

**DUNDEE CENTRAL SCHOOL DISTRICT**

**Financial Statements as of and for the  
Year Ended June 30, 2019**

**Together with Independent  
Auditor's Report**

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

# DUNDEE CENTRAL SCHOOL DISTRICT

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June 30, 2019

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# DUNDEE CENTRAL SCHOOL DISTRICT

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## **INDEPENDENT AUDITOR'S REPORT**

October 11, 2019

To the Board of Education of the  
Dundee 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 Dundee Central School District (the District) as of and for the year ended June 30, 2019, 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 audits. We conducted our audits 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.

**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, 2019, 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.

**Report on 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, and proportionate share of net pension liability (asset) 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.

**Report on Supplementary 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 supplemental information as required by the New York State Education Department, is presented for purposes of additional analysis and is 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 schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The supplemental information, as required by the New York State Education Department, 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 11, 2019, 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.

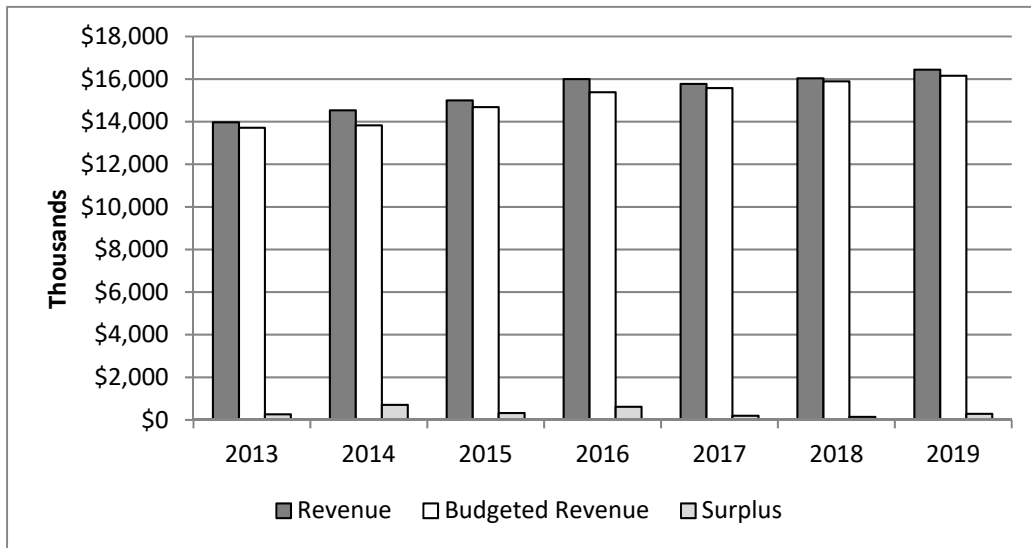
**DUNDEE CENTRAL SCHOOL DISTRICT, DUNDEE NY  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2019**

As management of the Dundee Central School District (District), we offer readers of the District’s financial statements this narrative overview and analysis of the financial activities of the District for the year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

**FINANCIAL HIGHLIGHTS**

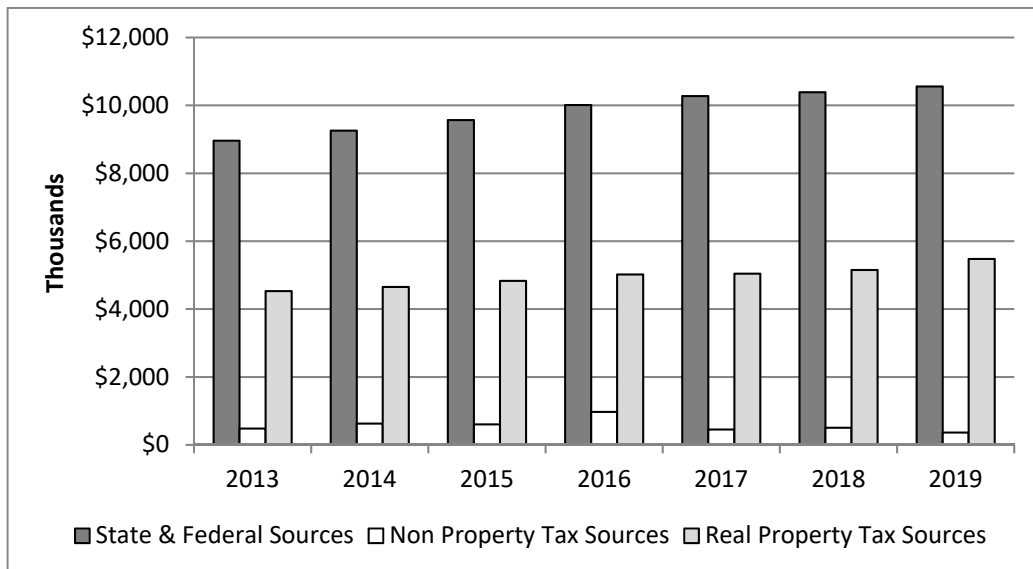
**Resource Sources**

- From 2013 to 2019, total general fund revenue has consistently exceeded planned (budgeted) revenues.



**Actual vs. Budgeted Revenue**

- From 2013-2019 general fund revenue increased 17.4%, primarily due to increases in state and federal aid and real property taxes. Non property taxes include charges for services, investment earnings, refunds, compensation for losses and minor sales.

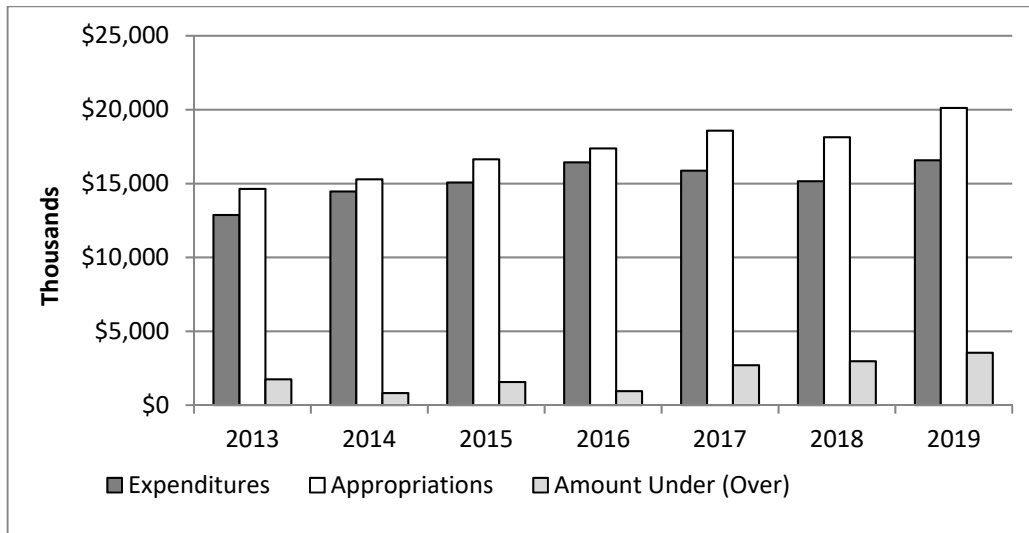


**Revenue Sources**

**DUNDEE CENTRAL SCHOOL DISTRICT, DUNDEE NY  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2019**

**Resource Uses**

- A continued major focus of the District during the year was continued implementation of personalized learning and technology integration, an initiative started during the 2015-16 school year.
- From 2013-2019 general fund expenditures increased 28.7% primarily due to contractual and cost of living increases. Gaps in budgeted and actual expenditures are due to fluctuations in grant funding that cover local expenditures, special education costs, fringe benefit costs, and climate conditions.

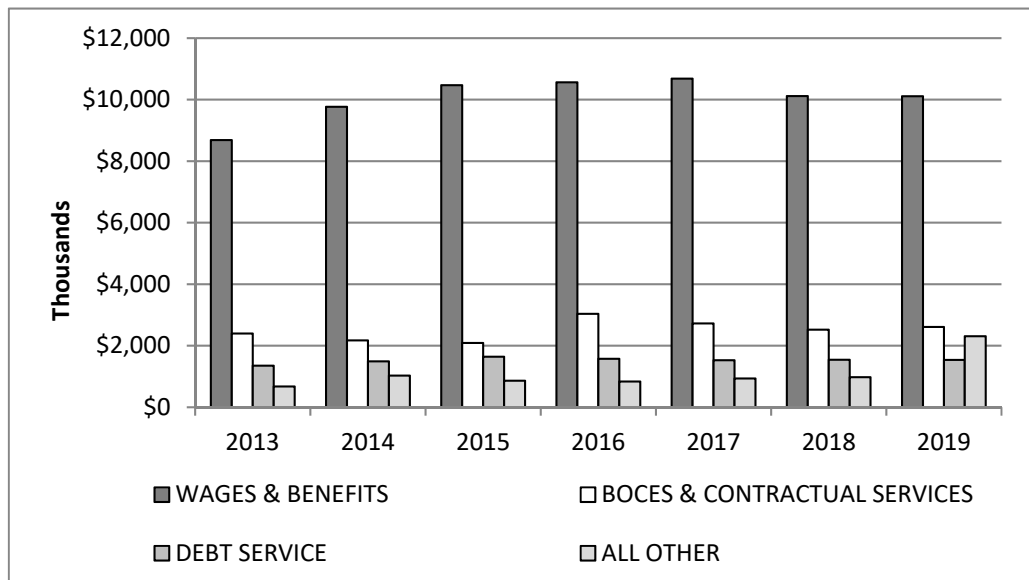


**Actual vs. Budgeted Expenditures**

- Wages and benefits increased 16.4% as a result of contractual increases and medical premium increases. Wages and benefits comprise over 60% of the school district’s total expenditures. BOCES services and contractual costs increased 9.0% primarily due to BOCES cost increases. Debt service costs increased 13.6% as a result of the debt service requirements related to the District’s capital improvement projects. During 2018-2019 the voter approved amount of \$1,000,000 was transferred to the capital projects fund to offset the total cost of its current capital improvement project. The District continues to look for cost saving strategies throughout all areas to enhance successful student achievement initiatives.

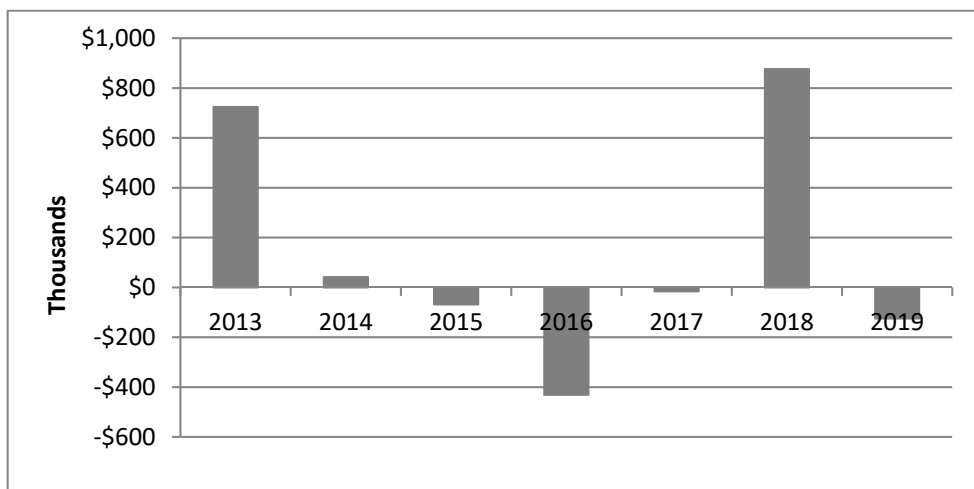


**DUNDEE CENTRAL SCHOOL DISTRICT, DUNDEE NY  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2019**



**Detailed Objects of Expenditures by Year**

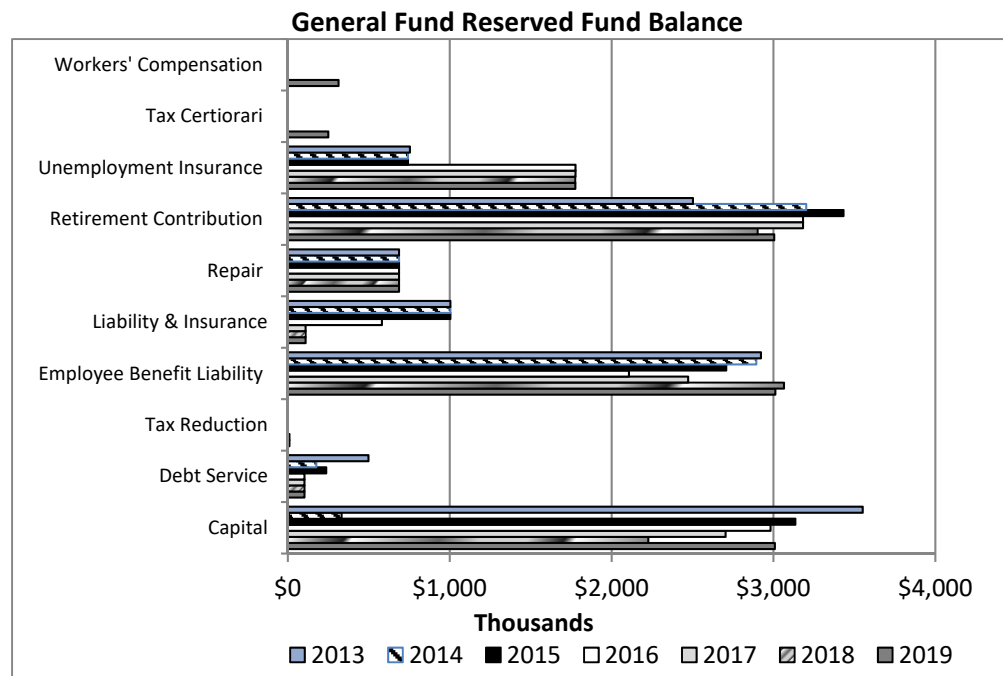
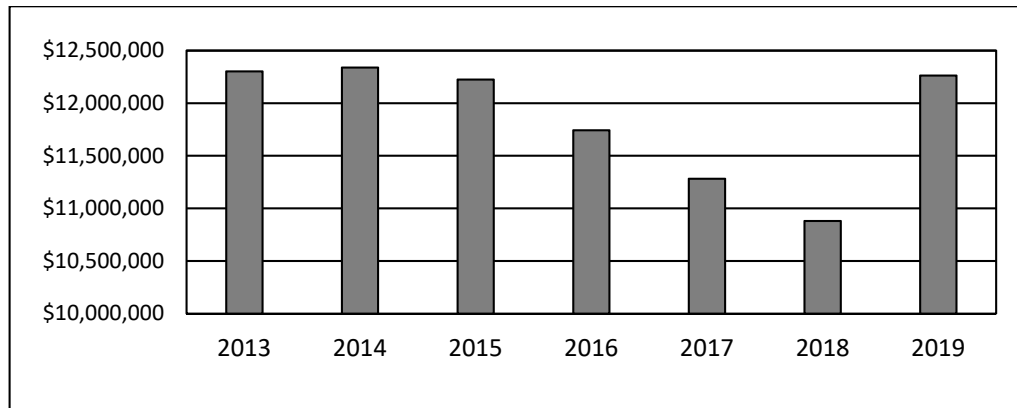
- The District has generated general fund budget surpluses during 2013-2014, and in 2018 where revenues and other financing sources have exceeded expenditures and other financing uses, allowing creation and funding of reserves to mitigate the impact of certain eligible expenses on the District’s local tax levy. During 2015 the District incurred deficits from its operations and in 2016 the District applied a significant amount of fund balance reserves to balance the budget. During 2017 the District recognized cost savings from planned architect fees, utility costs, special education costs and staffing and benefit costs that were subsidized by grants that were received, and in 2018 the District recognized savings in the area of utility costs, special education costs, and staffing and benefit costs due to staffing changes and grants received that subsidized wage and benefit costs. In 2019 the District incurred significant costs related to mold remediation that was unexpected and unbudgeted that impacted its operations, contributing to a deficit.



**General Fund Operating Surplus (Deficit)**

**DUNDEE CENTRAL SCHOOL DISTRICT, DUNDEE NY  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2019**

- The District maintains many reserve funds that have been established, funded and utilized for specific purposes as specified in statute. The District has increasingly relied on these reserve funds and continuously plans to appropriate amounts in accordance with regulations, to mitigate budget cuts and tax increases. The District plans to seek voter authorization for the establishment of a Capital Reserve Fund in fiscal year 2019-20 with available fund balance carried over from 2018-2019.



**Restricted Reserve Balances-June 30,**

- The District's long-range plan for facilities continued during 2018-2019, with construction beginning on the voter approved capital improvement project.
- The District's capital assets, net of accumulated depreciation totaled \$20.5 million at June 30, a net increase of \$175 thousand from 2018. The District added \$1.3 million worth of capital assets during 2018-19, with \$628 thousand consisting of buses and technology equipment, and \$630 thousand of construction in progress.
- The District established a reserve for tax certiorari proceedings and workers' compensation claims during 2018-19.

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# DUNDEE CENTRAL SCHOOL DISTRICT, DUNDEE NY

## MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

### YEAR ENDED JUNE 30, 2019

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#### OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) districtwide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Districtwide financial statements. The districtwide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future fiscal periods.

The districtwide financial statements outline functions of the District that are principally supported by property taxes and intergovernmental revenues (governmental activities). The governmental activities of the District include instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Fixed assets and related debt are also supported by taxes and intergovernmental revenues.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. There is a state mandated uniform system and chart of accounts for New York State school districts. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into the following categories: governmental and fiduciary funds. Fiduciary funds are trust funds established by benefactors to aid in student education and welfare, and funds that are strictly custodial in nature where the District holds the assets as agent for student groups and for payroll or employee withholding. All funds not accounted for in a fiduciary fund are accounted for in the governmental funds.

Notes to the financial statements. The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

**DUNDEE CENTRAL SCHOOL DISTRICT, DUNDEE NY**  
**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2019**

**DISTRICTWIDE FINANCIAL ANALYSIS**

The largest portion of the District's net position reflects its investment in capital assets (e.g., land, buildings and improvements, vehicles, furniture and equipment and construction in progress), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending.

The District's financial position is the product of several financial transactions including the net results of activities, the acquisition and payment of debt, the acquisition and disposal of capital assets, and the depreciation of capital assets.

NET POSITION FOR THE PERIOD ENDED JUNE 30,

	<u>2019</u>	<u>2018</u>
Current Assets	\$18,616,553	\$14,761,080
Noncurrent Assets	21,057,175	20,927,089
Deferred Outflows of Resources	3,530,757	4,148,633
<b>Total Assets &amp; Deferred Outflows</b>	<b>\$43,204,485</b>	<b>\$39,836,802</b>
Current Liabilities	4,324,512	1,424,148
Noncurrent Liabilities	12,582,021	12,141,998
Deferred Inflows of Resources	914,653	1,496,754
<b>Total Liabilities &amp; Deferred Inflows</b>	<b>\$17,821,186</b>	<b>\$15,062,900</b>
<b>Net position:</b>		
Investment in Capital Assets (net of related debt)	11,655,966	10,600,794
Restricted	9,257,169	10,188,343
Unrestricted	4,470,164	3,274,724
<b>Total Net Position</b>	<b>\$25,383,299</b>	<b>\$24,063,861</b>

The District's change in net position was \$1.3 million, with assets increasing from cash and receivables. Liabilities increased due to issuance of short-term debt in relation to its capital improvement project.

**DUNDEE CENTRAL SCHOOL DISTRICT, DUNDEE NY**  
**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**  
**YEAR ENDED JUNE 30, 2019**

Below is a summary of the net results of activities that resulted in the increase in net position.

SUMMARY OF CHANGE IN NET POSITION THE PERIOD ENDED JUNE 30,

<b>Revenues</b>	<b><u>2019</u></b>	<b><u>2018</u></b>
State and Federal Aid	\$10,559,175	\$10,378,744
Property Taxes	5,477,391	5,357,428
Operating Grants & Contributions	2,299,696	1,792,152
Miscellaneous	186,512	243,984
Charges for Services	85,022	191,796
Investment Earnings	132,201	25,850
Capital Grants & Contributions	70,739	18,065
	<b><u>\$18,810,736</u></b>	<b><u>\$18,008,019</u></b>
<b>Expenses</b>		
Instruction	\$13,290,207	\$12,956,011
General Support	2,743,206	1,989,442
Pupil Transportation	631,865	968,997
School Lunch	512,623	499,696
Interest	306,088	332,754
Community Services	7,309	5,728
	<b><u>\$17,491,298</u></b>	<b><u>\$16,752,628</u></b>
Change in Net Position	<u>1,319,438</u>	<u>1,255,391</u>
Net Position, Beginning of Year (Original)	24,063,861	22,755,149
Prior Period Adjustment	-	53,321
Net Position, Beginning of Year (Restated)	<u>24,063,861</u>	<u>22,808,470</u>
<b>Net Position, End of Year</b>	<b><u>\$25,383,299</u></b>	<b><u>\$24,063,861</u></b>

The District's grants and contributions increased due to additional grant program entitlements. Its charges for services decreased due to curtailment of facility use fees from Finger Lakes Community College. Investment earnings increased as a result of more favorable investment earning rates and an increase in cash and cash equivalent balances available for investment. Its capital grants and contributions increased due to use of Smart School Bond Act funds in the current year. Instructional expense increased slightly due to contractual increases, general support was significantly higher as a result of unanticipated mold mitigation costs incurred, pupil transportation decreased due to a reduction in the number of buses purchased and staffing changes. The school lunch fund had significant capital purchases in the form of new kitchen equipment in 2018-19.

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**DUNDEE CENTRAL SCHOOL DISTRICT, DUNDEE NY  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)  
YEAR ENDED JUNE 30, 2019**

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

- Although fund balances are only one indicator of a School District's financial health, it is a substantive indicator of the future capacity of School Districts to meet their fiscal and educational obligations, especially given the new restrictions on revenue from local sources (tax cap) and state aid (tied to personal income growth). The availability of reserve funds to lessen the local tax burden is tenuous, and the continued use of reserves in this manner will exhaust them.
- The District faces other challenges, such as declining student enrollment and certain public policy decisions made by New York State, including but not limited to the property tax cap, pension benefit enhancements enacted in the 1990's, and special education mandates that exceed federal guidelines.

**CONTACTING THE DISTRICT**

Questions regarding this report should be directed to the School Business Administrator (607) 243-5533 Ext. 7703 or by mail at 55 Water Street, Dundee, New York 14837.

**DUNDEE CENTRAL SCHOOL DISTRICT****Statement of Net Position  
June 30, 2019****ASSETS**

## CURRENT ASSETS:

Cash and cash equivalents	\$ 5,057,491
Cash and cash equivalents - restricted	12,301,937
Accounts receivable	26,250
Due from fiduciary funds	66,236
Due from Federal and State governments	963,383
Prepaid expenses	192,229
Inventory	9,027
Total current assets	<u>18,616,553</u>

## NON-CURRENT ASSETS:

Net pension asset - TRS	566,209
Capital assets, net	<u>20,490,966</u>
Total non-current assets	<u>21,057,175</u>

Total assets 39,673,728

**DEFERRED OUTFLOWS OF RESOURCES**

Pension related - TRS	3,178,846
Pension related - ERS	<u>351,911</u>
Total deferred outflows of resources	<u>3,530,757</u>

**LIABILITIES**

## CURRENT LIABILITIES:

Accounts payable	164,560
Accrued liabilities	112,557
Accrued interest	11,529
Unearned revenue	75,958
Due to other governments	9
Due to Teachers' Retirement System	609,224
Due to Employees' Retirement System	71,381
Bond anticipation note payable	<u>3,279,294</u>
Total current liabilities	<u>4,324,512</u>

## LONG-TERM LIABILITIES:

Due and payable within one year -	
Bonds payable	1,260,000
Compensated absences	<u>254,334</u>
Total long-term liabilities due and payable within one year	<u>1,514,334</u>
Due and payable after one year -	
Net pension liability - ERS	481,427
Compensated absences	3,011,260
Bonds payable	<u>7,575,000</u>
Total long-term liabilities due and payable after one year	<u>11,067,687</u>
Total long-term liabilities	<u>12,582,021</u>
Total liabilities	<u>16,906,533</u>

**DEFERRED INFLOWS OF RESOURCES**

Pension related - TRS	737,926
Pension related - ERS	<u>176,727</u>
Total deferred inflows of resources	<u>914,653</u>

**NET POSITION**

Net investment in capital assets	11,655,966
Restricted	9,257,169
Unrestricted	<u>4,470,164</u>
Total net position	<u>\$ 25,383,299</u>

The accompanying notes are an integral part of these financial statements.

**DUNDEE CENTRAL SCHOOL DISTRICT**

**Statement of Activities  
For the year ended June 30, 2019**

	Program Revenue				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants	Capital Grants	
<b>FUNCTIONS/PROGRAMS:</b>					
General government support	\$ 2,743,206	\$ -	\$ -	\$ -	\$ (2,743,206)
Instruction	13,290,207	50,244	1,919,454	70,739	(11,249,770)
Pupil transportation	631,865	-	-	-	(631,865)
Home and community service	7,309	-	-	-	(7,309)
Interest	306,088	-	-	-	(306,088)
School lunch program	512,623	34,778	380,242	-	(97,603)
Total functions/programs	<u>\$ 17,491,298</u>	<u>\$ 85,022</u>	<u>\$ 2,299,696</u>	<u>\$ 70,739</u>	<u>\$ (15,035,841)</u>
<b>GENERAL REVENUE:</b>					
Real property taxes					4,692,712
Nonproperty taxes					784,679
Use of money and property					132,201
Miscellaneous					186,512
Medicaid reimbursement					107,974
State sources					<u>10,451,201</u>
Total general revenue					<u>16,355,279</u>
					<u>1,319,438</u>
<b>CHANGE IN NET POSITION</b>					<u>1,319,438</u>
NET POSITION - beginning of year					<u>24,063,861</u>
NET POSITION - end of year					<u>\$ 25,383,299</u>

The accompanying notes are an integral part of these financial statements.



**DUNDEE CENTRAL SCHOOL DISTRICT**

**Balance Sheet - Governmental Funds  
June 30, 2019**

	General	Special Aid	Capital Projects	School Lunch	Total Governmental Funds
<b>ASSETS</b>					
Cash and cash equivalents	\$ 583,848	\$ 294,285	\$ 4,147,270	\$ 32,088	\$ 5,057,491
Cash and cash equivalents - restricted	12,301,937	-	-	-	12,301,937
Accounts receivable	24,661	-	-	1,589	26,250
Due from other funds	1,503,479	18,271	72,248	-	1,593,998
Due from Federal and State governments	368,527	533,832	34,515	26,509	963,383
Prepaid expenditures	192,229	-	-	-	192,229
Inventory	-	-	-	9,027	9,027
<b>Total assets</b>	<b>14,974,681</b>	<b>846,388</b>	<b>4,254,033</b>	<b>69,213</b>	<b>20,144,315</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>LIABILITIES:</b>					
Accounts payable	131,203	3,500	29,857	-	164,560
Accrued liabilities	108,745	-	-	3,812	112,557
Due to other funds	76,508	768,758	625,574	56,922	1,527,762
Due to other governments	-	-	-	9	9
Due to Teachers' Retirement System	609,224	-	-	-	609,224
Due to Employees' Retirement System	65,239	-	-	6,142	71,381
Unearned revenue	-	74,130	-	1,828	75,958
Bond anticipation note payable	-	-	3,279,294	-	3,279,294
Compensated absences	254,334	-	-	-	254,334
<b>Total liabilities</b>	<b>1,245,253</b>	<b>846,388</b>	<b>3,934,725</b>	<b>68,713</b>	<b>6,095,079</b>
<b>FUND BALANCES:</b>					
<b>Nonspendable -</b>					
Inventory	-	-	-	9,027	9,027
Prepaid expenditures	192,229	-	-	-	192,229
<b>Restricted for -</b>					
Workers' compensation	313,000	-	-	-	313,000
Capital reserve	3,008,261	-	-	-	3,008,261
Debt service	102,556	-	-	-	102,556
Employee benefits	3,011,260	-	-	-	3,011,260
Retirement contributions	3,004,653	-	-	-	3,004,653
Unemployment insurance	1,775,612	-	-	-	1,775,612
Insurance	110,000	-	-	-	110,000
Repair	686,779	-	-	-	686,779
Tax certiorari	250,000	-	-	-	250,000
Capital projects	-	-	319,308	-	319,308
<b>Assigned to -</b>					
Appropriated for subsequent years' expenditures	250,000	-	-	-	250,000
Other assigned purposes	92,816	-	-	-	92,816
<b>Unassigned -</b>					
Tax reduction reserve	10,000	-	-	-	10,000
Other unassigned	922,262	-	-	(8,527)	913,735
<b>Total fund balances</b>	<b>13,729,428</b>	<b>-</b>	<b>319,308</b>	<b>500</b>	<b>14,049,236</b>
<b>Total Liabilities and fund balance</b>	<b>\$ 14,974,681</b>	<b>\$ 846,388</b>	<b>\$ 4,254,033</b>	<b>\$ 69,213</b>	<b>\$ 20,144,315</b>

The accompanying notes are an integral part of these financial statements.

**DUNDEE CENTRAL SCHOOL DISTRICT**

**Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position  
June 30, 2019**

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

Fund Balance - total governmental funds	\$	14,049,236
Capital Assets used in governmental activities are not financial resources and, therefore are not reported in the funds		20,490,966
Deferred outflows/inflows of resources related to pensions are applicable to future periods and; therefore, not reported in the funds:		
Deferred outflows - ERS/TRS		3,530,757
Deferred inflows - ERS/TRS		(914,653)
Net pension obligations are not due and payable in the current period, and therefore, are not reported in the funds:		
Net pension liability - ERS		(481,427)
Net pension asset - TRS		566,209
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		(8,835,000)
Compensated absences		(3,011,260)
Accrued interest		<u>(11,529)</u>
Net position of governmental activities	\$	<u>25,383,299</u>

The accompanying notes are an integral part of these financial statements.

**DUNDEE CENTRAL SCHOOL DISTRICT**

**Statement of Revenues, Expenditures, and Change In Fund Balance - Governmental Funds  
For the year ended June 30, 2019**

	General	Special Aid	Capital Projects	School Lunch	Total Governmental Funds
<b>REVENUE:</b>					
Real property tax	\$ 4,692,712	\$ -	\$ -	\$ -	\$ 4,692,712
Other tax items	784,679	-	-	-	784,679
Charges for services	50,244	-	-	-	50,244
Use of money and property	132,182	-	-	19	132,201
Sale of property and compensation for loss	33,217	-	-	-	33,217
Miscellaneous	143,867	42,395	-	250	186,512
State sources	10,451,201	841,115	70,739	43,027	11,406,082
Federal sources	-	1,078,339	-	337,215	1,415,554
Medicaid reimbursement	107,974	-	-	-	107,974
Sales	-	-	-	34,778	34,778
<b>Total revenue</b>	<b>16,396,076</b>	<b>1,961,849</b>	<b>70,739</b>	<b>415,289</b>	<b>18,843,953</b>
<b>EXPENDITURES:</b>					
General support	1,778,704	-	-	-	1,778,704
Instruction	7,583,637	1,701,116	-	-	9,284,753
Pupil transportation	1,016,732	-	-	-	1,016,732
Employee benefits	3,623,619	282,937	-	30,332	3,936,888
Home and community service	7,309	-	-	-	7,309
Cost of sales	-	-	-	402,035	402,035
Capital outlays	-	-	700,629	-	700,629
Debt service -					
Principal	1,230,000	-	-	-	1,230,000
Interest	307,326	-	-	-	307,326
<b>Total expenditures</b>	<b>15,547,327</b>	<b>1,984,053</b>	<b>700,629</b>	<b>432,367</b>	<b>18,664,376</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>848,749</b>	<b>(22,204)</b>	<b>(629,890)</b>	<b>(17,078)</b>	<b>179,577</b>
<b>OTHER FINANCING SOURCES AND (USES)</b>					
Transfers in	50,802	22,204	1,000,000	2,500	1,075,506
Transfers out	(1,024,704)	-	(50,802)	-	(1,075,506)
<b>Total other financing sources (uses)</b>	<b>(973,902)</b>	<b>22,204</b>	<b>949,198</b>	<b>2,500</b>	<b>-</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(125,153)</b>	<b>-</b>	<b>319,308</b>	<b>(14,578)</b>	<b>179,577</b>
<b>FUND BALANCE - beginning of year</b>	<b>13,854,581</b>	<b>-</b>	<b>-</b>	<b>15,078</b>	<b>13,869,659</b>
<b>FUND BALANCE - end of year</b>	<b>\$ 13,729,428</b>	<b>\$ -</b>	<b>\$ 319,308</b>	<b>\$ 500</b>	<b>\$ 14,049,236</b>

The accompanying notes are an integral part of these financial statements.

## DUNDEE CENTRAL SCHOOL DISTRICT

### Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Governmental Funds to the Statement of Activities For the year ended June 30, 2019

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Net changes in fund balance - total governmental funds	\$ 179,577
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position.	1,258,344
Depreciation is not recorded as a expenditure in the governmental funds, but is recorded in the statement of activities.	(1,261,807)
Loss on disposal of capital assets is not recorded as an expenditure in the governmental funds, but is recorded in the statement of activities.	(171,365)
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.	1,230,000
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.	
District pension contributions	775,821
Cost of benefits earned, net of employee contributions	(754,822)
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:	
Change in accrued interest	1,238
Change in compensated absences	<u>62,452</u>
Change in net position - governmental activities	<u>\$ 1,319,438</u>

The accompanying notes are an integral part of these financial statements.

## DUNDEE CENTRAL SCHOOL DISTRICT

### Statement of Net Position - Fiduciary Funds

June 30, 2019

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	Private Purpose <u>Trust</u>	<u>Agency</u>
<b>ASSETS:</b>		
Cash	\$ 1,464	\$ 72,593
Cash - restricted	1,455,067	82,683
Due from other funds	<u>25</u>	<u>-</u>
Total assets	<u>1,456,556</u>	<u>155,276</u>
<b>LIABILITIES:</b>		
Due to other funds	-	66,261
Extraclassroom activity balances	-	82,683
Other liabilities	<u>-</u>	<u>6,332</u>
Total liabilities	<u>-</u>	<u>\$ 155,276</u>
<b>NET POSITION:</b>		
Restricted for other	1,464	
Restricted for scholarships	<u>1,455,092</u>	
Total net position	<u>\$ 1,456,556</u>	

The accompanying notes are an integral part of these financial statements.

**DUNDEE CENTRAL SCHOOL DISTRICT**

**Statement of Changes in Fiduciary Net Position - Fiduciary Funds  
For the year ended June 30, 2019**

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	Private Purpose Trusts
ADDITIONS:	
Gifts and contributions	\$ 7,500
Investment earnings	<u>274</u>
Total additions	7,774
DEDUCTIONS:	
Scholarships and awards	<u>19,596</u>
CHANGE IN NET POSITION	(11,822)
NET POSITION - beginning of year	<u>1,468,378</u>
NET POSITION - end of year	<u><u>\$ 1,456,556</u></u>

The accompanying notes are an integral part of these financial statements.

## DUNDEE CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements June 30, 2019

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#### 1. NATURE OF OPERATIONS

Dundee 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 (BOE) 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 GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of an entity included in the District's reporting entity:

- **Extraclassroom Activity Funds**

The extraclassroom activity funds of the District represent funds of the students of the District. The BOE exercises general oversight of these funds. The extraclassroom activity funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the District's business office. The District accounts for assets held as an agent for various student organizations in an agency fund.

##### **Joint Venture**

The District is a component school district in the Wayne-Finger Lakes 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.

**DUNDEE CENTRAL SCHOOL DISTRICT**

**Notes to Basic Financial Statements  
June 30, 2019**

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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 \$1,656,077 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$453,253.

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 Governmental Accounting Standards Board (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, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental 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.

**Fund Financial Statements**

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



## DUNDEE CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements June 30, 2019

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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.

**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.
- **School Lunch Fund:** Used to account for child nutrition activities whose funds are restricted as to use.

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

#### **Fiduciary Funds**

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

There are two classes of fiduciary funds:

- **Private purpose trust funds** - These funds are used to account for trust arrangements in which principal and income are used to fund annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.
- **Agency funds** - These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District solely as an agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

#### **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 and fiduciary fund 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.

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.

**DUNDEE CENTRAL SCHOOL DISTRICT**

**Notes to Basic Financial Statements  
June 30, 2019**

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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.

**Property Taxes**

Real property taxes are levied annually by the BOE no later than September 1, and become a lien on September 1. Taxes are collected during the period September 1 to October 31. Taxes not collected by October 31 are turned over to the County who assumes all responsibility for collection. Uncollected real property taxes are subsequently enforced by the County(ies) in which the District is located. The County(ies) pay an amount representing uncollected real property taxes transmitted to the County(ies) for enforcement to the District no later than the following April 1.

**Inventory and Prepaid Items**

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.

**DUNDEE CENTRAL SCHOOL DISTRICT**

**Notes to Basic Financial Statements  
June 30, 2019**

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Prepaid items represent payments made by the District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

**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 and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

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

Refer to Note 7 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.

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. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. A capitalization threshold is used to report capital assets and the range of estimated useful lives by type of assets is as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and improvements	\$ 50,000	SL	20 - 30 years
Machinery and equipment	\$ 5,000	SL	5 - 25 years

**DUNDEE CENTRAL SCHOOL DISTRICT**

**Notes to Basic Financial Statements  
June 30, 2019**

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**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 sick leave.

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

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.

In addition to providing pension benefits, the District allows employees to convert unused sick leave to an escrow fund to cover healthcare costs after retirement. The balance remaining upon death of a retired employee can be applied to the surviving spouse. Upon the death of a surviving spouse, or retired employee if no surviving spouse, the unused balance reverts to the District. The District has no obligation to cover healthcare costs from District appropriations; as such, no other postemployment obligation is recognized.

**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 (expenses/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.

**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.

**DUNDEE CENTRAL SCHOOL DISTRICT**

**Notes to Basic Financial Statements  
June 30, 2019**

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**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.

**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.

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.

**DUNDEE CENTRAL SCHOOL DISTRICT**

**Notes to Basic Financial Statements  
June 30, 2019**

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**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 available 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.

Repair

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

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.

**DUNDEE CENTRAL SCHOOL DISTRICT**

**Notes to Basic Financial Statements  
June 30, 2019**

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Insurance Reserve

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

Liability Reserve

According to General Municipal Law § 1709(8)(c), this reserve must be used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and this reserve may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This reserve is accounted for in the General Fund.

Tax Certiorari

According to Education Law §3651.1-a, must be used to establish a reserve fund for tax certiorari and to expend from the funds without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgements and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. This reserve is accounted for in the General Fund.

Retirement Contributions Reserve

According to General Municipal Law §6-r, all expenditures made from the retirement contributions reserve fund must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r.

**DUNDEE CENTRAL SCHOOL DISTRICT**

**Notes to Basic Financial Statements  
June 30, 2019**

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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.

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	\$ 3,008,261
Debt service	102,556
Employee benefits	3,011,260
Retirement contributions	3,004,653
Unemployment insurance	1,775,612
Insurance	110,000
Repair	686,779
Tax certiorari	250,000
Workers' compensation	313,000
Capital Projects Fund	<u>319,308</u>
	<u>\$ 12,581,429</u>

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, the BOE. The District has no committed fund balances as of June 30, 2019.

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.



**DUNDEE CENTRAL SCHOOL DISTRICT**

**Notes to Basic Financial Statements  
June 30, 2019**

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Reserve for Insurance Recoveries

Reserve for Insurance Recoveries (Education Law §1718(2)) is used at the end of the fiscal year to account for unexpended proceeds of insurance recoveries. They will be held there pending action by the Board on their disposition. This reserve will not be used if the insurance recovery is expended in the same fiscal year in which it was received. The reserve is accounted for in the general fund.

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 and could report a surplus or deficit. 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. In accordance with state guidelines, unassigned fund balance in the general fund includes the following reserve:

Reserve for Tax Reduction

This reserve (EL §1604, §1709) is used for the gradual use of the proceeds of the sale of District real property where such proceeds are not required to be placed in a mandatory reserve for debt service. Specifically, the District is permitted to retain the proceeds of the sale for a period not to exceed ten years, and to use them during that period for tax reduction. This reserve is accounted for in the General Fund.

New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds the 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's budget and encumbrances 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. 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 Differences**  
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.

**DUNDEE CENTRAL SCHOOL DISTRICT**

**Notes to Basic Financial Statements  
June 30, 2019**

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**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. There were no supplemental appropriations during the year.

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 General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2019.

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.

**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 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 plans to address this issue during the 2020-21 fiscal year, seeking voter authorization to establish and fund a capital reserve for facility and site improvements.

**DUNDEE CENTRAL SCHOOL DISTRICT**

**Notes to Basic Financial Statements  
June 30, 2019**

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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.

The District’s aggregate bank balances \$19,797,264 not covered by depository insurance at year-end were fully collateralized.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$12,301,937 within the governmental funds and \$1,537,750 in the fiduciary funds.

**6. CAPITAL ASSETS**

Capital asset balances and activity for the year ended June 30, 2019 were as follows:

	<u>Balance</u> <u>7/1/2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2019</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 5,928	-	-	\$ 5,928
Work in progress	-	629,890	-	629,890
Total nondepreciable cost	<u>5,928</u>	<u>629,890</u>	<u>-</u>	<u>635,818</u>
Capital assets that are depreciated:				
Buildings and improvements	30,054,203	-	-	30,054,203
Furniture and equipment	6,440,725	628,454	(924,641)	6,144,538
Total depreciable historical cost	<u>36,494,928</u>	<u>628,454</u>	<u>(924,641)</u>	<u>36,198,741</u>
Less accumulated depreciation:				
Buildings and improvements	(11,561,462)	(796,863)	-	(12,358,325)
Furniture and equipment	(4,273,600)	(464,944)	753,276	(3,985,268)
Total accumulated depreciation	<u>(15,835,062)</u>	<u>(1,261,807)</u>	<u>753,276</u>	<u>(16,343,593)</u>
Total depreciable cost - net	<u>20,659,866</u>	<u>(633,353)</u>	<u>(171,365)</u>	<u>19,855,148</u>
Total capital assets, net	<u>\$ 20,665,794</u>	<u>\$ (3,463)</u>	<u>\$ (171,365)</u>	<u>\$ 20,490,966</u>

**DUNDEE CENTRAL SCHOOL DISTRICT**

**Notes to Basic Financial Statements  
June 30, 2019**

Depreciation expense for the year ended June 30, 2019, was allocated to specific functions as follows:

General support	\$ 15,937
Instruction	913,262
Pupil transportation	250,685
School lunch	<u>81,923</u>
Total depreciation	<u>\$ 1,261,807</u>

**7. INTERFUND BALANCES AND ACTIVITY**

	Interfund		Transfers	
	<u>Receivable</u>	<u>Payable</u>	<u>In</u>	<u>Out</u>
General	\$ 1,503,479	\$ 76,508	\$ 50,802	\$ 1,024,704
Special Aid	18,271	768,758	22,204	-
School Lunch	-	56,922	2,500	-
Capital Projects	72,248	625,574	1,000,000	50,802
Fiduciary	<u>25</u>	<u>66,261</u>	-	-
Total	<u>\$ 1,594,023</u>	<u>\$ 1,594,023</u>	<u>\$ 1,075,506</u>	<u>\$ 1,075,506</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 DEBT**

On June 27, 2019, the District issued a bond anticipation note to fund the capital improvement project.

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

	<u>Maturity</u>	<u>Stated Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN	6/26/2020	2.0%	\$ -	3,279,294	-	\$ 3,279,294

Total interest on short-term debt for the year totaled \$926.

**DUNDEE CENTRAL SCHOOL DISTRICT**

**Notes to Basic Financial Statements  
June 30, 2019**

**9. LONG-TERM OBLIGATIONS**

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

	Balance <u>7/1/2018</u>	Additions	Deletions {a}	Balance <u>6/30/2019</u>	Due Within <u>One Year</u>
Bonds:					
Serial bonds payable	\$ 10,065,000	\$ -	\$ (1,230,000)	\$ 8,835,000	\$ 1,260,000
Other liabilities:					
Compensated absences	\$ 3,267,859	\$ -	\$ (2,265)	\$ 3,265,594	\$ 254,334

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

Interest on all debt for the year was composed of:

Interest paid	\$ 306,400
Less: Interest accrued in the prior year	(12,767)
Plus: Interest accrued in the current year	11,529
Total interest expense	<u>\$ 305,162</u>

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>6/30/2019 Balance</u>
2015 Construction Bond	6/15/2015	6/15/2030	2.00-3.00%	\$ 6,430,000
2016 Series E Bonds	6/15/2016	6/15/2031	2.00-5.00%	2,085,000
2015 Refunding	3/15/2015	6/15/2020	2.00%	<u>320,000</u>
Total bond issue				<u>\$ 8,835,000</u>

The following is a summary of the maturity of long-term indebtedness as of June 30, 2019:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 1,260,000	\$ 276,700	\$ 1,536,700
2021	965,000	242,425	1,207,425
2022	995,000	213,675	1,208,675
2023	1,025,000	183,925	1,208,925
2024	1,055,000	153,175	1,208,175
2025-2029	3,260,000	321,375	3,581,375
2030-2032	275,000	13,700	288,700
Totals	<u>\$ 8,835,000</u>	<u>\$ 1,404,975</u>	<u>\$ 10,239,975</u>

**DUNDEE CENTRAL SCHOOL DISTRICT**

**Notes to Basic Financial Statements  
June 30, 2019**

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**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.

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 NYSSRL, 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:

	<u>ERS</u>
2019	\$ 275,980
2018	\$ 313,970
2017	\$ 307,288

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

At June 30, 2019, the District reported a net pension liability of \$481,427 for its proportionate share of the ERS net pension liability. The net pension liability was measured as of March 31, 2019, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2018. 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 June 30, 2019, the District's proportionate share was .0067947% percent, which was a decrease of .0004335% from its proportionate share measured at June 30, 2018.

**DUNDEE CENTRAL SCHOOL DISTRICT**

**Notes to Basic Financial Statements  
June 30, 2019**

For the year ended June 30, 2019, the District recognized pension expense of \$354,267. At June 30, 2019, 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	\$ 94,803	\$ 32,317
Changes of assumptions	121,011	-
Net difference between projected and actual earnings on pension plan investments	-	123,561
Changes in proportion and differences between the District's contributions and proportionate share of contributions	64,716	20,849
Contributions subsequent to the measurement date	<u>71,381</u>	<u>-</u>
Total	<u>\$ 351,911</u>	<u>\$ 176,727</u>

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 June 30:

2020	\$ 123,218
2021	(80,256)
2022	(1,284)
2023	62,125
Thereafter	<u>-</u>
	<u>\$ 103,803</u>

The District recognized \$71,381 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2019 which will be recognized on a reduction of the net pension liability in the year ended June 30, 2020.

**Actuarial Assumptions**

The total pension liability at March 31, 2019 was determined by using an actuarial valuation as of April 1, 2018, with update procedures used to roll forward the total pension liability to March 31, 2019.

The actuarial valuation used the following actuarial assumptions:

Inflation	2.50%
Salary scale	4.2% indexed by service
Cost-of-living adjustments	1.3%
Decrements	Developed from the Plan's 2015 experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2014
Investment Rate of Return	7.0% compounded annually, net of investment expenses



## DUNDEE CENTRAL SCHOOL DISTRICT

### Notes to Basic Financial Statements

June 30, 2019

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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.

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	36.0	4.55
International Equity	14.0	6.35
Private Equity	10.0	7.50
Real Estate	10.0	5.55
Absolute Return Strategies	2.0	3.75
Opportunistic Portfolio	3.0	5.68
Real Asset	3.0	5.29
Bonds and Mortgages	17.0	1.31
Cash	1.0	-0.25
Inflation Indexed Bonds	<u>4.0</u>	1.25
	<u>100%</u>	

#### **Discount Rate**

The discount rate used to calculate the total pension liability was 7.0%. 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.

The discount rate used to calculate the total pension liability was 7.0%. 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.

**DUNDEE CENTRAL SCHOOL DISTRICT**

**Notes to Basic Financial Statements  
June 30, 2019**

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**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 7.0%, 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 (6.0%) or 1% higher (8.0%) than the current rate:

	1% Decrease <u>6.00%</u>	Current Discount <u>7.00%</u>	1% Increase <u>8.00%</u>
Proportionate Share of Net Pension liability (asset)	<u>\$ 2,104,874</u>	<u>\$ 481,427</u>	<u>\$ (882,384)</u>

**Pension Plan Fiduciary Net Position (000’s)**

The components of the current-year net pension liability of the employers as of March 31, 2019, were as follows:

Total pension liability	\$189,803,429
Net position	<u>\$182,718,124</u>
Net pension liability (asset)	\$ 7,085,305
ERS net position as a percentage of total pension liability	96.27%

***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 NYSSTR 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.

**DUNDEE CENTRAL SCHOOL DISTRICT**

**Notes to Basic Financial Statements  
June 30, 2019**

**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.

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>
2019	\$ 499,841
2018	\$ 638,452
2017	\$ 710,835

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

At June 30, 2019, the District reported net pension asset of \$566,209 for its proportionate share of the NYSTRS net pension asset. The net pension asset was measured as of June 30, 2018, and the total pension liability used to calculate the net pension asset was determined by the actuarial valuation as of June 30, 2017. The District's proportion of the net pension asset 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.

At June 30, 2019 the District's proportionate share was 0.031312%, which was a decrease of 0.003064% from its proportionate share measured at June 30, 2018.

For the year ended June 30, 2019, the District recognized pension expense of \$466,640. At June 30, 2019 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	\$ 423,123	\$ 76,644
Changes of assumptions	1,979,271	-
Net difference between projected and actual earnings on pension plan investments	-	628,535
Changes in proportion and differences between the District's contributions and proportionate share of contributions	203,674	32,747
Contributions subsequent to the measurement date	572,778	-
Total	\$ 3,178,846	\$ 737,926

**DUNDEE CENTRAL SCHOOL DISTRICT**

**Notes to Basic Financial Statements  
June 30, 2019**

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The District recognized \$572,778 as a deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date June 30, 2018 which will be recognized as a reduction of the net pension liability in the year ended June 30, 2020.

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

Plan's Year Ended March 31:

2019	\$ 594,738
2020	412,528
2021	67,844
2022	411,194
2023	288,941
Thereafter	<u>92,897</u>
	<u>\$ 1,868,142</u>

**Actuarial Assumptions**

The total pension liability at the June 30, 2018 measurement date was determined by an actuarial valuation as of June 30, 2017, with update procedures used to roll forward the total pension liability to June 30, 2018. These actuarial valuations used the following actuarial assumptions:

Actuarial cost method	Entry age normal
Inflation	2.25%
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	1.5% compounded annually
Investment Rate of Return	7.25% 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 MP2014, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions used in the June 30, 2018 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.

**DUNDEE CENTRAL SCHOOL DISTRICT**

**Notes to Basic Financial Statements**

**June 30, 2019**

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, 2018 are summarized in the following table:

Asset Type	Target Allocations in %	Long-term expected real rate of return in %
Domestic Equities	33	5.8
International Equities	16	7.3
Global Equities	4	6.7
Real Estate Equities	11	4.9
Private Equities	8	8.9
Domestic Fixed Income Securities	16	1.3
Global Fixed Income Securities	2	0.9
Private Debt	1	6.8
Real Estate Debt	7	2.8
High-yield Fixed Income Securities	1	3.5
Short-term	1	0.3
	<u>100%</u>	

**Discount Rate**

The discount rate used to measure the total pension liability was 7.25%. 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 school districts calculated using the discount rate of 7.25 percent, as well as what the school districts' 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	Current Discount	1% Increase
	<u>6.25%</u>	<u>7.25%</u>	<u>8.25%</u>
Proportionate Share of Net Pension Liability (asset)	<u>\$ 3,889,945</u>	<u>\$ (566,209)</u>	<u>\$ (4,299,227)</u>

**DUNDEE CENTRAL SCHOOL DISTRICT**

**Notes to Basic Financial Statements  
June 30, 2019**

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**Pension Plan Fiduciary Net Position**

The components of the current year net pension liability of the employers as of June 30, 2018, were as follows:

Total pension liability	\$	118,107,253,288
Net position		<u>(119,915,517,622)</u>
Net pension liability (asset)	\$	<u>(1,808,264,334)</u>
NYSTRS net position as a percentage of total pension liability		101.53%

**Payables to the Pension Plans**

For TRS, employer and employee contributions for the fiscal year ended June 30, 2019 are paid to the System in September, October and November 2019 through a state aid intercept. Accrued retirement contributions as of June 30, 2018 represent employee and employer contributions for the fiscal year ended June 30, 2019 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, 2019 represent the projected employer contribution for the period of April 1, 2019 through June 30, 2019 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Employee contributions are remitted monthly.

	<u>June 30, 2019</u>
ERS Liability	\$ 71,381
TRS Liability	\$ 609,224

**11. POSTEMPLOYMENT BENEFITS**

In addition to providing pension benefits, the District provides postemployment health insurance coverage to its retired employees and their survivors in accordance with the mandated provisions of the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by the employees who elect coverage under the Act and the District incurs no direct costs. Through special agreement, the District transfers 100% of coverage of the cost of premiums to an insurance company, which currently provides health care insurance for 33 retirees. The District's transfer for these individuals for fiscal year 2019 is \$189,580 and is paid from a cash value benefit fund whose opening value by employee is determined at retirement date for each employee.

The special agreements the District offers for health insurance benefits to retirees state that for administrators, teachers and support staff who retire from the District they will receive a cash value retirement benefit calculated on their accumulated sick days, not to exceed the maximum per their individual or group contract, multiplied by their daily rate at retirement, as per contract. This benefit is only for the cost of hospitalization and dental insurance and there will be no cash settlement. In the event of the death of the retiree, the surviving spouse will receive the remainder of the cash value for the cost of hospitalization insurance until the benefit is exhausted.

**DUNDEE CENTRAL SCHOOL DISTRICT**

**Notes to Basic Financial Statements  
June 30, 2019**

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Once this benefit is exhausted the District retirees may continue to belong to the health insurance program at their own cost. Since the District cost of these health benefits for retirees is determined by the value of unused sick time at retirement the liability is computed each year. The District has fully funded the estimated future cost in the amount of \$3,011,260 which is reported in the employee benefit accrued liability reserve in the General Fund.

**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 two years.

**Worker's Compensation**

The District incurs costs related to the Wayne-Finger Lakes Area School Workers' Compensation Plan (Plan) sponsored by Wayne-Finger Lakes BOCES and its component districts. The Insurance Plan's objectives are to furnish workers' compensation benefits to participating districts at a significant cost savings. Membership in the Plan may be offered to any component district of the Ontario, Seneca, Yates, Cayuga and Dundee Counties Board of Cooperative Educational Services with the approval of the Board of Directors. Voluntary withdrawal from the Plan may be effective only once annually on the last day of the Plan year as may be established by the Board of Directors. Notice of the Intention to Withdraw must be given in writing to the Chairman of the Board of Directors and the Treasurer not less than one year prior to the end of the Plan year.

Plan membership is currently comprised of Wayne-Finger Lakes BOCES and twenty-two districts. If a surplus of participants' assessments exists after the close of a Plan year, the Board may retain from such surplus an amount sufficient to establish and maintain a claim contingency fund. Surplus funds in excess of the amount transferred to or included in such contingency fund shall be applied in reduction of the next annual assessment or to the billing of Plan participants. All monies paid to the Treasurer by participants shall be commingled and administered as a common fund. No refunds shall be made to a participant and no assessments shall be charged to a participant other than the annual assessment. However, if it appears to the Board of Directors that the liabilities of the Plan will exceed its cash assets, after taking into account any 'excess insurance', the Board shall determine the amount needed to meet such deficiency and shall assess such amount against all participants pro-rata per enrollee.

The Plan purchases, on an annual basis, stop-loss insurance to limit its exposure for claims.

The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the periods in which they are made. During the year ended June 30, 2019, the Dundee Central School District incurred premiums or contribution expenditures totaling \$72,623.

**DUNDEE CENTRAL SCHOOL DISTRICT**

**Notes to Basic Financial Statements  
June 30, 2019**

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The Plan is audited on an annual basis and is available at the BOCES administrative offices. The most recent audit available for the year ended June 30, 2018 revealed that the Plan is operating at a surplus of \$3,743,653. At this time, the District has not been required to make any additional premium payments to fund this deficit.

**Unemployment**

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The District has established a self-insurance fund to pay these claims. There were no claim and judgment expenditures incurred for this program during the year ended June 30, 2019. The balance of the fund at June 30, 2019 is \$1,775,612 and is recorded in the General fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2019, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

**13. CONTINGENCIES AND COMMITMENTS**

**Litigation**

The District has also been named as a defendant in certain other actions. The District intends to defend itself vigorously in each of these cases. Accordingly, no loss contingency has been accrued.

**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.

**Rental of District Property**

The District leases office space to Greater Southern Tier BOCES for its food service management team. Total lease payments received by the District for the fiscal year ended June 30, 2019 totaled \$3,000.



**DUNDEE CENTRAL SCHOOL DISTRICT**

**Notes to Basic Financial Statements**

**June 30, 2019**

**13. TAX ABATEMENT**

The District has multiple real property tax abatement agreements entered into by the Yates and Schuyler County Industrial Development Agencies (IDA's) under Article 18-A of the real property tax law. These agreements provide for abatement of real property taxes in exchange for a payment in lieu of taxes (PILOT).

The following information summarizes the PILOT agreements entered into by the Yates and Schuyler County IDA's relating to the District:

Year Began	Agreement / Property	Total Assessed Value	Abatement Rate	Pilot Taxable Value	School Tax Rate / 1000	Regular Taxable Amount	Pilot Payment Received	Taxes Abated
2015	Finger Lakes Railroad Corp	\$ 1,800,000	Varies	\$ 1,800,000	11.784367	\$ 21,212	\$ 13,486	\$ 7,726
2007	Empire Pipeline	\$ 16,944,478	Varies	\$ 16,944,478	10.605607	179,706	110,900	68,806
2010	Winery Properties	\$ 800,000	70%	\$ 800,000	10.605625	8,485	6,793	1,692
2012	BWF Holdings	\$ 375,000	60%	\$ 375,000	10.605625	3,977	3,065	912
2011	BWF Holdings	\$ 1,039,100	60%	\$ 1,039,100	10.605625	11,020	7,178	3,842
2007	Empire Pipeline	\$ 563,096	Varies	\$ 563,096	10.605457	5,972	-	5,972
2007	Empire Pipeline	\$ 2,304,037	Varies	\$ 2,304,037	10.605736	24,436	35,292	(10,856)
						<u>\$ 254,808</u>	<u>\$ 176,714</u>	<u>\$ 78,094</u>

The District did not participate in Mortgage and Sales tax abatements granted by the IDAs.

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

**DUNDEE CENTRAL SCHOOL DISTRICT**

**Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund (Unaudited)  
For the year ended June 30, 2019**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Final Budget Variance with Budgetary Actual</u>
<b>REVENUE</b>					
Real property taxes	\$ 5,288,000	\$ 5,288,000	\$ 4,692,712	\$ -	\$ (595,288)
Other tax items	174,000	174,000	784,679	-	610,679
Charges for services	16,800	16,800	50,244	-	33,444
Use of money and property	5,000	5,000	132,182	-	127,182
Sale of property and compensation for loss	-	-	33,217	-	33,217
Miscellaneous	113,000	113,000	143,867	-	30,867
State sources	10,552,766	10,552,766	10,451,201	-	(101,565)
Medicaid reimbursement	<u>10,000</u>	<u>10,000</u>	<u>107,974</u>	<u>-</u>	<u>97,974</u>
 Total revenue	 <u>16,159,566</u>	 <u>16,159,566</u>	 <u>16,396,076</u>	 <u>-</u>	 <u>236,510</u>
<b>EXPENDITURES</b>					
<b>GENERAL SUPPORT:</b>					
Board of education	59,158	65,673	27,372	4,418	33,883
Central administration	185,480	185,480	156,367	-	29,113
Finance	310,946	335,308	282,172	13,100	40,036
Staff	70,644	59,659	54,242	-	5,417
Central services	1,207,063	1,408,948	1,059,964	16,276	332,708
Special items	<u>214,273</u>	<u>204,534</u>	<u>198,587</u>	<u>-</u>	<u>5,947</u>
 Total general support	 <u>2,047,564</u>	 <u>2,259,602</u>	 <u>1,778,704</u>	 <u>33,794</u>	 <u>447,104</u>

INSTRUCTION:

Instruction, administration, and improvement	585,371	565,034	401,845	5,775	157,414
Teaching - regular school	3,823,075	3,599,212	3,020,519	16,043	562,650
Programs for children with handicapping conditions	3,090,268	3,131,246	2,450,832	298	680,116
Occupational education	350,540	325,657	324,432	-	1,225
Teaching - special school	81,118	89,386	61,945	-	27,441
Instructional media	484,078	519,521	402,741	32,833	83,947
Pupil services	<u>956,954</u>	<u>996,919</u>	<u>921,323</u>	<u>3,253</u>	<u>72,343</u>
 Total instruction	 <u>9,371,404</u>	 <u>9,226,975</u>	 <u>7,583,637</u>	 <u>58,202</u>	 <u>1,585,136</u>
 Pupil transportation	 1,202,831	 1,223,553	 1,016,732	 820	 206,001
Home and community service	13,113	13,113	7,309	-	5,804
Employee benefits	4,501,443	4,680,221	3,623,619	-	1,056,602
Debt service	<u>1,687,938</u>	<u>1,687,938</u>	<u>1,537,326</u>	<u>-</u>	<u>150,612</u>
 Total expenditures	 <u>18,824,293</u>	 <u>19,091,402</u>	 <u>15,547,327</u>	 <u>92,816</u>	 <u>3,451,259</u>
 Excess (deficiency) of revenue over expenditures	 <u>(2,664,727)</u>	 <u>(2,931,836)</u>	 <u>848,749</u>	 <u>(92,816)</u>	 <u>3,687,769</u>
 OTHER FINANCING USES:					
Transfers in	-	-	50,802	-	50,802
Transfers out	<u>(24,704)</u>	<u>(1,024,704)</u>	<u>(1,024,704)</u>	<u>-</u>	<u>-</u>
 Total other financing uses	 <u>(24,704)</u>	 <u>(1,024,704)</u>	 <u>(973,902)</u>	 <u>-</u>	 <u>50,802</u>
 CHANGE IN FUND BALANCES	 <u>\$ (2,689,431)</u>	 <u>\$ (3,956,540)</u>	 (125,153)	 <u>\$ (92,816)</u>	 <u>\$ 3,738,571</u>
 FUND BALANCE - beginning of year			 <u>13,854,581</u>		
 FUND BALANCE - end of year			 <u>\$ 13,729,428</u>		

**DUNDEE CENTRAL SCHOOL DISTRICT**

**Schedule of Proportionate Share of Net Pension Liability (Asset) (Unaudited)  
For the year ended June 30, 2019**

<b>NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN</b>	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Proportion of the net pension liability (asset)	0.007%	0.007%	0.007%	0.007%	0.007%					
Proportionate share of the net pension liability (asset)	\$ 481	\$ 233	\$ 639	\$ 1,111	\$ 224					
Covered-employee payroll	\$ 2,052	\$ 2,227	\$ 2,127	\$ 2,020	\$ 2,102					
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	23.44%	10.46%	30.04%	55.00%	10.66%					
Plan fiduciary net position as a percentage of the total pension liability (asset)	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 they become available.

<b>NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN</b>	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Proportion of the net pension liability (asset)	0.031%	0.034%	0.035%	0.035%	0.033%					
Proportionate share of the net pension liability (asset)	\$ (566)	\$ (261)	\$ 372	\$ (3,605)	\$ (3,707)					
Covered-employee payroll	5,100	\$ 5,448	\$ 5,361	\$ 5,412	\$ 5,225					
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-11.10%	-4.79%	6.94%	-66.61%	-70.95%					
Plan fiduciary net position as a percentage of the total pension liability (asset)	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 they become available.

**DUNDEE CENTRAL SCHOOL DISTRICT**

**Schedule of Contributions - Pension Plans (Unaudited)**

**For the year ended June 30, 2019**

<b>NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN</b>	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 276	\$ 314	\$ 307	\$ 337	\$ 401					
Contributions in relation to the contractually required contribution	<u>276</u>	<u>314</u>	<u>307</u>	<u>337</u>	<u>401</u>					
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
Covered-employee payroll	\$ 2,052	\$ 2,227	\$ 2,127	\$ 2,020	\$ 2,102					
Contributions as a percentage of covered-employee payroll	13.45%	14.10%	14.43%	16.68%	19.08%					

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

<b>NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN</b>	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Contractually required contribution	\$ 500	\$ 638	\$ 711	\$ 914	\$ 955					
Contributions in relation to the contractually required contribution	<u>500</u>	<u>638</u>	<u>711</u>	<u>914</u>	<u>955</u>					
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>					
Covered-employee payroll	5,100	\$ 5,448	\$ 5,361	\$ 5,412	\$ 5,225					
Contributions as a percentage of covered-employee payroll	9.80%	11.71%	13.26%	16.89%	18.28%					

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

**SUPPLEMENTARY INFORMATION (UNAUDITED)**

**DUNDEE 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, 2019**

**CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET**

Adopted budget		\$ 18,848,997
Add: Prior year's encumbrances		<u>97,109</u>
Original budget		18,946,106
Budget revisions		<u>1,170,000</u>
Final budget		<u><u>\$ 20,116,106</u></u>

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

2019-20 voter-approved expenditure budget	\$ <u>19,073,447</u>	
Maximum allowed (4% of 2019-20 budget)		\$ <u>762,938</u>

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

Unrestricted fund balance:		
Assigned fund balance	\$ 342,816	
Unassigned fund balance	<u>932,262</u>	
Total unrestricted fund balance	<u>1,275,078</u>	
Less:		
Tax reduction reserve	(10,000)	
Appropriated fund balance	(250,000)	
Encumbrances included in assigned fund balance	<u>(92,816)</u>	
Total adjustments	<u>\$ (352,816)</u>	

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law: \$ 922,262

Actual percentage 4.84%



**DUNDEE CENTRAL SCHOOL DISTRICT**

**Schedule of Project Expenditures - Capital Projects Funds (Unaudited)  
For the year ended June 30, 2019**

<u>Project Title</u>	<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Prior Years' Expenditures</u>	<u>Current Year Expenditures</u>	<u>Total Expenditures</u>	<u>Unexpended Balance</u>	<u>Federal and State sources</u>
Smart Schools Bond Act	\$ 888,015	\$ 888,015	\$ 568,297	\$ 70,738	\$ 639,035	\$ 248,980	\$ 639,035
2018 Capital Improvement							
Main Building	2,093,588	2,093,588	-	227,612	227,612	1,865,976	-
Bus Garage	<u>5,615,000</u>	<u>5,615,000</u>	<u>-</u>	<u>402,279</u>	<u>402,279</u>	<u>5,212,721</u>	<u>-</u>
	<u>\$ 8,596,603</u>	<u>\$ 8,596,603</u>	<u>\$ 568,297</u>	<u>\$ 700,629</u>	<u>\$ 1,268,926</u>	<u>\$ 7,327,677</u>	<u>\$ 639,035</u>

**DUNDEE CENTRAL SCHOOL DISTRICT**

**Schedule of Net Investment in Capital Assets (Unaudited)  
For the year ended June 30, 2019**

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Capital assets, net	\$ 20,490,966
Deduct:	
Bond anticipation notes	(3,279,294)
Less: Unspent BAN proceeds	3,279,294
Short-term portion of bonds payable	(1,260,000)
Long-term portion of bonds payable	<u>(7,575,000)</u>
Net investment in capital assets	<u>\$ 11,655,966</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 11, 2019

To the Board of Education of the  
Dundee 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 Dundee Central School District (District), as of and for the year ended June 30, 2019, 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 11, 2019.

**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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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.

**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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

October 11, 2019

To the Board of Education of the  
Dundee Central School District

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

We have audited the Dundee Central School District's (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, 2019. 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 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.

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### **Opinion on Each 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 program for the year ended June 30, 2019.

### **Reports 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 the 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.

**DUNDEE CENTRAL SCHOOL DISTRICT**

**Schedule of expenditures of federal awards  
For the year ended June 30, 2019**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education:			
Passed through New York State Education Department -			
Title I Grants to Local Educational Agencies	84.010	0021-19-3870	\$ 481,277
Title I Grants to Local Educational Agencies	84.010	0011-19-2054	48,050
Title I Grants to Local Educational Agencies	84.010	0021-18-3870	<u>33,255</u>
<i>Subtotal Title I Grants to Local Educational Agencies</i>			<u>562,582</u>
Rural Education	84.358	0006-19-3870	11,839
Supporting Effective Instruction State Grants	84.367	0147-19-3870	78,426
Student Support and Academic Enrichment Program	84.424	0204-19-3870	25,368
Mathematics and Science Partnerships	84.366	0294-19-0307	172,710
Special Education Cluster -			
Special Education Grants to States	84.027	0032-19-1123	216,017
Special Education Preschool Grants	84.173	0033-19-1123	<u>11,673</u>
<i>Subtotal Special Education Cluster</i>			<u>227,690</u>
<i>Total Passed through New York State Education Department</i>			<u>1,078,615</u>
Total U.S. Department of Education			<u>1,078,615</u>
U.S. Department of Agriculture:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	<u>19,630</u>
Passed through New York State Education Department -			
National School Lunch Program	10.555	N/A	256,068
School Breakfast Program	10.553	N/A	<u>61,517</u>
<i>Total Passed through New York State Education Department</i>			<u>317,585</u>
<i>Subtotal Child Nutrition Cluster</i>			<u>337,215</u>
Total U.S. Department of Agriculture			<u>337,215</u>
Total Expenditures of Federal Awards			<u>\$ 1,415,830</u>
<u>Total Program Expenditures by CFDA Number</u>			
National School Lunch Program	10.555	N/A	<u>\$ 275,698</u>

The accompanying notes are an integral part of this schedule.

# DUNDEE CENTRAL SCHOOL DISTRICT

## Notes to the Schedule of Federal Expenditures of Federal Awards For the year ended June 30, 2019

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### 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of the Dundee Central School District (District), under programs of the federal government for the year ended June 30, 2019. 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 CERTAIN SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are presented in conformity with accounting principles generally accepted in the United States 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 Catalog of Federal Domestic Assistance (CFDA) number advised by the pass-through grantor.

Identifying numbers, other than the CFDA 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 share of certain program costs, are not included in the reported expenditures.



**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, 2019, the District received food commodities, the fair value of which amounted to \$19,630, is presented in the Schedule as National School Lunch Program (Division of Donated Foods, CFDA#10.555).

**DUNDEE CENTRAL SCHOOL DISTRICT**

**Schedule of Findings and Questioned Costs  
For the year ended June 30, 2019**

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**A. SUMMARY OF AUDITOR RESULTS**

**Financial Statements**

Type of 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 \_\_\_\_\_ X No

Significant deficiencies identified not considered to be material weaknesses? \_\_\_\_\_ Yes \_\_\_\_\_ X None reported

Noncompliance material to financial statements noted? \_\_\_\_\_ Yes \_\_\_\_\_ X No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified? \_\_\_\_\_ Yes \_\_\_\_\_ X No

Significant deficiencies identified not considered to be material weaknesses? \_\_\_\_\_ Yes \_\_\_\_\_ X None reported

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR Section 200.516(a)? \_\_\_\_\_ Yes \_\_\_\_\_ X No

Identification of major programs:

CFDA Number	Name of Federal Program
84.027, 84.173	Special Education Cluster
84.367	Supporting Effective Instruction State Grants

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

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

**B. FINDINGS - FINANCIAL STATEMENT AUDIT**

None.

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

None.

**D. SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

None.