

**SOUTHERN CAYUGA
CENTRAL SCHOOL DISTRICT**

Aurora, New York

FINANCIAL REPORT

**For the Year Ended
June 30, 2022**



insero&co

Certified Public Accountants | Business Advisors

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

Board of Education
Southern Cayuga Central School District
Aurora, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southern Cayuga Central School District (the School District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; budgetary comparison schedules; the Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plans; the Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability; Schedule of Changes in the District's Total OPEB Liability and Related Ratios; and related notes to be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit; Schedule of Project Expenditures - Capital Projects Fund; Schedule of Net Investment in Capital Assets; Balance Sheet - Non-Major Governmental Funds, Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds (supplementary information) and Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information and the Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2022, on our consideration of the School District's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Respectfully submitted,

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

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 13, 2022

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

The following is a discussion and analysis of the Southern Cayuga Central School District's (the School District) financial performance for the fiscal year ended June 30, 2022. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The School District recognizes its total other postemployment benefits (OPEB) liability, as well as deferred outflows and deferred inflows of resources related to the OPEB plan in accordance with the parameters of Governmental Accounting Standards Board (GASB) Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." Current year recognition resulted in a decrease of Government-wide expenses of \$397,066, compared to a decrease of \$974,542 in 2021, and a net liability of \$26,588,049.
- The School District ended the year with a total net position of \$1,031,682, an increase of \$3,602,968 from the prior year. The year end net position was composed of \$9,036,801 in restricted, \$11,723,094 in net investment in capital assets, and \$19,728,213 in unrestricted net deficit. The unrestricted net deficit decreased \$1,661,435 from the prior year. The unrestricted net deficit at June 30, 2022 is primarily attributable to the recognition of accumulated OPEB liability as well as increases in restricted net position.
- Capital and intangible asset additions during 2022 amounted to \$4,683,038 for vehicles, equipment, and construction in progress expenditures. Depreciation and amortization expense was \$1,155,950 for the current year. The net book value of disposals was \$272,817.
- The School District had \$11,250,245 in outstanding debt at year end, a increase of \$3,047,722 from the prior year. This was primarily the result of the issuance of new bond anticipation notes in the current year, partially offset by scheduled debt payments.
- Revenues exceeded expenses by \$3,602,968 in 2022, compared to \$2,911,133 in 2021.
- The General Fund budgeted expenditures, including carry-over encumbrances, and other financing uses, were underspent by \$1,662,454. General Fund revenues and other financing sources exceeded the budgeted amounts by \$317,013.
- Total fund balance in the General Fund was \$11,825,726 at June 30, 2022. Nonspendable fund balance of \$1,063 consisted of prepaid expenses; restricted fund balance of \$8,070,246 consisted of restricted reserves; assigned fund balance of \$1,099,612 consisted of \$642,244 in encumbrances and \$457,368 in appropriations to support the 2022-2023 budget; and unassigned fund balance consisted of \$54,214 in tax reduction reserve and \$2,600,591 remaining, which is above the maximum limit (4% of 2022-2023 appropriations) permitted under New York State Real Property Tax Law.

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS

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

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the School District's overall financial status.
- The remaining statements are Governmental Fund financial statements that focus on individual parts of the School District, reporting the School District's operations in greater detail than the District-wide financial statements. The Governmental Fund financial statements concentrate on the School District's most significant funds with all other Non-Major Funds listed in total in one column.

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; Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plans; School District's Proportionate Share of Net Pension (Asset) Liability; and a Schedule of Changes in the School District's total OPEB Liability and Related Ratios.

District-Wide Financial Statements

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

The two District-wide financial statements report the School District's net position and how it has changed. Net position (the difference between the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources) is one way to measure the School District's financial health or position. Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

To assess the School District's overall health, one needs to consider additional nonfinancial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

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.

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

Governmental Fund Financial Statements

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

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

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The School District's combined net position increased by \$3,602,968, to a positive net a position of \$1,031,682 at June 30, 2022. Our analysis below focuses on the net position (*Figure 1*) and changes in net position (*Figure 2*) of the School District's Governmental Activities.

Figure 1

<i>Condensed Statement of Net Position</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2022</i>	<i>2021</i>	
<i>Current Assets</i>	\$ 6,471,584	\$ 5,601,301	\$ 870,283
<i>Noncurrent Assets</i>	13,815,078	6,540,314	7,274,764
<i>Capital Assets, Net</i>	23,377,457	20,123,900	3,253,557
<i>Total Assets</i>	43,664,119	32,265,515	11,398,604
<i>Deferred Charges on Defeased Debt</i>	13,940	20,716	(6,776)
<i>Pensions</i>	3,846,714	4,007,967	(161,253)
<i>Other Postemployment Benefits</i>	2,731,496	3,276,584	(545,088)
<i>Total Deferred Outflows of Resources</i>	6,592,150	7,305,267	(713,117)
<i>Current Liabilities</i>	7,198,555	2,502,617	4,695,938
<i>Noncurrent Liabilities</i>	32,007,303	34,475,876	(2,468,573)
<i>Total Liabilities</i>	39,205,858	36,978,493	2,227,365
<i>Pensions</i>	6,998,222	1,690,327	5,307,895
<i>Other Postemployment Benefits</i>	3,020,507	3,473,248	(452,741)
<i>Total Deferred Inflows of Resources</i>	10,018,729	5,163,575	4,855,154
<i>Net Investment in Capital Assets</i>	11,723,094	11,731,866	(8,772)
<i>Restricted</i>	9,036,801	7,086,496	1,950,305
<i>Unrestricted (Deficit)</i>	(19,728,213)	(21,389,648)	1,661,435
<i>Total Net Position (Deficit)</i>	\$ 1,031,682	\$ (2,571,286)	\$ 3,602,968

The increase in current assets is mainly due to an increase in cash as a result of revenues exceeding expenses. The increase in noncurrent assets is mostly due to an increase in the net pension asset - proportionate share related to changes in the actuarially determined proportionate share of the pension system's plan's net pension (asset)/liability. The increase in capital assets is a primarily result of capital outlay in excess of depreciation expense.

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

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

The increase in current liabilities is due to the issuance of bond anticipation notes in the current year. Changes in noncurrent liabilities, deferred outflows of resources - OPEB, and deferred inflows of resources - OPEB, are primarily due to recognition of GASB Statement No. 75, based on an actuarial valuation of the School District's OPEB plan, as well as a decrease in bonds payable.

Net investment in capital assets increased due to the increase in the net book value of fixed assets, as well as debt payments. Unrestricted net deficit decreased based on the change in GASB Statement No. 75 OPEB liability and results of operations.

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

Figure 2

<i>Changes in Net Position</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2022</i>	<i>2021</i>	
<i>REVENUES</i>			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	\$ 47,392	\$ 44,881	\$ 2,511
<i>Operating Grants</i>	1,880,780	828,540	1,052,240
<i>Capital Grants</i>	-	166,820	(166,820)
<i>General Revenues:</i>			
<i>Real Property Taxes</i>	7,537,050	7,462,774	74,276
<i>Real Property Tax Items</i>	635,120	706,457	(71,337)
<i>State Sources</i>	9,298,275	8,804,648	493,627
<i>Use of Money and Property</i>	21,464	13,192	8,272
<i>Medicaid Reimbursement</i>	85,907	60,280	25,627
<i>Other General Revenues</i>	399,874	488,269	(88,395)
<i>Total Revenues</i>	\$ 19,905,862	\$ 18,575,861	\$ 1,330,001
<i>PROGRAM EXPENSES</i>			
<i>General Support</i>	\$ 2,333,744	\$ 2,798,907	\$ (465,163)
<i>Instruction</i>	12,124,036	11,347,680	776,356
<i>Pupil Transportation</i>	1,358,695	1,087,900	270,795
<i>Community Services</i>	2,900	3,763	(863)
<i>School Lunch Program</i>	337,997	227,285	110,712
<i>Interest on Long-Term Debt</i>	145,522	199,193	(53,671)
<i>Total Expenses</i>	\$ 16,302,894	\$ 15,664,728	\$ 638,166
<i>CHANGE IN NET POSITION</i>	\$ 3,602,968	\$ 2,911,133	\$ 691,835

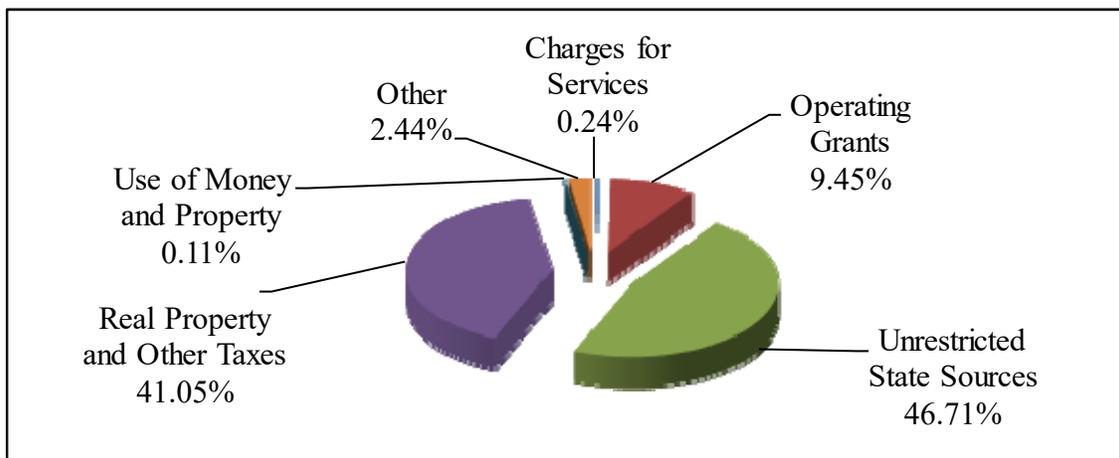
SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

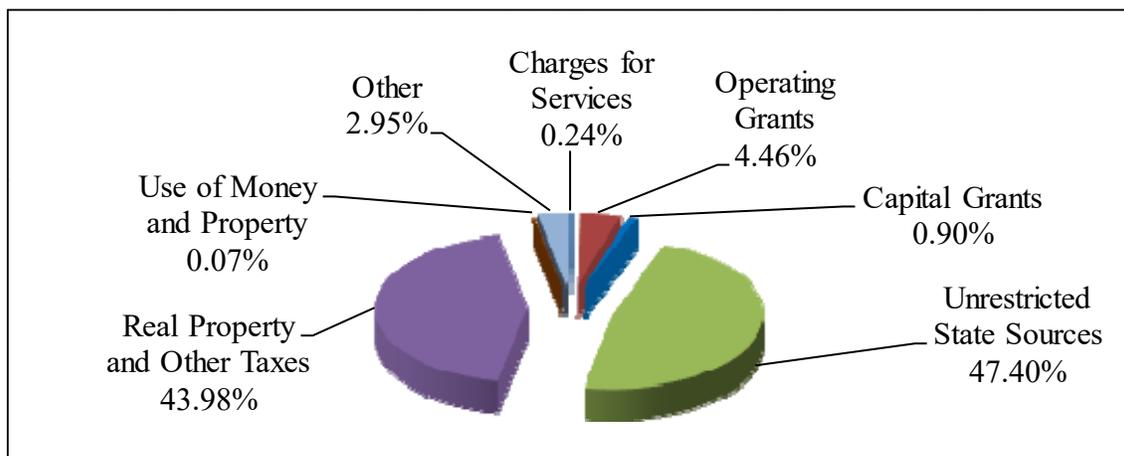
Total revenues for the School District's Governmental Activities increased by \$1,330,001 or 7.2%, and total expenses increased \$638,166 or 4.0%. Operating grants increased due to increased federal aid. Capital grants decreased due to receiving SMART Bond aid for capital projects in the prior year. State sources increased primarily due to increases in general and lottery aid. Property tax increased based on increases in voter approved tax levy, while other tax items decreased due to STAR tax relief reimbursements.

Figures 3 and 4 show the sources of revenue for 2022 and 2021.

***Figure 3
Sources of Revenue for 2022***



***Figure 4
Sources of Revenue for 2021***

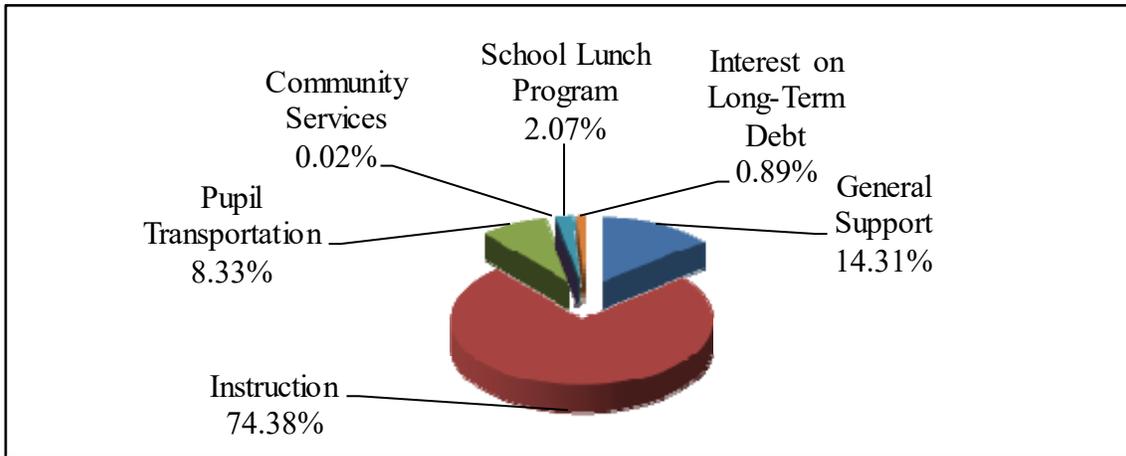


SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

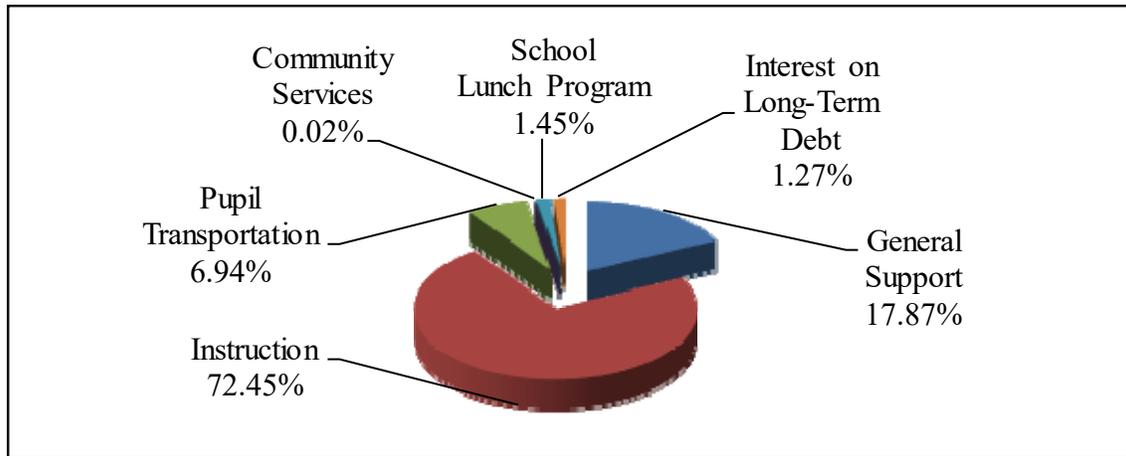
MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

Figures 5 and 6 present the cost of each of the School District's programs for 2022 and 2021.

**Figure 5
Cost of Programs for 2022**



**Figure 6
Cost of Programs for 2021**



SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Figure 7 shows the changes in fund balance for the year for the School District's Major Funds.

As the School District completed the year, its Governmental Funds, as presented in the Governmental Fund Balance Sheet, reported a combined unassigned fund balance deficit of \$1,759,446; an assigned fund balance of \$1,240,092; a nonspendable fund balance of \$17,991; and a restricted fund balance of \$9,036,801 at June 30, 2022. The Capital Projects Fund fund balance decreased mainly due to capital outlay exceeding revenue and other financing sources funded by a bond anticipation note.

Figure 7

<i>Governmental Fund Balances</i>	<i>2022</i>	<i>2021</i>	<i>Total Dollar Change</i>
<i>Major Funds:</i>			
<i>General Fund</i>	\$ 11,825,726	\$ 10,046,772	\$ 1,778,954
<i>Capital Projects Fund</i>	(4,273,771)	(230,855)	(4,042,916)
<i>Non-Major Funds:</i>			
<i>School Lunch Fund</i>	240,577	105,911	134,666
<i>Miscellaneous Special Revenue Fund</i>	116,908	115,728	1,180
<i>Debt Service Fund</i>	625,998	523,981	102,017
<i>Total Governmental Funds</i>	\$ 8,535,438	\$ 10,561,537	\$ (2,026,099)

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the School District revised the budget several times. Budget amendments consisted of budget transfers between functions. Revenues and other financing sources were \$317,013 over budget, while expenditures and other financing uses were \$1,662,454 under budget.

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

Figure 8 summarizes the original and final budgets, actual expenditures (including encumbrances), and variances for the year ending June 30, 2022.

Figure 8

<i>Condensed Budgetary Comparison General Fund - 2022</i>	<i>Original Budget</i>	<i>Revised Budget</i>	<i>Actual w/ Encumbrances</i>	<i>Favorable (Unfavorable) Variance</i>
REVENUES				
<i>Real Property Taxes</i>	\$ 8,153,284	\$ 8,153,284	\$ 7,537,050	\$ (616,234)
<i>Other Tax Items</i>	36,980	36,980	635,120	598,140
<i>State Sources</i>	9,258,820	9,258,820	9,268,013	9,193
<i>Other, Including Financing Sources</i>	331,824	331,824	657,738	325,914
Total Revenues and Other Financing Sources	\$ 17,780,908	\$ 17,780,908	\$ 18,097,921	\$ 317,013
Appropriated Fund Balances and Encumbrances	\$ 842,757	\$ 842,757		
EXPENDITURES				
<i>General Support</i>	\$ 2,262,591	\$ 2,365,122	\$ 2,138,182	\$ 226,940
<i>Instruction</i>	9,772,784	9,642,652	8,801,889	840,763
<i>Pupil Transportation</i>	1,113,063	1,132,401	1,052,921	79,480
<i>Community Services</i>	23,500	23,500	825	22,675
<i>Employee Benefits</i>	3,882,919	3,720,753	3,314,593	406,160
<i>Debt Service</i>	1,454,808	1,625,237	1,545,235	80,002
<i>Other Financing Uses</i>	114,000	114,000	107,566	6,434
Total Expenditures and Other Financing Uses	\$ 18,623,665	\$ 18,623,665	\$ 16,961,211	\$ 1,662,454

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2022, the School District had invested in a broad range of capital assets. This amount represents a net increase (including additions, deductions, change in estimate, and depreciation expense) of \$3,253,557 from last year.

Figure 9

<i>Changes in Capital Assets at Historical Cost</i>	<i>2022</i>	<i>2021</i>	<i>Total Dollar Change</i>
<i>Land</i>	\$ 65,500	\$ 65,500	\$ -
<i>Construction in Progress</i>	4,383,678	382,987	4,000,691
<i>Buildings, Net</i>	16,619,374	17,197,434	(578,060)
<i>Furniture and Equipment</i>	2,155,977	2,267,752	(111,775)
<i>Intangible Lease Assets, Net</i>	152,928	210,227	(57,299)
Total	\$23,377,457	\$ 20,123,900	\$ 3,253,557

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

Capital asset activity for the year ended June 30, 2022 included the following:

Additions:

Construction in Progress	\$ 4,000,691
Buildings	88,038
Equipment	521,771
Intangible Lease Assets	72,538
Total Additions	4,683,038

Disposals:

Equipment	(607,014)
Leases	(164,852)
Depreciation	334,197
Amortization	164,852
Total Disposals	(272,817)

Less Depreciation Expense	(1,026,827)
Less Amortization Expense	(129,837)

Net Increase in Capital Assets **\$ 3,253,557**

Debt Administration

Short-term and long-term debt increased in the current year due primarily due to the acquisition of new bond anticipation notes, partially offset by scheduled as shown in *Figure 10*. Total indebtedness represented 17.4% of the statutory debt limit, exclusive of building aid estimates.

Figure 10

<i>Outstanding Debt</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2022</i>	<i>2021</i>	
<i>Bond Anticipation Notes</i>	\$ 4,801,657	\$ 847,470	\$ 3,954,187
<i>General Obligation Bonds</i>	6,448,588	7,355,053	(906,465)
<i>Lease Liabilities</i>	152,928	210,227	(57,299)
<i>Total</i>	\$11,403,173	\$ 8,412,750	\$ 2,990,423

The School District's bond rating is Standard & Poor's A+, which did not change from the prior year.

More detailed information about the School District's long-term liabilities is presented in the notes to the financial statements.

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2022

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

- The District does not anticipate or have knowledge of proposed state mandates which will significantly impact the District's financial position for 2022-23.
- The District continues to experience a decline in enrollments due to limited economic opportunities in the School Districts community and surrounding areas. Below is a listing of the current and recent enrollments.

<u>Year</u>	<u>Enrollment</u>
2013-2014	740
2014-2015	717
2015-2016	699
2016-2017	692
2017-2018	693
2018-2019	704
2019-2020	738
2020-2021	716
2021-2022	702

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Southern Cayuga Central School District, at 2384 State Route 34B, Aurora, New York 13026.

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2022

ASSETS

Current Assets

Cash - Unrestricted	\$ 4,368,731
Cash - Restricted	<u>691,540</u>
Receivables:	
State and Federal Aid	<u>908,646</u>
Due from Other Governments	<u>466,829</u>
Other	<u>17,847</u>
Inventories	<u>16,928</u>
Prepaid Expenses	<u>1,063</u>
Total Current Assets	<u>6,471,584</u>

Noncurrent Assets

Restricted Cash	<u>8,241,368</u>
Capital Assets, Net:	
Nondepreciable Capital Assets	<u>4,449,178</u>
Depreciable Capital Assets, Net	<u>18,775,351</u>
Intangible Lease Assets, Net	<u>152,928</u>
Net Pension Asset - Proportionate Share	<u>5,573,710</u>
Total Noncurrent Assets	<u>37,192,535</u>
Total Assets	<u>43,664,119</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred Charges on Refunding	<u>13,940</u>
Pensions	<u>3,846,714</u>
Other Postemployment Benefits	<u>2,731,496</u>
Total Deferred Outflows of Resources	<u>6,592,150</u>

LIABILITIES

Current Liabilities

Payables:	
Accounts Payable	<u>437,222</u>
Accrued Liabilities	<u>31,698</u>
Due to Other Governments	<u>166</u>
Bond Interest and Matured Bonds	<u>9,210</u>
Bond Anticipation Notes Payable	<u>4,801,657</u>
Due to Teachers' Retirement System	<u>666,157</u>
Due to Employees' Retirement System	<u>42,718</u>
Compensated Absences Payable	<u>28,223</u>
Unearned Revenues - Other	<u>169,673</u>
Current Portion of Long-Term Obligations:	
Bonds Payable	<u>929,315</u>
Lease Liabilities	<u>82,516</u>
Total Current Liabilities	<u>7,198,555</u>

See Notes to Basic Financial Statements

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION (Continued) JUNE 30, 2022

LIABILITIES (Continued)

Noncurrent Liabilities

Bonds Payable	\$ 5,519,273
Compensated Absences Payable	<u>118,580</u>
Lease Liabilities	<u>70,412</u>
Other Postemployment Benefits Liability	<u>26,299,038</u>
Total Noncurrent Liabilities	<u>32,007,303</u>

Total Liabilities	<u>39,205,858</u>
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DEFERRED INFLOWS OF RESOURCES

Pensions	<u>6,998,222</u>
Other Postemployment Benefits	<u>3,020,507</u>

Total Deferred Inflows of Resources	<u>10,018,729</u>
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NET POSITION

Net Investment in Capital Assets	<u>11,723,094</u>
Restricted	<u>9,036,801</u>
Unrestricted (Deficit)	<u>(19,728,213)</u>

Total Net Position	<u>\$ 1,031,682</u>
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See Notes to Basic Financial Statements

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	Capital Grants	
General Support	\$ 2,333,744	\$ -	\$ -	\$ -	\$ (2,333,744)
Instruction	12,124,036	714	1,465,625	-	(10,657,697)
Pupil Transportation	1,358,695	-	-	-	(1,358,695)
Community Services	2,900	-	-	-	(2,900)
School Lunch Program	337,997	46,678	415,155	-	123,836
Interest on Debt	145,522	-	-	-	(145,522)
Total Functions and Programs	\$ 16,302,894	\$ 47,392	\$1,880,780	\$ -	(14,374,722)

GENERAL REVENUES

Real Property Taxes	7,537,050
Real Property Tax Items	635,120
Use of Money and Property	21,464
Unrestricted State Sources	9,298,275
Medicaid Reimbursement	85,907
Sale of Property and Compensation for Loss	(161,604)
Miscellaneous	561,478
Total General Revenues	17,977,690
Change in Net Position	3,602,968
Total Net (Deficit) - Beginning of Year	(2,571,286)
Total Net Position - End of Year	\$ 1,031,682

See Notes to Basic Financial Statements

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2022

	Major Funds			
	General Fund	Capital Projects Fund	Total Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash - Unrestricted	\$ 3,917,410	\$ 450,605	\$ 716	\$ 4,368,731
Cash - Restricted	8,243,569	506,889	182,450	8,932,908
Due from Other Funds	131,877	342,411	707,228	1,181,516
Due from State and Federal Governments	297,404	-	611,242	908,646
Due from Other Governments	466,829	-	-	466,829
Other Receivables, Net	11,387	-	6,460	17,847
Prepaid Expenses	1,063	-	-	1,063
Inventories	-	-	16,928	16,928
Total Assets	\$13,069,539	\$ 1,299,905	\$ 1,525,024	\$ 15,894,468
LIABILITIES				
Accounts Payable	\$ 132,606	\$ 265,130	\$ 39,486	\$ 437,222
Accrued Liabilities	31,698	-	-	31,698
Due to Other Funds	342,411	506,889	332,216	1,181,516
Due to Other Governments	-	-	166	166
Due to Teachers' Retirement System	666,157	-	-	666,157
Due to Employees' Retirement System	42,718	-	-	42,718
Bond Anticipation Notes Payable	-	4,801,657	-	4,801,657
Compensated Absences Payable	28,223	-	-	28,223
Unearned Revenues	-	-	169,673	169,673
Total Liabilities	1,243,813	5,573,676	541,541	7,359,030
FUND BALANCES				
Nonspendable	1,063	-	16,928	17,991
Restricted	8,070,246	-	966,555	9,036,801
Assigned	1,099,612	-	-	1,099,612
Unassigned	2,654,805	(4,273,771)	-	(1,618,966)
Total Fund Balances	11,825,726	(4,273,771)	983,483	8,535,438
Total Liabilities and Fund Balances	\$13,069,539	\$ 1,299,905	\$ 1,525,024	\$ 15,894,468

See Notes to Basic Financial Statements

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2022

Fund Balances - Total Governmental Funds **\$ 8,535,438**

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

Capital assets, net of accumulated depreciation and amortization, used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.

Total Historical Cost	\$ 36,545,282	
Less Accumulated Amortization	(308,950)	
Less Accumulated Depreciation	<u>(12,858,875)</u>	23,377,457

The School District's proportionate share of the collective net pension (asset)/liability is not reported in the funds.

TRS Net Pension (Asset) - Proportionate Share	\$ 5,238,835	
ERS Net Pension (Asset) - Proportionate Share	<u>334,875</u>	5,573,710

Deferred outflows of resources, including deferred charges on defeased debt, pensions and OPEB represents a consumption of net position that applies to future periods and, therefore, is not reported in the funds. Deferred inflows of resources, including pensions and OPEB, represents an acquisition of net position that applies to future periods and, therefore, is not reported in the funds.

Deferred Charges on Defeased Debt	\$ 13,940	
Other Postemployment Benefits Deferred Outflows of Resources	2,731,496	
ERS Deferred Outflows of Resources - Pension	740,416	
TRS Deferred Outflows of Resources - Pension	3,106,298	
Other Postemployment Benefits Deferred Inflows of Resources	(3,020,507)	
ERS Deferred Inflows of Resources - Pension	(1,150,236)	
TRS Deferred Inflows of Resources - Pension	<u>(5,847,986)</u>	(3,426,579)

Long-term liabilities and obligations, including long-term debt payable, amounts due for other postemployment benefits liability, and accrued interest on long-term debt are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable	\$ (6,425,000)	
Unamortized Bond Premium	(23,588)	
Compensated Absences	(118,580)	
Lease Liabilities	(152,928)	
Other Postemployment Benefits Liability	(26,299,038)	
Accrued Interest on Long-Term Debt	<u>(9,210)</u>	(33,028,344)

Net (Deficit) of Governmental Activities **\$ 1,031,682**

See Notes to Basic Financial Statements

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2022

	Major Funds		Total Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Capital Projects Fund		
REVENUES				
Real Property Taxes	\$ 7,537,050	\$ -	\$ -	\$ 7,537,050
Real Property Tax Items	635,120	-	-	635,120
Charges for Services	714	-	-	714
Use of Money and Property	20,008	-	1,456	21,464
Sale of Property and Compensation for Loss	15,213	96,000	-	111,213
Miscellaneous	411,508	-	149,970	561,478
State Sources	9,268,013	-	153,351	9,421,364
Medicaid Reimbursement	85,907	-	-	85,907
Federal Sources	124,388	-	1,633,303	1,757,691
Sales - School Lunch	-	-	46,678	46,678
Total Revenues	18,097,921	96,000	1,984,758	20,178,679
EXPENDITURES				
General Support	2,070,812	-	43,840	2,114,652
Instruction	8,254,798	-	1,420,837	9,675,635
Pupil Transportation	1,026,878	-	335	1,027,213
Community Services	825	-	-	825
Employee Benefits	3,312,853	-	214,167	3,527,020
Debt Service:				
Principal	1,287,307	-	-	1,287,307
Interest	257,928	-	-	257,928
Cost of Sales	-	-	176,135	176,135
Capital Outlay	-	4,573,924	-	4,573,924
Total Expenditures	16,211,401	4,573,924	1,855,314	22,640,639
Excess (Deficiency) of Revenues Over Expenditures	1,886,520	(4,477,924)	129,444	(2,461,960)
OTHER FINANCING SOURCES AND (USES)				
Bond Anticipation Notes Redeemed from Appropriations	-	262,470	-	262,470
Premium on Obligations	-	-	100,853	100,853
Operating Transfers In	-	100,000	7,566	107,566
Operating Transfers (Out)	(107,566)	-	-	(107,566)
Total Other Sources (Uses)	(107,566)	435,008	108,419	435,861
Net Change in Fund Balances	1,778,954	(4,042,916)	237,863	(2,026,099)
Fund Balances (Deficit) - Beginning of Year	10,046,772	(230,855)	745,620	10,561,537
Fund Balances (Deficit) - End of Year	\$ 11,825,726	\$ (4,273,771)	\$ 983,483	\$ 8,535,438

See Notes to Basic Financial Statements

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2022

Net Change in Fund Balances - Total Governmental Funds **\$ (2,026,099)**

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

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation and amortization expense. This is the amount by which capital outlay exceeds reclassifications, disposals, and depreciation and amortization expense.

Capital Outlay	\$ 4,610,500	
Intangible Assets	72,538	
Amortization Expense	(129,837)	
Reclassifications, Disposal and Reappraisal of Capital Assets, Net	(272,817)	
Depreciation Expense	<u>(1,026,827)</u>	3,253,557

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

ERS	\$ 141,559	
TRS	<u>870,007</u>	1,011,566

Long-term debt proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. 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 change in bonds issued, repayments, and amortization.

Proceeds of Leases	\$ (72,538)	
Principal Payment - Leases	129,837	
Amortization of Bond Premium	11,465	
Amortization of Deferred Charges on Defeased Debt	(6,776)	
Bond Principal Payment	<u>895,000</u>	956,988

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

Compensated Absences	\$ 3,026	
Other Postemployment Benefits Liability	<u>397,066</u>	400,092

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds. This is the amount interest payable decreased from the prior year.

Net Change in Net Position of Governmental Activities **\$ 3,602,968**
See Notes to Basic Financial Statements

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2022

	Custodial Fund
ASSETS	
Cash - Unrestricted	\$ 54,360
Total Assets	\$ 54,360
NET POSITION	
Unrestricted	\$ 54,360
Total Net Position	\$ 54,360

See Notes to Basic Financial Statements

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED JUNE 30, 2022

	Custodial Fund
ADDITIONS	
Extraclassroom Activity Funds - Receipts	<u>\$ 68,663</u>
DEDUCTIONS	
Extraclassroom Activity Funds - Disbursements	<u>63,294</u>
Change in Net Position	5,369
Net Position - Beginning of Year	<u>48,991</u>
Net Position - End of Year	<u><u>\$ 54,360</u></u>

See Notes to Basic Financial Statements

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Note 1 **Summary of Significant Accounting Policies**

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

Reporting Entity

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

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

The financial reporting entity consists of the following, as defined by GASB Statement No. 14, as amended.

- The primary government, which is Southern Cayuga Central School District;
- Organizations for which the primary government is financially accountable; and
- Other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the School District. The School District is not a component unit of another reporting entity.

The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the Extraclassroom Activity Funds are included in the School District's reporting entity.

The Extraclassroom Activity Funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be obtained from the School District's business office, located at 2384 State Route 34B, Aurora, New York.

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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

Joint Venture

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

BOCES are organized under §1950 of the Education Law. A BOCES Board is considered a corporate body. 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 General Municipal Law (GML).

A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component school district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law §1950(4)(b)(7).

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

Basis of Presentation - District-Wide Financial Statements

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District's Governmental Activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses relate to the administration and support of the School District's programs, including personnel overall administration and finance. Employee benefits are allocated to functional expenses as a percentage of related payroll expense. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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

Basis of Presentation - Governmental Fund Financial Statements

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

Major Funds

- General Fund: The School District's primary operating fund. It accounts for all financial transactions not required to be accounted for in another fund.
- Capital Projects Fund: Accounts for the financial resources used for renovations of the educational complex and bus purchases.

Non-Major Funds

- Special Revenue Funds: These funds account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:
 - Special Aid Fund: Used to account for proceeds received from state and federal grants that are restricted for special educational programs.
 - School Lunch Fund: Used to account for child nutrition activities whose funds are restricted as to use.
 - Miscellaneous Special Revenue Fund: Used to account for student scholarships whose funds are restricted as to use.
- Debt Service Fund: Accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of Governmental Activities.

Fiduciary Activities are those in which the School District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the School District and are not available to be used.

The School District reports the following Fiduciary Fund:

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

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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

Measurement Focus and Basis of Accounting

The District-wide and Fiduciary Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the School District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the Governmental Funds to be available if the revenues are collected within six months after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in Governmental Funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Cash and Investments

The School District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of New York State and its municipalities and districts. Investments are stated at fair value.

Accounts Receivable

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

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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

Due To/From Other Funds

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

Inventories and Prepaid Items

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

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

Capital Assets

Capital assets are reported at actual cost for acquisitions, including the right to use assets acquired through financed lease arrangements, subsequent to the adoption of GASB Statement No. 34. For assets acquired prior to the adoption of GASB Statement No. 34, estimated historical costs, based on appraisal and research of the School District's accounting records, were used. Donated assets are reported at acquisition value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts) and estimated useful lives of capital assets reported in the District-wide financial statements are as follows:

	Capitalization Threshold	Estimated Useful Life
Buildings	\$ 5,000	50 Years
Building Improvements	5,000	20-50 Years
Furniture and Equipment	5,000	5-20 Years

The School District utilizes the straight-line method of depreciation, and amortizes its intangible assets in line with its lease liability payments.

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, 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 School District reports a deferred charge on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price, which is amortized over the shorter of the life of the refunded or refunding debt. The type of deferred outflows of resources related to deferred charges on refunding is described in Note 8. The School District reports deferred outflows of resources related to pensions and OPEB in the District-wide Statement of Net Position. The types of deferred outflows of resources related to pensions and OPEB are described in Notes 11 and 12, respectively.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The School District reports deferred inflows of resources related to pensions and OPEB which are further described in Notes 11 and 12, respectively.

Leases

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

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

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

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

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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

Vested Employee Benefits - Compensated Absences

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

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

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

Consistent with GASB Statement Number 16, "Accounting for Compensated Absences," the liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

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

Postemployment Benefits

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

In addition to providing pension benefits, the School District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the School District's employees may become eligible for these benefits if they reach normal retirement age while working for the School District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the School District and the retired employee. The School District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the General Fund in the year paid.

The School District follows GASB Statement No. 75, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions." The School District's liability for other postemployment benefits has been recorded in the Statement of Net Position in accordance with the statement. See Note 12 for additional information.

Unearned Revenue

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

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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

Restricted Resources

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

Accrued Liabilities and Long-Term Obligations

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

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

Equity Classifications - District-Wide Financial Statements

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

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

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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

Equity Classifications - Governmental Fund Financial Statements

The School District follows GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." Statement No. 54 changed the terminology and classification of fund balance to reflect spending constraints on resources, rather than availability for appropriation. This approach is intended to provide users more consistent and understandable information about a fund's net resources.

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

- **Nonspendable** - Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowments principal.
- **Restricted** - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the School District's legally adopted reserves are reported here.
- **Committed** - Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority prior to the end of the fiscal year and requires the same level of formal action to remove said constraint.
- **Assigned** - Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.
- **Unassigned** - Represents the residual classification of the government's General Fund and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

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

Equity Classifications - Governmental Fund Financial Statements - Continued

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

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

Legally Adopted Reserves

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

- Unemployment Insurance Reserve (GML §6-m) - Used to pay the cost of reimbursing the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. This reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within 60 days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.
- Mandatory Reserve for Debt Service (GML §6-l) - Used to establish a reserve for the purpose of retiring any outstanding obligations upon the sale of School District property or capital improvement financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement. This reserve is accounted for in the Debt Service Fund.

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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

Legally Adopted Reserves - Continued

- Retirement Contribution Reserve (GML §6-r): Used for the purpose of 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 GML §6-r.
- Employee Benefit Accrued Liability Reserve (GML §6-p) - Used to reserve funds for the payment of accrued employee benefits 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 (GML §6-j) - Used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses for 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 60 days after the end of any fiscal year, excess amounts may either be transferred to another reserve or applied to the appropriations of the succeeding fiscal year's budget. This reserve is accounted for in the General Fund.
- Repair Reserve (GML §6-d) - Used to pay the cost of repairs to capital improvements or equipment which 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.

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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

Legally Adopted Reserves - Continued

- Capital Reserve (Education Law §3651) - Used to pay the cost of any object or purpose for which bonds may be issued. The creation of a Capital Reserve Fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term, and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund.
- Property Loss Reserve and Liability Reserve (Education Law §1709(8)c)) - used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims 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, except city school districts with a population greater than 125,000. These reserves are accounted for in the General Fund.

Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, and became a lien on August 17, 2021. Taxes were collected during the period September 1 to November 13, 2021.

Property Taxes - Enforcement

Uncollected real property taxes are subsequently enforced by the Counties of Cayuga and Tompkins. Total uncollected real property taxes transmitted to the Counties for enforcement is paid by the Counties to the School District no later than the following April 1.

Interfund Transfers

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

Use of Estimates

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

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

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

New Accounting Standards

The School District adopted and implemented the following current Statements of the GASB effective for the year ended June 30, 2022:

- GASB Statement No. 87, “Leases.”

Future Changes in Accounting Standards

- GASB has issued Statement No. 96, “Subscription-Based Information Technology Arrangements,” effective for the year ending June 30, 2023.
- GASB has issued Statement No. 101, “Compensated Absences,” effective for the year ending June 30, 2025.

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

***Note 2* Participation in BOCES**

During the year ended June 30, 2022, the School District’s share of BOCES income amounted to \$609,499. The School District was billed \$2,684,007 for BOCES administration and program costs. Financial statements for Cayuga-Onondaga BOCES are available from the BOCES administrative office at 1879 W. Genesee Street Road, Auburn, New York.

***Note 3* Cash and Cash Equivalents - Custodial and Concentration of Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the School District’s deposits may not be returned to it. While the School District does not have a specific policy for custodial credit risk, New York State statutes govern the School District’s investment policies, as discussed previously in these notes. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the School District’s name.

The School District’s aggregate bank balances of \$13,870,194 are either insured or collateralized with securities held by the pledging financial institution in the School District’s name.

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 3 **Cash and Cash Equivalents - Custodial and Concentration of Credit Risk - Continued**

The School District's investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value, and are categorized as either:

1. Insured or registered, with investments held by the School District or by the School District's agent in the School District's name; or
2. Uninsured and unregistered, with investments held by the financial institution's trust department in the School District's name; or
3. Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the School District's name.

The School District does not typically purchase investments for a duration long enough to cause it to believe that it is exposed to any material interest rate risk. There were no investments at June 30, 2022.

The School District does not typically purchase investments denominated in a foreign currency and is not exposed to foreign currency risk.

The School District did not have any investments at June 30, 2022.

Restricted cash consists of:

General Fund Reserves	\$ 8,124,460
Restricted for Debt Service	119,109
Restricted for School Lunch	65,542
Restricted for Capital	506,889
Restricted for Miscellaneous Special Revenue Fund	<u>116,908</u>
Total	<u><u>\$ 8,932,908</u></u>

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 4 Due From State and Federal Governments

Due from State and Federal Governments consisted of the following, which are stated at net realizable value.

	Description	Amount
General Fund	Excess Cost Aid	\$ 176,474
	Electronic Connectivity Fund	80,531
	County-Wide Shared Services (CWSSI)	40,000
	Miscellaneous Reimbursements	399
	Total General Fund	297,404
Special Aid Fund	Grant Reimbursements	530,261
School Lunch Fund	Free and Reduced Meals	80,981
Total		\$ 908,646

Note 5 Interfund Balances and Activity

Interfund balances at June 30, 2022 are as follows:

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
Major Funds				
General Fund	\$ 131,877	\$ 342,411	\$ -	\$ 107,566
Capital Projects Fund	342,411	506,889	100,000	-
Non-Major Funds				
Special Aid Fund	-	332,216	7,566	-
School Lunch Fund	81,230	-	-	-
Debt Service Fund	625,998	-	-	-
Total	\$1,181,516	\$1,181,516	\$ 107,566	\$ 107,566

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

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

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

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 6 Capital Assets

Capital asset balances and activity for the year ended June 30, 2022 were as follows:

Governmental Activities	Beginning Balance	Additions	Reappraisal, Reclassifications and Disposals	Ending Balance
Capital Assets That Are Not Depreciated:				
Land	\$ 65,500	\$ -	\$ -	\$ 65,500
Construction in Progress	382,987	4,000,691	-	4,383,678
Total Nondepreciable Historical Cost	<u>448,487</u>	<u>4,000,691</u>	<u>-</u>	<u>4,449,178</u>
Capital Assets That Are Depreciated:				
Buildings	28,185,578	88,038	-	28,273,616
Furniture and Equipment	3,445,853	521,771	(607,014)	3,360,610
Total Depreciable Historical Cost	<u>31,631,431</u>	<u>609,809</u>	<u>(607,014)</u>	<u>31,634,226</u>
Intangible Lease Assets:				
Equipment	554,192	72,538	(164,852)	461,878
Total Historical Cost	<u>32,634,110</u>	<u>4,683,038</u>	<u>(771,866)</u>	<u>36,545,282</u>
Less Accumulated Depreciation:				
Buildings	(10,988,144)	(666,098)	-	(11,654,242)
Furniture and Equipment	(1,178,101)	(360,729)	334,197	(1,204,633)
Total Accumulated Depreciation	<u>(12,166,245)</u>	<u>(1,026,827)</u>	<u>334,197</u>	<u>(12,858,875)</u>
Less Accumulated Amortization:				
Equipment	(343,965)	(129,837)	164,852	(308,950)
Total Historical Cost, Net	<u>\$ 20,123,900</u>	<u>\$ 3,526,374</u>	<u>\$ (272,817)</u>	<u>\$ 23,377,457</u>

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

General Support	\$ 20,804
Instruction	891,553
Pupil Transportation	<u>243,593</u>
Total	<u>\$ 1,155,950</u>

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Note 7 Short-Term Debt

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

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

The School District may issue bond anticipation notes (BANs) in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. New York State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date. Such notes may be classified as long-term when (1) the intention is to refinance the debt on a long-term basis, and (2) the intention can be substantiated through a post-balance sheet issuance of long-term debt or by an acceptable financing agreement. BAN activity for the year is summarized below:

Description of Issue	Interest Rate	Maturity Date	Beginning Balance	Issued	Refinanced/ Redeemed	Ending Balance
2020 BAN - Buses	2.00%	7/9/2021	\$315,000	\$ -	\$ (315,000)	\$ -
2020 BAN - Construction	0.69%	8/27/2021	532,470	-	(532,470)	-
2021 BAN - Construction	2.00%	6/30/2022	-	3,900,000	(3,900,000)	-
2021 BAN - Construction	0.58%	7/8/2022	-	165,000	-	165,000
2021 BAN - Buses	0.32%	7/26/2022	-	736,657	-	736,657
2022 BAN - Construction	4.00%	6/29/2023	-	3,900,000	-	3,900,000
Total			<u>\$847,470</u>	<u>\$8,701,657</u>	<u>\$(4,747,470)</u>	<u>\$4,801,657</u>

Interest expense on short-term debt during the year was comprised of:

Interest Paid	\$ 86,241
Less Interest Accrued in the Prior Year	(9,325)
Plus Interest Accrued in the Current Year	3,374
Less Premium of Obligations	<u>(100,853)</u>
Total	<u>\$ (20,563)</u>

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 8 Long-Term Debt

At June 30, 2022, the total outstanding indebtedness of the School District represented 17.4% of its statutory debt limit, exclusive of building aid. Long-term debt is classified as follows:

- Serial Bonds - The School District borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets.

The following is a summary of the School District's notes payable and long-term debt for the year ended June 30, 2022:

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2022</u>
Serial Bonds				
Advance Refunding	08/18/2015	06/15/2026	2.00% - 4.00%	\$ 845,000
Unamortized Bond Premium				23,588
Total				868,588
2009 Serial Bonds - Excel	07/18/2009	06/15/2024	4.00% - 4.50%	225,000
2017 Serial Bonds - Capital	06/22/2017	06/15/2029	2.00% - 2.75%	2,470,000
2020 Serial Bonds - Capital	06/28/2020	06/15/2035	2.00%	2,885,000
Total				5,580,000
Total Bonds				\$ 6,448,588

Interest expense on long-term debt during the year was comprised of:

Interest Paid	\$ 167,363
Less Interest Accrued in the Prior Year	(6,749)
Plus Interest Accrued in the Current Year	5,836
Plus Amortization of Deferred Charges on Defeased Debt	6,776
Less Amortization of Bond Premium	(11,465)
 Total	\$ 161,761

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

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 8 Long-Term Debt - Continued

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Serial Bonds	\$ 7,320,000	\$ -	\$ (895,000)	\$ 6,425,000	\$ 920,000
Unamortized Premium	35,053	-	(11,465)	23,588	9,315
Total	\$ 7,355,053	\$ -	\$ (906,465)	\$ 6,448,588	\$ 929,315

Unamortized charges on defeased debt related to the 2015 bond refunding are amortized over the life of the bonds and the balance and activity for the year summarized below:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Deferred Charges on Refunding Debt	\$ 20,716	\$ -	\$ (6,776)	\$ 13,940	\$ 5,505
Total	\$ 20,716	\$ -	\$ (6,776)	\$ 13,940	\$ 5,505

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 920,000	\$ 145,150	\$ 1,065,150
2024	940,000	121,950	1,061,950
2025	855,000	98,225	953,225
2026	880,000	78,975	958,975
2027	675,000	59,175	734,175
2028-2032	1,935,000	114,750	2,049,750
2033-2035	220,000	7,100	227,100
Total	\$ 6,425,000	\$ 625,325	\$ 7,050,325

On August 18, 2015, the School District issued \$2,765,000 general obligation bonds, with interest rates ranging between 2.00% and 4.00%. The School District issued the bonds to advance refund the \$2,755,000 of outstanding various general obligation bonds with interest rates ranging between 4.00% and 4.20%. The School District used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the bonds. As a result, the \$2,775,000 in bonds was considered defeased and the liability was removed from the financial statements. The outstanding principal of the defeased bonds was \$845,000 at June 30, 2022.

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 9 Compensated Absences

Represent the value of the earned and unused portion of the liability of compensated absences. This liability is liquidated from the General and School Lunch Funds.

Compensated absences balances and activity are summarized as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Current Compensated Absences	\$ 33,562	\$ (5,339)	\$ -	\$ 28,223
Noncurrent Compensated Absences	121,606	(3,026)	-	118,580
Total	\$ 155,168	\$ (8,365)	\$ -	\$ 146,803

Note 10 Lease Liabilities

During the year ended June 30, 2022, the School District implemented GASB Statement No. 87, "Leases."

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

At June 30, 2022, the School District reported \$461,878 in intangible assets offset by accumulated amortization of \$308,950.

Lease liabilities related to these intangible assets as of June 30, 2022 are as follows:

Description of Lease	Issue Date	Final Maturity	Discount Rate	Outstanding June 30, 2022
BOCES Lease - 2019	7/29/2020	6/1/2025	1.90%	\$ 27,768
BOCES Lease - 2020	5/24/2021	6/1/2025	2.04%	49,947
2019 Copier Lease	8/9/2021	6/1/2025	0.98%	6,536
2022 Copier Lease	5/27/2020	5/27/2024	1.82%	68,677
Total				\$ 152,928

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

***Note 10* Lease Liabilities - Continued**

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 82,516	\$ 2,884	\$ 85,400
2024	49,603	1,151	50,754
2025	20,809	287	21,096
Total	\$ 152,928	\$ 4,322	\$ 157,250

Interest paid for the current year amounted to \$4,324.

***Note 11* Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems)**

Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS) (System)

The School District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer 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 (RSSL). The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors, and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a state statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, 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.

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

Note 11 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

Plan Descriptions and Benefits Provided - Continued

Tier 3 and Tier 4 members are required by law to contribute 3% of salary to the System. Effective October 2000, contributions were eliminated for Tier 3 and 4 members with 10 or more years of service or membership. Effective January 1, 2010, Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Effective April 1, 2012, Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a salary based upon salary earned. Pursuant to Article 14 and Article 15 of the RSSL, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary.

Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the RSSL. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

Employees' Retirement System (ERS) (System)

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

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

***Note 11* Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) – Continued**

Plan Descriptions and Benefits Provided - Continued

Employees' Retirement System (ERS) (System) - Continued

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

Summary of Significant Accounting Policies

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

Contributions

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

	<u>ERS</u>	<u>TRS</u>
2022	\$ 228,465	\$ 489,009
2021	230,882	491,406
2020	225,903	597,985

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

At June 30, 2022, the School District reported the following (asset)/liability for its proportionate share of the net pension (asset)/liability for each of the Systems. The net pension (asset)/liability was measured as of March 31, 2022 for ERS and June 30, 2021 for TRS. The total pension liability used to calculate the net pension (asset)/liability was determined by an actuarial valuation. The School District's proportionate share of the net pension (asset)/liability was based on a projection of the School District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was derived from reports provided to the School District by the ERS and TRS Systems.

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

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

	ERS	TRS
Actuarial Valuation Date	04/01/2021	06/30/2020
Net Pension (Asset)/Liability	\$ (8,174,858,678)	\$ (17,329,041,946)
School District's Proportionate Share of the Plan's Total Net Pension (Asset)/Liability	(334,875)	(5,238,835)
School District's Share of the Net Pension Asset)/Liability	0.004096%	0.030232%

For the year ended June 30, 2022, the School District recognized pension expense of \$64,569 for ERS and expense of \$292,401 for TRS in the District-wide financial statements. At June 30, 2022 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences Between Expected and Actual Experience	\$ 25,361	\$ 722,118	\$ 32,894	\$ 27,218
Changes of Assumptions	558,868	1,723,162	9,430	305,147
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	-	1,096,574	5,482,983
Changes in Proportion and Differences Between the School District's Contributions and Proportionate Share of Contributions	113,469	83,681	11,338	32,638
School District's Contributions Subsequent to the Measurement Date	42,718	577,337	-	-
Total	\$ 740,416	\$ 3,106,298	\$ 1,150,236	\$ 5,847,986

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

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

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

<u>Year Ending</u>	<u>ERS</u>	<u>TRS</u>
2023	\$ (45,610)	\$ (668,331)
2024	(92,095)	(787,998)
2025	(264,405)	(994,042)
2026	(50,428)	(1,311,711)
2027	-	258,532
Thereafter	-	184,525

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2022	June 30, 2021
Actuarial Valuation Date	April 1, 2021	June 30, 2020
Investment Rate of Return	5.9%	6.95%
Salary Increases	4.4%	1.95% - 5.18%
Cost of Living Adjustments	1.4%	1.3%
Inflation Rate	2.7%	2.4%

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

For ERS, the actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2015 - June 30, 2020.

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Actuarial Assumptions - Continued

ERS, the long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:

Measurement Date	<u>ERS</u> March 31, 2022	<u>TRS</u> June 30, 2021
Asset Type		
Domestic Equity	3.30%	6.80%
International Equity	5.85%	7.60%
Global Equity	-	7.10%
Real Estate	5.00%	6.50%
Private Equity	6.50%	10.00%
Opportunistic/Absolute Return Strategy	4.10%	-
Real Assets	5.58%	-
Cash	(1.00%)	-
Credit	3.78%	-
Domestic Fixed Income	-	1.30%
Global Bonds	-	0.80%
Private Debt	-	5.90%
Real Estate Debt	-	3.30%
High-Yield Bonds	-	3.80%
Cash Equivalents	-	(0.20%)

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Discount Rate

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

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

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

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 861,964	\$ (334,875)	\$ (1,335,972)
TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ (549,739)	\$ (5,238,835)	\$ (9,179,679)

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 11 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

Pension Plan Fiduciary Net Position

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

	Dollars in Thousands	
	ERS	TRS
Measurement Date	March 31, 2022	June 30, 2021
Employers' Total Pension Liability	\$ 223,874,888	\$ 130,819,415
Plan Net Position	(232,049,473)	(148,148,457)
Employers' Net Pension (Asset)/Liability	\$ (8,174,585)	\$ (17,329,042)
Ratio of Plan Net Position to the		
Employers' Total Pension (Asset)/Liability	103.7%	113.2%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Employee contributions are remitted monthly. Accrued retirement contributions as of June 30, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2022 amounted to \$42,718.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October, and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2022 amounted to \$666,157.

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Current Year Activity

The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
ERS			
Net Pension (Asset)/Liability	\$ 4,046	\$ (338,921)	\$ (334,875)
Deferred Outflows of Resources	(982,220)	241,804	(740,416)
Deferred Inflows of Resources	1,194,678	(44,442)	1,150,236
Subtotal	216,504	(141,559)	74,945
TRS			
Net Pension (Asset)/Liability	902,958	(6,141,793)	(5,238,835)
Deferred Outflows of Resources	(3,025,747)	(80,551)	(3,106,298)
Deferred Inflows of Resources	495,649	5,352,337	5,847,986
Subtotal	(1,627,140)	(870,007)	(2,497,147)
Total	\$ (1,410,636)	\$ (1,011,566)	\$ (2,422,202)

Note 12 Postemployment Benefits Other than Pensions (OPEB)

General Information about the OPEB Plan

Plan Description - The Plan is a single-employer defined benefit healthcare plan. The Plan provides medical and prescription drug insurance benefits to eligible retirees and their spouses. Benefit provisions are established through negotiations between the School District and bargaining units and are renegotiated each three-year period. The School District assigns the authority to establish and amend benefit provisions to the Board of Education for non-bargaining unit employees. The Plan does not issue separate financial statements.

Benefits Provided - The School District provides healthcare benefits for eligible retirees and their spouses. Benefit terms are dependent of which contract each employee falls under. The specifics of each contract are on file at the School District offices and are available upon request.

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 12 Postemployment Benefits Other than Pensions - Continued

General Information about the OPEB Plan - Continued

Employees Covered by Benefit Terms - At June 30, 2022, the following employees were covered by the benefit terms.

Active Employees Not Eligible to Retire	\$	76
Actives Eligible to Retire		19
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments		-
Retired and Surviving Spouses		120
Retiree Spouses Covered		43
		<hr/>
Total	\$	258

Total OPEB Liability

The School District's total OPEB liability of \$26,299,038 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Long-Term Bond Rate:	2.83%
Single Discount Rate	2.83%
Salary Scale	3.4%
Marital Assumption	70.0%
Participation Rate	100.0%
Healthcare Cost Trend Rates	6.1% for 2022, Increasing to an Ultimate Rate of 4.37%

The long-term bond rate is based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date (or the nearest business day thereto).

The salary scale reflects the rate at which payroll amounts are expected to increase over time for purposes of attributing liabilities under Entry Age Normal, Level Percent of Pay actuarial cost method.

Mortality rates were based on the Scale MP-2020 (generation mortality) published by the pension mortality study released by the Society of Actuaries.

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

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 12 Postemployment Benefits Other than Pensions - Continued

Total OPEB Liability - Continued

Retirement rates are based on tables used by the New York State and Local Retirement System.

The actuarial assumptions used in the June 30, 2021 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	\$ 26,788,451
Changes for the Year	
Service Cost	528,518
Interest Cost	597,471
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	1,490,896
Changes in Assumptions or Other Inputs	(2,109,633)
Benefit Payments	(996,665)
	(489,413)
Balance at June 30, 2022	\$ 26,299,038

Changes of assumptions and other inputs reflect a change in the discount rate from 2.27% in 2021 to 2.83% in 2022.

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

	1% Decrease (1.83)%	Discount Rate (2.83)%	1% Increase (3.83)%
Total OPEB Liability	\$ 30,504,173	\$ 26,299,038	\$ 22,934,292

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 12 Postemployment Benefits Other than Pensions - Continued

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or higher than the current healthcare cost trend rate.

	1% Decrease (5.10% to 3.37%)	Trend Rate (6.10% to 4.37%)	1% Increase (7.10% to 5.37%)
Total OPEB Liability	\$ 22,581,357	\$ 26,299,038	\$ 31,056,925

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

For the year ended June 30, 2022, the School District recognized OPEB expense of \$617,802.

At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,551,708	\$ 625,360
Changes in Assumptions or Other Inputs	930,622	2,395,147
Contributions Subsequent to Measurement Date	249,166	-
Total	\$ 2,731,496	\$ 3,020,507

School District contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of OPEB liability in the year ending June 30, 2023. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending June 30,	Amount
2023	\$ 34,616
2024	(201,042)
2025	(146,393)
2026	(90,144)
2027	(90,144)
Thereafter	(45,070)

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

***Note 12* Postemployment Benefits Other than Pensions - Continued**

Current Year Activity

The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
OPEB Liability	\$ 26,788,451	\$ (489,413)	\$ 26,299,038
Deferred Outflows of Resources	(3,276,584)	545,088	(2,731,496)
Deferred Inflows of Resources	3,473,248	(452,741)	3,020,507
Total	<u>\$ 26,985,115</u>	<u>\$ (397,066)</u>	<u>\$ 26,588,049</u>

***Note 13* Commitments and Contingencies**

Risk Financing and Related Insurance

General Information

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

Health Insurance

The School District incurs costs related to an employee health insurance plan (Plan) sponsored by the BOCES and its component districts. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Plan members include nine districts, with the School District bearing a proportionate share of the Plan's assets and claims liabilities. Plan members are subject to a supplemental assessment in the event of deficiencies.

If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities. Plan financial statements may be obtained at the Cayuga-Onondaga BOCES administration office at 1879 W. Genesee Street Road, Auburn, New York.

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

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2022

***Note 13* Commitments and Contingencies - Continued**

Health Insurance - Continued

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

During the year ended June 30, 2022, the School District incurred premiums or contribution expenditures totaling \$1,962,690.

Workers' Compensation

The School District participates and incurs costs related to a workers' compensation insurance plan (Plan) sponsored by BOCES and its component districts. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program.

School Districts joining the Plan must remain members for a minimum of one year; a member may withdraw from the Plan after that time by forwarding a resolution passed by the School District Board of Education prior to the end of the fiscal year. Plan members include eight districts and one BOCES, with the School District bearing a share of the Plan's assets and claims liabilities. Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities. Plan financial statements may be obtained at the Cayuga-Onondaga BOCES administration office 1879 W. Genesee Street Road, Auburn, New York.

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

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claims adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred by not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

During the year ended June 30, 2022, the School District incurred premiums or contribution expenditures totaling \$68,914.

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 13 Commitments and Contingencies - Continued

Other Items

The School 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 audits, the School District's administration believes disallowances, if any, will be immaterial.

Note 14 Fund Balance Detail

At June 30, 2022, nonspendable, restricted, and assigned fund balances in the governmental funds were as follows:

	General Fund	Capital Projects Fund	Non-Major Funds		
			School Lunch Fund	Miscellaneous Special Revenue Fund	Debt Service Fund
Nonspendable					
Prepaid Expenses	\$ 1,063	\$ -	\$ -	\$ -	\$ -
Inventory	-	-	16,928	-	-
Total Nonspendable Fund Balance	\$ 1,063	\$ -	\$ 16,928	\$ -	\$ -
Restricted					
Reserve for ERS Contributions	\$ 694,683	\$ -	\$ -	\$ -	\$ -
Reserve for TRS Contributions	462,409	-	-	-	-
Workers' Compensation Reserve	15,876	-	-	-	-
Unemployment Insurance Reserve	238,274	-	-	-	-
Property Loss Reserve and Liability Reserve	39,420	-	-	-	-
Employee Benefit Accrued Liability Reserve	121,737	-	-	-	-
Capital Reserve - Technology	4,045,187	-	-	-	-
Repair Reserve	2,452,660	-	-	-	-
School Lunch	-	-	223,649	-	-
Debt Service	-	-	-	-	625,998
Scholarships	-	-	-	116,908	-
Total Restricted Fund Balance	\$ 8,070,246	\$ -	\$ 223,649	\$ 116,908	\$ 625,998
Assigned					
Appropriated for Next Year's Budget	\$ 457,368	\$ -	\$ -	\$ -	\$ -
Encumbered for:					
General Support	67,370	-	-	-	-
Instruction	547,091	-	-	-	-
Transportation	26,043	-	-	-	-
Employee Benefits	1,740	-	-	-	-
Total Assigned Fund Balance	\$ 1,099,612	\$ -	\$ -	\$ -	\$ -
Unassigned					
Reserve for Tax Reduction	\$ 54,214	\$ -	\$ -	\$ -	\$ -
Remaining Unassigned	2,600,591	(4,273,771)	-	-	-
Total Unassigned Fund Balance	\$ 2,654,805	\$ (4,273,771)	\$ -	\$ -	\$ -

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2022

Note 15 Restricted Fund Balances

Portions of fund balance are restricted and are not available for current expenditures as reported in the Governmental Funds Balance Sheet. The balances and activity for the year ended June 30, 2022 of the General Fund reserves were as follows:

General Fund	Beginning Balance	Additions	Interest Earned	Appropriated	Ending Balance
Workers' Compensation Reserve	\$ 15,859	\$ -	\$ 17	\$ -	\$ 15,876
Unemployment Insurance Reserve	238,018	-	256	-	238,274
ERS Retirement Contribution Reserve	693,937	-	746	-	694,683
TRS Retirement Contribution Reserve	338,781	123,264	364	-	462,409
Reserve For Property Loss	39,377	-	43	-	39,420
Employee Benefit Accrued Liability Reserve	121,607	-	130	-	121,737
Capital Reserve -Technology	2,972,288	1,069,704	3,195	-	4,045,187
Reserve For Repairs	1,950,563	500,000	2,097	-	2,452,660
Total	\$ 6,370,430	\$ 1,692,968	\$ 6,848	\$ -	\$8,070,246
Reserve for Tax Reduction (General Fund - Unassigned)	\$ 54,156	\$ -	\$ 58	\$ -	\$ 54,214

Note 16 Stewardship, Compliance and Accountability

Deficit Unassigned Fund Balance

At June 30, 2022 the District-wide Statement of Net Position had an unrestricted deficit net position of \$19,728,213. This is the result of the requirement to record other postemployment benefit liability with no requirement or mechanism to fund this liability (see Note 12). This deficit is not expected to be eliminated during the normal course of operations.

At June 30, 2022, the Capital Projects Fund had an unrestricted fund balance deficit of \$4,273,771. This deficit is expected to be eliminated with permanent financing at the completion of the respective projects.

Note 17 Tax Abatements

For the year ended June 30, 2022, property in the School District was subject to property tax abatements negotiated by the Cayuga County Industrial Development Agency (CCIDA).

CCIDA enters into PILOT agreements with businesses within Cayuga County under New York State GML §858. Economic development agreements entered into by CCIDA can include the abatement of county, local, and school district taxes. In this case, negotiated abatements have resulted in reductions of property taxes, which CCIDA administers as a temporary reduction in the assessed value of the property involved. The abatement agreements generally stipulate a percentage reduction of property taxes, but sometimes stipulate a dollar value reduction in lieu of a percentage reduction. The School District's property tax revenue was reduced by \$20,202. The School District received payment in lieu of taxes (PILOT) totaling \$20,202.

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

SCHEDULE OF REVENUES COMPARED TO BUDGET (NON-U.S. GAAP) GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Local Sources				
Real Property Taxes	\$ 8,153,284	\$ 8,153,284	\$ 7,537,050	\$ (616,234)
Real Property Tax Items	36,980	36,980	635,120	598,140
Charges for Services	30,000	30,000	714	(29,286)
Use of Money and Property	11,500	11,500	20,008	8,508
Sale of Property and Compensation for Loss	-	-	15,213	15,213
Miscellaneous	235,324	235,324	411,508	176,184
Total Local Sources	<u>8,467,088</u>	<u>8,467,088</u>	<u>8,619,613</u>	<u>152,525</u>
State Sources	9,258,820	9,258,820	9,268,013	9,193
Federal Sources	55,000	55,000	210,295	155,295
Total Revenues	<u>17,780,908</u>	<u>17,780,908</u>	<u>18,097,921</u>	<u>317,013</u>
OTHER FINANCING SOURCES				
Operating Transfers In	-	-	-	-
Total Revenues and Other Financing Sources	<u>17,780,908</u>	<u>17,780,908</u>	<u>\$ 18,097,921</u>	<u>\$ 317,013</u>
Appropriated Fund Balance	597,368	597,368		
Encumbrances Carried Forward From Prior Year	245,389	245,389		
Total Revenues, Appropriated Fund Balance, and Encumbrances	<u>\$ 18,623,665</u>	<u>\$ 18,623,665</u>		

See Notes to Required Supplementary Information

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (NON-U.S. GAAP) GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES					
General Support					
Board of Education	\$ 21,043	\$ 23,343	\$ 22,306	\$ 772	\$ 265
Central Administration	244,457	246,922	220,043	302	26,577
Finance	449,468	462,968	441,636	16,965	4,367
Staff	96,650	104,196	71,909	624	31,663
Central Services	1,233,683	1,310,402	1,109,139	48,707	152,556
Special Items	217,290	217,291	205,779	-	11,512
Total General Support	<u>2,262,591</u>	<u>2,365,122</u>	<u>2,070,812</u>	<u>67,370</u>	<u>226,940</u>
Instruction					
Instruction, Administration, and Improvement	443,756	444,255	407,479	1,420	35,356
Teaching - Regular School	4,714,008	4,584,385	4,159,851	112,029	312,505
Programs for Children With Handicapping Conditions	2,528,497	2,521,497	1,869,541	301,296	350,660
Occupational Education	551,366	551,366	512,655	(1,537)	40,248
Instructional Media	797,296	792,257	654,858	116,205	21,194
Pupil Services	737,861	748,892	650,414	17,678	80,800
Total Instruction	<u>9,772,784</u>	<u>9,642,652</u>	<u>8,254,798</u>	<u>547,091</u>	<u>840,763</u>
Pupil Transportation	1,113,063	1,132,401	1,026,878	26,043	79,480
Community Services	23,500	23,500	825	-	22,675
Employee Benefits	3,882,919	3,720,753	3,312,853	1,740	406,160
Debt Service					
Principal	1,237,470	1,366,593	1,287,307	-	79,286
Interest	217,338	258,644	257,928	-	716
Total Debt Service	<u>1,454,808</u>	<u>1,625,237</u>	<u>1,545,235</u>	<u>-</u>	<u>80,002</u>
Total Expenditures	<u>18,509,665</u>	<u>18,509,665</u>	<u>16,211,401</u>	<u>642,244</u>	<u>1,656,020</u>
OTHER FINANCING USES					
Operating Transfers Out	114,000	114,000	107,566	-	6,434
Total Expenditures and Other Financing Uses	<u>\$ 18,623,665</u>	<u>\$18,623,665</u>	<u>16,318,967</u>	<u>\$ 642,244</u>	<u>\$ 1,662,454</u>
Net Change in Fund Balance			1,778,954		
Fund Balance - Beginning of Year			10,046,772		
Fund Balance - End of Year			<u>\$11,825,726</u>		

See Notes to Required Supplementary Information

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 228,465	\$ 230,882	\$ 225,903	\$ 222,985	\$ 232,255	\$ 227,993	\$ 262,807	\$ 273,587	\$ *	\$ *
Contributions in Relation to the Contractually Required Contribution	(228,465)	(230,882)	(225,903)	(222,985)	(232,255)	(227,993)	(262,807)	(273,587)	*	*
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	*	*
School District's Covered Employee Payroll	1,519,039	1,659,676	1,627,252	1,600,633	1,620,360	1,524,037	1,514,016	1,499,586	*	*
Contributions as a Percentage of Covered Employee Payroll	15.0%	13.9%	13.9%	13.9%	14.3%	15.0%	17.4%	18.2%	*	*

** Information Not Readily Available*

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$ 577,337	\$ 489,009	\$ 491,406	\$ 597,985	\$ 594,204	\$ 647,632	\$ 836,676	\$ 781,171	\$ *	\$ *
Contributions in Relation to the Contractually Required Contribution	577,337	489,009	491,406	597,985	594,204	647,632	836,676	781,171	*	*
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	*	*
School District's Covered Employee Payroll	5,891,194	5,131,259	4,627,175	5,630,744	5,256,137	5,069,998	4,884,100	4,772,824	*	*
Contributions as a Percentage of Covered Employee Payroll	9.8%	9.5%	8.9%	10.6%	11.3%	12.8%	17.1%	16.4%	*	*

** Information Not Readily Available*

See Notes to Required Supplementary Information

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's Proportion of the Net Pension (Asset)/Liability	0.004097%	0.0040636%	0.0041078%	0.0043011%	0.0089431%	0.0093751%	0.0089431%	0.0089431%
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ (334,875)	\$ 4,046	\$ 1,087,772	\$ 304,749	\$ 149,317	\$ 708,958	\$ 728,349	\$ 150,097
School District's Covered Employee Payroll During the Measurement Period	1,504,935	1,648,668	1,611,988	1,587,099	1,620,360	1,524,037	1,514,016	1,499,586
School District's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Employee Payroll	22.3%	0.2%	67.5%	19.2%	9.2%	46.5%	48.1%	10.0%
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability	103.7%	99.9%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
School District's Proportion of the Net Pension (Asset)/Liability	0.030232%	0.032677%	0.032360%	0.032268%	0.0319940%	0.0317740%	0.0396680%	0.0575640%
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ (5,238,835)	\$ 902,958	\$ (840,721)	\$ (583,495)	\$ (243,186)	\$ 3,300,263	\$ 4,120,201	\$ 3,625,161
School District's Covered Employee Payroll During the Measurement Period	5,131,259	5,131,259	5,256,137	5,256,137	5,256,137	5,069,998	4,884,100	4,772,824
School District's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Employee Payroll	102.1%	(17.6)%	16.0%	11.1%	4.6%	65.1%	84.4%	76.0%
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability	113.2%	97.8%	102.2%	101.5%	100.7%	99.0%	110.5%	111.5%

See Notes to Required Supplementary Information

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE SCHOOL DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE LAST 10 FISCAL YEARS FOR THE YEARS ENDED JUNE 30,

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB Liability										
Service Cost	\$ 528,518	\$ 505,030	\$ 518,427	\$ 512,971	\$ 604,893	\$ 624,047	\$ *	\$ *	\$ *	\$ *
Interest Cost	597,471	618,634	859,962	977,444	1,078,799	965,051	*	*	*	*
Changes of Benefit Terms	-	(659)	-	325,901	-	-	*	*	*	*
Differences Between Expected and Actual Experience	1,490,896	222,912	(4,377,526)	(3,082,688)	(2,617,512)	897,013	*	*	*	*
Changes in Assumptions or Other Inputs	(2,109,633)	1,002,650	3,882,393	111,905	663,042	(1,933,667)	*	*	*	*
Benefit Payments	(996,665)	(923,851)	(928,084)	(950,743)	(951,346)	(951,346)	*	*	*	*
	(489,413)	1,424,716	(44,828)	(2,105,210)	(1,222,124)	(398,902)	*	*	*	*
Total OPEB Liability - Beginning	<u>26,788,451</u>	<u>25,363,735</u>	<u>25,408,563</u>	<u>27,513,773</u>	<u>28,735,897</u>	<u>29,134,799</u>	*	*	*	*
Total OPEB Liability - Ending	<u>\$ 26,299,038</u>	<u>\$ 26,788,451</u>	<u>\$ 25,363,735</u>	<u>\$25,408,563</u>	<u>\$27,513,773</u>	<u>\$28,735,897</u>	\$ *	\$ *	\$ *	\$ *
Covered Employee Payroll	\$ 5,587,707	\$ 5,401,882	\$ 5,555,547	\$ 1,229,389	\$ 6,833,774	\$ 6,614,823	\$ *	\$ *	\$ *	\$ *
Total OPEB Liability as a Percentage of Covered Payroll	471%	496%	457%	2067%	402.61%	434.42%				
Discount Rate	2.83%	2.27%	2.48%	3.44%	3.61%	3.80%				

*Information for periods prior to implementation of GASB Statement No. 75 is unavailable.

See Notes to Required Supplementary Information

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2022

Note 1 **Budgetary Procedures and Budgetary Accounting**

The School District administration prepares a proposed budget for approval by the Board of Education (Board) for the General Fund for which a legal (appropriated) budget is adopted. The voters of the School District approved the proposed appropriation budget for the General Fund.

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

The following schedule reconciles the adopted budget to the final b:

Adopted Budget	\$ 18,378,276
Prior Year Encumbrances	<u>245,389</u>
Final Budget	<u><u>\$ 18,623,665</u></u>

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

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

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

No adjustment is necessary to convert the General Fund's excess of revenues and other sources over expenditures and other uses on the U.S. GAAP basis to the budget basis. Encumbrances, if present, are presented in a separate column and are not included in the actual results at June 30, 2022.

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2022

***Note 3* Schedule of Changes in the School District's Total OPEB Liability and Related Ratios**

Changes of Assumptions

The actuarial valuation reflects the adoption of the Pub-2010 Mortality Table (from RP-2014 Adjusted to 2006 Total Dataset Mortality Table) with generational projection of future improvements per the MP-2019 Ultimate Scale. Additionally, retirement and turnover rates were updated to reflect the assumptions used in the 2020 Annual Report to the Comptroller on Actuarial Assumptions for the New York State and Local Retirement System. The valuation of future implementation of the excise tax on medical benefits is no longer used, as it has been officially repealed as of December 31, 2019. The combined impact of these assumption changes was an increase in the accrued liability of \$2.5 million (3.8%).

Given the substantial uncertainty regarding the impact of COVID-19 on plan costs, including whether the pandemic will increase or decrease costs during the term of the projections, the decision has been made to not make an adjustment in the expected plan costs. It is possible that the COVID-19 pandemic could have a material impact on the projected costs.

The discount rate has been changed to 3.54% (from 2.16%) since this is the discount rate that will be used to measure the total OPEB liability for the purposes of GASB Statement No. 75.

***Note 4* Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability**

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

***Note 5* Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability**

NYSLRS

Changes in Benefit Terms

There were no significant legislative changes in benefits.

Changes of Assumptions

2021: The demographic assumptions (pensioner mortality and active member decrements) were updated based on the System's experience from April 1, 2015 through March 31, 2020, the mortality improvement assumption was updated to Society of Actuaries Scale MP-2020, inflation was updated to 2.7%, cost-of-living updated to 1.4%, salary scale updated to 4.4%, and the interest rate assumption was reduced to 5.9% for the April 1, 2020 actuarial valuation.

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2022

***Note 5* Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability - Continued**

NYSLRS / Changes of Assumptions - Continued

2020: The interest rate assumption was reduced to 6.8% and the mortality improvement assumption was updated to Societies of Actuaries' Scale MP-2018 for the April 1, 2019 actuarial valuation.

2019: The salary scales for both plans used in the April 1, 2018 actuarial valuation were increased by 10%.

2016: There were changes in the economic (investment rate of return, inflation, COLA, and salary scales) and demographic (pensioner mortality and active member decrements) assumptions used in the April 1, 2015 actuarial valuation.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The April 1, 2020 actuarial valuation determines the employer rates for contributions payable in fiscal year 2022. The following actuarial methods and assumptions were used:

Actuarial Cost Method	The System is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.
Asset Valuation Period	Five-year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Inflation	2.5%
Salary Scale	4.5% in ERS, indexed by service.
Investment Rate of Return	6.8% compounded annually, net of investment expenses, including inflation.
Cost of Living Adjustments	1.3% annually.
Active Member Decrements	Based upon FY 2016-2020 experience.
Pensioner Mortality	Gender/Collar specific tables based upon FY2016-2022 experience.
Mortality Improvement	Society of Actuaries' Scale MP-2019.

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2022

***Note 5* Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability - Continued**

NYSTRS

Changes in Benefit Terms

None.

Changes of Assumptions

Actuarial assumptions are revised periodically to reflect more closely actual, as well as anticipated, future experience. The actuarial assumptions were revised and adopted by the Retirement Board on October 29, 2015 and first used in the 2016 determination of the Total Pension Liability. Current proposed assumptions are used in the 2021 determination of the Total Pension Liability.

The System's long-term rate of return assumption for purposes of the NPL is 6.95%, effective with the 2021 actuarial valuation. For the 2020 and 2019 actuarial valuations, the System's long-term rate of return assumption was 7.10%. For the 2018 and 2017 actuarial valuations, the System's long-term rate of return assumption was 7.25%. For the 2016 actuarial valuation, the System's long-term rate of return assumption was 7.50%. Prior to the 2016 actuarial valuation, the System's long-term rate of return was 8.0%.

Changes of Assumptions

The System's assumed annual inflation rate is 2.4% for 2021, and 2.20% for 2019 and 2020. For the 2018 and 2017 actuarial valuations, the System's annual inflation assumption was 2.25%. For the 2016 actuarial valuation, the System's annual inflation assumption was 2.5%. Prior to the 2016 actuarial valuation, the System's annual inflation assumption was 3.0%.

Effective with the 2019 actuarial valuation, COLAs are projected to increase at a rate of 1.3% annually. Effective with the 2015 actuarial valuation, COLAs were projected to increase at a rate of 1.5% annually. Prior to the 2015 actuarial valuation, COLAs were projected to increase at a rate of 1.625% annually.

Effective with the 2021 actuarial valuation, the assumed scale for mortality improvement was changed from MP2019 to MP2020. Effective with the 2020 actuarial valuation, the assumed scale for mortality improvement was changed from MP2018 to MP2019. Effective with the 2019 actuarial valuation, the assumed scale for mortality improvement was changed from MP-2014 to MP-2018.

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2022

***Note 5* Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability - Continued**

NYSTRS - Continued

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contribution rates in the Schedule of School Districts' Contributions are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported. The following actuarial methods and assumptions were used to determine school districts' contributions in 2022. For assumptions and plan provisions used in contributions reported for years prior to 2022, refer to the Annual Actuarial Report for two years prior to the end of the fiscal year in which contributions are reported.

Actuarial Cost Method	The System is funded in accordance with the Aggregate Cost Method, which does not identify nor separately amortize unfunded actuarial liabilities. Costs are determined by amortizing the unfunded present value of benefits over the average future working lifetime of active plan members, which currently for NYSTRS is approximately 13 years.
Asset Valuation Method	Five-year phased-in deferred recognition of each year's net investment income/loss in excess of (or less than) the assumed valuation rate of interest at a rate of 20.0% per year, until fully recognized after five years.
Inflation	2.20%
Projected Salary Increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.

<u>Service</u>	<u>Rate</u>
5	4.72%
15	3.46%
25	2.37%
35	1.90%

Investment Rate of Return	7.10% compounded annually, net of investment expenses, including inflation.
Cost of Living Adjustments	1.3% compounded annually.

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT FOR THE YEAR ENDED JUNE 30, 2022

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget		<u>\$18,378,276</u>
Prior Year's Encumbrances		<u>245,389</u>
Original Budget		<u>18,623,665</u>
Final Budget		<u>\$18,623,665</u>

§1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

Next Year's Budget is a Voter Approved Budget		<u>\$ 18,723,991</u>
Maximum Allowed (4% of 2022 - 2023 Budget)		<u>\$ 748,960</u>

General Fund Fund Balance Subject to §1318 of Real Property Tax Law

Unrestricted Fund Balance:

Assigned Fund Balance	\$ 1,099,612
Unassigned Fund Balance	<u>2,654,805</u>
Total Unrestricted Fund Balance	<u>3,754,417</u>

Less:

Appropriated Fund Balance	\$ 457,368
Reserve for Tax Reduction	54,214
Encumbrances Included in Assigned Fund Balance	<u>642,244</u>
Total Adjustments	<u>1,153,826</u>

General Fund Fund Balance Subject to §1318 of Real Property Tax Law

\$ 2,600,591

Actual Percentage 13.89%

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2022

PROJECT TITLE	Original Budget	Revised Budget	Expenditures				*Unexpended Budget Balance	Methods of Financing			Fund Balance (Deficit) June 30, 2022	
			Prior Years	Current Year	Transfer to Other Funds	Total		Proceeds of Obligations	State Aid	Local Sources		Total
Buses - 2022	\$ 412,657	\$ 412,657	\$ -	\$ 412,657	\$ -	\$ 412,657	\$ -	\$ 316,657	\$ -	\$ 96,000	\$ 412,657	\$ -
Poplar Ridge School 007-032	4,900,000	4,900,000	382,979	4,000,691	-	4,383,670	516,330	3,900,000	-	1,000,100	4,900,100	516,430 *
SMART Schools	203,243	725,623	477,453	-	-	477,453	248,170	-	476,942	5	476,947	(506) *
2021-2022 Capital Projects 007-032	100,000	100,000	-	88,038	-	88,038	11,962	-	-	100,000	100,000	11,962 *
Lease Obligations	461,878	461,878	-	72,538	-	72,538	389,340	72,538	-	-	72,538	-
Unredeemed BANs	-	-	-	-	-	-	-	(4,801,657)	-	-	(4,801,657)	(4,801,657)
Total	\$ 6,077,778	\$ 6,600,158	\$ 860,432	\$ 4,573,924	\$ -	\$ 5,434,356	\$ 1,165,802	\$ (512,462)	\$ 476,942	\$ 1,196,105	\$ 1,160,585	\$ (4,273,771)

* Architectural and State Approved Budget Modifications for Sub-Project Reallocations
Not Yet Finalized and Unavailable at this Report Date.

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS FOR THE YEAR ENDED JUNE 30, 2022

Capital Assets, Net	<u>\$ 23,377,457</u>
Add:	
Deferred Charges on Refunding	<u>13,940</u>
Deduct:	
Capital Fund Payables	<u>(265,130)</u>
Premium on Bonds Payable	<u>(23,588)</u>
Short-Term Portion of Bonds Payable	<u>(920,000)</u>
Long-Term Portion of Bonds Payable	<u>(5,505,000)</u>
Lease Liabilities	<u>(152,928)</u>
Bond Anticipation Notes	<u>(4,801,657)</u>
Net Investment in Capital Assets	<u>\$ 11,723,094</u>

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS JUNE 30, 2022

	Special Revenue Funds			Debt Service Fund	Total Non-Major Governmental Funds
	Special Aid Fund	School Lunch Fund	Miscellaneous Special Revenue Fund		
ASSETS					
Cash - Unrestricted	\$ 716	\$ -	\$ -	\$ -	\$ 716
Cash - Restricted	-	65,542	116,908	-	182,450
Due from Other Funds	-	81,230	-	625,998	707,228
Due from State and Federal Governments	530,261	80,981	-	-	611,242
Other Receivables, Net	6,436	24	-	-	6,460
Inventories	-	16,928	-	-	16,928
Total Assets	\$ 537,413	\$ 244,705	\$ 116,908	\$ 625,998	\$ 1,525,024
Payables:					
Accounts Payable	\$ 35,524	\$ 3,962	\$ -	\$ -	\$ 39,486
Due to Other Funds	332,216	-	-	-	332,216
Due to Other Governments	-	166	-	-	166
Unearned Revenues	169,673	-	-	-	169,673
Total Liabilities	537,413	4,128	-	-	541,541
FUND BALANCES					
Nonspendable	-	16,928	-	-	16,928
Restricted	-	223,649	116,908	625,998	966,555
Total Fund Balances	-	240,577	116,908	625,998	983,483
Total Liabilities and Fund Balances	\$ 537,413	\$ 244,705	\$ 116,908	\$ 625,998	\$ 1,525,024

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2022

	Special Revenue Funds			Debt Service Fund	Total Non-Major Governmental Funds
	Special Aid Fund	School Lunch Fund	Miscellaneous Special Revenue Fund		
REVENUES					
Use of Money and Property	\$ -	\$ -	\$ 292	\$ 1,164	\$ 1,456
Miscellaneous	87,284	35,623	27,063	-	149,970
State Sources	145,982	7,369	-	-	153,351
Federal Sources	1,225,517	407,786	-	-	1,633,303
Sales - School Lunch	-	46,678	-	-	46,678
Total Revenues	1,458,783	497,456	27,355	1,164	1,984,758
EXPENDITURES					
General Support	43,840	-	-	-	43,840
Instruction	1,228,394	166,268	26,175	-	1,420,837
Pupil Transportation	335	-	-	-	335
Employee Benefits	193,780	20,387	-	-	214,167
Cost of Sales	-	176,135	-	-	176,135
Total Expenditures	1,466,349	362,790	26,175	-	1,855,314
Excess (Deficiency) of Revenues Over Expenditures	(7,566)	134,666	1,180	1,164	129,444
OTHER FINANCING SOURCES AND (USES)					
Premium on Obligations	-	-	-	100,853	100,853
Operating Transfers In	7,566	-	-	-	7,566
Total Other Sources (Uses)	7,566	-	-	100,853	108,419
Net Change in Fund Balance	-	134,666	1,180	102,017	237,863
Fund Balances - Beginning of Year	-	105,911	115,728	523,981	745,620
Fund Balances - End of Year	\$ -	\$ 240,577	\$ 116,908	\$ 625,998	\$ 983,483



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

Board of Education
Southern Cayuga Central School District
Aurora, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southern Cayuga Central School District (the School District) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated October 13, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2022-001.

The School District's Response to the Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 13, 2022



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

Board of Education
Southern Cayuga Central School District
Aurora, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Southern Cayuga Central School District's (the School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2022. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the School District, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 13, 2022

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass - Through Grantor Program Title	Assistance Listing #	Pass - Through Grantor #	Pass - Through to Subrecipients	Expenditures
U.S. Department of Education				
Passed Through NYS Department of Education:				
Title I Grants to Local Educational Agencies	84.010	0021220295	\$ -	\$ 192,756
Title IV - Student Support and Academic Enrichment Program	84.424A	0204220295	-	12,294
Improving Teacher Quality State Grants	84.367	0147220295	-	25,992
Special Education Cluster:				
Special Education - Grants to States	84.027	0032220091	-	221,539
Special Education - Preschool Grants	84.173	0033220091	-	1,983
Total Special Education Cluster			-	223,522
Education Stabilization Fund (ESF)				
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	05891210295	-	640,558
COVID-19 American Rescue Plan - Elementary and Secondary Emergency Relief Fund	84.425U	05880210295		93,079
COVID-19 American Rescue Plan - Elementary and Secondary Emergency Relief Fund	84.425U	05882210295		23,804
COVID-19 American Rescue Plan - Elementary and Secondary Emergency Relief Fund	84.425U	05883210295		7,076
Total ESF			-	764,517
Passed Through Cayuga-Onondaga BOCES:				
Title III	84.365	(1)	-	6,436
Total U.S. Department of Education				
			-	1,225,517
U.S. Department of Agriculture				
Passed Through NYS Department of Education:				
Child Nutrition Cluster:				
School Breakfast Program	10.553	(1)	-	81,218
School Lunch Program	10.559	(1)	-	326,568
Total Child Nutrition Cluster			-	407,786
Total U.S. Department of Agriculture				
			-	407,786
U.S. Department of Homeland Security				
Passed Through NYS Department of Homeland Security:				
(COVID-19) Disaster Grants - Public Assistance	97.036	4480-DR-NY	-	43,857
Total U.S. Department of Homeland Security				
			-	43,857
Total Expenditures of Federal Awards			\$ -	\$ 1,677,160

(1) - Unknown

See Notes to Schedule of Expenditures of Federal Awards

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2022

Note 1 **Basis of Presentation**

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

Note 2 **Basis of Accounting**

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

Note 3 **Indirect Costs**

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

Note 4 **Matching Costs**

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

Note 5 **Non-Monetary Federal Program**

The School District is the recipient of a federal award program that does not result in cash receipts or disbursements termed a "non-monetary program." During the year ended June 30, 2022, the School District received \$17,665 worth of commodities under the National School Lunch Program (ALN #10.555).

Note 6 **Subrecipients**

No amounts were provided to subrecipients.

Note 7 **Other Disclosures**

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

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

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2022

Section I Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes X no

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

Noncompliance material to financial statements noted? X yes no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

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

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.425</u>	<u>Education Stabilization Fund</u>

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

Auditee qualified as low risk? yes X no

SOUTHERN CAYUGA CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2022

Section II Financial Statement Findings

2022-001 Fund Balance Limitation

Condition:

At June 30, 2022, unassigned fund balance in the General Fund was \$1,851,631 in excess of the allowable limits.

Criteria:

The School District is allowed, under New York State Real Property Tax Law (§1318), to retain up to 4% of the succeeding year's budget in unassigned fund balance.

Cause:

Appropriations exceeded final expenditures and encumbrances by \$1,662,454, primarily due to lower than planned instructional and employee benefit costs.

Effect:

The School District is not in compliance with New York State Real Property Tax Law (§1318).

Repeat Finding:

The finding is a repeat of finding of 2021-001 from the prior year.

Recommendation:

We recommend continued formal long-term (three to five years) budgetary planning in conjunction with the annual budgetary process. We also recommend current fund balance reserve accounts be reviewed to determine appropriate levels from both a short-term and long-term planning perspective. As part of the budgeting process, we recommend the School District estimate the amount of unassigned fund balance anticipated at year end in order to determine amounts which should be used to reduce the tax levy in accordance with New York State Real Property Tax Law (§1318).

Response:

The District realized savings over the past year in several areas, including transportation salary cost with not all vacant bus driver positions nor the transportation supervisor position being filled. The District was not able to fill several teaching positions and was able to utilize grant funds for others, which produced savings; which in turn saved on health insurance costs. There were also retirements of long-term teachers which led to a reduction in salaries, as new teachers hired were starting at a lesser salary. The District received grant funding from Cayuga County that afforded most cleaning chemicals and sanitizing needs to be purchased, leading to a savings in the central services budget lines. There is a concern with increased inflation rates which is keeping the District and Board of Education cautious with the current fund balance.

Section III Federal Award Findings and Questioned Costs

None.