

DUNDEE CENTRAL SCHOOL DISTRICT

**Financial Statements as of and for the
Year Ended June 30, 2021**

**Together with Independent
Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

DUNDEE CENTRAL SCHOOL DISTRICT

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DUNDEE CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

October 15, 2021

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, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our 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, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters*Change in Accounting Principle*

As discussed in Note 17 to the financial statements, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities*. Our opinions are not modified with respect to this matter.

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Combining Balance Sheet - nonmajor governmental funds, Combining Statement of Revenue, Expenditures and Change in Fund Balance - nonmajor governmental funds, and the other information required by the New York State Education Department, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards (the SEFA) 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 SEFA and the Combining Balance Sheet - nonmajor governmental funds, Combining Statement of Revenue, Expenditures and Change in Fund Balance - nonmajor governmental funds are the responsibility of management and were derived from and relate 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 SEFA and the Combining Balance Sheet - nonmajor governmental funds, and the Combining Statement of Revenue, Expenditures and Changes in Fund Balance - nonmajor governmental funds are fairly stated in all material respects in relation to the basic financial statements as a whole.

The other 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 15, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

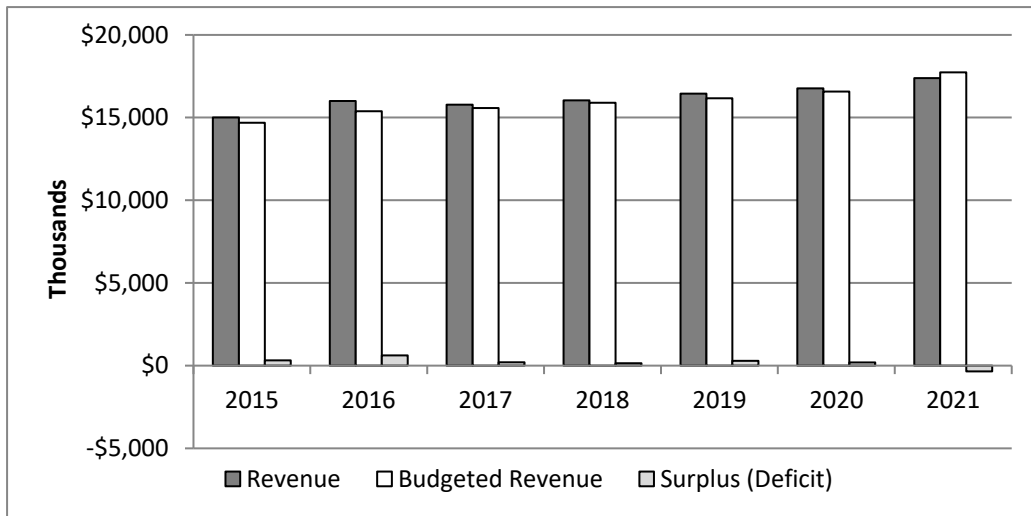
DUNDEE CENTRAL SCHOOL DISTRICT, DUNDEE NY MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) YEAR ENDED JUNE 30, 2021

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, 2021. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

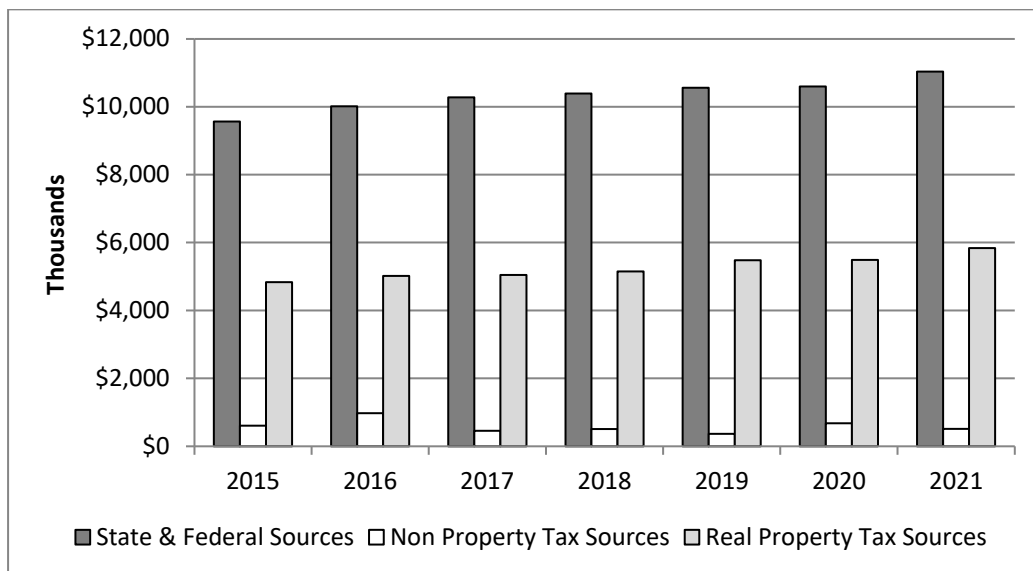
Resource Sources

- From 2015 to 2020, total general fund revenue has consistently exceeded planned (budgeted) revenues. The District estimated its revenues in a less conservative manner in 2021.



Actual vs. Budgeted Revenue

- From 2015-2021 general fund revenue increased 15.9%, 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.

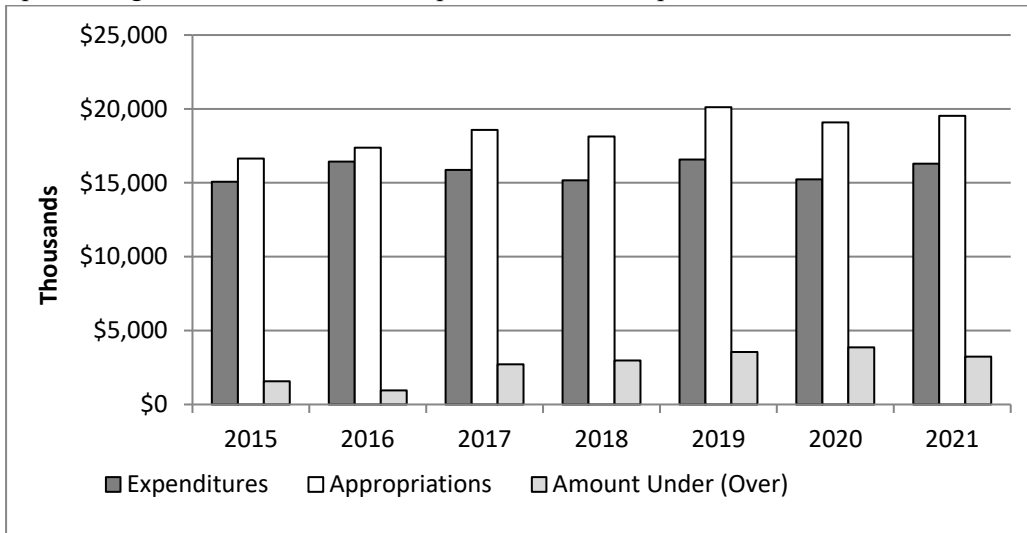


Revenue Sources

**DUNDEE CENTRAL SCHOOL DISTRICT, DUNDEE NY
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

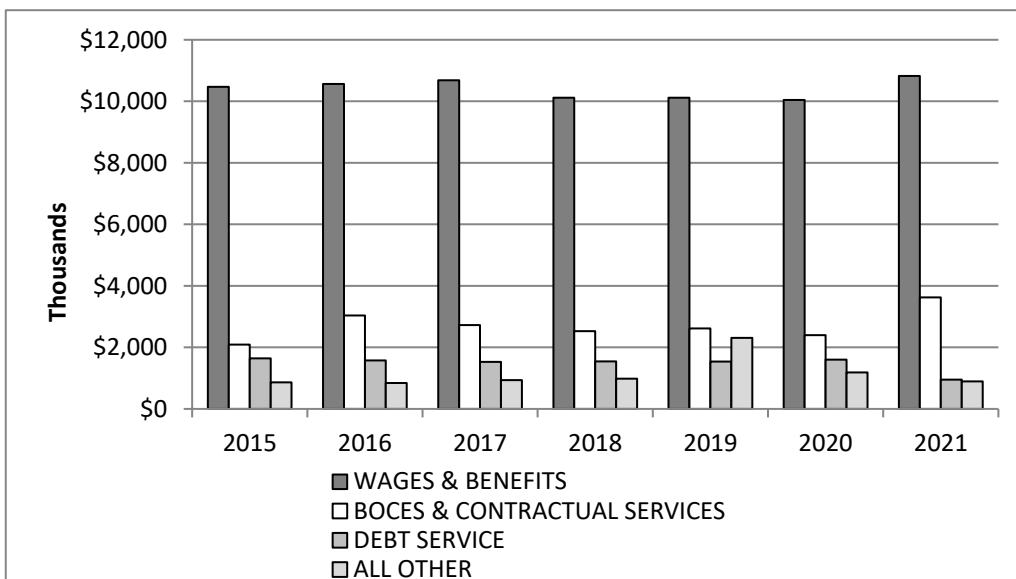
Resource Uses

- From 2015-2021 general fund expenditures increased 8.1% 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, migration and placement changes for special education students, as well as lower than anticipated fringe benefit costs, and the impact of the COVID pandemic.



Actual vs. Budgeted Expenditures

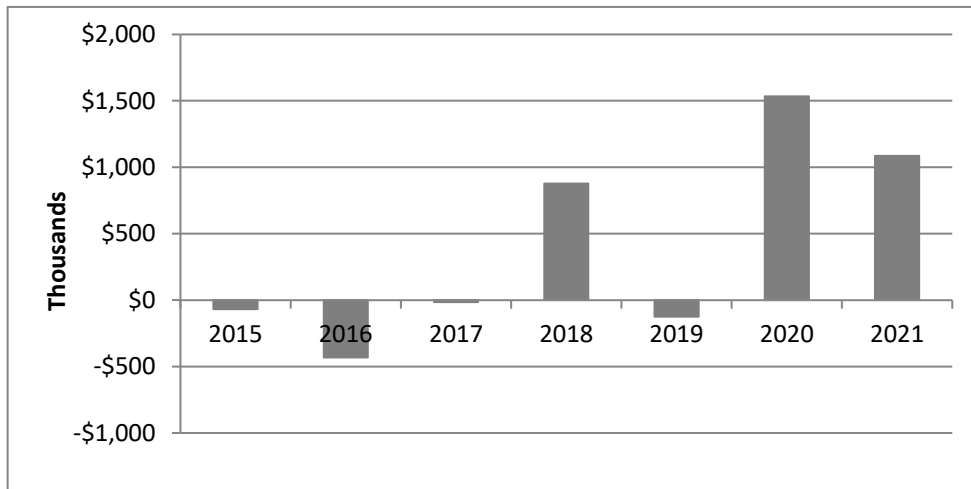
- Wages and benefits have increased since 2015 by 3.4%. Wages and benefits comprise over 66% of the school district's total expenditures. BOCES services and contractual costs have increased substantially since 2015 by 73.3% primarily due to contract and service cost increases and increased enrollment and outside placement of students with disabilities. Debt service costs have decreased by 42% as a result of debt service requirements changing related to the District's capital improvement projects. All other costs have increased by 3.5% since 2015.



Detailed Objects of Expenditures by Year

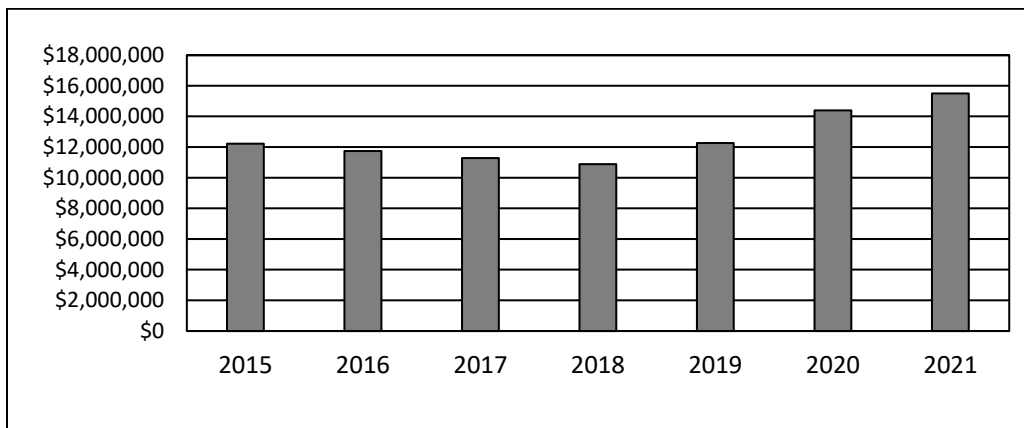
**DUNDEE CENTRAL SCHOOL DISTRICT, DUNDEE NY
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

- The District has consistently generated general fund budget surpluses. In 2018 and 2021 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. In 2020 the District garnered significant savings due to the COVID pandemic school closure as well as receiving additional grant resources that subsidized eligible costs and changes in out-of-district student programming. The District has formulated a long-range reserve plan, and when deemed to be financially prudent and viable, seeks the creation and funding of reserves to mitigate the impact of certain eligible expenses on the District’s local tax levy.



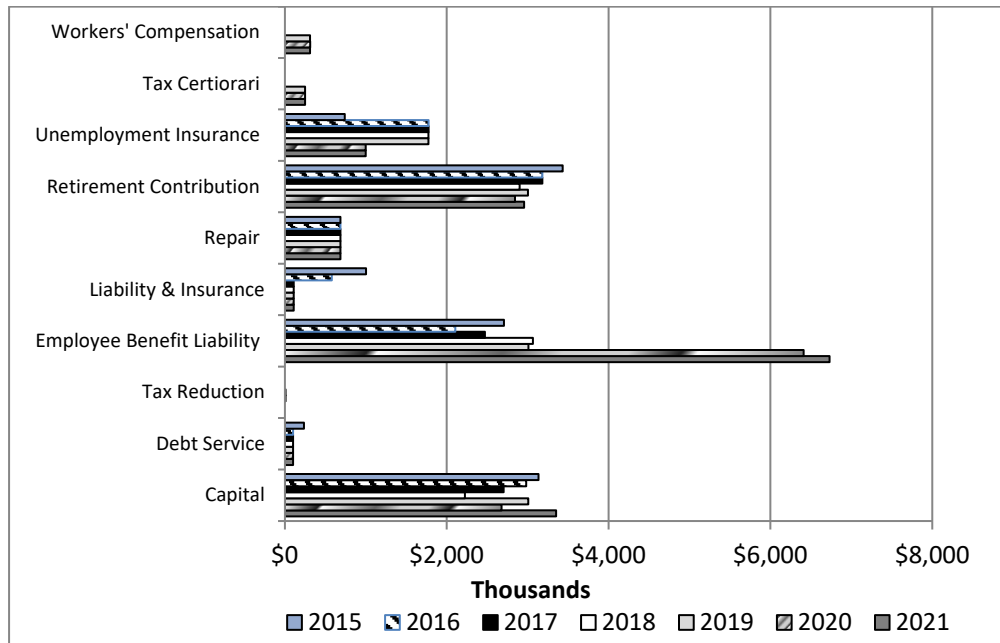
General Fund Operating Surplus (Deficit)

- 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 sought and received voter authorization for the establishment of a Capital Reserve Fund in fiscal year 2019-20.



General Fund Reserved Fund Balance

**DUNDEE CENTRAL SCHOOL DISTRICT, DUNDEE NY
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**



Restricted Reserve Balances-June 30,

- The District’s long-range plan for facilities continued during 2020-21, with construction completed on the voter approved capital improvement project.
- The District’s capital assets, net of accumulated depreciation totaled \$25.7 million at June 30, a net increase of \$1.5 million from 2020. The district added \$324 thousand consisting of transportation vehicles and \$23 thousand of instructional equipment, and \$7.6 million of construction in progress for the completed building improvements.

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

**DUNDEE CENTRAL SCHOOL DISTRICT, DUNDEE NY
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED JUNE 30, 2021**

instruction, support services, operation and maintenance of plant, student transportation and operation of non-instructional services. Fixed assets and related debt is 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.

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 completed an actuarial valuation of its Other Post-Employment Benefits (OPEB) during 2019-2020, in accordance with Governmental Accounting Standards Board (GASB) 75, ‘Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.’ This implementation has resulted in an adjustment to the District’s beginning net position.

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>2021</u>	<u>2020</u>
Current Assets	\$17,733,620	\$19,443,016
Noncurrent Assets	25,746,232	25,095,099
Deferred Outflows of Resources	5,161,423	4,529,189
Total Assets & Deferred Outflows	\$48,641,275	\$49,067,304
Current Liabilities	6,911,548	8,034,907
Noncurrent Liabilities	14,265,225	15,746,976
Deferred Inflows of Resources	2,506,613	1,263,832
Total Liabilities & Deferred Inflows	\$23,683,386	\$25,045,715
Net position:		
Investment in Capital Assets (net of related debt)	13,432,223	10,182,045
Restricted	9,028,961	7,982,232
Unrestricted	2,496,705	5,857,312
Total Net Position	\$24,957,889	\$24,021,589

The District’s change in net position was \$.9 million, primarily increasing due to capital asset valuation and repayment of related debt.

DUNDEE CENTRAL SCHOOL DISTRICT, DUNDEE NY MANAGEMENT DISCUSSION AND ANALYSIS (MD&A) YEAR ENDED JUNE 30, 2021

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,

Revenues	<u>2021</u>	<u>2020</u>
State and Federal Aid	\$10,559,003	\$10,596,086
Property Taxes	5,835,364	5,688,237
Operating Grants & Contributions	2,584,593	2,314,755
Miscellaneous	291,838	288,724
Charges for Services	232,389	113,073
Investment Earnings	31,204	137,546
Capital Grants & Contributions	-	67,441
	<u>\$19,534,391</u>	<u>\$19,205,862</u>
Expenses		
Instruction	\$14,151,238	\$14,110,376
General Support	2,226,444	2,220,255
Pupil Transportation	1,403,748	1,068,758
School Lunch	545,485	511,725
Interest	338,706	340,676
Community Services	22,184	21,882
	<u>\$18,687,805</u>	<u>\$18,273,672</u>
Change in Net Position	<u>846,586</u>	<u>932,190</u>
Net Position, Beginning of Year (Original)	24,021,589	25,383,299
Prior Period Adjustment	89,714	(2,293,900)
Net Position, Beginning of Year (Restated)	<u>24,111,303</u>	<u>23,089,399</u>
Net Position, End of Year	<u>\$24,957,889</u>	<u>\$24,021,589</u>

The District's operating grants and contributions revenue increased due to receipt of Federal Stimulus funds. Charges for services increased as a result of additional non-resident tuition received. Pupil transportation expenses increased as a result of additional bussing required for pandemic response.

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 from 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.
- The state COVID pandemic financial crisis is expected to continue to impact District operations. Additionally, significant unanticipated costs may be incurred in order to comply with Local, State, and/or Federal mandates and directives surrounding the pandemic.

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, 2021

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 13,776,273
Cash and cash equivalents - restricted	267,233
Investments	2,055,126
Accounts receivable	68,278
Due from Federal and State governments	1,548,158
Inventory	<u>18,552</u>
Total current assets	<u>17,733,620</u>

NON-CURRENT ASSETS:

Capital assets, net	<u>25,746,232</u>
Total non-current assets	<u>25,746,232</u>

Total assets 43,479,852

DEFERRED OUTFLOWS OF RESOURCES

Pension related - TRS	3,259,398
Pension related - ERS	1,404,598
OPEB related	<u>497,427</u>
Total deferred outflows of resources	<u>5,161,423</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable	75,731
Accrued liabilities	195,151
Accrued interest	8,903
Unearned revenue	44,235
Due to other governments	8,168
Due to fiduciary fund	25
Due to Teachers' Retirement System	608,589
Due to Employees' Retirement System	84,746
Bond anticipation note payable	<u>5,886,000</u>

Total current liabilities 6,911,548

LIABILITIES (CONTINUED)

LONG-TERM LIABILITIES:

Due and payable within one year -	
Bonds payable	\$ 995,000
Total long-term liabilities due and payable within one year	<u>995,000</u>
Due and payable after one year -	
Net pension liability - ERS	6,559
Net pension liability - TRS	918,373
Total other postemployment benefits (OPEB) liability	6,730,293
Bonds payable, net of current portion	<u>5,615,000</u>
Total long-term liabilities due and payable after one year	<u>13,270,225</u>

Total long-term liabilities 14,265,225

Total liabilities 21,176,773

DEFERRED INFLOWS OF RESOURCES

Pension related - TRS	579,243
Pension related - ERS	<u>1,927,370</u>
Total deferred inflows of resources	<u>2,506,613</u>

NET POSITION

Net investment in capital assets	13,432,223
Restricted	9,028,961
Unrestricted	<u>2,496,705</u>
Total net position	<u>\$ 24,957,889</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, 2021

	Program Revenue			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants	
FUNCTIONS/PROGRAMS:				
General government support	\$ 2,226,444	\$ -	\$ -	\$ (2,226,444)
Instruction	14,151,238	227,478	2,063,117	(11,860,643)
Pupil transportation	1,403,748	-	-	(1,403,748)
Home and community service	22,184	-	-	(22,184)
Interest	338,706	-	-	(338,706)
School lunch program	545,485	4,911	521,476	(19,098)
Total functions/programs	<u>\$ 18,687,805</u>	<u>\$ 232,389</u>	<u>\$ 2,584,593</u>	<u>\$ (15,870,823)</u>
GENERAL REVENUE:				
Real property taxes				5,072,611
Nonproperty taxes				762,753
Use of money and property				31,204
Sale of property and compensation for loss				17,382
Miscellaneous				274,456
Medicaid reimbursement				43,826
State sources				<u>10,515,177</u>
Total general revenue				<u>16,717,409</u>
CHANGE IN NET POSITION				<u>846,586</u>
NET POSITION - beginning of year, as previously reported				24,021,589
PRIOR PERIOD ADJUSTMENT (Note 17)				<u>89,714</u>
NET POSITION - beginning of year				<u>24,111,303</u>
NET POSITION - end of year				<u>\$ 24,957,889</u>

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

DUNDEE CENTRAL SCHOOL DISTRICT

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

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 13,370,794	\$ -	\$ 405,479	\$ 13,776,273
Cash and cash equivalents - restricted	-	181,991	85,242	267,233
Investments	2,055,126	-	-	2,055,126
Accounts receivable	67,561	-	717	68,278
Due from other funds	1,271,566	137,652	223,908	1,633,126
Due from Federal and State governments	1,129,540	-	418,618	1,548,158
Inventory	-	-	18,552	18,552
	<u>17,894,587</u>	<u>319,643</u>	<u>1,152,516</u>	<u>19,366,746</u>
Total assets				
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	68,998	-	6,733	75,731
Accrued liabilities	184,819	-	10,332	195,151
Due to other funds	350,577	480,862	801,712	1,633,151
Due to other governments	-	-	8,168	8,168
Due to Teachers' Retirement System	608,589	-	-	608,589
Due to Employees' Retirement System	79,819	-	4,927	84,746
Unearned revenue	-	-	44,235	44,235
Bond anticipation note payable	-	5,886,000	-	5,886,000
	<u>1,292,802</u>	<u>6,366,862</u>	<u>876,107</u>	<u>8,535,771</u>
Total liabilities				
FUND BALANCES:				
Nonspendable -				
Inventory	-	-	18,552	18,552
Restricted	15,501,397	-	257,857	15,759,254
Assigned to -				
Appropriated for subsequent year's expenditures	250,000	-	-	250,000
Other assigned purposes	101,586	-	-	101,586
Unassigned	748,802	(6,047,219)	-	(5,298,417)
	<u>16,601,785</u>	<u>(6,047,219)</u>	<u>276,409</u>	<u>10,830,975</u>
Total fund balances				
Total liabilities and fund balance	<u>\$ 17,894,587</u>	<u>\$ 319,643</u>	<u>\$ 1,152,516</u>	<u>\$ 19,366,746</u>

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, 2021

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

Fund balance - total governmental funds	\$ 10,830,975
Capital assets used in governmental activities are not financial resources and, therefore are not reported in the funds	25,746,232
Deferred outflows/inflows of resources related to pensions and other postemployment benefits are applicable to future periods and; therefore, not reported in the funds:	
Deferred outflows - ERS/TRS	4,663,996
Deferred inflows - ERS/TRS	(2,506,613)
Deferred outflows - OPEB	497,427
Long-term other postemployment benefit (OPEB) obligations are not due and payable in the current period and, therefore, are not reported in the funds: (expense)/income	
Total other postemployment benefits (OPEB) liability	(6,730,293)
Long-term net pension obligations are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension liability - ERS	(6,559)
Net pension liability - TRS	(918,373)
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	(6,610,000)
Accrued interest	(8,903)
Net position of governmental activities	<u>\$ 24,957,889</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, 2021**

	<u>General</u>	<u>Capital Projects</u>	<u>Nonmajor Funds</u>	Total Governmental <u>Funds</u>
REVENUE:				
Real property tax	\$ 5,072,611	\$ -	\$ -	\$ 5,072,611
Other tax items	762,753	-	-	762,753
Charges for services	227,478	-	-	227,478
Use of money and property	31,174	-	30	31,204
Sale of property and compensation for loss	17,382	-	-	17,382
Miscellaneous	185,872	-	88,584	274,456
State sources	10,515,177	-	376,534	10,891,711
Federal sources	521,745	-	1,686,314	2,208,059
Medicaid reimbursement	43,826	-	-	43,826
Interfund revenue	2,822	-	-	2,822
Sales	-	-	4,911	4,911
	<u>17,380,840</u>	<u>-</u>	<u>2,156,373</u>	<u>19,537,213</u>
Total revenue				
EXPENDITURES:				
General support	1,762,817	-	-	1,762,817
Instruction	7,854,804	-	1,427,518	9,282,322
Pupil transportation	1,025,949	-	-	1,025,949
Employee benefits	3,706,048	-	235,059	3,941,107
Home and community service	22,184	-	-	22,184
Cost of sales	-	-	388,222	388,222
Capital outlays	-	2,486,657	-	2,486,657
Debt service -				
Principal	1,577,588	-	-	1,577,588
Interest	339,904	-	-	339,904
	<u>16,289,294</u>	<u>2,486,657</u>	<u>2,050,799</u>	<u>20,826,750</u>
Total expenditures				
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>1,091,546</u>	<u>(2,486,657)</u>	<u>105,574</u>	<u>(1,289,537)</u>
OTHER FINANCING SOURCES AND (USES)				
Bans redeemed from appropriations	-	612,588	-	612,588
Transfers in	-	-	6,587	6,587
Transfers out	(6,587)	-	-	(6,587)
	<u>(6,587)</u>	<u>612,588</u>	<u>6,587</u>	<u>612,588</u>
Total other financing sources (uses)				
CHANGE IN FUND BALANCE	<u>1,084,959</u>	<u>(1,874,069)</u>	<u>112,161</u>	<u>(676,949)</u>
FUND BALANCE - beginning of year, as previously reported	15,516,826	(4,173,150)	74,534	11,418,210
PRIOR PERIOD ADJUSTMENT (Note 17)	-	-	89,714	89,714
FUND BALANCE - beginning of year, as restated	<u>15,516,826</u>	<u>(4,173,150)</u>	<u>164,248</u>	<u>11,507,924</u>
FUND BALANCE - end of year	<u>\$ 16,601,785</u>	<u>\$ (6,047,219)</u>	<u>\$ 276,409</u>	<u>\$ 10,830,975</u>

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 Balance - Governmental Funds to the Statement of Activities For the year ended June 30, 2021

Net changes in fund balance - total governmental funds	\$ (676,949)
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position.	2,833,726
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded as expense in the statement of activities.	(1,238,935)
Loss on disposal of capital assets is not recorded as an expenditure in the governmental funds, but is recorded as an expense in the statement of activities.	(104,192)
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.	965,000
Other postemployment benefits (expense)/income resulting from the change in the related (liabilities)/assets and deferred outflows and inflows of resources, that are long-term in nature and, therefore, not reported in the funds.	
Total other postemployment benefits liability	(319,512)
Deferred outflows of resources	(40,227)
TRS pension (expense)/income resulting from the change in the pension related (liabilities)/assets and deferred outflows and inflows of resources, that are long-term in nature and, therefore, not reported in the funds.	
Net pension liability/asset	(1,757,839)
Deferred outflows of resources	435,165
Deferred inflows of resources	631,679
ERS pension (expense)/income resulting from the change in the pension related (liabilities)/assets and deferred outflows and inflows of resources, that are long-term in nature and, therefore, not reported in the funds.	
Net pension liability/asset	1,754,636
Deferred outflows of resources	237,296
Deferred inflows of resources	(1,874,460)
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	<u>1,198</u>
Change in net position - governmental activities	<u>\$ 846,586</u>

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

DUNDEE CENTRAL SCHOOL DISTRICT

Statement of Net Position - Fiduciary Funds

June 30, 2021

	<u>Private Purpose Trust</u>
ASSETS:	
Cash - restricted	\$ 1,456,762
Due from other funds	<u>25</u>
Total assets	<u>1,456,787</u>
NET POSITION:	
Restricted for scholarships	<u>1,456,787</u>
Total net position	<u><u>\$ 1,456,787</u></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, 2021**

	<u>Private Purpose Trust</u>
ADDITIONS:	
Gifts and contributions	\$ 5,912
Investment earnings	<u>301</u>
Total additions	6,213
DEDUCTIONS:	
Scholarships and awards	<u>20,285</u>
CHANGE IN NET POSITION	(14,072)
NET POSITION - beginning of year	<u>1,470,859</u>
NET POSITION - end of year	<u>\$ 1,456,787</u>

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

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2021

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 the GASB and consists of the primary government, and when applicable, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

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

Joint Venture

The District is a component school district in the 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, 2021

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

During the year, the District was billed \$1,827,002 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$542,661.

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, 2021

The District reports the following major governmental funds:

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

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

The District reports the following nonmajor governmental funds:

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 special operating projects or programs supported in whole, or in part, with Federal funds or State or Local grants.
- **School Lunch Fund:** Used to account for transactions of the lunch and breakfast programs.
- **Miscellaneous Special Revenue Fund:** Used to account for and report those revenues that are restricted or committed to expenditures for specified purposes. Specifically, the District accounts for extraclassroom activities here, as the District has administrative involvement with these funds.

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/or are not available to be used.

The District has one class of fiduciary fund:

- **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.

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.

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2021

On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental 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, Cash Equivalents, and Investments

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. Investments are stated at amortized cost, which closely approximates fair value.

Restricted Cash and Cash Equivalents

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 and Due From Federal and State Governments

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

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 Counties, who assume all responsibility for collection. Uncollected real property taxes are subsequently enforced by the Counties in which the District is located. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the District no later than the following April 1.

Inventory

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

DUNDEE CENTRAL SCHOOL DISTRICT

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

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 8 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

Capital Assets

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

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

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

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2021

Vested Employee Benefits

Eligible employees receive annual sick leave, vacation, and personal leave time. Eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, employees may contractually receive a payment towards other postemployment benefits based on unused accumulated sick leave. As such, the value of these future payments is encompassed in the District's Total Other Postemployment Benefit (OPEB) Liability.

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.

Accruals in the accompanying financial statements for earned but unused vacation time has been calculated using the vesting/termination method and is calculated based on the pay rates in effect at year-end.

In the fund statements 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 through the District's Other Postemployment Benefit (OPEB) plan. The balance remaining in escrow 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 value of the future expected costs of this benefit is recognized as the Total Other Postemployment Benefits (OPEB) liability.

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 (expenditure/expenses) 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.

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.

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2021

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

Accrued Liabilities and Long-Term Obligations

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

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

Restricted Resources

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

District-wide Statements - Equity Classifications

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

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

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

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, 2021

Governmental Fund Financial Statements - Equity Classifications

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

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

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

Capital Reserve

According to Education Law §3651, expenditures made from the capital reserve fund must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. 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 Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. This reserve is accounted for in the General Fund.

Repair

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

Employee Benefit Accrued Liability Reserve

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

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2021

Insurance Reserve

According to General Municipal Law §6-n, all expenditures made from the insurance reserve fund 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 appropriations, 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. 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 Fund

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

Workers' Compensation

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

DUNDEE CENTRAL SCHOOL DISTRICT

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

Unemployment Insurance Reserve

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

Restricted fund balance includes the following:

General Fund:	
Workers' compensation	\$ 313,000
Capital reserve	3,352,282
Debt service	102,556
Employee benefits	6,730,293
Retirement contributions	2,956,487
Unemployment insurance	1,000,000
Insurance	110,000
Repair	686,779
Tax certiorari	250,000
	<u>15,501,397</u>
School Lunch Fund	172,615
Miscellaneous Special Revenue Fund - Extraclassroom Activities	85,242
	<u>\$ 15,759,254</u>

As a special revenue fund, the school lunch fund's fund balance is restricted for the purpose of that fund. Fund balance in the miscellaneous special revenue fund is also restricted, to be used for the extraclassroom activities of the District.

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, 2021.

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

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2021

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

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

Order of Fund Balance Spending Policy

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported revenue and expenses during the reporting period. Actual results could differ from those estimates particularly given the economic disruptions and uncertainties associated with the ongoing COVID-19 pandemic, and such differences may be significant. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

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

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

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

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

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2021

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.

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.

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2021

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. No supplemental appropriations occurred 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 prior year.

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

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

Fund Balance

The Capital Projects Fund had a deficit fund balance of \$6,047,219. This will be funded when the District obtains permanent financing for its current construction project.

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.

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

5. CASH

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

At June 30, 2021, the reported amount of the District's deposits was \$15,500,268 and the bank balance was \$15,666,900. Of the bank balance, \$451,987 was covered by federal depository insurance and \$15,214,913 was covered by collateral held in the pledging bank's trust department in the District's name.

DUNDEE CENTRAL SCHOOL DISTRICT

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

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 \$267,233 within the governmental funds and \$1,456,762 in the fiduciary fund.

6. INVESTMENTS

The District participates in the New York Cooperative Liquid Asset Securities System (NYCLASS) local government investment pool. A separate financial report for NYCLASS is prepared in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, as amended by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Copies of the report can be obtained from the NYCLASS website at newyorkclass.org.

NYCLASS measures its investments at fair value in accordance with Paragraph 41 of Statement 79 and Paragraph 11 of Statement 31, and therefore a Participant's investment in NYCLASS is not required to be categorized within the fair value hierarchy of purposes of Paragraph 81a(2) of Statement 72.

NYCLASS is rated by S&P Global Ratings. The current rating is 'AAAm.'

The dollar weighted average days to maturity (WAM) of NYCLASS at June 30, 2020, is 41 days. Next interest rate reset dates for floating rate securities are used in calculation of the WAM. The weighted average life (WAL) of NYCLASS at June 30, 2020, is 60 days.

The U.S. Treasuries within the NYCLASS portfolio are backed by the full faith and credit of the United States Government and therefore do not require collateral. New York State Municipal Bonds within the portfolio are backed by the full faith and credit of the State of New York and therefore do not require collateral. The other permissible investment security types are collateralized in accordance with NYS GML Section 10 and the NYCLASS Investment Policy. Repurchase Agreements (repo) are collateralized 102% by either U.S. Treasuries or U.S. Agencies. Certificates of Deposit (CD) also require full collateral; currently NYCLASS CDs are being collateralized by Federal Home Loan Bank (FHLB) Letters of Credit (LOC).

NYCLASS Portfolio Holdings as of June 30, 2021:

U.S. Treasury Securities (Full Faith and Credit)	57.93%
Bank Deposits (Collateralized)	25.69%
Repurchase Agreements (Collateralized)	10.54%
FDIC Insured Bank Deposits	<u>5.84%</u>
	<u>100.00%</u>

Total District NYCLASS Investment balance as of June 30, 2021: \$ 2,055,126

DUNDEE CENTRAL SCHOOL DISTRICT

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

7. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 5,928	\$ -	\$ -	\$ 5,928
Work in progress	<u>5,120,653</u>	<u>-</u>	<u>(5,120,653)</u>	<u>-</u>
Total nondepreciable cost	<u>5,126,581</u>	<u>-</u>	<u>(5,120,653)</u>	<u>5,928</u>
Capital assets that are depreciated:				
Buildings and improvements	30,054,203	7,607,310	-	37,661,513
Furniture and equipment	<u>6,374,290</u>	<u>347,069</u>	<u>(352,329)</u>	<u>6,369,030</u>
Total depreciable historical cost	<u>36,428,493</u>	<u>7,954,379</u>	<u>(352,329)</u>	<u>44,030,543</u>
Less accumulated depreciation:				
Buildings and improvements	(13,155,305)	(691,291)	-	(13,846,596)
Furniture and equipment	<u>(4,144,136)</u>	<u>(547,644)</u>	<u>248,137</u>	<u>(4,443,643)</u>
Total accumulated depreciation	<u>(17,299,441)</u>	<u>(1,238,935)</u>	<u>248,137</u>	<u>(18,290,239)</u>
Total depreciable cost - net	<u>19,129,052</u>	<u>6,715,444</u>	<u>(104,192)</u>	<u>25,740,304</u>
Total capital assets, net	<u>\$ 24,255,633</u>	<u>\$ 6,715,444</u>	<u>\$ (5,224,845)</u>	<u>\$ 25,746,232</u>

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

General support	\$ 13,826
Instruction	868,167
Pupil transportation	282,097
School lunch	<u>74,845</u>
Total depreciation	<u>\$ 1,238,935</u>

DUNDEE CENTRAL SCHOOL DISTRICT

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

8. INTERFUND BALANCES AND ACTIVITY

	Interfund		Transfers	
	Receivable	Payable	In	Out
General	\$ 1,271,566	\$ 350,577	\$ -	\$ 6,587
Special Aid	223,908	781,411	6,587	-
School Lunch	-	20,301	-	-
Capital Projects	137,652	480,862	-	-
Fiduciary	25	-	-	-
Total	<u>\$ 1,633,151</u>	<u>\$ 1,633,151</u>	<u>\$ 6,587</u>	<u>\$ 6,587</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.

9. SHORT-TERM DEBT

On June 24, 2021, the District issued a bond anticipation note renewal to fund the capital improvement project.

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

	Maturity	Stated Interest	Beginning	Issued	Redeemed	Ending Balance
		Rate	Balance			
BAN	6/25/2021	1.5%	\$ 6,498,588	\$ -	\$ (6,498,588)	\$ -
BAN	6/24/2022	1.250%	-	5,886,000	-	5,886,000
			<u>\$ 6,498,588</u>	<u>\$ 5,886,000</u>	<u>\$ (6,498,588)</u>	<u>\$ 5,886,000</u>

Total interest on short-term debt for the year totaled \$97,479.

DUNDEE CENTRAL SCHOOL DISTRICT

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

10. LONG-TERM OBLIGATIONS

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

	Balance <u>7/1/2020</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>6/30/2021</u>	Due Within <u>One Year</u>
Bonds:					
Serial bonds payable	\$ 7,575,000	\$ -	\$ (965,000)	\$ 6,610,000	\$ 995,000

Interest on serial bonds for the year was composed of:

Interest paid	\$ 242,425
Less: Interest accrued in the prior year	(10,101)
Plus: Interest accrued in the current year	<u>8,903</u>
Total interest expense	<u>\$ 241,227</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>	6/30/2021 <u>Balance</u>
2015 Construction Bond	6/15/2015	6/15/2030	2.00-3.00%	\$ 4,885,000
2016 Series E Bonds	6/15/2016	6/15/2031	2.00-5.00%	<u>1,725,000</u>
Total bond issue				<u>\$ 6,610,000</u>

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 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	1,090,000	121,425	1,211,425
2026	1,010,000	88,550	1,098,550
2027-2031	<u>1,435,000</u>	<u>173,850</u>	<u>1,608,850</u>
Totals	<u>\$ 6,610,000</u>	<u>\$ 934,600</u>	<u>\$ 7,544,600</u>

DUNDEE CENTRAL SCHOOL DISTRICT

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

11. 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 or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Contributions

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

	<u>ERS</u>
2021	\$ 281,064
2020	\$ 279,715
2019	\$ 275,980

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

At June 30, 2021, the District reported a net pension liability of \$6,559 for its proportionate share of the ERS net pension liability. The net pension liability was measured as of March 31, 2021, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2020. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2021, the District's proportionate share was 0.0065867%, which was a decrease of 0.0000642% from its proportionate share at June 30, 2020.

DUNDEE CENTRAL SCHOOL DISTRICT

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

For the year ended June 30, 2021, the District recognized pension expense of \$170,314. At June 30, 2021, the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 80,099	\$ -
Changes of assumptions	1,205,922	22,744
Net difference between projected and actual earnings on pension plan investments	-	1,884,027
Changes in proportion and differences between the District's contributions and proportionate share of contributions	37,276	20,599
Contributions subsequent to the measurement date	<u>81,301</u>	<u>-</u>
Total	<u>\$ 1,404,598</u>	<u>\$ 1,927,370</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 March 31:

2022	\$ (101,290)
2023	(40,140)
2024	(100,290)
2025	(362,353)
2026	-
Thereafter	<u>-</u>
	<u>\$ (604,073)</u>

The District recognized \$81,301 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2021 which will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

Actuarial Assumptions

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

The actuarial valuation used the following actuarial assumptions:

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

DUNDEE CENTRAL SCHOOL DISTRICT

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

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	32.00	4.05
International Equity	15.00	6.30
Private Equity	10.00	6.75
Real Estate	9.00	4.95
Opportunistic/Absolute Return Strategy	3.00	4.50
Credit	4.00	3.63
Real assets	3.00	5.95
Fixed Income	23.00	0.00
Cash	<u>1.00</u>	0.50
	<u>100.00%</u>	

Discount Rate

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

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

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

	1% Decrease	Current Discount	1% Increase
	<u>4.90%</u>	<u>5.90%</u>	<u>6.90%</u>
Proportionate share of net pension liability (asset)	<u>\$ 1,820,425</u>	<u>\$ 6,559</u>	<u>\$ (1,666,250)</u>

DUNDEE CENTRAL SCHOOL DISTRICT

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

Pension Plan Fiduciary Net Position (000's)

The components of the current-year net pension liability of the employers as of March 31, 2021, were as follows:

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

New York State Teachers' Retirement System

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report and/or the Report on the Schedule of Employer Allocations and Schedules of Pension Amounts by Employer, which can be found on the System's website at www.nystrs.org.

The New York State Teachers' Retirement Board administers NYSTRS. NYSTRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the system. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

Contributions

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

DUNDEE CENTRAL SCHOOL DISTRICT

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

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>
2021	\$ 499,795
2020	\$ 572,778
2019	\$ 499,841

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

At June 30, 2021, the District reported net pension liability of \$918,373 for its proportionate share of the NYSTRS net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of June 30, 2019. The District's proportion of the net pension liability was based on a projection of the Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2021, the District's proportionate share was 0.033235%, which was an increase of 0.000923% from its proportionate share at June 30, 2020.

For the year ended June 30, 2021, the District recognized pension expense of \$1,248,993. At June 30, 2021, the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 804,678	\$ 47,065
Changes of assumptions	1,161,528	414,024
Net difference between projected and actual earnings on pension plan investments	599,778	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	135,705	118,154
Contributions subsequent to the measurement date	557,709	-
Total	<u>\$ 3,259,398</u>	<u>\$ 579,243</u>

The District recognized \$557,709 as a deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date June 30, 2020 which will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

DUNDEE CENTRAL SCHOOL DISTRICT

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

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

Plan's Year Ended June 30:

2021	\$	370,297
2022		734,731
2023		604,940
2024		377,909
2025		1,324
Thereafter		<u>33,245</u>
	\$	<u>2,122,446</u>

Actuarial Assumptions

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

Actuarial cost method	Entry age normal										
Inflation	2.20%										
Projected Salary Increases	Rates of increase differ based on service They have been calculated based upon recent NYSTRS member experience.										
	<table><thead><tr><th><u>Service</u></th><th><u>Rate</u></th></tr></thead><tbody><tr><td>5</td><td>4.72%</td></tr><tr><td>15</td><td>3.46%</td></tr><tr><td>25</td><td>2.37%</td></tr><tr><td>35</td><td>1.90%</td></tr></tbody></table>	<u>Service</u>	<u>Rate</u>	5	4.72%	15	3.46%	25	2.37%	35	1.90%
<u>Service</u>	<u>Rate</u>										
5	4.72%										
15	3.46%										
25	2.37%										
35	1.90%										
Projected COLAs	1.3% compounded annually										
Investment Rate of Return	7.10% compounded annually, net of pension plan investment expense, including inflation.										

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

The actuarial assumptions used in the 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, 2021**

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

Asset Type	Target Allocations in %	Long-term expected real rate of return in %
Domestic equity	33.00	7.1
International equity	16.00	7.7
Global equity	4.00	7.4
Real estate equity	11.00	6.8
Private equity	8.00	10.4
Domestic fixed income	16.00	1.8
Global bonds	2.00	1.0
High-yield bonds	1.00	3.9
Private debt	1.00	5.2
Real estate debt	7.00	3.6
Cash equivalents	<u>1.00</u>	0.7
	<u>100.0%</u>	

Discount Rate

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

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

The following presents the net pension liability (asset) of the school districts calculated using the discount rate of 7.10%, 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 <u>6.10%</u>	Current Discount <u>7.10%</u>	1% Increase <u>8.10%</u>
Proportionate Share of Net Pension Liability (asset)	<u>\$ 5,801,043</u>	<u>\$ 918,373</u>	<u>\$ (3,179,425)</u>

DUNDEE CENTRAL SCHOOL DISTRICT

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

Pension Plan Fiduciary Net Position (000's)

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

Total pension liability	\$	123,242,776
Net position		<u>120,479,505</u>
Net pension liability (asset)	\$	<u>2,763,271</u>
NYSTRS net position as a percentage of total pension liability		97.8%

Payables to the Pension Plans

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

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

	<u>June 30, 2021</u>
ERS Liability	<u>\$ 84,746</u>
TRS Liability	<u>\$ 608,589</u>

12. TOTAL OTHER POSTEMPLOYMENT BENEFITS LIABILITY

Plan Description

The District's defined benefit Other Postemployment Benefits Plan (the OPEB Plan) provides coverage to 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 30 retirees and 11 retiree spouses.

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

DUNDEE CENTRAL SCHOOL DISTRICT

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

Benefits Provided

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. Once this benefit is exhausted the District retirees may continue to belong to the health insurance program at their own cost. The District cost of these health benefits for retirees is determined by the value of unused sick time at retirement. The District has fully funded the estimated future cost in the amount of \$6,730,293, which is reported in the employee benefit accrued liability reserve in the General Fund.

Employees Covered by Benefit Terms

As of the July 1, 2019 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	41
Active employees	<u>150</u>
Total participants	<u>191</u>

Total OPEB Liability

The District's total OPEB liability of \$6,730,293 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2019. There were no significant changes between the valuation date and fiscal year end.

Actuarial Assumptions and Other Inputs

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

Inflation Rate	2.60 percent
Salary Scale	2.60 percent
Discount Rate	2.16 percent
Medical/Healthcare Trend Rate	6.6 percent to 4.1 percent over 56 years
Cost Method	Entry Age Normal

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

Mortality rates were based on RP-2014 Adjusted to 2006 Total Dataset Mortality Table generationally projected using Scale MP-Ultimate. This assumption includes a margin for future improvements in longevity.

DUNDEE CENTRAL SCHOOL DISTRICT

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

Changes in the Total OPEB Liability

Balance at June 30, 2020	<u>\$ 6,410,781</u>
Changes for the Year-	
Service cost	438,928
Interest	148,162
Changes of benefit terms	-
Changes in assumptions or other inputs	25,149
Benefit payments	<u>(292,727)</u>
Net changes	<u>319,512</u>
Balance at June 30, 2021	<u>\$ 6,730,293</u>

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

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

	1% Decrease	Current Discount	1% Increase
	<u>1.16%</u>	<u>2.16%</u>	<u>3.16%</u>
Total OPEB Liability	<u>\$ 7,248,092</u>	<u>\$ 6,730,293</u>	<u>\$ 6,241,682</u>

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

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

	<u>Healthcare</u>		
	1% Decrease	Current Trend	1% Increase
	<u>5.6% - 3.1%</u>	<u>6.6% - 4.1%</u>	<u>7.6% - 5.1%</u>
Total OPEB Liability	<u>\$ 5,908,091</u>	<u>\$ 6,730,293</u>	<u>\$ 7,712,544</u>

DUNDEE CENTRAL SCHOOL DISTRICT

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

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$652,466. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows Resources	Deferred Inflows of Resources
Changes of assumptions	\$ <u>497,427</u>	\$ <u>-</u>

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

<u>Fiscal Year Ending June</u>	<u>Amount</u>
2022	\$ 65,376
2023	65,376
2024	65,376
2025	65,376
2026	65,376
Thereafter	<u>170,547</u>
	<u>\$ 497,427</u>

13. 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.

Workers' 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.

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2021

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, 2021, the Dundee Central School District incurred premiums or contribution expenditures totaling \$80,038.

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, 2020 revealed that the Plan is operating at a surplus of \$5,056,805. At this time, the District has not been required to make any additional premium payments to fund any funding deficits.

Health Insurance

The District is a participant in the Finger Lakes Area School Health Plan, a public entity risk pool operated for the benefit of individual school districts, BOCES, and community colleges located within the Finger Lakes area. The District pays monthly premiums to the Plan for this health coverage. During the year ended June 30, 2021, the District incurred premiums or contribution expenditures totaling \$2,849,036.

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 reserve to pay these claims. There were no claim and judgement expenditures of this program for the year ended June 30, 2021. The balance of the fund at June 30, 2021 is \$1,000,000 and is recorded in the General fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2021, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

DUNDEE CENTRAL SCHOOL DISTRICT

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

14. 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, 2021 totaled \$3,000.

15. COVID -19

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

On December 27, 2020, the President signed into law the Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA Act). The CRRSA Act authorizes funding for a second Education Stabilization Fund to prevent, prepare for and respond to the coronavirus. The District is expected to receive and expend Elementary and Secondary School Emergency Relief (ESSER 2) funds as well as Governor's Emergency Education Relief (GEER 2) funds.

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

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2021

16. 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:

<u>Year Began</u>	<u>Agreement / Property</u>	<u>Total Assessed Value</u>	<u>Abatement Rate</u>	<u>Pilot Taxable Value</u>	<u>School Tax Rate / 1000</u>	<u>Regular Taxable Amount</u>	<u>Pilot Payment Received</u>	<u>Taxes Abated</u>
2005	Finger Lakes Railroad Corp	\$ 1,800,000	Varies	\$ 1,800,000	10.371067	\$ 18,668	\$ 15,127	\$ 3,541
2007	Empire Pipeline	\$ 16,944,478	Varies	\$ 16,855,776	10.582411	179,313	120,141	59,172
2010	Winery Properties	\$ 800,000	90%	\$ 800,000	10.582411	8,466	8,671	(205)
2012	BWF Holdings	\$ 375,000	80%	\$ 375,000	10.582411	3,968	3,660	308
2018	Plum Point Lodge	\$ 949,500	20%	\$ 949,500	10.371067	9,847	7,483	2,364
2011	BWF Holdings	\$ 1,039,100	80%	\$ 1,039,100	10.582411	10,996	9,553	1,443
2007	Empire Pipeline	\$ 2,867,133	Varies	\$ 2,846,817	10.370735	29,734	54,223	(24,489)
						<u>\$ 260,992</u>	<u>\$ 218,858</u>	<u>\$ 42,134</u>

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

DUNDEE CENTRAL SCHOOL DISTRICT

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

17. PRIOR PERIOD ADJUSTMENT

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

In accordance with this Statement, the District continues to report a Private-Purpose Trust Fund for its scholarships that are held in legal trusts or trust equivalents. In addition, this Statement clarified the criteria for reporting certain activities as governmental or fiduciary activities. As a result, the District has a new governmental fund, the Miscellaneous Special Revenue Fund, which is used to account for the Extraclassroom activity funds, which were previously recorded in the Agency Fund. Beginning cash, liabilities, fund balance, and net position were adjusted as noted below for the following opinion units:

		<u>Fiduciary Activities</u>					
		<u>Agency Fund</u>					
		Cash, Accounts Receivable, Due From Other Funds	Accrued Liabilities, Due to Other Funds				
Balance at June 30, 2020, as previously reported		\$ 218,886	\$ (218,886)				
Restatement of beginning balance - Adoption of GASB Statement No. 84		<u>(218,886)</u>	<u>218,886</u>				
Balance at July 1, 2020, as restated		<u>\$ -</u>	<u>\$ -</u>				
		<u>Governmental Activities</u>		<u>General Fund</u>		<u>Miscellaneous Special Revenue Fund</u>	
		Cash, Accounts Receivable	Accrued Liabilities	Cash, Accounts Receivable	Accrued Liabilities	Cash	Fund Balance
		Net Position					
Balance at June 30, 2020, as previously reported		\$ 16,228,660	\$ (83,323)	\$ (24,021,589)	\$ 12,924,673	\$ (69,368)	\$ -
Restatement of beginning balance - Adoption of GASB Statement No. 84		<u>218,886</u>	<u>(129,172)</u>	<u>(89,714)</u>	<u>129,172</u>	<u>(129,172)</u>	<u>89,714</u>
Balance at July 1, 2020, as restated		<u>\$ 16,447,546</u>	<u>\$ (212,495)</u>	<u>\$ (24,111,303)</u>	<u>\$ 13,053,845</u>	<u>\$ (198,540)</u>	<u>\$ 89,714</u>

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

DUNDEE CENTRAL SCHOOL DISTRICT

**Schedule of Revenue, Expenditures, and Change in Fund Balance - Budget and Actual - General Fund (Unaudited)
For the year ended June 30, 2021**

	Original <u>Budget</u>	Final <u>Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	Final Budget Variance with <u>Budgetary Actual</u>
REVENUE					
Real property taxes	\$ 5,603,880	\$ 5,603,880	\$ 5,072,611	\$ -	\$ (531,269)
Other tax items	210,600	210,600	762,753	-	552,153
Charges for services	90,000	90,000	227,478	-	137,478
Use of money and property	75,000	75,000	31,174	-	(43,826)
Sale of property and compensation for loss	10,000	10,000	17,382	-	7,382
Miscellaneous	112,750	112,750	185,872	-	73,122
State sources	11,612,187	11,612,187	10,515,177	-	(1,097,010)
Federal sources	-	-	521,745	-	521,745
Medicaid reimbursement	20,000	20,000	43,826	-	23,826
Interfund revenue	-	-	2,822	-	2,822
	<u>17,734,417</u>	<u>17,734,417</u>	<u>17,380,840</u>	<u>-</u>	<u>(353,577)</u>
Total revenue					
EXPENDITURES					
GENERAL SUPPORT:					
Board of education	71,985	60,530	22,733	-	37,797
Central administration	199,763	200,967	195,326	-	5,641
Finance	369,288	414,126	374,208	19,061	20,857
Staff	72,663	72,663	59,991	-	12,672
Central services	1,107,479	1,125,433	896,687	786	227,960
Special items	225,577	225,577	213,872	-	11,705
	<u>2,046,755</u>	<u>2,099,296</u>	<u>1,762,817</u>	<u>19,847</u>	<u>316,632</u>
Total general support					

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Final Budget Variance with Budgetary Actual</u>
INSTRUCTION:					
Instruction, administration, and improvement	575,513	558,500	385,601	1,410	171,489
Teaching - regular school	3,613,025	3,697,320	3,155,373	53,303	488,644
Programs for children with handicapping conditions	3,222,887	3,020,280	2,592,615	474	427,191
Occupational education	378,000	368,000	365,796	-	2,204
Teaching - special school	83,730	83,730	(749)	-	84,479
Instructional media	607,982	666,535	482,652	21,308	162,575
Pupil services	<u>1,078,316</u>	<u>1,102,539</u>	<u>873,516</u>	<u>4,232</u>	<u>224,791</u>
 Total instruction	 <u>9,559,453</u>	 <u>9,496,904</u>	 <u>7,854,804</u>	 <u>80,727</u>	 <u>1,561,373</u>
 Pupil transportation	 1,029,297	 1,168,798	 1,025,949	 1,012	 141,837
Home and community service	27,300	28,076	22,184	-	5,892
Employee benefits	4,393,457	4,408,893	3,706,048	-	702,845
Debt service	<u>1,999,000</u>	<u>1,999,000</u>	<u>1,917,492</u>	<u>-</u>	<u>81,508</u>
 Total expenditures	 <u>19,055,262</u>	 <u>19,200,967</u>	 <u>16,289,294</u>	 <u>101,586</u>	 <u>2,810,087</u>
 Excess (deficiency) of revenue over expenditures	 <u>(1,320,845)</u>	 <u>(1,466,550)</u>	 <u>1,091,546</u>	 <u>(101,586)</u>	 <u>2,456,510</u>
OTHER FINANCING USES:					
Transfers out	<u>(326,866)</u>	<u>(326,866)</u>	<u>(6,587)</u>	<u>-</u>	<u>(320,279)</u>
 Total other financing uses	 <u>(326,866)</u>	 <u>(326,866)</u>	 <u>(6,587)</u>	 <u>-</u>	 <u>(320,279)</u>
 CHANGE IN FUND BALANCES	 <u>\$ (1,647,711)</u>	 <u>\$ (1,793,416)</u>	 1,084,959	 <u>\$ (101,586)</u>	 <u>\$ 2,136,231</u>
 FUND BALANCE - beginning of year			 <u>15,516,826</u>		
 FUND BALANCE - end of year			 <u>\$ 16,601,785</u>		

DUNDEE CENTRAL SCHOOL DISTRICT

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

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Total OPEB Liability										
Service cost	\$ 439	\$ 345								
Interest	148	202								
Changes of benefit terms	-	-								
Changes in assumptions	25	600								
Benefit payments	(293)	(295)								
Total change in total OPEB liability	319	852								
Total OPEB liability - beginning	6,411	5,559								
Total OPEB liability - ending	\$ 6,730	\$ 6,411								
Covered-employee payroll	\$ 6,512	\$ 6,512								
Total OPEB liability as a percentage of	103.3%	98.4%								

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

Notes to schedule:

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

Discount rate	<u>2.16%</u>	<u>2.21%</u>	<u>3.50%</u>
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Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as information becomes available.

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

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

DUNDEE CENTRAL SCHOOL DISTRICT

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

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Proportion of the net pension liability (asset)	<u>0.007%</u>	<u>0.007%</u>	<u>0.007%</u>	<u>0.007%</u>	<u>0.007%</u>	<u>0.007%</u>	<u>0.007%</u>			
Proportionate share of the net pension liability (asset)	<u>\$ 7</u>	<u>\$ 1,761</u>	<u>\$ 481</u>	<u>\$ 233</u>	<u>\$ 639</u>	<u>\$ 1,111</u>	<u>\$ 224</u>			
Covered-employee payroll	<u>\$ 2,113</u>	<u>\$ 2,128</u>	<u>\$ 2,052</u>	<u>\$ 2,227</u>	<u>\$ 2,127</u>	<u>\$ 2,020</u>	<u>\$ 2,102</u>			
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>0.33%</u>	<u>82.75%</u>	<u>23.44%</u>	<u>10.46%</u>	<u>30.04%</u>	<u>55.00%</u>	<u>10.66%</u>			
Plan fiduciary net position as a percentage of the total pension liability (asset)	<u>99.95%</u>	<u>86.39%</u>	<u>96.27%</u>	<u>98.24%</u>	<u>94.70%</u>	<u>90.70%</u>	<u>97.90%</u>			

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

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Proportion of the net pension liability (asset)	<u>0.033%</u>	<u>0.032%</u>	<u>0.031%</u>	<u>0.034%</u>	<u>0.035%</u>	<u>0.035%</u>	<u>0.033%</u>			
Proportionate share of the net pension liability (asset)	<u>\$ 918</u>	<u>\$ (839)</u>	<u>\$ (566)</u>	<u>\$ (261)</u>	<u>\$ 372</u>	<u>\$ (3,605)</u>	<u>\$ (3,707)</u>			
Covered-employee payroll	<u>\$ 5,641</u>	<u>\$ 5,393</u>	<u>\$ 5,100</u>	<u>\$ 5,448</u>	<u>\$ 5,361</u>	<u>\$ 5,412</u>	<u>\$ 5,225</u>			
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	<u>16.27%</u>	<u>-15.56%</u>	<u>-11.10%</u>	<u>-4.79%</u>	<u>6.94%</u>	<u>-66.61%</u>	<u>-70.95%</u>			
Plan fiduciary net position as a percentage of the total pension liability (asset)	<u>97.80%</u>	<u>102.17%</u>	<u>101.53%</u>	<u>100.66%</u>	<u>99.01%</u>	<u>110.46%</u>	<u>111.48%</u>			

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

DUNDEE CENTRAL SCHOOL DISTRICT

Schedule of Contributions - Pension Plans (Unaudited)

For the Year Ended June 30:

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 281	\$ 280	\$ 276	\$ 314	\$ 307	\$ 337	\$ 401			
Contributions in relation to the contractually required contribution	<u>281</u>	<u>280</u>	<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>	<u>\$ -</u>	<u>\$ -</u>			
Covered-employee payroll	<u>\$ 2,113</u>	<u>\$ 2,128</u>	<u>\$ 2,052</u>	<u>\$ 2,227</u>	<u>\$ 2,127</u>	<u>\$ 2,020</u>	<u>\$ 2,102</u>			
Contributions as a percentage of covered-employee payroll	<u>13.30%</u>	<u>13.16%</u>	<u>13.45%</u>	<u>14.10%</u>	<u>14.43%</u>	<u>16.68%</u>	<u>19.08%</u>			

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

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 500	\$ 573	\$ 500	\$ 638	\$ 711	\$ 914	\$ 955			
Contributions in relation to the contractually required contribution	<u>500</u>	<u>573</u>	<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>	<u>\$ -</u>	<u>\$ -</u>			
Covered-employee payroll	<u>\$ 5,641</u>	<u>\$ 5,393</u>	<u>\$ 5,100</u>	<u>\$ 5,448</u>	<u>\$ 5,361</u>	<u>\$ 5,412</u>	<u>\$ 5,225</u>			
Contributions as a percentage of covered-employee payroll	<u>8.86%</u>	<u>10.62%</u>	<u>9.80%</u>	<u>11.71%</u>	<u>13.26%</u>	<u>16.89%</u>	<u>18.28%</u>			

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

SUPPLEMENTARY INFORMATION

DUNDEE CENTRAL SCHOOL DISTRICT

Combining Balance Sheet - Nonmajor Governmental Funds

June 30, 2021

	Special Aid	Miscellaneous Special Revenue	School Lunch	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 297,270	\$ -	\$ 108,209	\$ 405,479
Cash and cash equivalents - restricted	-	85,242	-	85,242
Accounts receivable	-	-	717	717
Due from other funds	223,908	-	-	223,908
Due from Federal and State Governments	320,723	-	97,895	418,618
Inventory	-	-	18,552	18,552
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 841,901</u>	<u>\$ 85,242</u>	<u>\$ 225,373</u>	<u>\$ 1,152,516</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES:				
Accounts payable	\$ 5,803	\$ -	\$ 930	\$ 6,733
Accrued liabilities	4,769	-	5,563	10,332
Due to other funds	781,411	-	20,301	801,712
Due to other governments	8,168	-	-	8,168
Due to Employees' Retirement System	-	-	4,927	4,927
Unearned revenue	41,750	-	2,485	44,235
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>841,901</u>	<u>-</u>	<u>34,206</u>	<u>876,107</u>
FUND BALANCES:				
Nonspendable -				
Inventory	-	-	18,552	18,552
Restricted	-	85,242	172,615	257,857
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>-</u>	<u>85,242</u>	<u>191,167</u>	<u>276,409</u>
Total liabilities and fund balances	<u>\$ 841,901</u>	<u>\$ 85,242</u>	<u>\$ 225,373</u>	<u>\$ 1,152,516</u>

DUNDEE CENTRAL SCHOOL DISTRICT

**Combining Statement of Revenue, Expenditures, and Change in Fund Balance - Nonmajor Governmental Funds
For the year ended June 30, 2021**

	Special Aid	Miscellaneous Special Revenue	School Lunch	Total Nonmajor Governmental Funds
REVENUE:				
Use of money and property	\$ -	\$ -	\$ 30	\$ 30
Miscellaneous	69,548	17,987	1,049	88,584
State sources	359,352	-	17,182	376,534
Federal sources	1,182,020	-	504,294	1,686,314
Sales	-	-	4,911	4,911
Total revenue	1,610,920	17,987	527,466	2,156,373
EXPENDITURES:				
Instruction	1,405,059	22,459	-	1,427,518
Employee benefits	212,448	-	22,611	235,059
Cost of sales	-	-	388,222	388,222
Total expenditures	1,617,507	22,459	410,833	2,050,799
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(6,587)	(4,472)	116,633	105,574
OTHER FINANCING SOURCES:				
Transfers in	6,587	-	-	6,587
Total other financing sources	6,587	-	-	6,587
CHANGE IN FUND BALANCE	-	(4,472)	116,633	112,161
FUND BALANCES - beginning of year, as previously reported	-	-	74,534	74,534
PRIOR PERIOD ADJUSTMENT (Note 17)	-	89,714	-	89,714
FUND BALANCE - beginning of the year, as restated	-	89,714	74,534	164,248
FUND BALANCES - end of year	\$ -	\$ 85,242	\$ 191,167	\$ 276,409

OTHER 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, 2021

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget	\$ 19,382,128
Add: Prior year's encumbrances	<u>145,705</u>
Original budget	19,527,833
Budget revisions	<u>-</u>
Final budget	<u>\$ 19,527,833</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021-22 voter-approved expenditure budget	<u>\$ 19,961,102</u>
Maximum allowed (4% of 2021-22 budget)	<u>\$ 798,444</u>

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

Total fund balance:	<u>\$ 16,601,785</u>
Less:	
Restricted fund balance	15,501,397
Assigned fund balance:	
Appropriated for subsequent year's expenditures	250,000
Other assigned purposes	<u>101,586</u>
Total adjustments	<u>\$ 15,852,983</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law: \$ 748,802

Actual percentage 3.75%

* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions," Updated April 2011 (Originally Issued November 2010), the portion of [General Fund] fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

DUNDEE CENTRAL SCHOOL DISTRICT

**Schedule of Project Expenditures - Capital Projects Funds (Unaudited)
For the year ended June 30, 2021**

<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	\$ 708,171	\$ -	\$ 708,171	\$ 179,844	\$ 708,171
2018 Capital Improvement							
Main Building	2,093,588	2,093,588	808,470	1,089,290	1,897,760	195,828	-
Bus Garage	<u>5,615,000</u>	<u>5,615,000</u>	<u>4,312,184</u>	<u>1,397,367</u>	<u>5,709,551</u>	<u>(94,551)</u>	<u>-</u>
	<u>\$ 8,596,603</u>	<u>\$ 8,596,603</u>	<u>\$ 5,828,825</u>	<u>\$ 2,486,657</u>	<u>\$ 8,315,482</u>	<u>\$ 281,121</u>	<u>\$ 708,171</u>

DUNDEE CENTRAL SCHOOL DISTRICT

**Schedule of Net Investment in Capital Assets (Unaudited)
For the year ended June 30, 2021**

Capital assets, net	\$ 25,746,232
Deduct:	
Bond anticipation notes	(5,886,000)
Less: Unspent BAN proceeds	181,991
Short-term portion of bonds payable	(995,000)
Long-term portion of bonds payable	<u>(5,615,000)</u>
Net investment in capital assets	<u>\$ 13,432,223</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 15, 2021

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 (the District), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 15, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of This Report

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

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

October 15, 2021

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the District's major federal program 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 its major federal program for the year ended June 30, 2021.

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, 2021**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services:			
Passed through Research Foundation for Mental Hygiene, Inc. - Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances (SED)	93.104	N/A	\$ <u>85,006</u>
Total U.S. Department of Health and Human Services			<u>85,006</u>
U.S. Department of Education:			
Passed through New York State Education Department - COVID-19 - Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act - Governor's Emergency Education Relief (GEER) Fund	84.425C	5895-21-3870	75,624
COVID-19 - Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act - Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	5890-21-3870	<u>446,121</u>
<i>Subtotal Education Stabilization Fund</i>			<u>521,745</u>
Title I Grants to Local Educational Agencies	84.010	0021-21-3870	472,078
Title I Grants to Local Educational Agencies	84.010	0011-21-2054	250,000
Title I Grants to Local Educational Agencies	84.010	0011-20-2054	10,116
Title I Grants to Local Educational Agencies	84.010	0021-20-3870	<u>10,572</u>
<i>Subtotal Title I Grants to Local Educational Agencies</i>			<u>742,766</u>
Rural Education	84.358	0006-21-3870	<u>12,551</u>
Supporting Effective Instruction State Grants	84.367	0147-21-3870	<u>61,318</u>
Student Support and Academic Enrichment Program	84.424	0204-21-3870	<u>36,989</u>
Special Education Cluster - Special Education Grants to States	84.027	0032-21-1123	232,097
Special Education Preschool Grants	84.173	0033-21-1123	<u>11,293</u>
<i>Subtotal Special Education Cluster</i>			<u>243,390</u>
<i>Total Passed through New York State Education Department</i>			<u>1,618,759</u>
Total U.S. Department of Education			<u>1,618,759</u>
U.S. Department of Agriculture:			
Child Nutrition Cluster: National School Lunch Program	10.555	N/A	<u>17,320</u>
Passed through New York State Education Department - Summer Food Service Program (SFSP)	10.559	N/A	<u>486,974</u>
<i>Total Passed through New York State Education Department</i>			<u>486,974</u>
<i>Subtotal Child Nutrition Cluster</i>			<u>504,294</u>
Total U.S. Department of Agriculture			<u>504,294</u>
Total Expenditures of Federal Awards			<u>\$ 2,208,059</u>

The accompanying notes are an integral part of this schedule.

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to the Schedule of Expenditures of Federal Awards For the year ended June 30, 2021

1. BASIS OF PRESENTATION

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

2. SUMMARY OF 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 Assistance Listing (AL) number advised by the pass-through grantor.

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

4. INDIRECT COSTS

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

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

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to the Schedule of Expenditures of Federal Awards For the year ended June 30, 2021

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, 2021, the District received food commodities, the fair value of which amounted to \$17,320, is presented in the Schedule as National School Lunch Program (Division of Donated Foods, AL #10.555).

DUNDEE CENTRAL SCHOOL DISTRICT

**Schedule of Findings and Questioned Costs
For the year ended June 30, 2021**

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:

AL Number	Name of Federal Program
84.425C, 84.425D	Education Stabilization Fund

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

Auditee qualified as low-risk auditee? _____ X Yes _____ No

DUNDEE CENTRAL SCHOOL DISTRICT

**Schedule of Findings and Questioned Costs
For the year ended June 30, 2021**

B. FINDINGS - FINANCIAL STATEMENT AUDIT
None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT
None.

D. SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
None.