>583,072</u>	\$ <u>542,542</u>

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 10 - Post-Employment (Health Insurance) Benefits (GASB 75) (Cont.)**

**Sensitivity to the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates**

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower (6.50 percent) or 1 percentage point higher (8.50 percent) than the current healthcare cost trend rate:

	<b>1% Decrease (6.50% Decreasing to 3.50%)</b>	<b>Healthcare Cost trend rates (7.50% Decreasing to 4.50%)</b>	<b>1% Increase (8.50% Decreasing to 5.50%)</b>
Total OPEB Liability	\$ 525,154	\$ 583,072	\$ 649,948

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2023, the District recognized OPEB expense of \$42,258. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 40,144	\$ (138,812)
Changes of assumptions or other inputs	63,670	(27,356)
Contributions subsequent to the measurement period	10,898	-
	<b>\$ 114,712</b>	<b>\$ (166,168)</b>

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

<b>Fiscal Year Ending June 30,</b>	<b>Amount</b>
2024	\$ (12,331)
2025	(12,332)
2026	(3,828)
2027	(3,165)
2028	(234)
Thereafter	(30,464)



**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 11 - Interfund Transactions – Governmental Funds**

Interfund transactions and balances at June 30, 2023, were as follows:

	Interfund	
	Receivable	Payable
<b><u>GOVERNMENTAL FUNDS:</u></b>		
General Fund	\$ 1,706,180	\$ 494,724
Special Aid Fund	-	803,803
School Lunch Fund	18,687	-
Capital Projects Fund	86,561	1,301,008
Debt Service Fund	789,561	-
<b>TOTAL GOVERNMENTAL FUNDS</b>	<b>2,600,989</b>	<b>2,599,535</b>
<b><u>FIDUCIARY FUNDS:</u></b>		
Private Purpse Trust Fund	-	1,454
<b>TOTAL FIDUCIARY FUNDS</b>	<b>-</b>	<b>1,454</b>
<b>TOTAL GOVERNMENTAL AND FIDUCIARY FUNDS</b>	<b>\$ 2,600,989</b>	<b>\$ 2,600,989</b>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of net position. The 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.

**Note 12 – Interfund Transfers**

Interfund transfers at June 30, 2023, were as follows:

	Transfer In	Transfer Out
	<b><u>GOVERNMENTAL FUNDS:</u></b>	
General Fund	\$ -	\$ 86,561
Capital Projects Fund	86,561	-
<b>TOTAL GOVERNMENTAL FUNDS</b>	<b>\$ 86,561</b>	<b>\$ 86,561</b>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and move residual cash from closed projects to debt service to be used for debt payments at a later date. The purpose of the government's interfund transfers are debt service payments, capital projects and self-insurance cost.

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**Note 13 - Commitments and Contingencies**

The District has received grants, which are subject to audit by agencies of the State and federal governments. Such audits may result in disallowances and a request for a return of funds. Based on prior years' experience, the district's administration believes disallowances, if any, will be immaterial.

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employee; errors and omissions; natural disaster, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage.

The District participates in a risk sharing pool, Allegany Cattaraugus Workmen's Compensation, to insure workers' compensation claims. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risk related to Workers' Compensation claims. For the year ended June 30, 2023, the District paid incurred premiums or contribution expenditures totaling \$34,645.

For its employee health and accident insurance coverage, injuries to employees, the District is a participant in the Allegany/Cattaraugus Medical Plan, a public entity risk pool operated for the benefit of 21 individual government units located within the Allegany/Cattaraugus area. The District pays an annual premium to the plan for this medical coverage, which totaled \$1,162,953 for the year ended June 30, 2023. The Allegany/Cattaraugus Medical Plan is considered a self-sustaining risk pool that will provide unlimited coverage for its members per insured event. The Allegany/Cattaraugus Medical Plan obtains coverage for insured events in excess of the \$250,000 limit and the District has essentially transferred all related risk to the pool.

**Note 14 - Risk Management**

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

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**REQUIRED SUPPLEMENTARY INFORMATION**

**SCIO CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES:</b>				
<b>LOCAL SOURCES:</b>				
Real property taxes	\$ 1,779,445	\$ 1,779,445	\$ 1,833,922	\$ 54,477
Non-property tax items	448,567	448,567	395,830	(52,737)
Charges for services	5,500	5,500	93,119	87,619
Use of money and property	76,000	76,000	81,997	5,997
Sale of property	900	900	5,351	4,451
Miscellaneous	57,000	57,000	217,126	160,126
<b>STATE SOURCES:</b>				
Basic formula aid	6,644,034	6,644,034	5,788,535	(855,499)
Lottery aid	-	-	938,605	938,605
BOCES aid	1,369,158	1,369,158	1,252,628	(116,530)
Textbook aid	22,409	22,409	12,865	(9,544)
Computer software	5,832	5,832	8,323	2,491
Library A/V loan program	-	-	1,355	1,355
Federal sources	27,000	27,000	40,801	13,801
<b>TOTAL REVENUES</b>	<u>10,435,845</u>	<u>10,435,845</u>	<u>\$ 10,670,457</u>	<u>\$ 234,612</u>
<b>APPROPRIATED FUND BALANCE:</b>				
Prior year designated fund balance	778,262	778,262		
Appropriated reserves - prior year encumbrances	<u>11,475</u>	<u>11,475</u>		
<b>TOTAL REVENUES, OTHER SOURCES AND APPROPRIATED FUND BALANCE</b>	<u>\$ 11,225,582</u>	<u>\$ 11,225,582</u>		

See independent auditor's report.

**SCIO CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

<u>EXPENDITURES:</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
<b><u>GENERAL SUPPORT:</u></b>					
Board of education	\$ 14,650	\$ 15,850	\$ 12,708	\$ -	\$ 3,142
Central administration	216,110	219,048	214,773	-	4,275
Finance	192,843	205,105	198,731	-	6,374
Staff	244,910	276,979	274,283	-	2,696
Central services	853,547	1,084,321	1,050,648	9,435	24,238
Special items	131,624	169,766	141,964	-	27,802
<b>TOTAL GENERAL SUPPORT</b>	<u>1,653,684</u>	<u>1,971,069</u>	<u>1,893,107</u>	<u>9,435</u>	<u>68,527</u>
<b><u>INSTRUCTION:</u></b>					
Instruction, administration and improvement	316,772	306,457	305,522	-	935
Teaching - regular school	2,729,153	2,855,170	2,284,976	925	569,269
Programs for children with disabilities	1,588,633	1,170,735	1,162,126	154	8,455
Occupational education	382,550	425,160	376,475	1,352	47,333
Teaching - special schools	39,500	39,500	10,660	-	28,840
Instructional media	374,388	378,109	292,739	-	85,370
Pupil services	450,640	478,349	387,148	1,428	89,773
<b>TOTAL INSTRUCTION</b>	<u>5,881,636</u>	<u>5,653,480</u>	<u>4,819,646</u>	<u>3,859</u>	<u>829,975</u>
Pupil transportation	626,819	658,696	595,424	-	63,272
Employee benefits	2,009,770	1,888,664	1,807,084	-	81,580
<b><u>DEBT SERVICE:</u></b>					
Debt service - principal	675,136	675,136	625,137	-	49,999
Debt service - interest	278,537	278,537	276,700	-	1,837
<b>TOTAL DEBT SERVICE</b>	<u>953,673</u>	<u>953,673</u>	<u>901,837</u>	<u>-</u>	<u>51,836</u>
<b>TOTAL EXPENDITURES</b>	<u>11,125,582</u>	<u>11,125,582</u>	<u>10,017,098</u>	<u>13,294</u>	<u>1,095,190</u>
<b><u>OTHER FINANCING USES:</u></b>					
Operating transfers out	100,000	100,000	86,561	-	13,439
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 11,225,582</u>	<u>\$ 11,225,582</u>	<u>\$ 10,103,659</u>	<u>\$ 13,294</u>	<u>\$ 1,108,629</u>
Net change in fund balance			566,798		
Fund balance - beginning of year			<u>3,482,511</u>		
<b>Fund balance - end of year</b>			<u>\$ 4,049,309</u>		

See independent auditor's report.

**SCIO CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET) LIABILITY**  
**NYSLRS PENSION PLAN**  
**FOR THE YEAR ENDED JUNE 30, 2023**

	<b>New York State Teachers' Retirement System</b>						
As of the measurement date of June 30,	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
District's proportion of the net pension liability (asset)	0.016879%	0.016459%	0.017751%	0.017055%	0.018442%	0.018970%	0.018951%
District's proportionate share of the net pension liability (asset)	\$ 323,897	\$(2,852,147)	\$ 490,504	\$ (443,084)	\$ (333,478)	\$ (144,190)	\$ 202,976
District's covered-employee payroll	\$ 3,427,172	\$ 2,990,231	\$ 2,979,892	\$ 3,165,118	\$ 3,011,272	\$ 3,136,484	\$ 3,006,098
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	9.45%	-95.38%	16.46%	-14.00%	-11.07%	-4.60%	6.75%

	<b>New York State Employees' Retirement System</b>						
As of the measurement date of March 31,	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
District's proportion of the net pension liability (asset)	0.003468%	0.003640%	0.003476%	0.003405%	0.003467%	0.003586%	0.003764%
District's proportionate share of the net pension liability (asset)	\$ 743,737	\$ (297,587)	\$ 3,461	\$ 901,720	\$ 245,649	\$ 115,719	\$ 353,630
District's covered-employee payroll	\$ 1,078,154	\$ 1,050,059	\$ 1,013,734	\$ 987,635	\$ 920,148	\$ 1,008,385	\$ 1,003,744
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	68.98%	-28.34%	0.34%	91.30%	26.70%	11.48%	35.23%

See independent auditor's report.

**SCIO CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT'S CONTRIBUTIONS**  
**NYSLRS PENSION PLAN**  
**FOR THE YEAR ENDED JUNE 30, 2023**

<b>New York State Teachers' Retirement System</b>							
For the year ended June 30,	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Contractually required contribution	\$ 293,043	\$ 266,228	\$ 266,941	\$ 302,322	\$ 294,390	\$ 352,315	\$ 387,772
Contributions in relation to the contractually required contribution	\$ 293,043	\$ 266,228	\$ 266,941	\$ 302,322	\$ 294,390	\$ 352,315	\$ 387,772
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 3,427,172	\$ 2,990,231	\$ 2,979,892	\$ 3,165,118	\$ 3,011,272	\$ 3,136,484	\$ 3,006,098
Contributions as a percentage of covered-employee payroll	8.55%	8.90%	8.96%	9.55%	9.78%	11.23%	12.90%

<b>New York State Employees' Retirement System</b>							
For the year ended March 31,	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>
Contractually required contribution	\$ 118,149	\$ 160,327	\$ 137,533	\$ 130,627	\$ 136,808	\$ 144,018	\$ 155,294
Contributions in relation to the contractually required contribution	\$ 118,149	\$ 160,327	\$ 137,533	\$ 130,627	\$ 136,808	\$ 144,018	\$ 155,294
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 1,078,154	\$ 1,050,059	\$ 1,013,734	\$ 987,635	\$ 920,148	\$ 1,008,385	\$ 1,003,744
Contributions as a percentage of covered-employee payroll	10.96%	15.27%	13.57%	13.23%	14.87%	14.28%	15.47%

See independent auditor's report.

**SCIO CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Measurement date, June 30	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Total OPEB Liability:</b>						
Service cost	\$ 38,886	\$ 36,238	\$ 26,035	\$ 25,169	\$ 28,032	\$ 31,687
Interest	15,703	19,584	22,164	26,710	26,235	24,950
Changes of assumptions or other inputs	(15,962)	20,850	66,634	12,773	(17,704)	(27,000)
Differences between expected and actual experience in the measurement of the total OPEB liability	(102,403)	(27,809)	56,814	(36,193)	12,361	(41,017)
Benefit payments	<u>(62,231)</u>	<u>(79,042)</u>	<u>(74,943)</u>	<u>(100,877)</u>	<u>(84,987)</u>	<u>(119,856)</u>
Net change in total OPEB liability	(126,007)	(30,179)	96,704	(72,418)	(36,063)	(131,236)
Total OPEB - beginning	<u>709,079</u>	<u>739,258</u>	<u>642,554</u>	<u>714,972</u>	<u>751,035</u>	<u>882,271</u>
<b>Total OPEB - ending</b>	<b><u>\$ 583,072</u></b>	<b><u>\$ 709,079</u></b>	<b><u>\$ 739,258</u></b>	<b><u>\$ 642,554</u></b>	<b><u>\$ 714,972</u></b>	<b><u>\$ 751,035</u></b>
Covered payroll	<u>\$ 4,090,619</u>	<u>\$ 3,930,990</u>	<u>\$ 3,835,112</u>	<u>\$ 3,731,731</u>	<u>\$ 3,640,713</u>	<u>\$ 3,778,097</u>
Total OPEB liability as a percentage of covered payroll	14.25%	18.04%	19.28%	17.22%	19.64%	19.88%

See independent auditor's report.



**SUPPLEMENTARY INFORMATION**

**SCIO CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**  
**AND THE REAL PROPERTY TAX LIMIT – GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget	\$ 11,214,107
Additions:	
Prior year's encumbrances	11,475
Final Budget	<b>\$ 11,225,582</b>

**SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION**

2023 - 24 voter approved expenditure budget	\$ 11,574,928
Maximum allowed (4% of 2023 - 24 budget)	\$ 462,997

General Fund Balance Subject to Section 1318 of Real Property Tax Law:

Unrestricted fund balance:	
Assigned fund balance	752,908
Unassigned fund balance	1,837,469
<b>TOTAL UNRESTRICTED FUND BALANCE</b>	<b>2,590,377</b>

Less:

Appropriated fund balance	739,614
Encumbrances	13,294
<b>TOTAL ADJUSTMENTS</b>	<b>752,908</b>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	\$ 1,837,469
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Actual Percentage	15.87%
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**SCIO CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF PROJECT EXPENDITURES – CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2023**

<b>PROJECT TITLE:</b>	<b>Original Appropriation</b>	<b>Revised Appropriation</b>	<b>Expenditures</b>			<b>Unexpended Balance</b>	<b>Methods of Financing</b>			<b>Fund Balance 6/30/2023</b>	
			<b>Prior Years</b>	<b>Current Year</b>	<b>Total</b>		<b>Proceeds of Obligations</b>	<b>State Aid</b>	<b>Local Sources</b>		<b>Total</b>
Emergency Project	\$ 200,000	\$ 150,000	\$ 140,171	\$ -	\$ 140,171	\$ 9,829	\$ -	\$ -	\$ 150,074	\$ 150,074	\$ 9,903
Buses	133,251	133,251	466,341	133,251	599,592	(466,341)	431,671	-	46,527	478,198	(121,394)
Renovation Project	2,715,171	2,715,171	2,891,856	-	2,891,856	(176,685)	2,799,063	131,938	103,611	3,034,612	142,756
2019 Capital Project	5,731,700	5,731,700	5,731,904	-	5,731,904	(204)	4,915,522	-	-	4,915,522	(816,382)
2022 Capital Project	5,750,000	5,750,000	-	366,292	366,292	5,383,708	86,561	-	62	86,623	(279,669)
Contingency	99,100	99,100	64,131	-	64,131	34,969	-	-	-	-	(64,131)
<b>Total</b>	<b>\$ 14,629,222</b>	<b>\$ 14,579,222</b>	<b>\$ 9,294,403</b>	<b>\$ 499,543</b>	<b>\$ 9,793,946</b>	<b>\$ 4,785,276</b>	<b>\$ 8,232,817</b>	<b>\$ 131,938</b>	<b>\$ 300,274</b>	<b>\$ 8,665,029</b>	<b>\$ (1,128,917)</b>

See independent auditor's report.

**SCIO CENTRAL SCHOOL DISTRICT**  
**NET INVESTMENT IN CAPITAL ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Capital assets and right-to-use assets, net		\$ 9,571,006
<b><u>Deduct:</u></b>		
Short-term portion of bonds payable	(491,334)	
Long-term portion of bonds payable	<u>(4,969,688)</u>	
<b>TOTAL DEDUCTIONS</b>		<u>(5,461,022)</u>
<b>NET INVESTMENT IN CAPITAL ASSETS</b>		<b><u>\$ 4,109,984</u></b>

See independent auditor's report.



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

**Report on Internal Control over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Scio Central 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 that are required to be reported under *Government Auditing Standards*.

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## **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Allied CPAs, P.C.*

Amherst, New York  
October 10, 2023

**SINGLE AUDIT  
WITH  
INDEPENDENT AUDITOR'S REPORT**



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

To the Board of Education  
Scio Central School District  
Scio, New York

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

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

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

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of Scio Central School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Scio Central School District's compliance with the compliance requirements referred to above.

***Responsibilities of Management for Compliance***

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

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## **Auditor's Responsibilities for the Audit of Compliance**

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

## **Report on Internal Control over Compliance**

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. 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.

*Allied CPAs, P.C.*

Amherst, New York  
October 10, 2023

**SCIO CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

Federal Grantor/Pass-through Grantor / Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identification Number	Total Federal Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE:</u></b>			
<b><u>Passed through New York State Department of Education:</u></b>			
<i>Child Nutrition Cluster:</i>			
National School Breakfast Program	10.553	N/A	\$ 86,311
National School Lunch Program	10.555	N/A	199,118
Summer Food Service Program for Children	10.559	N/A	21,946
Total U.S. Department of Agriculture			<u>307,375</u>
<b><u>U.S. Department of Education:</u></b>			
<b><u>Pass-through New York State Department of Education</u></b>			
E.S.E.A. Title I - Improved Basic Skills through Remediation	84.010	0021-23-0130	169,830
<i>Special Education Cluster (IDEA):</i>			
IDEA Part B - Section 611	84.027	0032-23-0045	89,257
IDEA Part B - Section 619	84.173A	0033-23-0045	3,752
Total Special Education Cluster			<u>93,009</u>
Rural Education Achievement Program	84.358A	N/A	18,898
E.S.E.A. Title IV - Student Support and Academic Enrichment Grants	84.424	0204-23-0130	13,779
Elementary and Secondary School Emergency Relief (ESSER)	84.425D	5891-21-0130	119,194
<i>American Rescue Plan - Elementary and Secondary School</i>			
<i>Emergency Relief:</i>			
ARP - ESSER 3	84.425U	5880-21-0130	382,862
ARP - SLR Summer Enrichment	84.425U	5882-21-0130	74,086
ARP - SLR Comprehensive After School	84.425U	5883-21-0130	33,221
ARP - SLR Learning Loss	84.425U	5884-21-0130	259,088
Total American Rescue Plan - Elementary and Secondary			<u>749,257</u>
School Emergency Relief			1,163,967
Total Department of Education			<u>1,163,967</u>
<b><u>DEPARTMENT OF HEALTH AND HUMAN SERVICES:</u></b>			
<b><u>Direct Program:</u></b>			
Medicaid	93.778	N/A	40,801
Total Department of Health and Human Services			<u>40,801</u>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 1,512,143</u></b>

See Report on Compliance with Requirements Applicable to each Major Program  
and Internal Control Over Compliance in Accordance with the Uniform Guidance.

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**Note 1 – Summary of Certain Significant Accounting Principles**

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in Note 2 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The District did not elect to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance. Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The District's policy is not to charge Federal award programs with indirect costs.

**Note 2 – Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Scio Central School District and presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. Federal grants received by the District are subject to audit and adjustment. If any expenditure is disallowed by the grantor agencies as a result of such audit, the grantor agencies could make claims to reimbursement, which would become a liability of the District.

Various reimbursement procedures are used for Federal Awards received by the District. Consequently, timing differences between expenditures and program reimbursements can exist at the beginning and end of the year. Accrued balance at year end represents an excess of expenditures over cash reimbursements received to date. Deferred balances at year end represent an excess of cash reimbursements received over reimbursable expenditures to date. Generally, accrued, or deferred balances are caused by differences in the timing of cash reimbursements and expenditures and will be reversed in the remaining grant period.

**Note 3 – Non-Cash Assistance**

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2023, the District received food commodities totaling \$14,288.

**SCIO CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**Section I - Summary of Auditor's Results:**

**Financial Statements:**

Type of Auditor's Report Issued: Unmodified

**Internal Control Over Financial Reporting:**

Material weaknesses identified? \_\_\_\_\_ Yes        X     No

Significant deficiencies identified not considered to be material weaknesses? \_\_\_\_\_ Yes        X     No

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes        X     None reported

**Federal Awards:**

Internal control over major programs:

Material weaknesses identified? \_\_\_\_\_ Yes        X     No

Significant deficiencies identified not considered to be material weaknesses? \_\_\_\_\_ Yes        X     No

Type of auditor's report issued on compliance for major programs? Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CRF §200.516(a) \_\_\_\_\_ Yes        X     No

**Identification of Major Programs:**

Assistance

Listing No.	Name of Federal Program
84.425U	American Rescue Plan - Elementary and Secondary School Emergency Relief

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

Auditee qualified as a low-risk auditee? \_\_\_\_\_ Yes        X     No

**Section II – Findings Related to Financial Statements**

As of and for the year ended June 30, 2023, Scio Central School District had no findings that were required to be reported in accordance with GAGAS.

**Section III – Federal Award Findings and Questioned Costs:**

As of and for the year ended June 30, 2023, Scio Central School District had no findings that were required to be reported in accordance with the Uniform Guidance.