

**Scio Central School District**  
**Financial Statements**  
**As of June 30, 2021**  
**Together With**  
**Independent Auditor's Report**

**SCIO CENTRAL SCHOOL DISTRICT**

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**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 Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Scio Central School District, as of and for the year ended June 30, 2021, 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.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Opinions*

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, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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## **Other Matters**

### *Required Supplementary Information*

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

### *Other 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 supplementary information (excluding budgetary information), as outlined in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2021 on our consideration of the 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 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 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.*

Tonawanda, New York  
October 8, 2021

## **MANAGEMENT DISCUSSION AND ANALYSIS**

**SCIO CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2021. 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 \$5,671,413.

Total Net Position increased from \$4,096,544 due to a change in net position of \$1,574,869.

The District's total combined fund balance at the close of this fiscal year was \$3,411,743.

Total combined fund balance increased from (\$2,324,664) due to an increase of revenues over expenditures of \$59,822 and revenue from other financing sources (uses) of \$5,676,585.

Total long-term debt at year-end was \$8,138,358 at June 30 2021, an increase of \$3,373,987 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, 2021**

**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	<ul style="list-style-type: none"> <li>•Statement of net position</li> <li>•Statement of activities</li> </ul>	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/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, 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, 2021**

**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 particular 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, 2021**

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

**Summary of Condensed Statement of Net Position**

	<u>Governmental Activities and Total School District</u>			
	<u>Beginning</u>	<u>Ending</u>	<u>Increase / (Decrease)</u>	<u>Percentage Change</u>
<b><u>ASSETS AND DEFERRED OUTFLOWS</u></b>				
<b><u>ASSETS</u></b>				
Current and other assets	\$ 4,224,805	\$ 3,909,506	\$ (315,299)	7.46%
Capital assets	9,575,976	9,408,502	(167,474)	1.75%
<b>TOTAL ASSETS</b>	<b>13,800,781</b>	<b>13,318,008</b>	<b>(482,773)</b>	<b>3.50%</b>
Deferred outflows of resources	1,892,475	2,386,261	493,786	-26.09%
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 15,693,256</b>	<b>\$ 15,704,269</b>	<b>\$ 11,013</b>	<b>-0.07%</b>
<b><u>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</u></b>				
<b><u>LIABILITIES</u></b>				
Long-term debt outstanding	\$ 4,764,371	\$ 8,138,358	\$ 3,373,987	-70.82%
Other liabilities	6,112,669	512,528	(5,600,141)	91.62%
<b>TOTAL LIABILITIES</b>	<b>10,877,040</b>	<b>8,650,886</b>	<b>(2,226,154)</b>	<b>20.47%</b>
Deferred inflows of resources	719,672	1,381,970	662,298	-92.03%
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>11,596,712</b>	<b>10,032,856</b>	<b>(1,563,856)</b>	<b>13.49%</b>
<b><u>NET POSITION</u></b>				
Net investment in capital assets	1,052,486	2,730,211	1,677,725	-159.41%
Restricted	832,628	2,018,641	1,186,013	-142.44%
Unrestricted	2,211,430	922,561	(1,288,869)	58.28%
<b>TOTAL NET POSITION</b>	<b>4,096,544</b>	<b>5,671,413</b>	<b>1,574,869</b>	<b>-38.44%</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<b>\$ 15,693,256</b>	<b>\$ 15,704,269</b>	<b>\$ 11,013</b>	<b>-0.07%</b>

**SCIO CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

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

**Changes in Net Position from Operating Results**

	<b><u>Governmental Activities and Total School District</u></b>			
	<b><u>Beginning</u></b>	<b><u>Ending</u></b>	<b><u>Increase / (Decrease)</u></b>	<b><u>Percentage Change</u></b>
<b><u>REVENUES:</u></b>				
<b>PROGRAM REVENUES:</b>				
Charges for services	\$ 57,916	\$ 76,189	\$ 18,273	-31.55%
Operating grants and contributions	672,655	728,063	55,408	-8.24%
<b>GENERAL REVENUES:</b>				
Property taxes and tax items	2,145,726	2,189,006	43,280	-2.02%
State and federal sources	7,823,899	7,503,242	(320,657)	4.10%
Other	413,522	1,209,200	795,678	-192.41%
<b>TOTAL REVENUES</b>	<b><u>11,113,718</u></b>	<b><u>11,705,700</u></b>	<b><u>591,982</u></b>	<b>-5.33%</b>
<b><u>EXPENSES:</u></b>				
General support	4,147,997	2,003,514	(2,144,483)	51.70%
Instruction	6,970,229	7,017,589	47,360	-0.68%
Pupil transportation	746,471	639,620	(106,851)	14.31%
Debt service - interest	297,310	210,541	(86,769)	29.18%
School lunch expenditures	265,120	259,567	(5,553)	2.09%
<b>TOTAL EXPENSES</b>	<b><u>12,427,127</u></b>	<b><u>10,130,831</u></b>	<b><u>(2,296,296)</u></b>	<b>18.48%</b>
Changes in net position	(1,313,409)	1,574,869	2,888,278	219.91%
NET POSITION - BEGINNING	<u>5,409,953</u>	<u>4,096,544</u>	<u>(1,313,409)</u>	24.28%
<b>NET POSITION - ENDING</b>	<b><u>\$ 4,096,544</u></b>	<b><u>\$ 5,671,413</u></b>	<b><u>\$ 1,574,869</u></b>	<b>-38.44%</b>

**SCIO CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

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

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

	<b>Governmental Funds</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>Total</b>
<b>FUND BALANCE AT JUNE 30, 2019</b>	<b><u>\$ 1,823,899</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (40,822)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (2,269,298)</u></b>	<b><u>\$ 202,560</u></b>	<b><u>\$ (283,661)</u></b>
Revenues	10,373,293	333,644	324,761	50,838	746	2,048	11,085,330
Expenditures	(9,771,651)	(333,644)	(289,074)	-	(3,039,091)	-	(13,433,460)
Other financing sources (uses)	60,000	-	-	-	278,739	(31,612)	307,127
<b>FUND BALANCE AT JUNE 30, 2020</b>	<b><u>\$ 2,485,541</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (5,135)</u></b>	<b><u>\$ 50,838</u></b>	<b><u>\$ (5,028,904)</u></b>	<b><u>\$ 172,996</u></b>	<b><u>\$ (2,324,664)</u></b>
Revenues	10,111,127	379,555	331,863	66,858	62	57	10,889,522
Expenditures	(9,834,998)	(379,555)	(285,535)	(47,080)	(282,532)	-	(10,829,700)
Other financing sources (uses)	252,055	-	3,378	-	4,604,974	816,178	5,676,585
<b>FUND BALANCE AT JUNE 30, 2021</b>	<b><u>\$ 3,013,725</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 44,571</u></b>	<b><u>\$ 70,616</u></b>	<b><u>\$ (706,400)</u></b>	<b><u>\$ 989,231</u></b>	<b><u>\$ 3,411,743</u></b>

**SCIO CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021**

**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 \$71,492
- Instruction was increased by \$28,075
- Pupil transportation was decreased by \$20,667
- Employee benefits was decreased by \$337,711
- Debt service was increased by \$255,433
- Transfers out was increased by \$3,378

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

The District's investment in capital assets as of June 30, 2021, amount to \$9,408,502 (net of accumulated depreciation). The investment in capital assets includes land, buildings, equipment, vehicles and infrastructure.

The following table lists the capital assets:

<u>Asset</u>	<u>Balance at June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2021</u>
Land	\$ 1,376	-	-	\$ 1,376
Buildings	13,252,633	2,932,781	-	16,185,414
Building improvements	1,386,288	-	-	1,386,288
Equipment and vehicles	2,369,033	173,828	(72,538)	2,470,323
Work in progress	2,932,781	165,217	(2,932,781)	165,217
<b>TOTAL FIXED ASSETS</b>	<b>\$ 19,942,111</b>	<b>\$ 3,271,826</b>	<b>\$ (3,005,319)</b>	<b>\$ 20,208,618</b>
<u>Depreciation</u>	<u>Balance at June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2021</u>
Buildings	\$ 7,435,664	\$ 328,140	\$ -	7,763,804
Building improvements	1,214,451	38,878	-	1,253,329
Equipment and vehicles	1,716,020	142,862	(75,899)	1,782,983
<b>TOTAL DEPRECIATION</b>	<b>\$ 10,366,135</b>	<b>\$ 509,880</b>	<b>\$ (75,899)</b>	<b>\$ 10,800,116</b>
<b>TOTAL CAPITAL ASSETS, NET</b>	<b>\$ 9,575,976</b>	<b>\$ 2,761,946</b>	<b>\$ (2,929,420)</b>	<b>\$ 9,408,502</b>

**SCIO CENTRAL SCHOOL DISTRICT**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**JUNE 30, 2021**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Long-Term Debt**

**Summary of Outstanding Long-Term Debt**

	<b><u>Total School District</u></b>	
	<b><u>June 30, 2020</u></b>	<b><u>June 30, 2021</u></b>
Serial bonds	\$ 2,964,219	\$ 6,678,291
Compensated absences	255,878	226,844
OPEB	642,554	739,258
Net pension liability	901,720	493,965
<b>Total</b>	<b><u>\$ 4,764,371</u></b>	<b><u>\$ 8,138,358</u></b>

At June 30, 2021, the School District had long-term serial bonds outstanding of \$6,678,291 as compared to \$2,964,219 in the prior year. During the year, retirement of serial bonds debt amounted to \$468,242. 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 is \$9,403,976, which 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, 2021**

**ASSETS AND DEFERRED OUTFLOWS**

**ASSETS**

Unrestricted cash	\$ 3,205,034
Restricted cash	70,616
State and Federal aid receivable	592,999
Other receivables	15,236
Due from fiduciary fund	8,000
Inventories	17,621
Capital assets, net of depreciation	<u>9,408,502</u>
<b>TOTAL ASSETS</b>	<b><u>13,318,008</u></b>

**DEFERRED OUTFLOWS OF RESOURCES**

Pensions	2,181,897
OPEB	<u>204,364</u>
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>2,386,261</u></b>

**TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES** **\$ 15,704,269**

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



**SCIO CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2021**

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

**LIABILITIES**

Accounts payable	\$	21,882
Accrued liabilities		93,685
Accrued interest on obligations		20,025
Due to fiduciary fund		6,546
Due to other governments		13,744
Due to Employees' retirement system		49,747
Due to Teachers' retirement system		306,899
Long-term liabilities:		
Due in less than one year:		
Bonds payable		711,302
Due in more than one year:		
Bonds payable		5,966,989
Compensated absences		226,844
Accrued post-employment benefit obligation		739,258
Net pension liability - proportionate share		493,965
		<b>TOTAL LIABILITIES</b>
		<b>8,650,886</b>

**DEFERRED INFLOWS OF RESOURCES**

Deferred revenues	5,260
Pensions	1,304,491
OPEB	72,219
	<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>
	<b>1,381,970</b>

**NET POSITION**

Net investment in capital assets	2,730,211
Restricted	2,018,641
Unrestricted	922,561
	<b>TOTAL NET POSITION</b>
	<b>5,671,413</b>

**TOTAL LIABILITIES AND NET POSITION** **\$ 15,704,269**

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, 2021**

	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in</u> <u>Net Position</u>
		<u>Charges for</u> <u>Services</u>	<u>Operating</u> <u>Grants</u>	
<b><u>FUNCTIONS / PROGRAMS</u></b>				
General support	\$ (2,003,514)	\$ -	\$ -	\$ (2,003,514)
Instruction	(7,017,589)	-	409,352	(6,608,237)
Pupil transportation	(639,620)	64,726	-	(574,894)
Debt service	(210,541)	-	-	(210,541)
Expenditures - School Lunch	(259,567)	11,463	318,711	70,607
<b>TOTAL FUNCTIONS AND PROGRAMS</b>	<b><u>\$ (10,130,831)</u></b>	<b><u>\$ 76,189</u></b>	<b><u>\$ 728,063</u></b>	<b><u>(9,326,579)</u></b>
 <b><u>GENERAL REVENUES:</u></b>				
Real property tax				1,732,011
Real property tax items				456,995
Use of money and property				79,781
Sale of property				20,593
Miscellaneous				292,648
Premium on obligation				816,178
State sources				7,372,385
Federal sources				130,857
<b>TOTAL GENERAL REVENUES</b>				<b><u>10,901,448</u></b>
Change in net position				1,574,869
Total net position - beginning of year				<u>4,096,544</u>
<b>Total net position - end of year</b>				<b><u>\$ 5,671,413</u></b>

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

**SCIO CENTRAL SCHOOL DISTRICT**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**JUNE 30, 2021**

**ASSETS**

	<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><u>ASSETS</u></b>							
Unrestricted cash	\$ 2,618,023	\$ 4,316	\$ 4,817	\$ -	\$ 378,208	\$ 199,670	\$ 3,205,034
Restricted cash	-	-	-	70,616	-	-	70,616
State and federal aid receivable	376,098	158,305	58,596	-	-	-	592,999
Other receivables	15,236	-	-	-	-	-	15,236
Due from other funds	1,923,955	574,688	344,664	-	415,639	1,017,900	4,276,846
Inventories	-	-	17,621	-	-	-	17,621
<b>TOTAL ASSETS</b>	<b><u>\$ 4,933,312</u></b>	<b><u>\$ 737,309</u></b>	<b><u>\$ 425,698</u></b>	<b><u>\$ 70,616</u></b>	<b><u>\$ 793,847</u></b>	<b><u>\$ 1,217,570</u></b>	<b><u>\$ 8,178,352</u></b>

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

**SCIO CENTRAL SCHOOL DISTRICT**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**JUNE 30, 2021**

**LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE**

	<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>LIABILITIES</u></b>							
Accounts payable	\$ 21,729	\$ 153	\$ -	\$ -	\$ -	\$ -	\$ 21,882
Accrued liabilities	93,255	-	430	-	-	-	93,685
Due to other funds	1,434,484	733,155	379,167	-	1,500,247	228,339	4,275,392
Due to other governments	13,473	-	271	-	-	-	13,744
Due to employees' retirement system	49,747	-	-	-	-	-	49,747
Due to teachers' retirement system	306,899	-	-	-	-	-	306,899
<b>TOTAL LIABILITIES</b>	<b>1,919,587</b>	<b>733,308</b>	<b>379,868</b>	<b>-</b>	<b>1,500,247</b>	<b>228,339</b>	<b>4,761,349</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>							
Deferred revenues	-	4,001	1,259	-	-	-	5,260
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>-</b>	<b>4,001</b>	<b>1,259</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,260</b>
<b><u>FUND BALANCE</u></b>							
Non-spendable	-	-	17,621	-	-	-	17,621
Restricted	958,794	-	-	70,616	-	989,231	2,018,641
Assigned	652,768	-	26,950	-	-	-	679,718
Unassigned	1,402,163	-	-	-	(706,400)	-	695,763
<b>TOTAL FUND BALANCE</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>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE</b>	<b>\$ 4,933,312</b>	<b>\$ 737,309</b>	<b>\$ 425,698</b>	<b>\$ 70,616</b>	<b>\$ 793,847</b>	<b>\$ 1,217,570</b>	<b>\$ 8,178,352</b>

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, 2021**

**Fund Balances - Total Governmental Funds** **\$ 3,411,743**

Amounts reported for Governmental Activities in the Statement of Net Position are:

Capital assets, net of accumulated depreciation, use in Governmental Activities are not current financial resources and are not reported in the funds. 9,408,502

The District's proportionate share of the Teacher and Employee Retirement System's net pension liability (asset) are not reported in the funds.

TRRS net pension liability (490,504)  
ERS net pension liability (3,461)

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 TRRS deferred outflows of resources - pensions 2,181,897  
OPEB deferred outflows of resources 204,364  
ERS and TRRS deferred inflows of resources - pensions (1,304,491)  
OPEB deferred inflows of resources (72,219)

Long term liabilities are not due and payable in the current period and are not reported in the funds.

Bonds payable (6,678,291)  
Compensated absences (226,844)  
Other post employment benefits liability (739,258)

Interest is accrued on outstanding balances of debt obligations.

Accrued interest on obligations (20,025)

**NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 5,671,413**

**SCIO CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES**  
**IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<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>REVENUES:</b>							
Real property tax	\$ 1,732,011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,732,011
Real property tax items	456,995	-	-	-	-	-	456,995
Charges for services	64,726	-	-	-	-	-	64,726
Use of money and property	79,660	-	2	-	62	57	79,781
Sale of property	20,593	-	-	-	-	-	20,593
Miscellaneous	224,103	-	1,687	66,858	-	-	292,648
State sources	7,402,182	102,605	10,222	-	-	-	7,515,009
Federal sources	130,857	276,950	308,489	-	-	-	716,296
Sales - food service	-	-	11,463	-	-	-	11,463
<b>TOTAL REVENUES</b>	<b>\$ 10,111,127</b>	<b>\$ 379,555</b>	<b>\$ 331,863</b>	<b>\$ 66,858</b>	<b>\$ 62</b>	<b>\$ 57</b>	<b>\$ 10,889,522</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, 2021**

	<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><u>EXPENDITURES:</u></b>							
General support	\$ 1,602,214	\$ -	\$ -	\$ -	\$ 165,218	\$ -	\$ 1,767,432
Instruction	4,745,469	317,468	-	47,080	-	-	5,110,017
Pupil transportation	480,391	-	-	-	117,314	-	597,705
Employee benefits	1,660,492	62,087	25,968	-	-	-	1,748,547
Debt service - principal	1,146,335	-	-	-	-	-	1,146,335
Debt service - interest	200,097	-	-	-	-	-	200,097
Cost of sales	-	-	259,567	-	-	-	259,567
<b>TOTAL EXPENDITURES</b>	<b><u>9,834,998</u></b>	<b><u>379,555</u></b>	<b><u>285,535</u></b>	<b><u>47,080</u></b>	<b><u>282,532</u></b>	<b><u>-</u></b>	<b><u>10,829,700</u></b>
Excess (deficiency) of revenues over expenditures	<u>276,129</u>	<u>-</u>	<u>46,328</u>	<u>19,778</u>	<u>(282,470)</u>	<u>57</u>	<u>59,822</u>
<b><u>OTHER FINANCING SOURCES (USES):</u></b>							
Proceeds from bond issuance	-	-	-	-	4,182,314	-	4,182,314
Premium on obligation	-	-	-	-	-	816,178	816,178
BANs redeemed from appropriation	-	-	-	-	678,093	-	678,093
Operating transfers in	255,433	-	3,378	-	-	-	258,811
Operating transfers out	<u>(3,378)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(255,433)</u>	<u>-</u>	<u>(258,811)</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b><u>252,055</u></b>	<b><u>-</u></b>	<b><u>3,378</u></b>	<b><u>-</u></b>	<b><u>4,604,974</u></b>	<b><u>816,178</u></b>	<b><u>5,676,585</u></b>
Excess (deficiency) of revenues and other sources over expenditures and other (uses)	528,184	-	49,706	19,778	4,322,504	816,235	5,736,407
Fund balance - beginning of year	<u>2,485,541</u>	<u>-</u>	<u>(5,135)</u>	<u>50,838</u>	<u>(5,028,904)</u>	<u>172,996</u>	<u>(2,324,664)</u>
<b>Fund balance - end of year</b>	<b><u>\$ 3,013,725</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 44,571</u></b>	<b><u>\$ 70,616</u></b>	<b><u>\$ (706,400)</u></b>	<b><u>\$ 989,231</u></b>	<b><u>\$ 3,411,743</u></b>

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

**SCIO CENTRAL SCHOOL DISTRICT**  
**RECONCILIATION OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Net change in fund balances - Total governmental funds	\$ 5,736,407
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.	266,508
Depreciation is recorded on the Statement of Activities but not in the governmental funds.	(433,982)
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.	468,242
Proceeds from long-term debt is recorded as other financing source for governmental funds, but it is not recorded in the Statement of Activities. This is the amount of proceeds from long-term debt received in the current year	(4,182,314)
Net accrued interest for bonds not reported in the government funds.	(10,444)
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.	29,034
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	898,259
Teachers' retirement system liability	(933,588)
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.	(96,704)
Deferred outflows and deferred inflows are not reported in the governmental funds:	
Change in deferred outflows of employees retirement system	157,432
Change in deferred outflows of teacher retirement system	227,380
Change in deferred outflows of other post-employment benefits	108,974
Change in deferred inflows of employees retirement system	(988,909)
Change in deferred inflows of teacher retirement system	313,335
Change in deferred inflows of other post-employment benefits	<u>15,239</u>
<b>CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b>	<b>\$ <u><u>1,574,869</u></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, 2021**

**ASSETS**

	<b><u>Private Purpose Trust Fund</u></b>
<b><u>ASSETS</u></b>	
Unrestricted cash	\$ 34,752
Due from other funds	<u>6,546</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 41,298</u></b>

**LIABILITIES AND NET POSITION**

<b><u>LIABILITIES</u></b>	
Due to other funds	\$ 8,000
<b><u>NET POSITION</u></b>	
Endowment scholarships	<u>33,298</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b><u>\$ 41,298</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, 2021**

	<b><u>Private Purpose Trust Fund</u></b>
<b><u>ADDITIONS:</u></b>	
Contributions	\$ 2,051
Use of money	<u>7</u>
<b>TOTAL ADDITIONS</b>	<b><u>2,058</u></b>
 <b><u>DEDUCTIONS:</u></b>	
Scholarship expenses	<u>2,700</u>
<b>TOTAL DEDUCTIONS</b>	<b><u>2,700</u></b>
Change in net position	(642)
Net position - beginning of year	<u>33,940</u>
<b>Net position - end of year</b>	<b><u><u>\$ 33,298</u></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, 2021**

**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, 2021**

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

During the year, the District was billed \$2,428,981 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,073,914. 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.

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

**Funds Statements (Cont.)**

*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.

*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 Funds**

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 funds:

*Private Purpose Trust Funds* - 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.

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

**Measurement Focus and Basis of Accounting (Cont.)**

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.

**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 Note 10 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues 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.

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**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.



**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

**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:

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

**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.

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

**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.

**Vested Employee Benefits**

**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.

**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.

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

**Short-Term Debt**

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RAN's and TAN's represent a liability that will be extinguished by the use of expendable, available resources of the fund.

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

The 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.

**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 as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**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 \$17,621.

*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, 2021**

**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, 2021**

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

Restricted fund balance includes the following:

**GENERAL FUND:**

Capital reserve	\$ 481,336
Employee benefit liability	178,804
Liability claims and property loss	70,800
Bus reserve	66,977
TRS reserve	56,900
Repairs	38,303
Retirement contributions	33,495
Unemployment insurance	22,005
Debt	8,516
Equipment reserve	<u>1,658</u>
<b>TOTAL GENERAL FUND</b>	<b><u>958,794</u></b>

**MISCELLANEOUS SPECIAL REVENUE FUND:**

Extraclassroom activities	63,844
Other	<u>6,772</u>
<b>TOTAL MISC SPECIAL REVENUE FUND</b>	<b><u>70,616</u></b>

**DEBT SERVICE FUND:**

Fund balance	<u>989,231</u>
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**TOTAL RESTRICTED FUND BALANCE \$ 2,018,641**

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, 2021.

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

*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:

**GENERAL FUND:**

Designated for subsequent years' expenditures	\$	640,528
Encumbrances		12,240
<b>TOTAL GENERAL FUND</b>		<b>652,768</b>

**SCHOOL LUNCH FUND:**

Encumbrances		26,950
<b>TOTAL SCHOOL LUNCH FUND</b>		<b>26,950</b>

**TOTAL ASSIGNED FUND \$ 679,718**

*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.

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

**Adoption of New Accounting Pronouncements**

The School District adopted the following accounting pronouncements during the year:

- GASB Statement No. 84, *Fiduciary Activities*

GASB Statement No. 84, *Fiduciary Activities*, effective for reporting periods beginning after June 30, 2020, enhances consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities.

**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.

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.



**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

**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.

**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, 2021**

**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:

Collateralized with securities held by the pledging financial institution, or  
its trust department or agent in the District's name: **\$ 2,887,937**

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 \$70,616 in the Miscellaneous Special Revenue Fund for Student's Extraclassroom activities.

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:

Description	Governmental Activities			Total
	General	Special Aid	School Lunch	
State and Federal aid receivable	\$ 376,098	\$ 158,305	\$ 58,596	\$ 592,999
Other receivables	15,236	-	-	15,236
<b>Total</b>	<b><u>\$ 391,334</u></b>	<b><u>\$ 158,305</u></b>	<b><u>\$ 58,596</u></b>	<b><u>\$ 608,235</u></b>

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 6 - Capital Assets**

Capital asset balances and activity for the year ended June 30, 2021 were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
<b>GOVERNMENTAL ACTIVITIES:</b>				
<b><u>CAPITAL ASSETS NOT BEING DEPRECIATED:</u></b>				
Land	\$ 1,376	-	-	\$ 1,376
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED</b>	<b>\$ 1,376</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,376</b>
 <b><u>CAPITAL ASSETS BEING DEPRECIATED:</u></b>				
Buildings	\$ 13,252,633	\$ 2,932,781	\$ -	\$ 16,185,414
Building improvements	1,386,288	-	-	1,386,288
Vehicles	955,226	172,103	(28,586)	1,098,743
Equipment	1,413,807	1,725	(43,952)	1,371,580
Work in Progress	2,932,781	165,217	(2,932,781)	165,217
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED</b>	<b>19,940,735</b>	<b>3,271,826</b>	<b>(3,005,319)</b>	<b>20,207,242</b>
 <b><u>LESS: ACCUMULATED DEPRECIATION</u></b>				
Buildings	7,435,664	328,140	-	7,763,804
Building improvements	1,214,451	38,878	-	1,253,329
Vehicles	586,274	109,733	(34,970)	661,037
Equipment	1,129,746	33,129	(40,929)	1,121,946
<b>TOTAL ACCUMULATED DEPRECIATION</b>	<b>10,366,135</b>	<b>509,880</b>	<b>(75,899)</b>	<b>10,800,116</b>
 Total capital assets being depreciated, net	 9,574,600	 2,761,946	 (2,929,420)	 9,407,126
 <b>TOTAL CAPITAL ASSETS, NET</b>	<b>\$ 9,575,976</b>	<b>\$ 2,761,946</b>	<b>\$ (2,929,420)</b>	<b>\$ 9,408,502</b>

Depreciation expense charged to governmental functions as follows:

Instruction	\$ 346,718
Pupil Transportation	163,162
<b>TOTAL</b>	<b>\$ 509,880</b>

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 7 - Short-term Debt**

The District has no BANs outstanding as of June 30, 2021.

**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:

	<u>Balance at June 30, 2020</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at June 30, 2021</u>	<u>Amounts Due Within One Year</u>
<b><u>LONG-TERM LIABILITIES</u></b>					
Bonds payable	\$ 2,964,219	\$ 4,182,314	\$ (468,242)	\$ 6,678,291	\$ 711,302
Compensated absences	255,878	-	(29,034)	226,844	-
OPEB	642,554	96,704	-	739,258	-
Net pension liability	901,720	-	(407,755)	493,965	-
<b>TOTAL LONG-TERM LIABILITIES</b>	<b>\$ 4,764,371</b>	<b>\$ 4,279,018</b>	<b>\$ (905,031)</b>	<b>\$ 8,138,358</b>	<b>\$ 711,302</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, 2021 :

<u>Description</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
Serial bonds	12/2008	12/2022	3.50 - 4.50%	410,000
Serial bonds	6/2017	6/2032	5.00%	1,910,000
Serial bonds	6/2021	6/2036	4.00 - 5.00%	4,065,000
Statutory installment bond	8/2017	8/2022	3.00%	37,603
Statutory installment bond	8/2019	8/2023	3.50%	53,326
Statutory installment bond	9/2019	9/2024	2.70%	85,048
Statutory installment bond	6/2021	6/2026	1.90%	117,314
<b>Total</b>				<b>\$ 6,678,291</b>

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

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

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

<b>Fiscal Year Ended</b>			
<b>June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2022	\$ 711,302	\$ 356,365	\$ 1,067,667
2023	601,301	274,463	875,764
2024	467,500	253,908	721,408
2025	464,725	234,466	699,191
2026	463,463	214,997	678,460
2027 - 2031	2,540,000	720,750	3,260,750
2032 - 2036	1,430,000	139,900	1,569,900
<b>Total</b>	<b>\$ 6,678,291</b>	<b>\$ 2,194,849</b>	<b>\$ 8,873,140</b>

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

Interest Paid	\$ 200,097
Less: Interest accrued in prior year	(9,581)
Add: Interest accrued in current year	20,025
<b>TOTAL INTEREST EXPENSE</b>	<b>\$ 210,541</b>

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**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.

**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.

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 9 – Pension Plans (Cont.)**

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:

		<u>NYSERS</u>		<u>NYSTRS</u>
2021	\$	137,533	\$	266,941
2020		130,627		302,322
2019		135,808		352,315

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

At June 30, 2021, 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, 2021 for ERS and June 30, 2020 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, 2021, the districted recognized a pension expense of \$79,891 for ERS and \$681,713 for TRS. At June 30, 2021, the district's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows</u>		<u>Deferred Inflows</u>	
	<u>of Resources</u>		<u>of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 42,269	\$ 429,780	\$ -	\$ 25,137
Changes of Assumptions	636,383	620,374	12,002	221,131
Net difference between projected and actual earnings on pension plan investments	-	320,342	994,229	-
Changes in proportion and differences between District contributions and proportionate share of contributions	7,630	111,499	11,470	40,522
District's contributions subsequent to the measurement date	7,842	5,778	-	-
<b>TOTAL</b>	<b>\$ 694,124</b>	<b>\$ 1,487,773</b>	<b>\$ 1,017,701</b>	<b>\$ 286,790</b>

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 9 – Pension Plans (Cont.)**

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. 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>
2021	\$ -	\$ 212,401
2022	(62,251)	407,045
2023	(23,024)	331,128
2024	(55,126)	209,232
2025	(191,019)	17,510
Thereafter	-	17,890

**Actuarial Assumptions**

The total pension asset/(liability) at March 31, 2021 was determined by using an actuarial valuation as of April 1, 2020, with update procedures used to roll forward total pension liability to March 31, 2021. The actuarial valuations used the following actuarial assumptions:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Actuarial Valuation date	April 1, 2020	June 30, 2019
Interest Rate	5.10%	7.10%
Inflation Rate	2.70%	2.20%
Salary scale	4.40%	1.90% - 4.72%
Cost of living adjustment	1.40%	1.30%
Decrement Tables	April 1, 2015 - March 31, 2020 System's experience	July 1, 2009 - June 30, 2014 System's experience



**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 9 – Pension Plans (Cont.)**

**Actuarial Assumptions (Cont.)**

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, 2009 – June 30, 2014 System’s experience with adjustments for mortality improvements based on Society of Actuaries Scale MP2019.

For ERS, the actuarial assumptions used in the April 1, 2020 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, 2020 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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, 2021	June 30, 2020
<b><u>ASSET TYPE:</u></b>		
Domestic equity	4.05%	7.10%
International equity	6.30%	7.70%
Private equity	6.75%	10.40%
Global equity	-	7.40%
Real estate	4.95%	6.80%
Opportunistic/ARS portfolio	4.50%	-
Credit	3.63%	-
Real assets	5.95%	-
Domestic fixed income securities	-	1.80%
Global bonds	-	1.00%
Private debt	-	5.20%
Real estate debt	-	3.60%
High-yield bonds	-	3.90%
Cash	0.50%	0.70%

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 9 – Pension Plans (Cont.)**

**Discount Rate**

The discount rate used to calculate the total pension liability was 5.90% for ERS and 7.10% 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.

**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 7.10 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 6.10% for TRS) or 1-percentagepoint higher (6.90% for ERS and 8.10% 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)	\$ 960,665	\$ 3,461	\$ (879,305)
	<b>1% Decrease 6.10%</b>	<b>Current Assumption 7.10%</b>	<b>1% Increase 8.10%</b>
<b>TRS</b>			
Employer's proportionate share of the net pension liability (asset)	\$ 3,098,346	\$ 490,504	\$ (1,698,136)

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 9 – Pension Plans (Cont.)**

**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:

	<u>ERS</u>	<u>TRS</u>	<u>TOTAL</u>
Valuation Date	April 1, 2020	June 30, 2019	
Employers' total pension liability (asset)	\$ 220,680,157	\$ 123,242,776,215	\$ 123,463,456,372
Plan Net Position	<u>220,580,583</u>	<u>120,479,505,380</u>	<u>120,700,085,963</u>
Employers' net position liability (asset)	\$ 99,574	\$ 2,763,270,835	\$ 2,763,370,409
Ration of plan net position to the Employers' total pension liability (asset)	99.95%	97.76%	97.76%

**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, 2021 represent the projected employer contribution for the period of April 1, 2021 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions, as of June 30, 2021, amounted to \$49,747.

For TRS, Employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October, and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 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, 2021, amounted to \$306,899.

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 10 - Interfund Transactions – Governmental Funds**

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Transfers In</u>	<u>Transfers Out</u>
<b><u>GOVERNMENTAL FUNDS:</u></b>				
General Fund	\$ 1,923,955	\$ 1,434,484	\$ 255,433	\$ 3,378
Special Aid Fund	574,688	733,155	-	-
School Lunch Fund	344,664	379,167	3,378	-
Capital Projects Fund	415,639	1,500,247	-	255,433
Debt Service Fund	1,017,900	228,339	-	-
<b>TOTAL GOVERNMENTAL FUNDS</b>	<b><u>4,276,846</u></b>	<b><u>4,275,392</u></b>	<b><u>258,811</u></b>	<b><u>258,811</u></b>
<b><u>FIDUCIARY FUNDS:</u></b>				
Private Purpse Trust Fund	6,546	8,000	-	-
<b>TOTAL FIDUCIARY FUNDS</b>	<b><u>6,546</u></b>	<b><u>8,000</u></b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>TOTAL GOVERNMENTAL AND FIDUCIARY FUNDS</b>	<b><u>\$ 4,283,392</u></b>	<b><u>\$ 4,283,392</u></b>	<b><u>\$ 258,811</u></b>	<b><u>\$ 258,811</u></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.

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 11 - 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 the benefit terms – At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	12	
Active employees	86	
Total employees	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="border-top: 1px solid black; border-bottom: 3px double black;">98</td> </tr> </table>	98
98		

**Total OPEB Liability**

The District's total OPEB liability of \$739,258 was measured as of July 1, 2020 and was determined by an actuarial valuation as of July 1, 2020.

**Actuarial Assumptions and Other Inputs**

The total OPEB liability in the July 1, 2020 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	2.66%
Healthcare cost trend rates	8.00% for 2021, decreasing 1.00 percent per year to an ultimate rate of 4.50%

The discount rate was selected from a range of indices for 20-year tax-exempt general obligation municipal bonds as of July 1, 2020 (measurement date).

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2020.

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 11 - Post-Employment (Health Insurance) Benefits (GASB 75) (Cont.)**

**Changes in the Total OPEB Liability**

Balance at June 30, 2020		\$ <u>642,554</u>
<u>Changes for the year:</u>		
Service cost		26,035
Interest		22,164
Changes of benefit terms		-
Differences between expected and actual experience		56,814
Changes in assumptions or other inputs		66,634
Benefit payments		<u>(74,943)</u>
Net changes		<u>96,704</u>
 <b>Balance at June 30, 2021</b>		 <b>\$ <u><u>739,258</u></u></b>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.51 percent in 2020 to 2.66 percent in 2021.

**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 (1.66 percent) or 1 percentage point higher (3.66 percent) than the current discount rate:

	<u>1% Decrease</u> <u>(1.66%)</u>	<u>Discount</u> <u>Rate</u> <u>(2.66%)</u>	<u>1% Increase</u> <u>(3.66%)</u>
Total OPEB Liability	\$ <u>785,969</u>	\$ <u>739,258</u>	\$ <u>694,859</u>

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 11 - 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 (7.00 percent) or 1 percentage point higher (9.00 percent) than the current healthcare cost trend rate:

	<b>1% Decrease (7.00%) Decreasing to 3.50%)</b>	<b>Healthcare Cost trend rates (8.00%) Decreasing to 4.50%)</b>	<b>1% Increase (9.00%) Decreasing to 5.50%)</b>
Total OPEB Liability	<u>\$ 673,425</u>	<u>\$ 739,258</u>	<u>\$ 816,018</u>

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$51,533. At June 30, 2021, 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	\$ 57,438	\$ (47,654)
Changes of assumptions or other inputs	67,884	(24,565)
Contributions subsequent to the measurement period	79,042	-
	<u>\$ 204,364</u>	<u>\$ (72,219)</u>

**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 11 - Post-Employment (Health Insurance) Benefits (GASB 75) (Cont.)**

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

<b><u>Fiscal Year</u></b> <b><u>Ending June 30,</u></b>	<b><u>Amount</u></b>
2022	\$ 3,334
2023	3,334
2024	3,334
2025	3,333
2026	11,837
Thereafter	27,931

**Note 12 - 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, 2021 the District paid incurred premiums or contribution expenditures totaling \$26,404.

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 \$1,135,401 for the year ended June 30, 2021. 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 13 - 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.



**SCIO CENTRAL SCHOOL DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**JUNE 30, 2021**

**Note 14 – Restatement of Beginning Net Position**

Beginning July 1, 2020, the District implemented GASB 84 which closed the Trust and Agency fund and reclassified the assets and liabilities to the General Fund and the Miscellaneous Special Revenue Fund. The School had to restate beginning Net Position for its Governmental Activities in the amount of \$50,838. Governmental Net Position increased because of the addition of the Miscellaneous Special Revenue Fund for the amount of \$50,838. Balance sheet accounts, such as cash, due from other funds, accrued liabilities, and equity, were transferred to the General Fund and Miscellaneous Special Revenue Fund via a residual equity transfer. Certain activities which were accounted for in the Trust and Agency Fund will be accounted for in the General Fund and the Miscellaneous Special Revenue Fund going forward.

**Note 15 – Subsequent Events**

The District has evaluated events and transactions for potential recognition or disclosure in the financial statements through October 8, 2021 (the date the financial statements were available to be issued).

Subsequent to the year ended June 30, 2021, local, U.S., and world governments have continued to encourage self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to operations and the impact of reduced consumer spending. In addition, global markets have seen significant declines. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government actions to mitigate them. Accordingly, while management cannot quantify the financial and other impacts to the District, there is a reasonable possibility that the impact on the District's financial position and the results of future operations could be material.

\* \* \* \* \*

**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, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b><u>REVENUES:</u></b>				
<b><u>LOCAL SOURCES:</u></b>				
Real property taxes	\$ 1,664,454	\$ 1,664,454	\$ 1,732,011	\$ 67,557
Non-property tax items	521,000	521,000	456,995	(64,005)
Charges for services	25,500	25,500	64,726	39,226
Use of money and property	76,000	76,000	79,660	3,660
Sale of property	900	900	20,593	19,693
Miscellaneous	57,000	57,000	224,103	167,103
<b><u>STATE SOURCES:</u></b>				
Basic formula aid	6,779,049	6,779,049	5,512,857	(1,266,192)
Lottery aid	-	-	785,614	785,614
BOCES aid	1,208,582	1,208,582	1,073,914	(134,668)
Textbook aid	16,776	16,776	16,776	-
Computer software	11,039	11,039	11,040	1
Library A/V loan program	1,981	1,981	1,981	-
Federal sources	27,000	27,000	130,857	103,857
<b>TOTAL REVENUES</b>	<u>10,389,281</u>	<u>10,389,281</u>	<u>10,111,127</u>	<u>(278,154)</u>
<b><u>OTHER FINANCING SOURCES:</u></b>				
Operating transfers in	-	-	255,433	255,433
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>-</u>	<u>-</u>	<u>255,433</u>	<u>255,433</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	10,389,281	10,389,281	<u><b>\$ 10,366,560</b></u>	<u><b>\$ (22,721)</b></u>
<b><u>APPROPRIATED FUND BALANCE:</u></b>				
Prior year designated fund balance	460,152	460,152		
Appropriated reserves - prior year encumbrances	<u>68,643</u>	<u>68,643</u>		
<b>TOTAL REVENUES, OTHER SOURCES AND APPROPRIATED FUND BALANCE</b>	<u><b>\$ 10,918,076</b></u>	<u><b>\$ 10,918,076</b></u>		

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**SCIO CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL – GENERAL FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<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	\$ 13,350	\$ 11,112	\$ 10,834	\$ -	\$ 278
Central administration	193,945	196,247	195,334	674	239
Finance	166,746	168,721	165,859	-	2,862
Staff	205,787	216,997	216,997	-	-
Central services	909,654	966,837	881,279	2,246	83,312
Special items	130,851	131,911	131,911	-	-
<b>TOTAL GENERAL SUPPORT</b>	<u>1,620,333</u>	<u>1,691,825</u>	<u>1,602,214</u>	<u>2,920</u>	<u>86,691</u>
<b><u>INSTRUCTION:</u></b>					
Instruction, administration and improvement	268,739	270,110	258,636	-	11,474
Teaching - regular school	2,653,232	2,731,849	2,495,382	2,818	233,649
Programs for children with disabilities	1,398,982	1,372,213	1,034,593	16	337,604
Occupational education	524,820	469,000	318,633	586	149,781
Teaching - special schools	20,120	20,300	7,380	-	12,920
Instructional media	344,923	357,839	309,801	3,200	44,838
Pupil services	387,778	405,358	321,044	1,500	82,814
<b>TOTAL INSTRUCTION</b>	<u>5,598,594</u>	<u>5,626,669</u>	<u>4,745,469</u>	<u>8,120</u>	<u>873,080</u>
Pupil transportation	579,350	558,683	480,391	1,200	77,092
Employee benefits	2,174,700	1,836,989	1,660,492	-	176,497
<b><u>DEBT SERVICE:</u></b>					
Debt service - principal	807,514	1,146,336	1,146,335	-	1
Debt service - interest	283,486	200,097	200,097	-	-
<b>TOTAL DEBT SERVICE</b>	<u>1,091,000</u>	<u>1,346,433</u>	<u>1,346,432</u>	<u>-</u>	<u>1</u>
<b>TOTAL EXPENDITURES</b>	11,063,977	11,060,599	9,834,998	12,240	1,213,361
<b><u>OTHER FINANCING USES:</u></b>					
Operating transfers out	-	3,378	3,378	-	-
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 11,063,977</u>	<u>\$ 11,063,977</u>	<u>\$ 9,838,376</u>	<u>\$ 12,240</u>	<u>\$ 1,213,361</u>
Net change in fund balance			528,184		
Fund balance - beginning of year			<u>2,485,541</u>		
<b>Fund balance - end of year</b>			<u><b>\$ 3,013,725</b></u>		

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**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, 2021**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget	\$ 10,995,335
Additions:	
Prior year's encumbrances	<u>68,642</u>
Final Budget	<b><u>\$ 11,063,977</u></b>

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

2021-22 voter approved expenditure budget	<u>\$ 10,769,401</u>
Maximum allowed (4% of 2021-22 budget)	<u>\$ 430,776</u>

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

Unrestricted fund balance:	
Assigned fund balance	652,768
Unassigned fund balance	<u>1,402,163</u>
<b>TOTAL UNRESTRICTED FUND BALANCE</b>	<u>2,054,931</u>

Less:

Appropriated fund balance	640,528
Encumbrances (included in committed and assigned fund balance)	<u>12,240</u>
<b>TOTAL ADJUSTMENTS</b>	<u>652,768</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law \$ 1,402,163

Actual Percentage 13.02%

**SCIO CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF PROJECT EXPENDITURES – CAPITAL PROJECTS FUND**  
**FOR THE YEAR ENDED JUNE 30, 2021**

<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 6/30/2021</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	117,314	117,314	220,188	117,314	337,502	(220,188)	312,502	-	46,527	359,029	21,527
Renovation Project	2,715,171	2,715,171	2,891,856	-	2,891,856	(176,685)	2,799,063	131,938	103,538	3,034,539	142,683
2019 Capital Project	5,731,700	5,731,700	5,311,254	420,650	5,731,904	(204)	4,915,522	-	-	4,915,522	(816,382)
Contingency	99,100	99,100	64,131	-	64,131	34,969	-	-	-	-	(64,131)
<b>Total</b>	<b>\$ 8,863,285</b>	<b>\$ 8,813,285</b>	<b>\$ 8,627,600</b>	<b>\$ 537,964</b>	<b>\$ 9,165,564</b>	<b>\$ (352,279)</b>	<b>\$ 8,027,087</b>	<b>\$ 131,938</b>	<b>\$ 300,139</b>	<b>\$ 8,459,164</b>	<b>\$ (706,400)</b>

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**SCIO CENTRAL SCHOOL DISTRICT**  
**NET INVESTMENT IN CAPITAL ASSETS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Capital Assets, net		\$ 9,408,502
<b><u>Deduct:</u></b>		
Short-term portion of bonds payable	(711,302)	
Long-term portion of bonds payable	<u>(5,966,989)</u>	
<b>TOTAL DEDUCTIONS</b>		<u>(6,678,291)</u>
<b>NET INVESTMENT IN CAPITAL ASSETS</b>		<b><u>\$ 2,730,211</u></b>

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**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, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
District's proportion of the net pension liability (asset)	0.020%	0.020%	0.022%	0.023%
District's proportionate share of the net pension liability (asset)	\$ 493,965	\$ 458,636	\$ (87,829)	\$ (28,471)
District's covered-employee payroll	\$ 3,763,563	\$ 3,919,620	\$ 3,754,069	\$ 3,890,319
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	13.12%	11.70%	-2.34%	-0.73%

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**SCIO CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF DISTRICT'S CONTRIBUTIONS**  
**NYSLRS PENSION PLAN**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 397,568	\$ 432,949	\$ 431,198	\$ 496,333
Contributions in relation to the contractually required contribution	\$ 397,568	\$ 432,949	\$ 431,198	\$ 496,333
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
District's covered-employee payroll	\$ 3,763,563	\$ 3,919,620	\$ 3,754,069	\$ 3,890,318
Contributions as a percentage of covered-employee payroll	10.56%	11.05%	11.49%	12.76%

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**SCIO CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**FOR THE YEAR ENDED JUNE 30, 2021**

Measurement date	June 30, 2021	June 30, 2020
<b>Total OPEB Liability:</b>		
Service cost	\$ 26,035	\$ 25,169
Interest	22,164	26,710
Changes in benefit terms	-	-
Differences between expected and actual experience in the measurement of the total OPEB liability	56,814	(36,193)
Changes of assumptions or other inputs	66,634	12,773
Benefit payments	<u>(74,943)</u>	<u>(100,877)</u>
Net change in total OPEB liability	96,704	(72,418)
 Total OPEB - beginning	 <u>642,554</u>	 <u>714,972</u>
 <b>Total OPEB - ending</b>	 <b><u>\$ 739,258</u></b>	 <b><u>\$ 642,554</u></b>
 Covered payroll	 <u>\$ 3,835,112</u>	 <u>\$ 3,731,731</u>
 Total OPEB liability as a percentage of covered payroll	 19.28%	 17.22%

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## 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 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, 2021, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 8, 2021.

### Internal Control over Financial Reporting

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

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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, during our audit, we did identify a deficiency in internal control that we consider to be a significant deficiency.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Scio Central School District's financial statements are free of 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 determination of financial statement amounts. 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 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 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.*

Tonawanda, New York  
October 8, 2021