

**SILVER CREEK CENTRAL SCHOOL DISTRICT**

**Financial Statements as of and  
for the year ended June 30, 2021  
Together with Independent  
Auditor's Report**

**Bonadio & Co., LLP**  
Certified Public Accountants

# SILVER CREEK CENTRAL SCHOOL DISTRICT

## Table of Contents

June 30, 2021

---

	<u>Page</u>
Independent Auditor's Report	1
Management's Discussion and Analysis (Unaudited)	4
Basic Financial Statements -	
Government-Wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds	17
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position	18
Statement of Revenue, Expenditures, and Changes in Fund Balance - Governmental Funds	19
Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balance - Governmental Funds to the Statement of Activities	20
Notes to Basic Financial Statements	21
Required Supplementary Information (Unaudited):	
Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	53
Schedule of Proportionate Share of Net Pension Liability (Asset)	54
Schedule of Contributions - Pension Plans	55
Schedule of Changes in Total OPEB Liability and Related Ratios	56

## SILVER CREEK CENTRAL SCHOOL DISTRICT

### Table of Contents

June 30, 2021

---

	<u>Page</u>
Supplementary Information:	
Combining Balance Sheet - Nonmajor Governmental Funds	58
Combining Statement of Revenue, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds	59
Other Information (Unaudited):	
Schedule of Change from Original Budget to Revised Budget and Schedule of Section 1318 of Real Property Tax Law Limit Calculation - General Fund	61
Schedule of Project Expenditures - Capital Projects Fund	62
Schedule of Net Investment in Capital Assets	63
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	64
Independent Auditor's Report on Compliance for Each Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	66
Schedule of Expenditures of Federal Awards	68
Notes to Schedule of Expenditures of Federal Awards	69
Schedule of Findings and Questioned Costs	71

## INDEPENDENT AUDITOR'S REPORT

October 12, 2021

To the Board of Education of the  
Silver Creek Central School District

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Silver Creek Central School District (the District) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

100 Corporate Parkway  
Suite 200  
Amherst, New York 14226  
p (716) 250-6600  
f (716) 250-6605

[www.bonadio.com](http://www.bonadio.com)

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2021, 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.

***Change in Accounting Principle***

As discussed in Note 16 to the financial statements, in 2021 the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

***Other Matters******Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules of contributions - pension plans, proportionate share of the net pension liability (asset), and changes in total OPEB liability and related ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Combining Balance Sheet - nonmajor governmental funds, Combining Statement of Revenue, Expenditures and Change in Fund Balance - nonmajor governmental funds, and the other information required by the New York State Education Department, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The Combining Balance Sheet - nonmajor governmental funds, Combining Statement of Revenue, Expenditures and Changes in Fund Balance - nonmajor governmental funds, and schedule of expenditures of federal awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combined Balance Sheet - nonmajor governmental funds, the Combined Statement of Revenue, Expenditures and Changes in Fund Balance - nonmajor governmental funds, 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.

The other information, as required by NYSED, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2021 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

## **SILVER CREEK CENTRAL SCHOOL DISTRICT**

### **Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2021**

---

The following is a discussion and analysis of the Silver Creek Central School District's (the District) financial performance for the fiscal year ended June 30, 2021. The section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

#### **Financial Highlights**

- At June 30, 2021 and 2020, total assets (what the District owns) exceeded its total liabilities (what the District owes) by \$31,844,759 and \$30,887,007 (net position), respectively, an increase of \$957,752 from 2020 to 2021 operations. This increase is inclusive of a \$141,000 increase to the beginning net position resulting from the implementation of GASB 84.
- General revenue, which includes State and Federal aid, and property taxes, accounted for \$23,052,626 (or 81%), of all revenue. Program specific revenue in the form of Charges for Services and Operating Grants and Contributions accounted for \$5,429,341 (or 19%) of total revenue.
- Total expenses for the district-wide financial statements totaled \$27,665,148 and \$26,794,517 in 2021 and 2020, respectively.
- As of the close of the fiscal year, the District's governmental funds reported combined fund balances of \$15,836,033 and \$2,048,548 in 2021 and 2020, respectively, an increase of \$13,787,485 from 2020 to 2021.

#### **Overview of the Financial Statements**

This annual report consists of four parts: Management's Discussion and Analysis (this section), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are Governmental fund financial statements that focus on individual activities of the District, reporting the operation in more detail than the District-wide statements.
  - The Governmental fund statements tell how basic services, such as instruction and support functions, were financed in the short-term, as well as what remains for future spending.
  - Fiduciary fund statements provide information about financial relationships in which the District acts solely as a trustee or agent for the benefit of others, including the employees of the District.

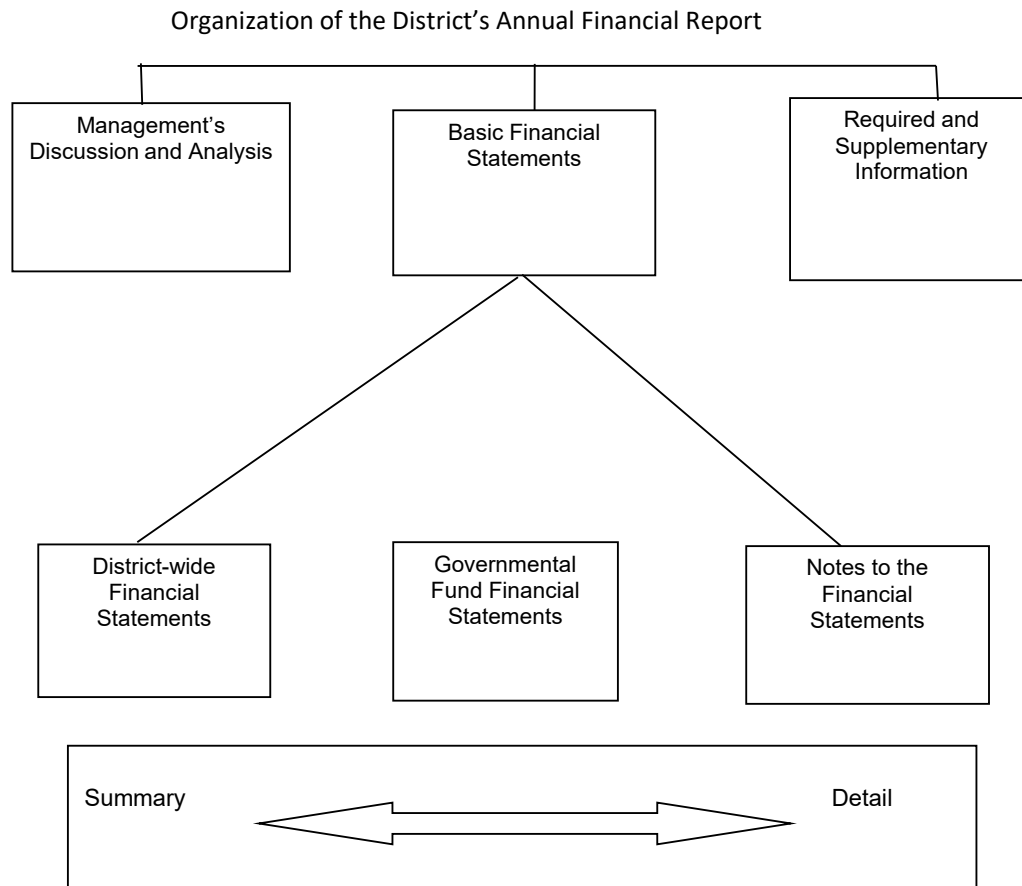
## SILVER CREEK CENTRAL SCHOOL DISTRICT

### Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2021

---

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison to the District's budget for the year. Table A-1 shows how the various parts of this annual report are arranged and related to one another.

**Table A-1**





## SILVER CREEK CENTRAL SCHOOL DISTRICT

### Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2021

Table A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

**Table A-2 - Major Features of the District-Wide and Fund Financial Statements**

		Fund Financial Statements
	District-Wide	Governmental Funds
Scope	Entire District (except fiduciary funds)	The day-to-day operating activities of the District, such as instruction and special education
Required Financial Statements	<ul style="list-style-type: none"><li>• Statement of net position</li><li>• Statement of activities</li></ul>	<ul style="list-style-type: none"><li>• Balance sheet</li><li>• Statement of revenue, expenditures, and changes in fund balance</li></ul>
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/deferred inflows-outflows of resources/liability information	All assets/deferred outflows of resources and liabilities/deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

#### District-Wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's net position and how it has changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the District, additional nonfinancial factors, such as changes in the property tax base and the condition of buildings and other facilities, should be considered.

## **SILVER CREEK CENTRAL SCHOOL DISTRICT**

### **Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2021**

---

Net position of the governmental activities differs from the governmental fund balances because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (dollars) are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated. Capital assets and long-term debt are accounted for in account groups and do not affect the fund balances.

District-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare the statement of net position:

- Capitalize current outlays for capital assets.
- Report long-term obligations as liabilities.
- Depreciate capital assets and allocate the depreciation to the proper function.
- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
  - o Net investment in capital assets.
  - o Restricted net position include resources with constraints placed on use by external sources or imposed by law.
  - o Unrestricted net position is net position that does not meet any of the above restrictions.

#### **Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. The funds have been established by the State of New York.

- **Governmental Funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out of the District and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information in a reconciliation to the governmental fund statements explain the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the General fund, Special Aid fund, School Lunch fund, Debt Service fund, Miscellaneous Special Revenue fund, and the Capital Projects fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund balance.

## SILVER CREEK CENTRAL SCHOOL DISTRICT

### Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2021

---

#### Financial Analysis of the District as a Whole

Our analysis below focuses on the net position (Table A-3) and the change in net position (Table A-4) of the District-wide governmental activities.

**Table A-3** Condensed Statements of Net Position - Governmental Activities

	Fiscal Year 2021	Fiscal Year 2020	Percent Change
Current assets	\$ 17,987,474	\$ 19,613,774	-8.3%
Non-current assets	41,466,787	41,554,905	-0.2%
Total assets	59,454,261	61,168,679	-2.8%
Deferred outflows of resources	8,354,577	7,756,069	7.7%
Current liabilities	1,224,516	16,984,923	-92.8%
Long-term liabilities	30,820,563	17,952,790	71.7%
Total liabilities	32,045,079	34,937,713	-8.3%
Deferred inflows of resources	3,919,000	3,100,028	26.4%
Net position:			
Net investment in capital assets	19,874,569	16,995,907	16.9%
Restricted	6,994,247	12,169,133	-42.5%
Unrestricted	4,975,943	1,721,967	189.0%
Total net position	\$ 31,844,759	\$ 30,887,007	3.1%

In Table A-3, deferred outflows of resources at June 30, 2021 were approximately \$599,000 higher than at June 30, 2020 as a result of changes in the actuarial valuations for the NYS ERS and NYS TRS pension plans and the District's Other Postemployment Benefit (OPEB) plan. Total assets decreased approximately \$1.7 million. At June 30, 2020, there was a net pension asset for TRS of \$1.5 million. At June 30, 2021, the District has a net pension liability for TRS of \$1.4 million.

Current liabilities decreased approximately \$15.7 million, as the District converted its Bond Anticipation Note outstanding at June 30, 2020 into long-term debt in the current year.

Long-term liabilities increased approximately \$12.8 million from the prior year. As mentioned previously, there is now a net pension liability for TRS of \$1.4 million, compared to a \$1.5 million net pension asset in the prior year. In addition, the District had two serial bond issuances in the current year. One was a refunding bond for \$2,625,000 with a premium of approximately \$213,000. This refunded debt with principal outstanding of \$2,765,000. The other was a \$12,375,000 issuance with a \$1.7 million dollar premium related to the capital project that was completed. These increases were offset by a \$2.1 million dollar decrease in the net pension liability for ERS, as a result of the new actuarial valuation.

## SILVER CREEK CENTRAL SCHOOL DISTRICT

### Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2021

---

Deferred inflows of resources increased approximately \$819,000 due to the actuarial valuation changes for the NYS ERS and NYS TRS pension plans and the District's Other Postemployment Benefit (OPEB) plan.

**Table A-4** Changes in Net Position from Operating Results - Governmental Activities

	Fiscal Year 2021	Fiscal Year 2020	Percent Change
Revenue:			
Charges for services	\$ 3,167,760	\$ 1,171,970	170.3%
Operating grants	2,261,581	1,536,797	47.2%
Capital grants and contributions	-	1,786,006	-100.0%
General revenue:			
Real property taxes and other tax items	5,448,495	5,300,358	2.8%
Nonproperty taxes	996,674	1,031,881	-3.4%
Use of money and property	10,045	96,162	-89.6%
Sale of property	25,280	118,649	-78.7%
Miscellaneous	430,329	203,600	111.4%
Federal sources	1,008,979	478,744	110.8%
State sources	15,038,154	15,739,183	-4.5%
Other	94,670	88,187	7.4%
Total revenue	<u>28,481,967</u>	<u>27,551,537</u>	3.4%
Expenses:			
General governmental support	3,060,444	3,862,125	-20.8%
Instruction	22,090,573	20,511,399	7.7%
Pupil transportation	1,315,767	1,513,947	-13.1%
Community services	12,256	12,252	0.0%
Interest	672,465	327,650	105.2%
School lunch program	513,643	567,144	-9.4%
Total expenses	<u>27,665,148</u>	<u>26,794,517</u>	3.2%
CHANGE IN NET POSITION	<u>\$ 816,819</u>	<u>\$ 757,020</u>	7.9%

#### Changes in Net Position

The District's total fiscal year 2021 revenues totaled \$28,481,967. (See Table A-4). The majority of revenues are from property taxes and state aid, which account for 72% of the revenue. Operating grants account for another 8% of the revenue.

The total cost of all programs and services totaled \$27,665,148 for fiscal year 2021. These expenses are predominately related to general instruction, which account for 80% of District expenses. (See Table A-6). The District's general support activities accounted for 11% of total costs.

## SILVER CREEK CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)  
For the Year Ended June 30, 2021

---

Table A-5 Sources of Revenue for Fiscal Year 2021

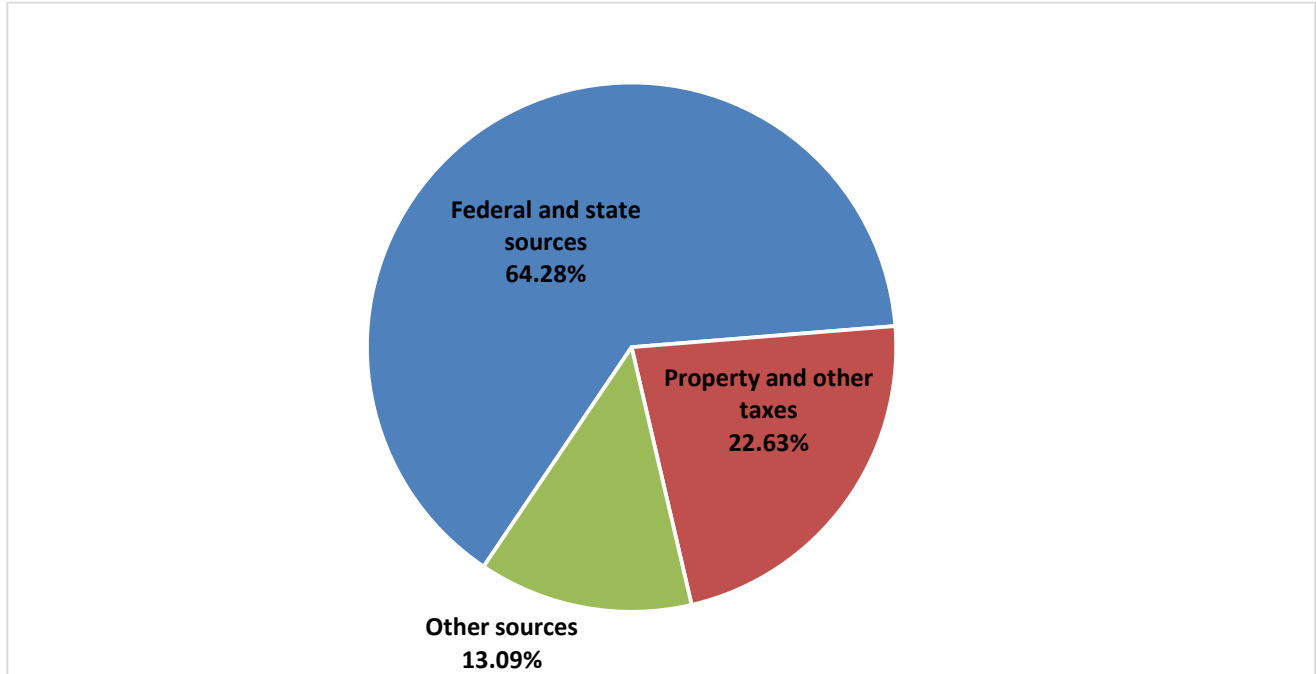
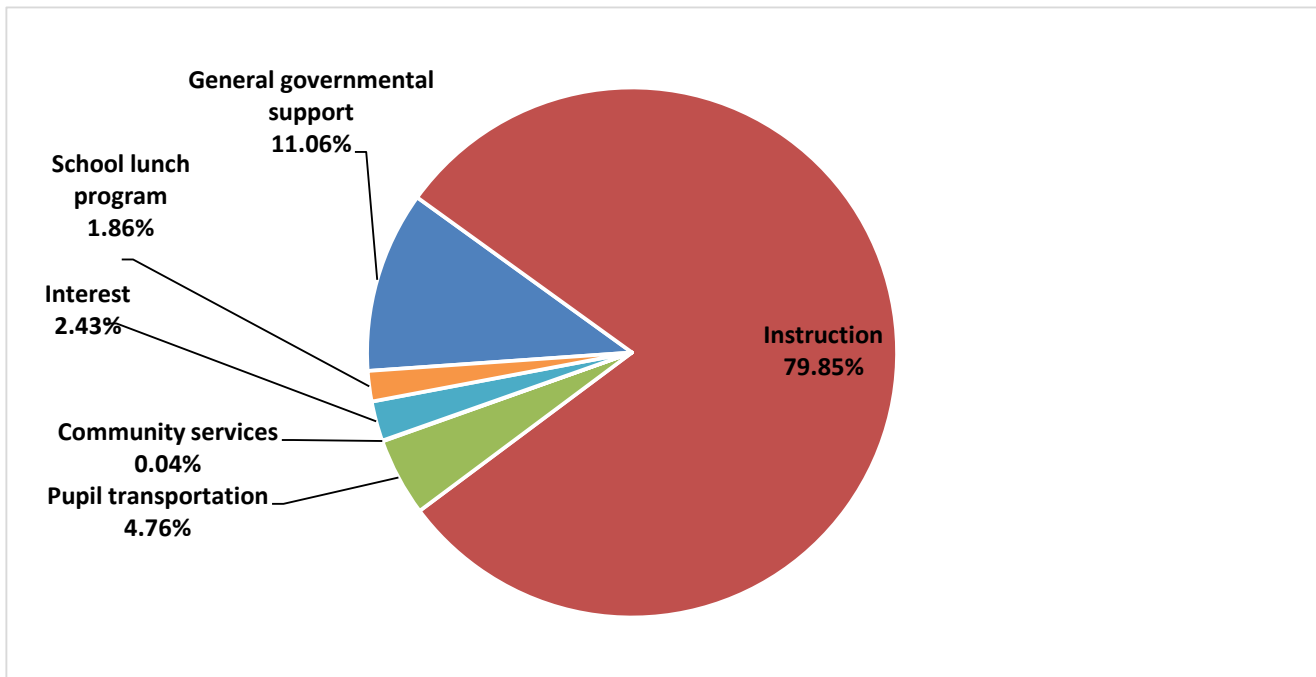


Table A-6 Expenses for Fiscal Year 2021



## SILVER CREEK CENTRAL SCHOOL DISTRICT

### Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2021

#### Financial Analysis of the District's Funds

Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long-term debt, liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt.

At June 30, 2021, the District, in its governmental funds, reported combined fund balances of \$15.8 million, an increase of approximately \$13.8 million from the prior year. This was inclusive of a \$141,000 increase in beginning net position relation to the implementation of GASB 84.

#### General Fund Budgetary Highlights

This section presents an analysis of significant variances between original and final budget amounts and between final budget amounts and actual results for the General fund.

**Table A-7** Results vs. Budget

	Original Budget	Final Budget	Actual	Encumbrances	Positive/ (Negative)
Revenue:					
Local sources	\$ 7,909,917	\$ 7,909,917	\$ 9,551,601	\$ -	\$ 1,641,684
Federal sources	677,612	677,612	1,350,607	-	672,995
State sources	14,786,291	14,786,291	15,038,154	-	251,863
Medicaid reimbursement	55,000	55,000	94,670	-	39,670
Total	<u>23,428,820</u>	<u>23,428,820</u>	<u>26,035,032</u>	<u>-</u>	<u>2,606,212</u>
Expenditures:					
General support	2,499,495	2,610,874	2,371,897	24,962	214,015
Instruction	14,958,142	14,844,238	13,375,387	53,530	1,415,321
Community services	8,000	8,000	8,000	-	-
Employee benefits	4,878,240	4,930,429	4,376,367	-	554,062
Transportation	1,008,160	1,296,579	1,074,510	-	222,069
Debt service	2,246,044	2,246,044	2,192,753	-	53,291
Other financing (sources) uses	<u>125,000</u>	<u>125,000</u>	<u>(355,790)</u>	<u>-</u>	<u>480,790</u>
Total	<u>25,723,081</u>	<u>26,061,164</u>	<u>23,043,124</u>	<u>78,492</u>	<u>2,939,548</u>
Revenue over (under) expense	<u>\$ (2,294,261)</u>	<u>\$ (2,632,344)</u>	<u>\$ 2,991,908</u>	<u>\$ (78,492)</u>	<u>\$ 5,545,760</u>

## SILVER CREEK CENTRAL SCHOOL DISTRICT

### Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2021

---

The General fund is the only fund for which a budget is legally adopted. For the purposes of the above analysis the budget columns do not include appropriated fund balance.

The following significant variances between budget and actual occurred during fiscal 2021:

- Local sources revenue was greater than budget by approximately \$1.6 million due to planned state aid reduction that was presented by Governor in spring 2020 during the 20-21 budget development. 20% was being threatened to be withheld and 10% reduction was planned. 0% was actually withheld.
- Federal sources were approximately \$673,000 higher than budgeted. This was due to CARES act funding (GEER/ESSER) of \$341,628 and Federal Native American Impact Aid of \$331,367.
- Instruction expenditures came in less than budget by approximately \$1.4 million as a result of numerous vacancies within the District were unfilled including teacher aides, teaching assistants and teachers. Lack of substitutes also contributed to this reduction in budgeted expenditure.
- Transportation expenditures were \$222,000 lower than budgeted due to no sports or extra class activities for 75% of the year. Remote options, reduced the number of students being transported throughout the year, as well as unfilled driver vacancies. This all contributed to lower fuel expenses in transportation, and salary/benefits.
- Employee benefits came in less than budget by approximately \$554,000 due to a number of vacancies that were unfilled across the District and, therefore, less benefits paid.

All other revenues and all expenditures were closely in line with that budgeted for the year.

### Capital Assets

As of June 30, 2021, the District had an investment of \$41 million in a broad range of capital assets including land, buildings, site improvements, vehicles and other educational equipment.

**Table A-8** Capital Assets (net of depreciation)

	Fiscal Year 2021	Fiscal Year 2020	Percent Change
Category:			
Land	\$ 25,274	\$ 25,274	0.0%
Construction in Progress	-	14,348,166	-100.0%
Buildings	38,721,331	23,057,061	67.9%
Site improvements	931,957	1,053,250	-11.5%
Equipment	623,491	365,073	70.8%
Vehicles	1,164,734	1,253,715	-7.1%
Total	<u>\$ 41,466,787</u>	<u>\$ 40,102,539</u>	3.4%

## SILVER CREEK CENTRAL SCHOOL DISTRICT

### Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2021

---

#### Long-Term Liabilities

At year-end, the District had approximately \$22 million in general obligation bonds outstanding and approximately \$9 million in other long term liabilities. More detailed information about the District's total long-term liabilities is presented in the notes to the financial statements.

**Table A-9** Outstanding Long-Term Liabilities

	Fiscal Year 2021	Fiscal Year 2020	Percent Change
Category:			
General obligation bonds and bond premiums	\$ 21,592,218	\$ 8,551,632	152.5%
Compensated absences	369,234	352,099	4.9%
Net pension liabilities	1,455,097	559,019	160.3%
Total other postemployment benefit (OPEB) liability	<u>7,404,014</u>	<u>6,714,178</u>	10.3%
	<u>\$ 30,820,563</u>	<u>\$ 16,176,928</u>	90.5%

#### FACTORS BEARING ON THE FUTURE OF THE DISTRICT

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

- This district has been faced with many difficult decisions with respect to budget development. We have prepared each budget guided by two fundamental principles. The first is the sustainment of educational programs for our District's children. The second is that a budget must be sustainable over time. The district is aware that the unrestricted fund balance is over the statutory limit. The District currently has a 10-year plan for the use of reserves and unassigned fund balance to balance the budget to state and local revenue sources. This plan will be revisited, adjusted and enhanced to accelerate the use of unrestricted fund balance.
- Additionally, the District has worked to strategically restore staffing and programming losses experienced during the GEA years that is sustainable to the District. The District will now be working to strategically address the gaps placed on our education system as a result of the pandemic that will have a long term impact on our programming, as well as, social-emotional development of our students AND staff. While there is some federal funding available on the short-term level, the District will be revisiting the five and ten year plans of budgeting and reserve usage to properly re-align expenditures and revenues with the educational needs of Silver Creek CSD.



## **SILVER CREEK CENTRAL SCHOOL DISTRICT**

### **Management's Discussion and Analysis (Unaudited) For the Year Ended June 30, 2021**

---

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide citizens, taxpayers, customers, investors and creditors with a general overview of the finances of the District and to demonstrate the District's accountability with the funds it receives. If you have any questions about this report or need additional financial information, please contact: Silver Creek Central School District, 1 Dickinson St., Silver Creek, New York 14136.

**SILVER CREEK CENTRAL SCHOOL DISTRICT****Statement of Net Position  
June 30, 2021****ASSETS****CURRENT ASSETS:**

Cash and cash equivalents	\$ 7,630,105
Cash and cash equivalents - restricted	7,330,126
Accounts receivable	5,869
Due from other governments	926,045
Due from Federal and State governments	2,080,100
Inventory	15,229
Total current assets	<u>17,987,474</u>

**NON-CURRENT ASSETS:**

Capital assets, net	<u>41,466,787</u>
Total non-current assets	<u>41,466,787</u>
Total assets	<u>59,454,261</u>

**DEFERRED OUTFLOWS OF RESOURCES**

Pension related - TRS	5,074,074
Pension related - ERS	1,607,668
Total other postemployment benefit related	<u>1,672,835</u>
Total deferred outflows of resources	<u>8,354,577</u>

**LIABILITIES****CURRENT LIABILITIES:**

Accounts payable and accrued liabilities	142,124
Accrued interest	16,967
Unearned revenue	39,211
Due to other governments	580
Due to Teachers' Retirement System	915,495
Due to Employees' Retirement System	<u>110,139</u>
Total current liabilities	<u>1,224,516</u>

**LONG-TERM LIABILITIES:**

Due and payable within one year -	
Bonds payable	1,515,000
Compensated absences	<u>8,350</u>
Total long-term liabilities due and payable within one year	<u>1,523,350</u>
Due and payable after one year -	
Net pension liability - TRS	1,447,465
Net pension liability - ERS	7,632
Total other postemployment benefit liability	7,404,014
Compensated absences	360,884
Bonds payable	<u>20,077,218</u>
Total long-term liabilities due and payable after one year	<u>29,297,213</u>
Total long-term liabilities	<u>30,820,563</u>
Total liabilities	<u>32,045,079</u>

**DEFERRED INFLOWS OF RESOURCES**

Pension related - TRS	868,293
Pension related - ERS	2,239,671
Total other postemployment benefit related	<u>811,036</u>
Total deferred inflows of resources	<u>3,919,000</u>

**NET POSITION**

Net investment in capital assets	19,874,569
Restricted	6,994,247
Unrestricted	<u>4,975,943</u>
Total net position	<u>\$ 31,844,759</u>

The accompanying notes are an integral part of these statements.

# SILVER CREEK CENTRAL SCHOOL DISTRICT

## Statement of Activities

For the year ended June 30, 2021

		Program Revenue		Net (Expense)
	Expenses	Charges for Services	Operating Grants	Revenue and Changes in Net Position
<b>FUNCTIONS/PROGRAMS:</b>				
General governmental support	\$ 3,060,444	\$ -	\$ -	\$ (3,060,444)
Instruction	22,090,573	3,009,135	1,737,540	(17,343,898)
Pupil transportation	1,315,767	146,312	-	(1,169,455)
Community services	12,256	-	-	(12,256)
Interest and amortization	672,465	-	-	(672,465)
School lunch program	<u>513,643</u>	<u>12,313</u>	<u>524,041</u>	<u>22,711</u>
Total functions/programs	<u>\$ 27,665,148</u>	<u>\$ 3,167,760</u>	<u>\$ 2,261,581</u>	<u>(22,235,807)</u>
<b>GENERAL REVENUE:</b>				
Real property taxes				5,448,495
Nonproperty taxes				996,674
Use of money and property				10,045
Sale of property and compensation for loss				25,280
Miscellaneous				430,329
Federal sources				1,008,979
State sources				15,038,154
Medicaid reimbursement				<u>94,670</u>
Total general revenue				<u>23,052,626</u>
<b>CHANGE IN NET POSITION</b>				<u>816,819</u>
<b>NET POSITION - beginning of year, as previously reported</b>				30,887,007
<b>PRIOR PERIOD ADJUSTMENT (Note 16)</b>				<u>140,933</u>
<b>NET POSITION - beginning of year, as restated</b>				<u>31,027,940</u>
<b>NET POSITION - end of year</b>				<u>\$ 31,844,759</u>

The accompanying notes are an integral part of these statements.

**SILVER CREEK CENTRAL SCHOOL DISTRICT**

**Balance Sheet - Governmental Funds  
June 30, 2021**

	General	Capital Projects	Special Aid	Debt Service	Nonmajor Funds	Total
<b>ASSETS</b>						
Cash and cash equivalents	\$ 7,506,946	\$ -	\$ -	\$ -	\$ 123,159	\$ 7,630,105
Cash and cash equivalents - restricted	6,712,304	244,727	58,617	182,422	132,056	7,330,126
Accounts receivable	5,847	-	-	-	22	5,869
Due from other funds	1,015,034	74,959	-	107,253	43,683	1,240,929
Due from other governments	926,045	-	-	-	-	926,045
Due from Federal and State Governments	1,349,306	-	687,661	-	43,133	2,080,100
Inventory	-	-	-	-	15,229	15,229
Total assets	<u>\$ 17,515,482</u>	<u>\$ 319,686</u>	<u>\$ 746,278</u>	<u>\$ 289,675</u>	<u>\$ 357,282</u>	<u>\$ 19,228,403</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>						
<b>LIABILITIES:</b>						
Accounts payable	\$ 46,814	\$ -	\$ 3,595	\$ -	\$ 6,924	\$ 57,333
Accrued liabilities	84,504	-	-	-	287	84,791
Due to other funds	77,675	129,860	742,683	249,657	41,054	1,240,929
Due to other governments	-	-	-	-	580	580
Due to Teachers' Retirement System	915,495	-	-	-	-	915,495
Due to Employees' Retirement System	110,139	-	-	-	-	110,139
Unearned revenue	1,609	-	-	-	37,602	39,211
Total liabilities	<u>1,236,236</u>	<u>129,860</u>	<u>746,278</u>	<u>249,657</u>	<u>86,447</u>	<u>2,448,478</u>
<b>DEFERRED INFLOWS OF RESOURCES:</b>						
Revenues not available	<u>943,892</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>943,892</u>
<b>FUND BALANCES:</b>						
Nonspendable -						
Inventory	-	-	-	-	15,229	15,229
Restricted for -						
Capital reserve	3,903,772	-	-	-	-	3,903,772
Workers' compensation	318,002	-	-	-	-	318,002
Retirement contribution	1,793,401	-	-	-	-	1,793,401
Unemployment insurance reserve	280,103	-	-	-	-	280,103
Property loss reserve	279,758	-	-	-	-	279,758
Employee benefit accrued liability	137,268	-	-	-	-	137,268
Capital projects	-	244,727	-	-	-	244,727
Debt service	-	-	-	40,018	-	40,018
Extraclassroom activities, scholarships, and grants	-	-	-	-	134,466	134,466
School lunch	-	-	-	-	121,140	121,140
Assigned to -						
Appropriated for future budgets	412,469	-	-	-	-	412,469
Other	78,492	-	-	-	-	78,492
Unassigned	<u>8,132,089</u>	<u>(54,901)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,077,188</u>
Total fund balances	<u>15,335,354</u>	<u>189,826</u>	<u>-</u>	<u>40,018</u>	<u>270,835</u>	<u>15,836,033</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 17,515,482</u>	<u>\$ 319,686</u>	<u>\$ 746,278</u>	<u>\$ 289,675</u>	<u>\$ 357,282</u>	<u>\$ 19,228,403</u>

The accompanying notes are an integral part of these statements.

## SILVER CREEK CENTRAL SCHOOL DISTRICT

### Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position June 30, 2021

---

Amounts reported for governmental activities in the statement of net position are different because:

Fund balance - total governmental funds	\$ 15,836,033
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	41,466,787
Native American aid earned throughout the fiscal year is reported as revenue in the government-wide financial statements. Amounts not available for use are not recognized as revenue in the governmental funds until measurable and available.	943,892
Deferred outflows/inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds.	
Deferred outflows - ERS/TRS	6,681,742
Deferred inflows - ERS/TRS	(3,107,964)
Deferred outflows - OPEB	1,672,835
Deferred inflows - OPEB	(811,036)
Net pension obligations are not due and payable in the current period and; therefore, are not reported in the funds.	
Net pension liability - TRS	(1,447,465)
Net pension liability - ERS	(7,632)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:	
Bonds payable	(19,290,000)
Unamortized bond premiums	(2,302,218)
Total other postemployment benefit liability	(7,404,014)
Compensated absences	(369,234)
Accrued interest	<u>(16,967)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 31,844,759</u>

The accompanying notes are an integral part of these statements.

**SILVER CREEK CENTRAL SCHOOL DISTRICT**
**Statement of Revenue, Expenditures, and Changes in Fund Balance - Governmental Funds**  
**For the year ended June 30, 2021**

	General	Capital Projects	Special Aid	Debt Service	Nonmajor Funds	Total Governmental Funds
<b>REVENUE:</b>						
Real property taxes	\$ 5,448,495	\$ -	\$ -	\$ -	\$ -	\$ 5,448,495
Other tax items	996,674	-	-	-	-	996,674
Charges for services	2,816,825	-	-	-	-	2,816,825
Use of money and property	6,241	1,002	-	2,721	81	10,045
Sale of property and compensation for loss	25,280	-	-	-	-	25,280
Miscellaneous	258,086	-	-	-	77,553	335,639
State sources	15,038,154	-	605,080	-	12,482	15,655,716
Federal sources	1,350,607	-	790,832	-	511,559	2,652,998
Medicaid reimbursement	94,670	-	-	-	-	94,670
Sales	-	-	-	-	12,313	12,313
<b>Total revenue</b>	<b>26,035,032</b>	<b>1,002</b>	<b>1,395,912</b>	<b>2,721</b>	<b>613,988</b>	<b>28,048,655</b>
<b>EXPENDITURES:</b>						
General support	2,371,897	-	-	65,844	-	2,437,741
Instruction	13,375,387	-	1,103,194	-	84,065	14,562,646
Pupil transportation	1,074,510	-	2,115	-	-	1,076,625
Community services	8,000	-	-	-	-	8,000
Employee benefits	4,376,367	-	112,072	-	2,466	4,490,905
Cost of sales	-	-	-	-	496,653	496,653
Capital outlays	-	3,783,939	-	-	-	3,783,939
Debt service -						
Principal	1,417,780	-	-	-	-	1,417,780
Interest	774,973	-	-	-	-	774,973
<b>Total expenditures</b>	<b>23,398,914</b>	<b>3,783,939</b>	<b>1,217,381</b>	<b>65,844</b>	<b>583,184</b>	<b>29,049,262</b>
<b>EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES</b>	<b>2,636,118</b>	<b>(3,782,937)</b>	<b>178,531</b>	<b>(63,123)</b>	<b>30,804</b>	<b>(1,000,607)</b>
<b>OTHER FINANCING SOURCES (USES):</b>						
Proceeds of long term debt	-	12,375,000	-	-	-	12,375,000
Proceeds from debt refunding	-	-	-	2,625,000	-	2,625,000
Premium on obligation	-	-	-	1,972,002	-	1,972,002
Payment to escrow agent	-	-	-	(2,772,623)	-	(2,772,623)
BANs redeemed from appropriations	-	447,780	-	-	-	447,780
Transfers in	475,268	1,763,603	19,478	-	-	2,258,349
Transfers out	(119,478)	(22,607)	(198,009)	(1,918,255)	-	(2,258,349)
<b>Total other financing sources (uses)</b>	<b>355,790</b>	<b>14,563,776</b>	<b>(178,531)</b>	<b>(93,876)</b>	<b>-</b>	<b>14,647,159</b>
<b>CHANGE IN FUND BALANCE</b>	<b>2,991,908</b>	<b>10,780,839</b>	<b>-</b>	<b>(156,999)</b>	<b>30,804</b>	<b>13,646,552</b>
<b>FUND BALANCES - beginning of year, as previously reported</b>	<b>12,343,446</b>	<b>(10,591,013)</b>	<b>-</b>	<b>197,017</b>	<b>99,098</b>	<b>2,048,548</b>
<b>PRIOR PERIOD ADJUSTMENT (Note 16)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>140,933</b>	<b>140,933</b>
<b>FUND BALANCES - beginning of year, as restated</b>	<b>12,343,446</b>	<b>(10,591,013)</b>	<b>-</b>	<b>197,017</b>	<b>240,031</b>	<b>2,189,481</b>
<b>FUND BALANCES - end of year</b>	<b>\$ 15,335,354</b>	<b>\$ 189,826</b>	<b>\$ -</b>	<b>\$ 40,018</b>	<b>\$ 270,835</b>	<b>\$ 15,836,033</b>

The accompanying notes are an integral part of these statements.

## SILVER CREEK CENTRAL SCHOOL DISTRICT

### Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balance - Governmental Funds to the Statement of Activities For the year ended June 30, 2021

---

Net changes in fund balance - total governmental funds	\$ 13,646,552
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position.	3,704,757
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(2,267,554)
Loss on disposal of capital assets is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities and change in net position.	(72,955)
Native American tuition and transportation aid not received within sixty days of year end is not considered available and thus, is not recognized as revenue at the fund level. This is recognized as revenue in the statement of activities.	338,622
Proceeds of long-term debt are recorded as other financing sources for governmental funds, but are not recorded in the Statement of Activities. This is the amount of proceeds from long-term debt received in the current year.	(15,000,000)
Premiums on the issuance of long-term debt are recorded as other financing sources for governmental funds, but are not recorded in the Statement of Activities.	(1,877,312)
Payments to escrow agent and fiscal agent fees associated with a bond refunding are expensed in the governmental funds, but are not recorded on the Statement of Activities as they reduce bonds payable on the Statement of Net Position.	2,772,623
Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as reductions of liabilities in the statement of net position.	970,000
Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employer contributions is reported as pension expense.	(940,653)
Governmental funds report other postemployment benefit contributions as expenditures. However, in the statement of activities, the cost of other postemployment benefits earned, net of employer contributions is reported as other postemployment benefits.	(542,229)
Certain expenses in the statement of activities do not require the use of current resources and are, therefore, not reported as expenditures in the governmental funds:	
Other reconciling item	(405)
Change in accrued interest	8,000
Change in compensated absences	(17,135)
Amortization of bond premium	<u>94,508</u>
Change in net position - governmental activities	<u>\$ 816,819</u>

The accompanying notes are an integral part of these statements.

## SILVER CREEK CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements

June 30, 2021

---

#### 1. NATURE OF OPERATIONS

Silver Creek Central School District (the District) provides free K-12 public education to students living within its geographic borders.

##### **Reporting Entity**

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

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

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The Extraclassroom Activity Funds are also included in these financial statements.

The Extraclassroom Activity Funds represent funds of the students of the District. The Board of Education exercises general oversight of these funds; however, these funds are used as designated by student management. The District accounts for the activities of these various student organizations in the Miscellaneous Special Revenue Fund. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the District's business office.

##### **Joint Venture**

The District is a component school district in the Erie 2-Chautauqua-Cattaraugus Board of Cooperative Education Services (BOCES). BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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



## SILVER CREEK CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements

June 30, 2021

---

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 the New York State Education Law, §1950(4)(b)(7). In addition, component school districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed \$4,367,340 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$1,567,217.

Financial statements for the BOCES are available from the BOCES administrative office.

## 2. SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the GASB, which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

### Basis of Presentation

The District's financial statements consist of district-wide financial statements, including a statement of net position and a statement of activities, and fund level financial statements which provide more detailed information.

### District-Wide Statements

The statement of net position and the statement of activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenue, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

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

## SILVER CREEK CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements

June 30, 2021

---

#### **Fund Financial Statements**

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

The District reports the following major governmental funds:

**General Fund** - This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

**Capital Projects Fund** - This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

**Debt Service Fund** - This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

**Special Revenue Funds** - These funds accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

- **Special Aid Fund:** Used to account for proceeds from State and Federal grants that are restricted for specific educational programs.

The District's nonmajor funds are the following:

#### **Nonmajor special revenue funds:**

- **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 and report those revenues that are restricted or committed to expenditures for specified purposes. Specifically, the District accounts for extraclassroom activities and certain scholarships and local grants here, as the District has administrative involvement with these funds.

#### **Measurement Focus and Basis of Accounting**

Measurement focus refers to what is being measured, whereas basis of accounting refers to when revenues and expenditures are recognized. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

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

Non-exchange transactions in which the District gives or receives value without directly receiving or giving equal value in exchange include property taxes, grants, and donations.

## **SILVER CREEK CENTRAL SCHOOL DISTRICT**

### **Notes to Basic Financial Statements**

**June 30, 2021**

---

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

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

#### **Cash**

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

#### **Restricted Cash**

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets include amounts required by statute to be reserved for various purposes.

#### **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 since it is believed that such allowance would not be material.

#### **Due From Other Governments**

Due from other governments recorded as an asset at June 30, 2021 relates to receivables due from the BOCES. Management does not believe an allowance for doubtful accounts is necessary.

#### **Due From Federal and State Governments**

Due from Federal and State Governments represents receivables from New York State and/or the Federal government. Management does not believe an allowance for doubtful accounts is necessary.

#### **Property Taxes**

Real property taxes are levied annually by the BOE no later than September 1, and become a lien on September 3. Taxes are collected during the period September 3 to October 31. Taxes not collected by October 31 are turned over to the County who assumes all responsibility for collection.

## SILVER CREEK CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements

June 30, 2021

---

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

#### Inventory

Inventory of food in the school lunch fund is recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

#### Interfund Transactions

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

In the district-wide statements, the amounts reported on the statement of net position for interfund receivables and payables represent amounts due between different fund types (governmental activities). Eliminations have been made for all interfund receivables and payables between the funds.

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

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

#### Capital Assets

In the District-wide financial statements, capital assets are accounted for at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. Depreciation of all exhaustible capital assets is recorded as an allocated expense in the statement of activities, with accumulated depreciation reflected in the statement of net position. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$ 10,000	SL	40 years
Site improvements	\$ 10,000	SL	20 years
Equipment	\$ 1,000	SL	10 years
Vehicles	\$ 15,000	SL	10 years

## SILVER CREEK CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements

June 30, 2021

---

#### **Vested Employee Benefits**

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 leave.

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

The liability has been calculated using the vesting/termination method and an accrual for that liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

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

#### **Other Benefits**

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

District employees may choose to participate in the District's deferred compensation plan, established under Internal Revenue Code Section 403(b).

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement.

Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

#### **Deferred Outflows and Inflows of Resources**

In addition to assets and liabilities, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred outflows/inflows of resources. The 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 separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

## SILVER CREEK CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements

June 30, 2021

---

#### **Unearned Revenue**

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

#### **Short Term Debt**

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

The District may issue Bond Anticipation Notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date (seven years if issued between 2015-2021).

#### **Accrued Liabilities and Long-Term Obligations**

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

Long-term obligations represent the 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.

#### **Restricted Resources**

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

#### **District-wide Statements - Equity Classifications**

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

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

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

## SILVER CREEK CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements June 30, 2021

---

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

#### **Governmental Fund Financial Statements - Equity classifications**

In the fund basis statements there are five classifications of fund balance:

Nonspendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the school lunch fund.

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

##### Capital Reserve

According to Education Law §3651, this reserve must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for 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. The reserve is accounted for in the General Fund under restricted fund balance.

##### Reserve for Debt Service

According to General Municipal Law §6-l, the Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of the sale. Also, earnings on project monies invested together with unused proceeds are reported here. The reserve is accounted for in the Debt Service Fund.

##### Employee Benefit Accrued Liability Reserve

According to General Municipal Law §6-p, this reserve must be used for the payment of accrued employee benefits due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund under restricted fund balance.

##### Liability Claims and Property Loss Reserve Funds

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

## SILVER CREEK CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements

June 30, 2021

---

#### Retirement Contribution

Retirement contribution reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of operation and condition of the fund must be provided to the board. The reserve is accounted for in the General Fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. This reserve is accounted for in the General Fund under restricted fund balance.

#### Workers' Compensation

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

#### Unemployment Insurance Reserve

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

Restricted fund balance includes the following:

#### General Fund:

Capital reserve	\$ 3,903,772
Workers' compensation	318,002
Retirement contribution	1,793,401
Unemployment insurance reserve	280,103
Property loss reserve	279,758
Employee benefit accrued liability	137,268
Debt Service Fund	40,018
Capital Projects Fund	244,727
Extraclassroom activities, scholarships, and grants	134,466
School Lunch Fund	121,140
	<u>\$ 7,252,655</u>



## **SILVER CREEK CENTRAL SCHOOL DISTRICT**

### **Notes to Basic Financial Statements**

**June 30, 2021**

---

Committed fund balance - Includes amounts that can be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2021.

Assigned fund balance - Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General fund are classified as assigned fund balance in the General fund. Encumbrances represent purchase commitments made by the District's purchasing agent through their authorization of a purchase order prior to year-end. The District assignment is based on the functional level of expenditures.

Unassigned fund balance - Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserve for tax reduction, a school district can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year, encumbrances and amounts reserved for insurance recoveries are also excluded from the 4% limitation.

#### **Order of Fund Balance Spending Policy**

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

#### **Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported revenue and expenses during the reporting period. Actual results could differ from those estimates. Particularly given the economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic, such differences may be significant. 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.

**3. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS**

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

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

Total fund balances of the District's governmental funds differ from net position of governmental activities reported in the statement of net position. This difference results from the additional long-term economic focus of the statement of net position versus the solely current financial resources focus of the governmental fund balance sheets.

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

Differences between the governmental funds statement of revenue, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories.

- **Long Term Revenue and Expense**  
Long-term revenue differences arise because governmental funds report revenue only when it is considered "available," whereas the statement of activities reports revenue when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the statement of activities.
- **Capital Related Differences**  
Capital related differences include the difference between proceeds from the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and the difference between recording an expenditure for the purchase of capital items in the governmental fund statements and depreciation expense on those items as recorded in the statement of activities.
- **Long Term Debt Transaction Differences**  
Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the statement of activities as incurred, and principal payments are recorded as a reduction of liabilities in the statement of net position.
- **Pension Differences**  
Pension differences occur as a result of changes in the District's proportion of the collective net pension asset/liability and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.
- **OPEB Differences**  
OPEB differences occur as a result of changes in the District's total OPEB liability and differences between the District's contributions and OPEB expense.

## SILVER CREEK CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements June 30, 2021

---

#### 4. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the District is subject to various federal, state and local laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over District resources follows.

##### **Budgets**

The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.

The voters of the District approved the proposed appropriation budget.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the BOE as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restriction, if the board approves them because of a need that exists which was not determined at the time the budget was adopted. The District had supplemental appropriations during the year of \$286,127 related to bus purchases funded by the capital vehicle reserve and \$304,020 in appropriations funded by the CARES Act.

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

The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2021.

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

## SILVER CREEK CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements

June 30, 2021

---

#### **Encumbrances**

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

#### **Fund Balance**

The District's unrestricted fund balance in its General fund was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The District currently has a 10-year plan for the use of reserves and unassigned fund balance to balance the budget to state and local revenue sources. This plan will be revisited, adjusted and enhanced to accelerate the use of unrestricted fund balance.

Portions of the fund balances are restricted and are not available for current expenditures or expenses, as reported in the governmental funds balance sheet.

## **5. CASH**

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

At June 30, 2021, the reported amount of the District's deposits was \$14,960,231 and the bank balance was \$15,500,094. Of the bank balance, \$500,000 was covered by federal depository insurance and \$15,000,094 was covered by collateral held in the pledging bank's trust department in the District's name.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year end amounted to \$7,330,126 within the governmental funds.

**SILVER CREEK CENTRAL SCHOOL DISTRICT**

**Notes to Basic Financial Statements**  
**June 30, 2021**

**6. CAPITAL ASSETS**

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

	Balance 7/1/2020	Additions	Deletions	Balance 6/30/2021
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 25,274	\$ -	\$ -	\$ 25,274
Construction in progress	14,348,166	3,699,422	(18,047,588)	-
Total nondepreciable cost	<u>14,373,440</u>	<u>3,699,422</u>	<u>(18,047,588)</u>	<u>25,274</u>
Capital assets that are depreciated:				
Buildings	42,483,258	17,369,056	-	59,852,314
Site improvements	2,710,921	-	-	2,710,921
Equipment	2,086,711	397,740	(212,605)	2,271,846
Vehicles	2,460,046	286,127	(274,214)	2,471,959
Total depreciable historical cost	<u>49,740,936</u>	<u>18,052,923</u>	<u>(486,819)</u>	<u>67,307,040</u>
Less: Accumulated depreciation -				
Buildings	(19,426,197)	(1,704,786)	-	(21,130,983)
Site improvements	(1,657,671)	(121,293)	-	(1,778,964)
Equipment	(1,721,638)	(100,644)	173,927	(1,648,355)
Vehicles	(1,206,331)	(340,831)	239,937	(1,307,225)
Total accumulated depreciation	<u>(24,011,837)</u>	<u>(2,267,554)</u>	<u>413,864</u>	<u>(25,865,527)</u>
Total depreciable cost, net	<u>25,729,099</u>	<u>15,785,369</u>	<u>(72,955)</u>	<u>41,441,513</u>
Total capital assets, net	<u>\$ 40,102,539</u>	<u>\$ 19,484,791</u>	<u>\$ (18,120,543)</u>	<u>\$ 41,466,787</u>

Depreciation expense for the year ended June 30, 2021, was allocated to specific functions as follows:

General support	\$ 269,741
Instruction	1,656,982
Pupil transportation	<u>340,831</u>
Total depreciation	<u>\$ 2,267,554</u>

**SILVER CREEK CENTRAL SCHOOL DISTRICT****Notes to Basic Financial Statements****June 30, 2021****7. INTERFUND BALANCES AND ACTIVITY**

	Interfund		Transfers	
	Receivable	Payable	In	Out
General	\$ 1,015,034	\$ 77,675	\$ 475,268	\$ 119,478
Special Aid	-	742,683	19,478	198,009
School Lunch	-	37,634	-	-
Capital Projects	74,959	129,860	1,763,603	22,607
Debt Service	107,253	249,657	-	1,918,255
Misc Special Revenue	43,683	3,420	-	-
Total	<u>\$ 1,240,929</u>	<u>\$ 1,240,929</u>	<u>\$ 2,258,349</u>	<u>\$ 2,258,349</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the statement of net position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

Transfers are used to finance certain special aid programs, support capital project expenditures, school lunch programs and debt service expenditures.

**8. SHORT-TERM OBLIGATIONS**

On July 23, 2020, the District issued a bond anticipation note (BAN) to fund a capital improvement project consisting of the reconstruction and renovation of, and the construction of improvements, additions and upgrades to, various District buildings, facilities, and sites. This BAN was issued with a premium of \$94,690 and matured on June 30, 2021.

Transactions in short-term debt for the year are summarized below:

	Maturity	Stated Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
BAN	7/24/2020	2.00%	\$ 14,555,000	\$ -	\$ (14,555,000)	\$ -
BAN	6/30/2021	1.25%	-	14,825,000	(14,825,000)	-
			<u>\$ 14,555,000</u>	<u>\$ 14,825,000</u>	<u>\$ (29,380,000)</u>	<u>\$ -</u>

Total interest on short-term debt for the year ended June 30, 2021 was \$462,956.

**SILVER CREEK CENTRAL SCHOOL DISTRICT****Notes to Basic Financial Statements****June 30, 2021****9. LONG-TERM OBLIGATIONS**

On December 9, 2020, the District issued refunding serial bonds in the amount of \$2,625,000. These bonds refunded the District's 2012 serial bond issuance, which had an outstanding principal balance of \$2,765,000. The refunding bonds have a maturity date in 2025 and have an interest rate of 4.00%. There was a bond premium of \$213,467 associated with this debt issuance. The premium will be amortized on a straight-line basis over the life of the bond. This refunding resulted in savings to the District of \$84,358.

On April 15, 2021, the District issued serial bonds in the amount of \$12,375,000 for the financing of reconstruction, renovation, and construction of improvements to various District buildings and facilities. These bonds have a maturity date in 2036 and an initial interest rate of 5.00% decreasing to 2.00% in 2033. There was a premium of \$1,663,845 associated with this debt issuance, which will be amortized on a straight-line basis over the life of the bond.

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

	Balance 6/30/2020	Additions {a}	Deletions {a}	Balance 6/30/2021	Due Within One Year
Bonds:					
Serial bonds	\$ 8,025,000	\$ 15,000,000	\$ (3,735,000)	\$ 19,290,000	\$ 1,515,000
Unamortized bond premium	526,632	1,877,312	(101,726)	2,302,218	-
Total bonds	<u>\$ 8,551,632</u>	<u>\$ 16,877,312</u>	<u>\$ (3,836,726)</u>	<u>\$ 21,592,218</u>	<u>\$ 1,515,000</u>
Other liabilities:					
Compensated absences	<u>\$ 352,099</u>	<u>\$ 17,135</u>	<u>\$ -</u>	<u>\$ 369,234</u>	<u>\$ 8,350</u>

{a} Additions and deletions to compensated absences are shown net because it is impractical to determine these amounts separately

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

Interest paid	\$ 312,017
Less: Interest accrued in the prior year	(24,967)
Plus: Interest accrued in the current year	16,967
Less: Amortization of bond premium	(94,508)
Total interest expense	<u>\$ 209,509</u>

**SILVER CREEK CENTRAL SCHOOL DISTRICT****Notes to Basic Financial Statements  
June 30, 2021**

Issue dates, maturities, and interest rates on outstanding debt are as follows:

<u>Bond Issue</u>	<u>Issued</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>6/30/2021 Balance</u>
Serial bond	2017	2031	5.00%	\$ 4,850,000
Refunding serial bond	2021	2025	4.00%	2,065,000
Serial bond	2021	2036	0.00%	<u>12,375,000</u>
Total bond issues				<u>\$ 19,290,000</u>

The following is a summary of the maturity of long-term indebtedness as of June 30, 2021:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,515,000	\$ 833,017	\$ 2,348,017
2023	1,655,000	684,850	2,339,850
2024	1,730,000	607,950	2,337,950
2025	1,480,000	527,550	2,007,550
2026	1,240,000	456,550	1,696,550
2027-2031	6,655,000	1,363,800	8,018,800
2032-2036	<u>5,015,000</u>	<u>314,850</u>	<u>5,329,850</u>
Totals	<u>\$ 19,290,000</u>	<u>\$ 4,788,567</u>	<u>\$ 24,078,567</u>

**10. PENSION PLANS*****New York State Employees' Retirement System***

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (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 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, and the Report on the Schedule of Employer Allocations and Schedules of Pension Amounts by Employer may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.



**SILVER CREEK CENTRAL SCHOOL DISTRICT****Notes to Basic Financial Statements****June 30, 2021****Contributions**

The system is noncontributory except for employees who joined the System after July 27th, 1976, who contribute 3.0% percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier 6 vary based on a sliding salary scale. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the System's fiscal year ending March 31. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	ERS
2021	\$ 316,625
2020	\$ 320,210
2019	\$ 317,782

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

At June 30, 2021, the District reported a net pension liability of \$7,632 for its proportionate share of the ERS net pension liability. The net pension liability was measured as of March 31, 2021, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At March 31, 2021, the District's proportionate share was .0076648% percent, which was a decrease of .000224% from its proportionate share measured at March 31, 2020.

For the year ended June 30, 2021, the District recognized pension expense of \$175,009. At June 30, 2021, the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 93,209	\$ -
Changes of assumptions	1,403,305	26,467
Net difference between projected and actual earnings on pension plan investments	-	2,192,401
Changes in proportion and differences between the District's contributions and proportionate share of contributions	20,929	20,803
Contributions subsequent to the measurement date	90,225	-
Total	<u>\$ 1,607,668</u>	<u>\$ 2,239,671</u>

## SILVER CREEK CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements

June 30, 2021

---

The District recognized \$90,225 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2021 which will be recognized on a reduction of the net pension liability in the year ended June 30, 2022.

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

Plan's Year Ended March 31:

2022	(128,294)
2023	(44,493)
2024	(122,324)
2025	(427,117)
Thereafter	-
	<u>\$ (722,228)</u>

#### Actuarial Assumptions

The total pension liability at March 31, 2021 was determined by using an actuarial valuation as of April 1, 2020, with update procedures used to roll forward the total pension liability to March 31, 2021.

The actuarial valuation used the following actuarial assumptions:

Inflation	2.70%
Salary scale	4.4% indexed by service
Cost-of-living adjustments	1.4%
Decrements	Developed from the Plan's 2015 experience study of the period April 1, 2015 through March 31, 2020
Mortality improvement	Society of Actuaries Scale MP-2020
Investment Rate of Return	5.9% compounded annually, net of investment expenses

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

**SILVER CREEK CENTRAL SCHOOL DISTRICT****Notes to Basic Financial Statements****June 30, 2021**

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Type</u>	<u>Target Allocations in %</u>	<u>Long-Term expected real rate of return in %</u>
Domestic Equity	32.00	4.05
International Equity	15.00	6.30
Private Equity	10.00	6.75
Real Estate	9.00	4.95
Opportunistic/Absolute Return Strategy	3.00	4.50
Credit	4.00	3.63
Real assets	3.00	5.95
Fixed income	23.00	0.00
Cash	<u>1.00</u>	0.50
	<u><u>100.00</u></u>	

**Discount Rate**

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

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.9%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	<u>1% Decrease 4.9%</u>	<u>Current Discount 5.9%</u>	<u>1% Increase 6.9%</u>
Proportionate Share of Net Pension liability (asset)	<u>\$ 2,118,389</u>	<u>\$ 7,632</u>	<u>\$ (1,938,979)</u>

## SILVER CREEK CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements

June 30, 2021

---

#### **Pension Plan Fiduciary Net Position (000's)**

The components of the current-year net pension liability (in 000's) of the employers as of March 31, 2021, were as follows:

Total pension liability	\$220,680,157
Net position	<u>220,580,583</u>
Net pension liability (asset)	<u>\$ 99,574</u>
ERS net position as a percentage of total pension liability	99.95%

#### ***New York State Teachers' Retirement System***

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a 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 and/or the Report on the Schedule of Employer Allocations and Schedules of Pension Amounts by Employer, which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).

The New York State Teachers' Retirement Board administers NYSTRS. NYSTRS provides 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. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the system. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

#### **Contributions**

NYSTRS is noncontributory for the employees who joined prior to July 27, 1976. For employees who joined the NYSTRS after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary, except that employees in the System more than ten years are no longer required to contribute. For employees who joined after January 1, 2010 and prior to April 1, 2012, contributions of 3.5% are paid throughout their active membership.

For employees who joined after April 1, 2012, required contributions of 3.5% of their salary are paid until April 1, 2013 and they then contribute 3% to 6% of their salary throughout their active membership. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

**SILVER CREEK CENTRAL SCHOOL DISTRICT****Notes to Basic Financial Statements****June 30, 2021**

The District is required to contribute at an actuarially determined rate. The District contributions made to NYSTRS were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

	<u>TRS</u>
2021	\$ 787,737
2020	\$ 990,966
2019	\$ 887,532

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

At June 30, 2021, the District reported a net pension liability of \$1,447,465 for its proportionate share of the NYSTRS net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

As of the June 30, 2020 measurement date, the District's proportionate share was 0.052382%, which was a decrease of 0.003521% from its proportionate share measured at June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$1,748,095. At June 30, 2021 the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,268,269	\$ 74,180
Changes of assumptions	1,830,706	652,551
Net difference between projected and actual earnings on pension plan investments	945,321	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	183,336	141,562
Contributions subsequent to the measurement date	<u>846,442</u>	<u>-</u>
Total	<u>\$ 5,074,074</u>	<u>\$ 868,293</u>

The District recognized \$846,442 as a deferred outflow of resources related to pensions resulting from the District's contributions subsequent to the measurement date June 30, 2020 which will be recognized as a reduction of the net pension liability in the year ending June 30, 2022.

## SILVER CREEK CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements

June 30, 2021

---

Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Plan's Year Ended June 30:

2021	550,135
2022	1,124,525
2023	934,534
2024	600,769
2025	51,025
Thereafter	98,351
	<u>\$ 3,359,339</u>

#### Actuarial Assumptions

The total pension liability at the June 30, 2020 measurement date was determined by an actuarial valuation as of June 30, 2019, with update procedures used to roll forward the total pension liability to June 30, 2020. These actuarial valuations used the following actuarial assumptions:

Actuarial cost method	Entry age normal
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%

Projected COLAs	1.3% compounded annually
Investment Rate of Return	7.10% compounded annually, net of pension plan investment expense, including inflation.

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2019, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period of July 1, 2009 to June 30, 2014.

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 expect 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.

**SILVER CREEK CENTRAL SCHOOL DISTRICT****Notes to Basic Financial Statements****June 30, 2021**

The Long Term Expected Real Rates of Return are presented by asset allocation classification, which differs from the financial statement presentation. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the measurement date of June 30, 2020 are summarized in the following table:

Asset Type	Target Allocations in %	Long-term expected real rate of return in %
Domestic equity	33.00	7.10
International equity	16.00	7.70
Global equity	4.00	7.40
Real estate equity	11.00	6.80
Private equity	8.00	10.40
Domestic fixed income	16.00	1.80
Global bonds	2.00	1.00
High-yield bonds	1.00	3.90
Private debt	1.00	5.20
Real estate debt	7.00	3.60
Cash equivalents	1.00	0.70
	<u>100.00</u>	

**Discount Rate**

The discount rate used to measure the total pension liability was 7.10%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the NYSTRS' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate**

The following presents the net pension liability (asset) of the District calculated using the discount rate of 7.10 percent, as well as what the District's net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease 6.1%	Current Discount 7.1%	1% Increase 8.1%
Proportionate Share of Net Pension Liability (asset)	<u>\$ 9,143,137</u>	<u>\$ 1,447,465</u>	<u>\$ (5,011,154)</u>

## SILVER CREEK CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements

June 30, 2021

---

#### Pension Plan Fiduciary Net Position

The components of the current year net pension liability of the employers as of June 30, 2020, were as follows:

Total pension liability	\$	123,242,776,215
Net position		<u>120,479,505,380</u>
Net pension liability (asset)	\$	<u><u>2,763,270,835</u></u>
NYSTRS net position as a percentage of total pension liability		97.8%

#### Payables to the Pension Plans

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS covered wages multiplied by the employer's contribution rate and employee contributions for the fiscal year as reported to the TRS System.

For ERS, employer contributions are paid annually based on the System's fiscal year, which ends on March 31st. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Employee contributions are remitted monthly.

	<u>June 30, 2021</u>
ERS Liability	<u>\$ 110,139</u>
TRS Liability	<u>\$ 915,495</u>

## 11. TOTAL OTHER POSTEMPLOYMENT BENEFITS

#### Plan Description

The District's defined benefit Other Postemployment Benefits Plan (the OPEB Plan), provides OPEB for all employees who meet the NYSTRS/NYSERS eligibility requirements. Teachers and Administrators age 55 with 5 years of service who are eligible to retire and collect benefits according to the NYSTRS are eligible for retiree health care benefits for life from the District. Support staff hired before January 1, 2010 age 55 with 5 years of service are eligible to retire and collect benefits for life from the District according to NYSERS. Members after January 1, 2010 must be 55 years old with 10 years of service to qualify for NYSERS health care benefits.

The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.



## SILVER CREEK CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements

June 30, 2021

---

#### Benefits Provided

The District provides healthcare benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

#### Employees Covered by Benefit Terms

At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently	83
Active employees	<u>159</u>
Total participants	<u>242</u>

#### Total OPEB Liability

The District's total OPEB liability of \$7,404,014 was measured as of March 31, 2021, and was determined by an actuarial valuation as of March 1, 2021.

#### Actuarial Assumptions and Other Inputs

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

Inflation	2.11%
Salary scale	3.11% effective June 30, 2021
Discount Rate	2.27% effective June 30, 2021
Healthcare Cost Trend Rate	4.0% for 2021, increasing to an ultimate rate of 4.08% after 2070
Share of Benefit-Related Costs	The District will pay a percentage of the premium based on employee's years of service and hire date until the retiree becomes Medicare eligible, at which time, the retiree may remain in the plan by paying 100% of the premium.
Cost Method	Entry Age Normal Level % of Salary method

The discount rate was based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the Pub-2010 Public Retirement Plans Mortality Tables, Headcount-Weighted, distinct for Teachers, General, and Safety, without separate Contingent Survivor mortality, fully generational using scale MP-2020.

The actuarial assumptions used in the March 1, 2021 valuation were consistent with requirements of GASB 75 and Actuarial Standards of Practice (ASOPs). Retirement and termination assumptions reflect general published tables based on large scale retirement plan population data. The plan's estimated termination and retirement experience is then analyzed and the base table is adjusted accordingly, as necessary. No formal experience study is prepared for this plan.

**SILVER CREEK CENTRAL SCHOOL DISTRICT****Notes to Basic Financial Statements  
June 30, 2021**

---

**Changes in the Total OPEB Liability**

Balance at June 30, 2020	<u>\$ 6,960,051</u>
Changes for the Year-	
Service cost	392,035
Interest	176,201
Changes of benefit terms	-
Changes in assumptions or other inputs	242,972
Differences between expected and actual experience	(120,019)
Benefit payments	<u>(247,226)</u>
Net changes	<u>443,963</u>
Balance at June 30, 2021	<u>\$ 7,404,014</u>

Changes of assumptions and other inputs reflect the following:

- 1 The Single Discount Rate changed from 2.48 % to 2.27% effective June 30, 2021.
- 2 The Salary scale changed from 3.22% to 3.11% effective June 30, 2021.
- 3 Mortality improvement scale updated to MP-2020.
- 4 Updated healthcare cost trend rates to rates effective June 30, 2021.

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

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

	1% Decrease <u>1.27%</u>	Current Discount <u>2.27%</u>	1% Increase <u>3.27%</u>
Total OPEB Liability	<u>\$ 8,175,050</u>	<u>\$ 7,404,014</u>	<u>\$ 6,708,467</u>

# SILVER CREEK CENTRAL SCHOOL DISTRICT

## Notes to Basic Financial Statements

June 30, 2021

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

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

	Healthcare		
	Current Trend		
	1% Decrease	Rate	1% Increase
	<u>3.00% - 3.08%</u>	<u>4.00% - 4.08%</u>	<u>5.00% - 5.08%</u>
Total OPEB Liability	<u>\$ 6,440,067</u>	<u>\$ 7,404,014</u>	<u>\$ 8,572,859</u>

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$793,383. At June 30, 2021, the 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	\$ 871,821	\$ 723,904
Changes of assumptions or other inputs	739,207	87,132
Benefit payments subsequent to measurement date	<u>61,807</u>	<u>-</u>
Total	<u>\$ 1,672,835</u>	<u>\$ 811,036</u>

The District recognized \$61,807 as a deferred outflow of resources resulting from the benefit payments made subsequent to the measurement date of March 31, 2021 which will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2022.

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

<u>Fiscal Year Ending June</u>	<u>Amount</u>
2022	\$ 225,147
2023	224,755
2024	204,838
2025	48,059
2026	37,756
Thereafter	<u>59,437</u>
	<u>\$ 799,992</u>

## 12. RISK MANAGEMENT

### General

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

### Risk Sharing Pools

For its employee health and accident coverage, the District is a participant in the Chautauqua County School Districts Medical Health Plan (the Plan), a public entity risk pool. The Plan's objectives are to formulate, develop and administer a program of insurance to obtain lower costs for that coverage, and develop a comprehensive loss control program. The District pays monthly pro-rata share of expenditures to the Plan for this health coverage. All funds are received and pooled and administered as a common fund. Refunds are not made nor additional assessments charged, other than annual premium equivalent. The Plan has an excess coverage liability policy in effect with a maximum amount and loss limit per individual.

The District has transferred all risk to the plan. Plan members could be subjected, however, to supplemental assessments in the event the Plan's assets are not adequate to meet claims. To date, these supplemental assessments have not been required. If the Plan's assets were to be exhausted, members would be equally responsible for the remaining liabilities.

The Plan currently pays actual claims as they are reported. Because the estimation of incurred but not reported claims and future payments of losses is very complex, the exposure, which the District may have for such losses, if any, cannot be reasonably determined.

The District also participates in Erie #2 Area Schools Self-Funded Workers' Compensation Plan, a risk-sharing pool, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. The Erie #2 Area Schools Self-Funded Workers' Compensation Plan is considered a self-sustaining risk pool that will provide coverage for its members up to \$250,000 per insured event and the District has transferred all related risk to the Workers' Compensation Plan. The Workers' Compensation Plan has a liability for unbilled and open claims, for which the District has not made a provision for this its share of the liability. Administrators of the Workers' Compensation Plan have indicated that the Workers' Compensation Plan's reserves are believed to be in excess of estimated unbilled and open claims.

## SILVER CREEK CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements June 30, 2021

---

#### 13. CONTINGENCIES AND COMMITMENTS

##### **Litigation**

There is no litigation pending against the District as of the balance sheet date.

##### **Grants**

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

#### 14. COVID-19

The United States is presently in the midst of a national health emergency related to a virus commonly known as the Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a nation, regional and local level are unknown, but it has the potential to result in a significant economic impact. The impact of the situation on the District and its future results and financial position is not presently determinable.

#### 15. CORONAVIRUS RESPONSE AND RELIEF SUPPLEMENTAL APPROPRIATIONS ACT (CRRSA) AND AMERICAN RESCUE PLAN ACT (ARP)

On December 27, 2020, the President signed into law the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA Act). The CRRSA Act authorizes funding for a second Education Stabilization Fund to prevent, prepare for and respond to the coronavirus. The District is expected to receive \$989,111 in Elementary and Secondary School Emergency Relief (ESSER 2) funds.

On March 11, 2021, the President signed into law the American Rescue Plan Act of 2021 (ARP). These funds are focused on supporting the safe return to in-person instruction and continuity of services, addressing the impact of lost instructional time through summer or extended school programs, responding to students' academic, social, and emotional needs, and addressing the disproportionate impact of the coronavirus on economically disadvantaged students, children with disabilities, English learners, racial and ethnic minorities, migrant students, students experiencing homelessness, and children and youth in foster care. The District is expected to receive \$2,923,011 in ARP ESSER 3 funds.

SILVER CREEK CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements  
June 30, 2021

16. PRIOR PERIOD ADJUSTMENT

The District adopted GASB Statement No. 84, *Fiduciary Activities*, during the year ended June 30, 2021. Statement No. 84 establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

In accordance with this Statement, the District no longer reports a Private-Purpose Trust Fund, as it does not have any scholarships meeting the legal trust criteria. This Statement also clarified the criteria for reporting certain activities as governmental or fiduciary activities. As a result, the District has a new governmental fund, the Miscellaneous Special Revenue Fund, which is used to account for the Extraclassroom activity funds, which were previously recorded in the Agency Fund, and scholarships the District administers, which were previously recorded in the Private Purpose Trust Fund. The Agency Fund no longer exists under this standard, and the payroll activity that previously ran through that fund is now recorded in the General Fund. The District also reclassified certain local grants that were previously recorded in the Special Aid fund to the Miscellaneous Special Revenue Fund. Beginning balances were adjusted as noted below for the following opinion units:

	Fiduciary Activities								
	Private Purpose Trust Fund			Agency Fund					
	Due from			Due from		Due to Other	Accrued		
	Cash	Other Funds	Net Position	Cash	Other Funds	Funds	Liabilities		
Balance at June 30, 2020, as previously reported	\$ 102,363	\$ 125	\$ (102,488)	\$ 78,917	\$ 2,475	\$ (336)	\$ (81,056)		
Restatement of beginning balance - Adoption of GASB Statement No. 84	<u>(102,363)</u>	<u>(125)</u>	<u>102,488</u>	<u>(78,917)</u>	<u>(2,475)</u>	<u>336</u>	<u>81,056</u>		
Balance at July 1, 2020, as restated	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		
	Special Aid Fund			Miscellaneous Special Revenue Fund					
	Unearned			Due from		Unearned	Due to Other		
	Cash	Revenue	Cash	Other Funds	Revenue	Funds	Fund Balance		
	Cash	Revenue	Cash	Other Funds	Revenue	Funds	Fund Balance		
Balance at June 30, 2020, as previously reported	\$ 47,536	\$ (57,077)	\$ -	\$ -	\$ -		\$ -		
Restatement of beginning balance - Adoption of GASB Statement No. 84	<u>(38,845)</u>	<u>38,845</u>	<u>175,758</u>	<u>2,600</u>	<u>(37,300)</u>	<u>(125)</u>	<u>(140,933)</u>		
Balance at July 1, 2020, as restated	<u>\$ 8,691</u>	<u>\$ (18,232)</u>	<u>\$ 175,758</u>	<u>\$ 2,600</u>	<u>\$ (37,300)</u>	<u>\$ (125)</u>	<u>\$ (140,933)</u>		
	General Fund			Governmental Activities					
	Accrued			Due from		Accrued	Due to	Unearned	
	Cash	Liabilities	Due to Other	Cash	Fiduciary Funds	Liabilities	Fiduciary Funds	Revenue	Net Position
	Cash	Liabilities	Funds	Cash	Fiduciary Funds	Liabilities	Fiduciary Funds	Revenue	Net Position
Balance at June 30, 2020, as previously reported	\$ 11,467,119	\$ (43,733)	\$ (200,484)	\$ 16,765,154	\$ -	\$ (1,386,034)	\$ (2,264)	\$ (76,055)	\$ (30,887,007)
Restatement of beginning balance - Adoption of GASB Statement No. 84	<u>44,367</u>	<u>(44,156)</u>	<u>(211)</u>	<u>181,280</u>	<u>2,600</u>	<u>(44,156)</u>	<u>(336)</u>	<u>1,545</u>	<u>(140,933)</u>
Balance at July 1, 2020, as restated	\$ 11,511,486	\$ (87,889)	\$ (200,695)	\$ 16,946,434	\$ 2,600	\$ (1,430,190)	\$ (2,600)	\$ (74,510)	\$ (31,027,940)

**REQUIRED SUPPLEMENTARY INFORMATION**  
**(UNAUDITED)**

**SILVER CREEK CENTRAL SCHOOL DISTRICT**
**Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund (Unaudited)  
For the Year Ended June 30, 2021**

	Original Budget	Final Budget	Actual	Encumbrances	Final Budget Variance with Budgetary Actual
<b>REVENUE</b>					
Real property taxes	\$ 6,432,602	\$ 5,448,495	\$ 5,448,495	\$ -	\$ -
Other tax items	15,609	999,716	996,674	-	(3,042)
Charges for services	1,296,706	1,296,706	2,816,825	-	1,520,119
Use of money and property	40,000	40,000	6,241	-	(33,759)
Sale of property and compensation for loss	-	-	25,280	-	25,280
Miscellaneous	125,000	125,000	258,086	-	133,086
State sources	14,786,291	14,786,291	15,038,154	-	251,863
Federal sources	677,612	677,612	1,350,607	-	672,995
Medicaid reimbursement	55,000	55,000	94,670	-	39,670
Total revenue	<u>23,428,820</u>	<u>23,428,820</u>	<u>26,035,032</u>	<u>-</u>	<u>2,606,212</u>
<b>EXPENDITURES</b>					
GENERAL SUPPORT:					
Board of education	35,956	37,522	33,456	-	4,066
Central administration	214,279	207,570	203,548	-	4,022
Finance	554,844	549,192	528,736	-	20,456
Staff	96,257	107,691	91,058	-	16,633
Central services	1,314,048	1,427,061	1,235,964	24,962	166,135
Special items	284,111	281,838	279,135	-	2,703
Total general support	<u>2,499,495</u>	<u>2,610,874</u>	<u>2,371,897</u>	<u>24,962</u>	<u>214,015</u>
INSTRUCTION:					
Instruction, administration, and improvement	803,335	1,046,890	959,140	-	87,750
Teaching - regular school	6,897,737	6,545,860	5,924,732	32,198	588,930
Programs for children with handicapping conditions	4,105,775	4,026,540	3,520,191	4,683	501,666
Occupational education	701,850	721,850	711,200	-	10,650
Teaching - special school	131,902	47,739	36,163	1,257	10,319
Instructional media	1,164,261	1,294,209	1,271,031	1,870	21,308
Pupil services	1,153,282	1,161,150	952,930	13,522	194,698
Total instruction	<u>14,958,142</u>	<u>14,844,238</u>	<u>13,375,387</u>	<u>53,530</u>	<u>1,415,321</u>
Pupil transportation	1,008,160	1,296,579	1,074,510	-	222,069
Community services	8,000	8,000	8,000	-	-
Employee benefits	4,878,240	4,930,429	4,376,367	-	554,062
Debt service	2,246,044	2,246,044	2,192,753	-	53,291
Total expenditures	<u>25,598,081</u>	<u>25,936,164</u>	<u>23,398,914</u>	<u>78,492</u>	<u>2,458,758</u>
Excess (deficiency) of revenue over expenditures	<u>(2,169,261)</u>	<u>(2,507,344)</u>	<u>2,636,118</u>	<u>(78,492)</u>	<u>5,064,970</u>
OTHER FINANCING SOURCES (USES):					
Transfers in	-	-	475,268	-	475,268
Transfers out	(125,000)	(125,000)	(119,478)	-	5,522
Total other financing sources (uses)	<u>(125,000)</u>	<u>(125,000)</u>	<u>355,790</u>	<u>-</u>	<u>480,790</u>
NET CHANGE IN FUND BALANCE	<u>\$ (2,294,261)</u>	<u>\$ (2,632,344)</u>	<u>2,991,908</u>	<u>\$ (78,492)</u>	<u>\$ 5,545,760</u>
FUND BALANCE - beginning of year			<u>12,343,446</u>		
FUND BALANCE - end of year			<u>\$ 15,335,354</u>		



# SILVER CREEK CENTRAL SCHOOL DISTRICT

## Schedule of Proportionate Share of Net Pension Liability (Asset) (Unaudited) For the Year Ended June 30:

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Proportion of the net pension liability	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%			
Proportionate share of the net pension liability (asset)	\$ 8	\$ 2,089	\$ 559	\$ 246	\$ 718	\$ 1,301	\$ 257			
Covered-employee payroll	\$ 2,311	\$ 2,284	\$ 2,285	\$ 2,070	\$ 2,024	\$ 1,903	\$ 1,848			
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.35%	91.46%	24.46%	11.88%	35.47%	68.37%	13.91%			
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%			

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as information becomes available.

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Proportion of the net pension liability	0.05%	0.06%	0.06%	0.05%	0.05%	0.05%	0.05%			
Proportionate share of the net pension liability (asset)	\$ 1,447	\$ (5,011)	\$ (1,005)	\$ (424)	\$ 579	\$ (5,398)	\$ (5,537)			
Covered-employee payroll	\$ 9,644	\$ 10,063	\$ 9,056	\$ 8,839	\$ 8,336	\$ 7,808	\$ 7,342			
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	15.00%	-49.80%	-11.10%	-4.80%	6.95%	-69.13%	-75.42%			
Plan fiduciary net position as a percentage of the total pension liability	97.80%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%			

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as information becomes available.

# SILVER CREEK CENTRAL SCHOOL DISTRICT

## Schedule of Contributions - Pension Plans (Unaudited)

For the Year Ended June 30:

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 317	\$ 320	\$ 318	\$ 299	\$ 296	\$ 345	\$ 340			
Contributions in relation to the contractually required contribution	<u>317</u>	<u>320</u>	<u>318</u>	<u>299</u>	<u>296</u>	<u>345</u>	<u>340</u>			
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
Covered-employee payroll	\$ 2,311	\$ 2,284	\$ 2,285	\$ 2,070	\$ 2,024	\$ 1,903	\$ 1,848			
Contributions as a percentage of covered-employee payroll	13.72%	14.01%	13.92%	14.44%	14.62%	18.13%	18.40%			

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as information becomes available.

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 788	\$ 991	\$ 888	\$ 1,036	\$ 1,105	\$ 1,369	\$ 1,193			
Contributions in relation to the contractually required contribution	<u>788</u>	<u>991</u>	<u>888</u>	<u>1,036</u>	<u>1,105</u>	<u>1,369</u>	<u>1,193</u>			
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>			
Covered-employee payroll	\$ 9,644	\$ 10,063	\$ 9,056	\$ 8,839	\$ 8,336	\$ 7,808	\$ 7,342			
Contributions as a percentage of covered-employee payroll	8.17%	9.85%	9.81%	11.72%	13.26%	17.53%	16.25%			

Information for the periods prior to implementation of GASB 68 is unavailable and will be completed for each year going forward as information becomes available.

**SILVER CREEK CENTRAL SCHOOL DISTRICT**

**Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)  
For the Year Ended June 30:**

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total OPEB Liability										
Service cost	\$ 392	\$ 394	\$ 268	\$ 268	\$ 237					
Interest	176	236	193	191	145					
Changes of benefit terms	-	-	-	-	-					
Differences between expected and actual experience	(120)	(972)	20	(84)	541					
Changes in assumptions	243	820	1,140	88	(151)					
Benefit payments	(247)	(232)	(142)	(115)	(101)					
<b>Total change in total OPEB liability</b>	<b>444</b>	<b>246</b>	<b>1,479</b>	<b>348</b>	<b>671</b>					
<b>Total OPEB liability - beginning</b>	<b>6,960</b>	<b>6,714</b>	<b>5,235</b>	<b>4,887</b>	<b>4,216</b>					
<b>Total OPEB liability - ending</b>	<b>\$ 7,404</b>	<b>\$ 6,960</b>	<b>\$ 6,714</b>	<b>\$ 5,235</b>	<b>\$ 4,887</b>					
 <b>Covered-employee payroll</b>	 \$ 9,367	 \$ 8,802	 \$ 8,527	 \$ 10,242	 \$ 9,914					
 <b>Total OPEB liability as a percentage of covered-employee payroll</b>	 79.0%	 79.1%	 78.7%	 51.1%	 49.3%					

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as information becomes available.

**Notes to schedule:**

**Changes of assumptions.** Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following reflects the discount rate used each period:

Discount rate	<u>2.27%</u>	<u>2.48%</u>	<u>3.44%</u>	<u>3.61%</u>	<u>3.80%</u>	<u>3.35%</u>
---------------	--------------	--------------	--------------	--------------	--------------	--------------

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as information becomes available.

Changes of assumptions and other inputs reflect the following:

- The single discount rate changed from 2.48% to 2.27% effective June 30, 2021.
- The salary scale changed from 3.22% to 3.11% effective June 30, 2021.
- Mortality improvement scale updated to MP-2020.
- Updated healthcare cost trend rates to rates effective June 30, 2021.

**Plan Assets.** No assets are accumulated in a trust that meets the criteria in GASB 75, paragraph 4, to pay related benefits:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

## **SUPPLEMENTARY INFORMATION**

**SILVER CREEK CENTRAL SCHOOL DISTRICT****Combining Balance Sheet - Nonmajor Governmental Funds****June 30, 2021**

	Miscellaneous Special Revenue	School Lunch	Total Nonmajor Governmental Funds
<b>ASSETS</b>			
Cash and cash equivalents	\$ -	\$ 123,159	\$ 123,159
Cash and cash equivalents - restricted	132,056	-	132,056
Accounts receivable	-	22	22
Due from other funds	43,683	-	43,683
Due from Federal and State Governments	-	43,133	43,133
Inventory	-	15,229	15,229
	<u>-</u>	<u>15,229</u>	<u>15,229</u>
Total assets	<u>\$ 175,739</u>	<u>\$ 181,543</u>	<u>\$ 357,282</u>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES:</b>			
Accounts payable	\$ -	\$ 6,924	\$ 6,924
Accrued liabilities	-	287	287
Due to other funds	3,420	37,634	41,054
Due to other governments	553	27	580
Unearned revenue	37,300	302	37,602
	<u>37,300</u>	<u>302</u>	<u>37,602</u>
Total liabilities	<u>41,273</u>	<u>45,174</u>	<u>86,447</u>
<b>FUND BALANCES:</b>			
Nonspendable -			
Inventory	-	15,229	15,229
Restricted for -			
Extraclassroom activities, scholarships, and grants	134,466	-	134,466
School lunch	-	121,140	121,140
	<u>-</u>	<u>121,140</u>	<u>121,140</u>
Total fund balances	<u>134,466</u>	<u>136,369</u>	<u>270,835</u>
Total liabilities and fund balances	<u>\$ 175,739</u>	<u>\$ 181,543</u>	<u>\$ 357,282</u>

The accompanying notes are an integral part of these statements.

**SILVER CREEK CENTRAL SCHOOL DISTRICT****Combining Statement of Revenue, Expenditures, and Changes in Fund Balance - Nonmajor Governmental Funds****For the year ended June 30, 2021**

	Miscellaneous Special Revenue	School Lunch	Total Nonmajor Governmental Funds
<b>REVENUE:</b>			
Use of money and property	\$ 45	\$ 36	\$ 81
Miscellaneous	77,553	-	77,553
State sources	-	12,482	12,482
Federal sources	-	511,559	511,559
Sales	-	12,313	12,313
	<u>77,598</u>	<u>536,390</u>	<u>613,988</u>
Total revenue			
<b>EXPENDITURES:</b>			
Instruction	84,065	-	84,065
Employee benefits	-	2,466	2,466
Cost of sales	-	496,653	496,653
	<u>84,065</u>	<u>499,119</u>	<u>583,184</u>
Total expenditures			
<b>CHANGE IN FUND BALANCE</b>	<u>(6,467)</u>	<u>37,271</u>	<u>30,804</u>
<b>FUND BALANCES - beginning of year, as previously reported</b>	-	99,098	99,098
<b>PRIOR PERIOD ADJUSTMENT (Note 16)</b>	<u>140,933</u>	<u>-</u>	<u>140,933</u>
<b>FUND BALANCES - beginning of year, as restated</b>	<u>140,933</u>	<u>99,098</u>	<u>240,031</u>
<b>FUND BALANCES - end of year</b>	<u>\$ 134,466</u>	<u>\$ 136,369</u>	<u>\$ 270,835</u>

The accompanying notes are an integral part of these statements.

**OTHER INFORMATION  
(UNAUDITED)**

## SILVER CREEK CENTRAL SCHOOL DISTRICT

### Schedule of Change from Original Budget to Revised Budget and Schedule of Section 1318 of Real Property Tax Law Limit Calculation - General Fund (Unaudited) For the Year Ended June 30, 2021

---

#### CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget	\$ 25,723,081
Add: Prior year's encumbrances	<u>51,956</u>
Original budget	25,775,037
Budget revisions	<u>286,127</u>
Final budget	<u>\$ 26,061,164</u>

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

2021-22 voter-approved expenditure budget	<u>\$ 25,928,433</u>	
Maximum allowed (4% of 2021-22 budget)		<u>\$ 1,037,137</u>

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

Unrestricted fund balance	
Assigned fund balance	\$ 490,961
Unassigned fund balance	<u>8,132,089</u>
Total unrestricted fund balance	<u>8,623,050</u>

Less:

Appropriated fund balance	412,469
Encumbrances (included in committed and assigned fund balance)	<u>78,492</u>
Total adjustments	<u>490,961</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u>\$ 8,132,089</u>
--	---------------------

Actual percentage	<u>31.36%</u>
-------------------	---------------



SILVER CREEK CENTRAL SCHOOL DISTRICT

Schedule of Project Expenditures - Capital Projects Fund (Unaudited)  
For the Year Ended June 30, 2021

Project Title	Original Appropriation	Revised Appropriation	Prior Years' Expenditures	Current Year Expenditures	Total Expenditures	Unexpended Balance	Serial bonds	Federal and State sources	Local Sources	Total Financing	Fund Balance as of 6/30/2021
March 2007 Approved Project	\$ 10,508,814	\$ 10,508,814	\$ 10,505,458	\$ -	\$ 10,505,458	\$ 3,356	\$ 9,326,543	\$ 1,304,780	\$ 1,088	\$ 10,632,411	\$ 126,953
March 2011 Approved Project	13,235,000	13,235,000	13,221,552	-	13,221,552	13,448	11,345,557	1,889,443	1,097	13,236,097	14,545
2017 Capital Outlay Project	100,000	100,000	84,203	-	84,203	15,797	-	-	84,203	84,203	-
2018 Capital Outlay Project	100,000	100,000	81,044	-	81,044	18,956	-	17,900	63,144	81,044	-
K-12 Cabling 2018 Phase 1 : 0002-021	418,760	328,564	328,564	-	328,564	-	-	68,088	350,672	418,760	90,196
K-12 Roof-Site Phase 2 : 0002-022	1,435,870	1,456,285	1,456,285	-	1,456,285	-	153,078	257,021	1,051,866	1,461,965	5,680
K-12 Add/Alt Phase 3 : 0002-020	15,745,370	15,815,150	12,092,741	3,706,547	15,799,288	15,862	14,333,305	1,388,266	22,364	15,743,935	(55,353)
Smart Schools Bond Act	397,740	397,740	397,740	-	397,740	-	-	397,740	-	397,740	-
Bus Garage Emergency Roof Recovery	150,400	155,141	148,721	-	148,721	6,420	-	-	156,526	156,526	7,805
2021 Capital Outlay Project	100,000	100,000	-	77,392	77,392	22,608	-	-	77,392	77,392	-
	<u>\$ 42,191,954</u>	<u>\$ 42,196,694</u>	<u>\$ 38,316,308</u>	<u>\$ 3,783,939</u>	<u>\$ 42,100,247</u>	<u>\$ 96,447</u>	<u>\$ 35,158,483</u>	<u>\$ 5,323,238</u>	<u>\$ 1,808,352</u>	<u>\$ 42,290,073</u>	<u>\$ 189,826</u>

## SILVER CREEK CENTRAL SCHOOL DISTRICT

### Schedule of Net Investment in Capital Assets (Unaudited)

June 30, 2021

---

Capital assets, net	\$ 41,466,787
Deduct:	
Premium on bonds payable	(2,302,218)
Short-term portion of bonds payable	(1,515,000)
Long-term portion of bonds payable	<u>(17,775,000)</u>
Net investment in capital assets	<u><u>\$ 19,874,569</u></u>

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

October 12, 2021

To the Board of Education of the  
Silver Creek Central School District

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 Silver Creek Central School District (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 12, 2021.

**Internal Control over Financial Reporting**

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

100 Corporate Parkway  
Suite 200  
Amherst, New York 14226  
p (716) 250-6600  
f (716) 250-6605

[www.bonadio.com](http://www.bonadio.com)

**Compliance and Other Matters**

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

**Purpose of this Report**

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

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM  
GUIDANCE**

October 12, 2021

To the Board of Education of the  
Silver Creek Central School District

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

We have audited the Silver Creek Central School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the District's major federal programs for the year ended June 30, 2021. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

**Opinion on Major Federal Program**

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

100 Corporate Parkway  
Suite 200  
Amherst, New York 14226  
p (716) 250-6600  
f (716) 250-6605

[www.bonadio.com](http://www.bonadio.com)

### **Report on Internal Control Over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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.

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

**SILVER CREEK CENTRAL SCHOOL DISTRICT**

**Schedule of Expenditures of Federal Awards  
June 30, 2021**

Federal Grantor/Pass Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass Through Entity Identifying Number	Federal Expenditures	Subrecipients
U.S. Department of Education:				
Impact Aid	84.041	N/A	\$ 1,008,979	\$ -
Indian Education Grants to Local Educational Agencies	84.060	N/A	93,304	-
Passed through New York State Education Department -				
COVID-19 - Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act - Governor's Emergency Education Relief (GEER) Fund	84.425C	5895-21-0365	49,203	-
COVID-19 - Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	5890-21-0365	292,425	-
Subtotal - 84.425 - COVID-19 - Education Stabilization Fund			341,628	-
Title I Grants to Local Educational Agencies (School Improvement Grant)	84.010	0021-21-0365	306,415	-
Rural Education	84.358	0006-21-0365	17,188	-
Supporting Effective Instruction State Grant	84.367	0147-21-0365	39,382	-
Student Support and Academic Enrichment Program	84.424	0201-21-0365	17,938	-
Student Support and Academic Enrichment Program	84.424	0201-20-0365	2,941	-
Special Education Cluster -				
Special Education Grants to States	84.027	0032-21-0106	295,398	-
Special Education Preschool Grants	84.173	0033-21-0106	18,266	-
Subtotal Special Education Cluster			313,664	-
Total Passed through New York State Education Department			1,039,156	-
Total U.S. Department of Education			2,141,439	-
U.S. Department of Agriculture:				
Child Nutrition Cluster -				
National School Lunch Program	10.555	N/A	27,843	-
Passed through New York State Education Department -				
National School Lunch Program	10.555	N/A	326,352	-
School Breakfast Program	10.553	N/A	157,364	-
Total Passed through New York State Education Department			483,716	-
Subtotal Child Nutrition Cluster			511,559	-
Total U.S. Department of Agriculture			511,559	-
Total Expenditures of Federal Awards			\$ 2,652,998	\$ -
Total Program Expenditures by AL number				
Student Support and Academic Enrichment Program	84.424		\$ 20,879	
National School Lunch Program	10.555		\$ 354,195	

The accompanying notes are an integral part of these statements

## SILVER CREEK CENTRAL SCHOOL DISTRICT

### Notes to Schedule of Expenditures of Federal Awards

June 30, 2021

---

#### 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Silver Creek Central School District (the District), under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position or the respective changes in financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District.

#### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are presented in conformity with accounting principles generally accepted in the United States of America and the amounts presented are derived from the District's general ledger.

#### 3. PASS-THROUGH PROGRAMS

Where the District receives funds from a government entity other than the federal government (pass-through), the funds are accumulated based upon the Assistance Listing (AL) number advised by the pass-through grantor.

Identifying numbers, other than the AL numbers, which may be assigned by pass-through grantors are not maintained in the District's financial management system. The District has identified certain pass-through identifying numbers and included them in the schedule of expenditures of federal awards, as available.

#### 4. INDIRECT COSTS

Indirect costs are included in the reported expenditures to the extent they are included in the financial reports used as the source for the expenditures presented.

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

#### 5. MATCHING COSTS

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



## **SILVER CREEK CENTRAL SCHOOL DISTRICT**

### **Notes to Schedule of Expenditures of Federal Awards**

**June 30, 2021**

---

#### **6. NON-MONETARY FEDERAL PROGRAM**

The District is the recipient of a federal financial award program that does not result in cash receipts or disbursements termed a “non-monetary” program. During the year ended June 30, 2021, the District received food commodities, the fair value of which amounted to \$27,843, is presented in the Schedule as National School Lunch Program (Division of Donated Foods, AL #10.555) and was considered in the District’s Single Audit.

## SILVER CREEK CENTRAL SCHOOL DISTRICT

### Schedule of Findings and Questioned Costs For the Year Ended June 30, 2021

---

#### A. SUMMARY OF AUDITOR'S RESULTS

##### Financial Statements

Type of independent auditor's report issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

☐ yes ☒ no

Significant deficiency(ies) identified not considered to be material weaknesses?

☐ yes ☒ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no

##### Federal Awards

Internal control over major programs:

Material weakness(es) identified?

☐ yes ☒ no

Significant deficiency(ies) identified not considered to be material weaknesses?

☐ yes ☒ none reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, 2 CFR Section 200.516(a)?

☐ yes ☒ no

Identification of major programs:

Assistance Listing Number(s)

Name of Federal Program or Cluster

84.041

Impact Aid

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

☒ yes ☐ no

**SILVER CREEK CENTRAL SCHOOL DISTRICT**

**Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2021**

---

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

None

**C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT**

None