

DUNDEE CENTRAL SCHOOL DISTRICT

**Financial Statements As of and For the
Year Ended June 30, 2022
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 13, 2022

To the Board of Education of the
Dundee Central School District

Report on the Audit of the Financial Statements

Opinions

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

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, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinions

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

Change in Accounting Principle

As described in Note 16 to the financial statements, in 2022, the District adopted new accounting guidance, GASB Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Correction of Error

As described in Note 16 to the financial statements, in 2022, the District corrected an error related to prior year net investment in capital assets. Our opinions are not modified with respect to this matter.

Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities For the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying combining balance sheet - nonmajor governmental funds, combining statement of revenue, expenditures and change in fund balance - nonmajor governmental funds, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining balance sheet - nonmajor governmental funds, combining statement of revenue, expenditures and change in fund balance - nonmajor governmental funds and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Change From Original Budget to Revised Budget and Schedule of Section 1318 of Real Property Tax Law Limit Calculation - General Fund, the Schedule of Project Expenditures - Capital Projects Funds, and the Schedule of Net Investment in Capital Assets but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2022, on our consideration of the 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.

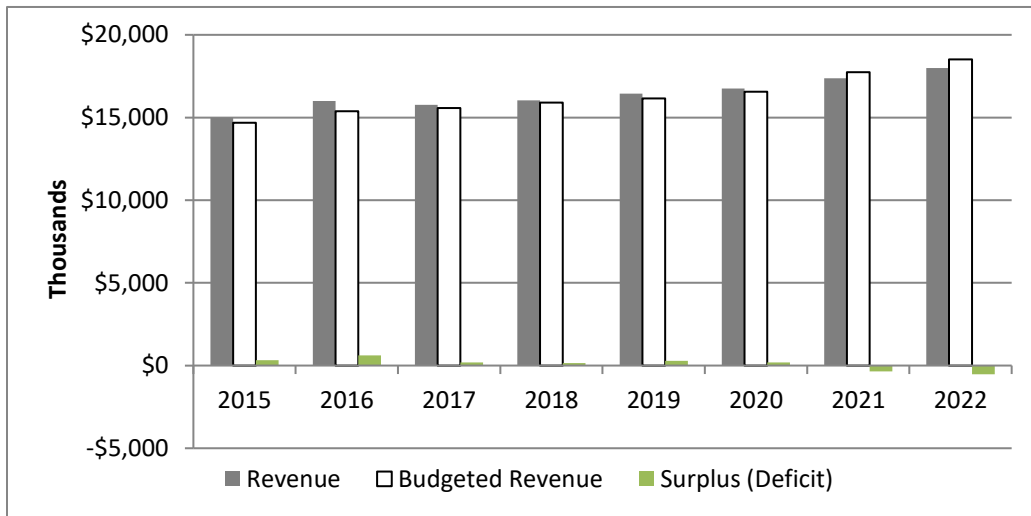
DUNDEE CENTRAL SCHOOL DISTRICT, DUNDEE NY MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A) YEAR ENDED JUNE 30, 2022

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, 2022. We encourage readers to consider the information presented here in conjunction with additional information found within the body of the audit.

FINANCIAL HIGHLIGHTS

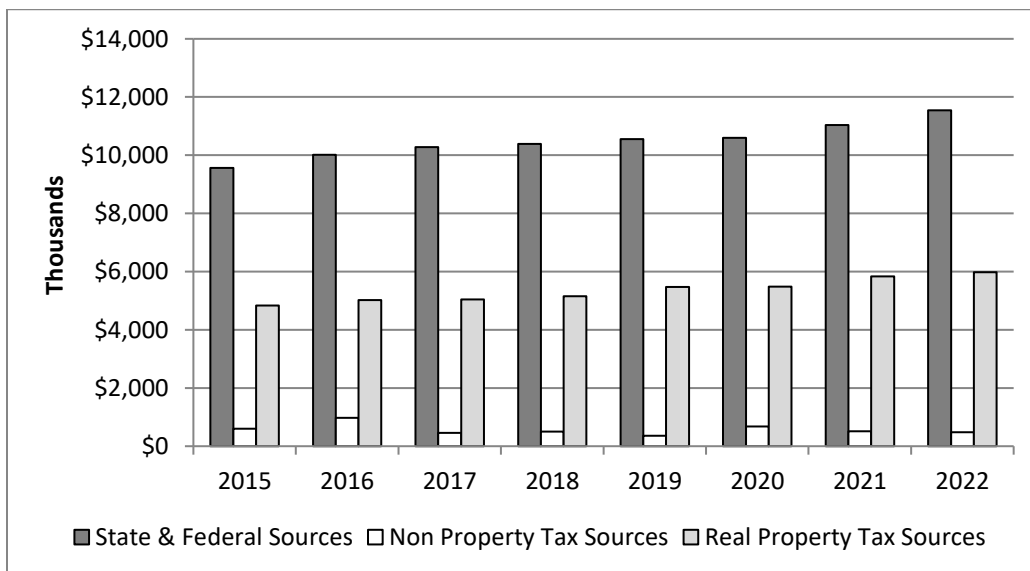
Resource Sources

- 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 and 2022.



Actual vs. Budgeted Revenue

- From 2015-2022 general fund revenue increased 20.0%, 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.

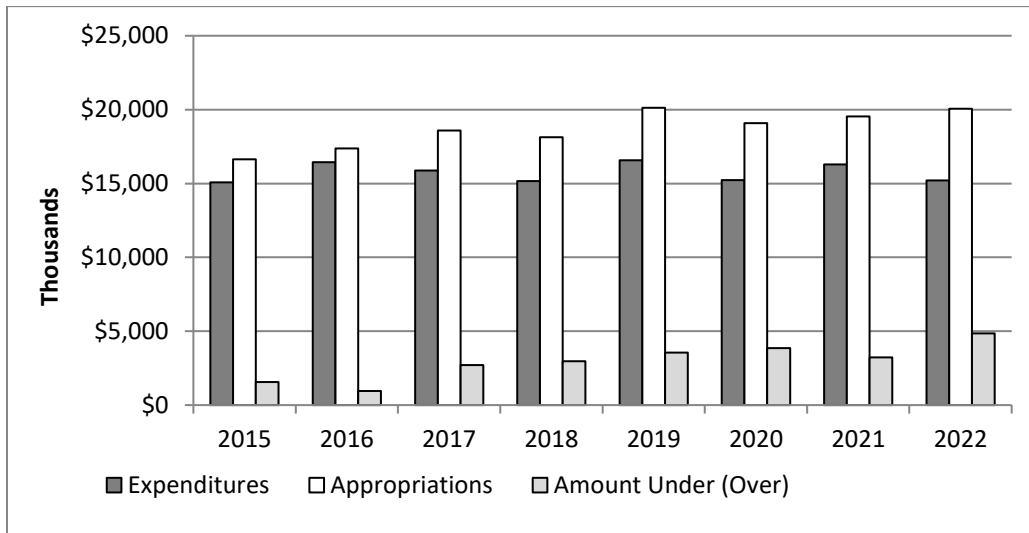


Revenue Sources

**DUNDEE CENTRAL SCHOOL DISTRICT, DUNDEE NY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A) YEAR ENDED JUNE 30, 2022**

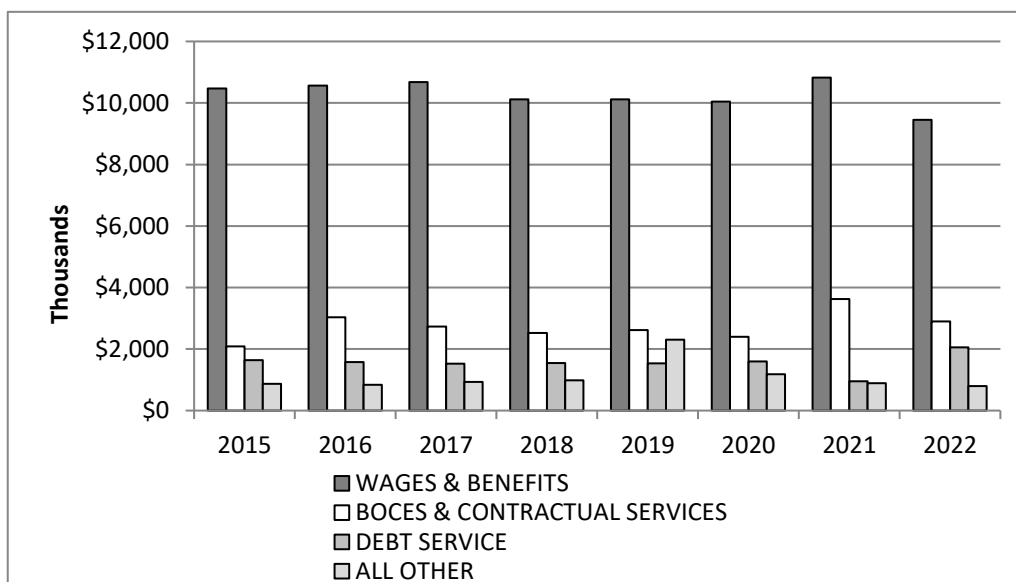
Resource Uses

- From 2015-2022 general fund expenditures increased less than 1%, despite contractual cost increases, primarily due to the significant federal grant amounts provided during the 2020-2021 through 2023-2024 fiscal years from Coronavirus Response Relief Supplemental Act (CRRSA) and American Rescue Plan Act (ARP) as well as Every Student Succeeds Act (ESSA). These grant funds have supplanted certain general fund expenditures and have created gaps in budgeted and actual general fund expenditures.



Actual vs. Budgeted Expenditures

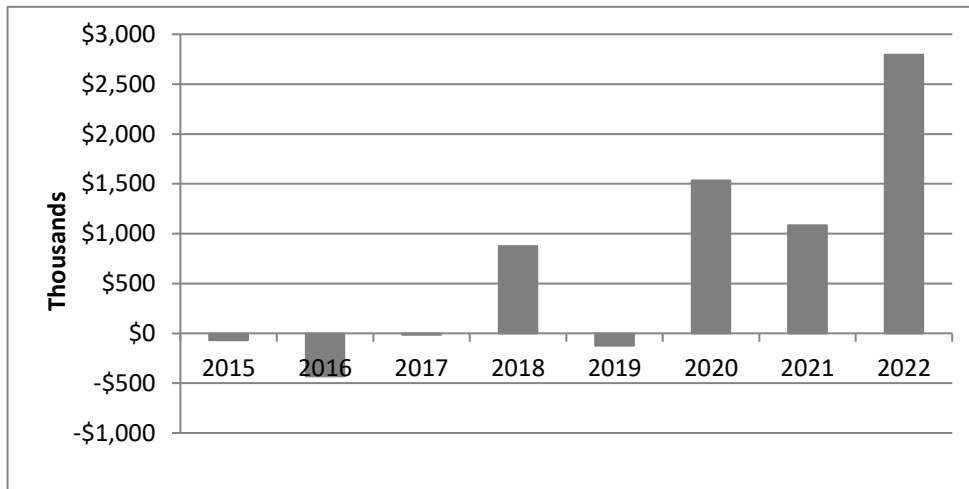
- Wages and benefits in the general fund have decreased since 2015 by 9.7%, due to grant funding. Wages and benefits comprise over 62% of the school district's total expenditures. BOCES services and contractual costs have increased since 2015 by 38.4% primarily due to addition of services and service cost increases. Debt service costs have increased by 25.2% because of debt service requirements changing related to the District's capital improvement projects. All other costs have decreased by 7.6% since 2015.



Detailed Objects of Expenditures by Year

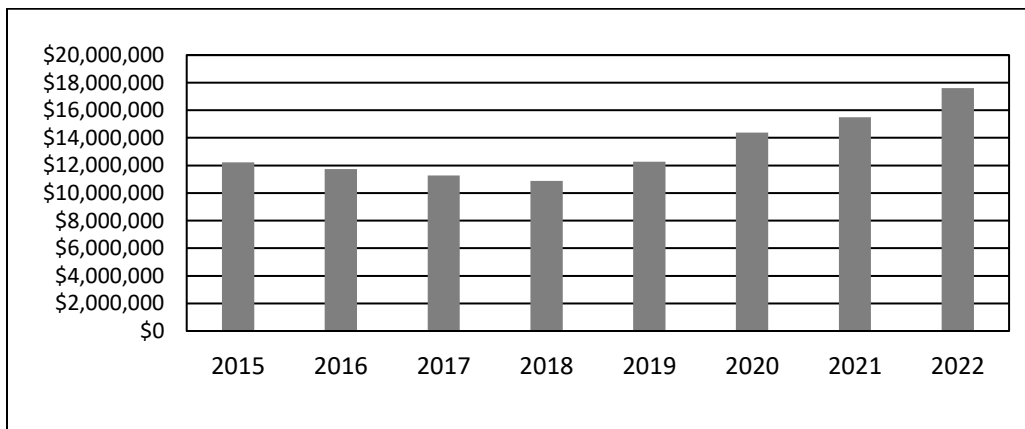
**DUNDEE CENTRAL SCHOOL DISTRICT, DUNDEE NY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A) YEAR ENDED JUNE 30, 2022**

- The District has consistently generated general fund budget surpluses. Since 2018 the District recognized savings in 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. Since 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.



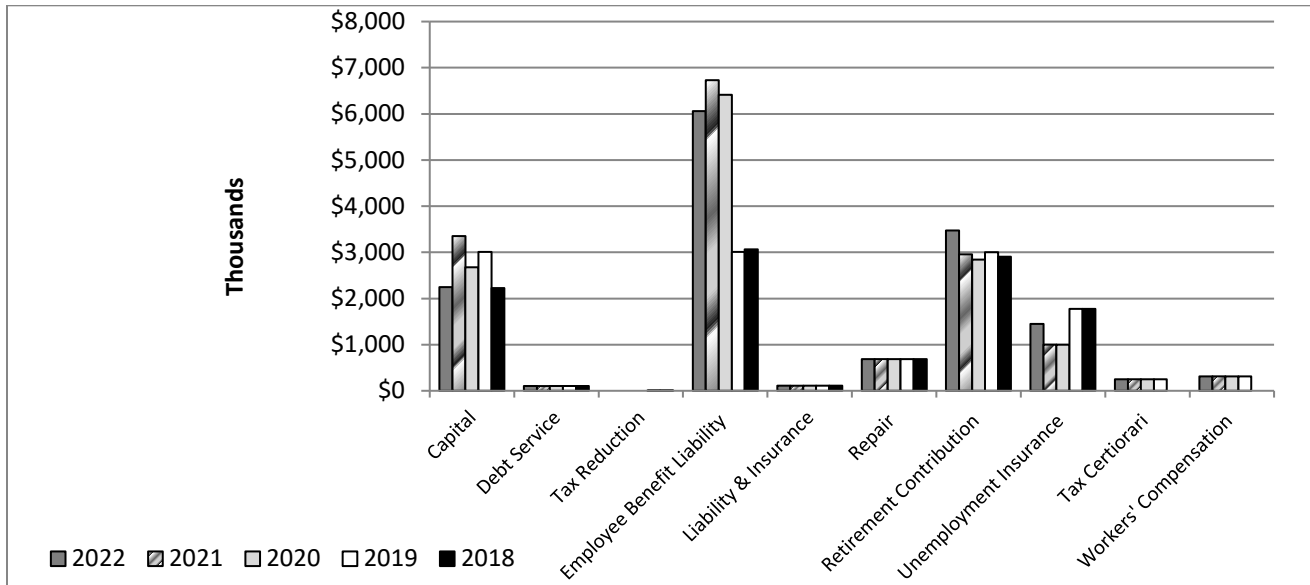
General Fund Operating Surplus (Deficit)

- 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. The District has authorized and funded many of its reserve funds since 2019-20 with its available resources.



General Fund Reserved Fund Balance

**DUNDEE CENTRAL SCHOOL DISTRICT, DUNDEE NY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A) YEAR ENDED JUNE 30, 2022**



Restricted Reserve Balances-June 30,

- The District’s long-range plan for facilities continued during 2021-22, with planning commencing on a future capital improvement project.
- The District’s capital assets, net of accumulated depreciation totaled \$15.6 million at June 30. The district added \$255 thousand consisting of transportation vehicles and \$47 thousand of instructional equipment.

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 basic 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 of the District’s assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving.

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

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

**DUNDEE CENTRAL SCHOOL DISTRICT, DUNDEE NY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A) YEAR ENDED JUNE 30, 2022**

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 used to account for activities in which the District acts as a 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. Certain scholarship funds are held in private purpose trust funds and taxes collected for the library are recorded in the Custodial fund. 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. During 2020-2021 the District had a complete valuation of its capital assets; this has resulted in an adjustment to the District's capital asset balances in its financial statements.

The District updated its actuarial valuation of its Other Postemployment Benefits (OPEB) during 2021-2022, in Postemployment Benefits Other Than Pensions.' Additionally, the District implemented GASB Statement 87 'Leases' in 2021-2022, the impact of which is included in the accompanying financial statements.

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>2022</u>	<u>2021</u>
Current Assets	\$20,132,371	\$17,733,620
Noncurrent Assets	\$22,146,935	25,746,232
Deferred Outflows of Resources	\$4,949,504	5,161,423
Total Assets & Deferred Outflows	\$47,228,810	\$48,641,275
Current Liabilities	6,256,182	6,911,548
Noncurrent Liabilities	11,680,698	14,265,225
Deferred Inflows of Resources	9,467,820	2,506,613
Total Liabilities & Deferred Inflows	\$27,404,700	\$23,683,386
Net position:		
Investment in Capital Assets (net of related debt)	5,065,194	13,432,223
Restricted	17,799,059	9,028,961
Unrestricted	(3,040,143)	2,496,705
Total Net Position	\$19,824,110	\$24,957,889

The District's change in net position was \$5.1 million, primarily decreasing due to capital asset valuation and restatement, as more fully explained in the accompanying financial statements.

**DUNDEE CENTRAL SCHOOL DISTRICT, DUNDEE NY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A) YEAR ENDED JUNE 30, 2022**

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>2022</u>	<u>2021</u>
State and Federal Aid	\$11,539,400	\$10,559,003
Property Taxes	5,977,972	5,835,364
Operating Grants & Contributions	3,525,380	2,584,593
Miscellaneous	376,211	291,838
Charges for Services	162,263	232,389
Investment Earnings	32,681	31,204
Capital Grants & Contributions	-	-
	<u>\$21,613,907</u>	<u>\$19,534,391</u>
Expenses		
Instruction	\$13,143,552	\$14,151,238
General Support	2,226,487	2,226,444
Pupil Transportation	1,298,296	1,403,748
School Lunch	516,610	545,485
Interest	286,167	338,706
Community Services	24,683	22,184
	<u>\$17,495,795</u>	<u>\$18,687,805</u>
Change in Net Position	<u>4,118,112</u>	<u>846,586</u>
Net Position, Beginning of Year (Original)	24,957,889	24,021,589
Prior Period Adjustment	(9,251,891)	89,714
Net Position, Beginning of Year (Restated)	<u>15,705,998</u>	<u>24,111,303</u>
Net Position, End of Year	<u>\$19,824,110</u>	<u>\$24,957,889</u>

The District's operating grants and contributions revenue increased due to receipt of Federal Stimulus funds. Charges for services decreased because of decline in non-resident tuition received. Instruction, pupil transportation and school lunch expenses decreased because of return to normal operations from the 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 1990s, and special education mandates that exceed federal guidelines.
- The District's largest source of operating revenue is State Aid and receives the minimum annual base amount plus a minimal increase due to its standing as a 'hold harmless' district. Also, due to its increasing property and income wealth, the formula aid amounts are not increasing, driving lesser and lesser state aid dollars to the district.

**DUNDEE CENTRAL SCHOOL DISTRICT, DUNDEE NY
MANAGEMENT'S DISCUSSION AND ANALYSIS
(MD&A) YEAR ENDED JUNE 30, 2022**

WEALTH MEASURES AND SELECTED AID RATIOS					
	2018 - 2019	2019 - 2020	2020 - 2021	2021 - 2022	2022 - 2023
Actual Value	\$463,953,601	\$479,569,885	\$481,134,153	\$498,469,840	\$529,300,460
Selected Actual Value	\$456,382,824	\$471,761,743	\$480,352,019	\$489,801,996	\$513,885,150
Actual Value/TWPU	\$543,908	\$578,492	\$554,941	\$609,376	\$718,182
NYS Average AV/TWPU	\$598,200	\$632,200	\$668,700	\$712,300	\$779,900
Selected Actual Value/TWFPFU	\$702,127	\$762,135	\$726,705	\$802,954	\$942,908
NYS Average Sel. AV/TWFPFU	\$772,100	\$794,664	\$870,500	\$932,200	\$1,008,800
Adjusted Gross Income (AGI)	\$100,076,590	\$95,805,679	\$100,614,161	\$107,614,209	\$113,556,848
AGI/TWPU	\$117,323	\$115,567	\$116,048	\$131,557	\$154,079
NYS Average AGI/TWPU	\$210,100	\$207,600	\$230,200	\$233,900	\$250,300
AGI/TWFPFU	\$153,963	\$154,774	\$152,215	\$176,416	\$208,361
NYS Average AGI/TWFPFU	\$271,100	\$268,300	\$299,700	\$306,100	\$323,800
Combined Wealth Ratio (CWR)	0.733	0.735	0.666	0.708	0.767
NYS Average CWR	1.000	1.000	1.000	1.000	1.000
Public Excess Cost Aid Ratio	0.627	0.626	0.661	0.639	0.609
Private Excess Cost Aid Ratio	0.891	0.890	0.901	0.894	0.885
Basic Contribution	\$8,199	\$8,529	\$9,126	\$6,851	\$9,752
Transportation Aid Ratio	0.716	0.715	0.770	0.736	0.692
BOCES Aid Ratio (Admin & Services)	0.535	0.524	0.575	0.555	0.527
Current RWADA Aid Ratio	0.535	0.524	0.575	0.555	0.527
Millage Ratio	0.280	0.273	0.299	0.286	0.267

- 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.

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, 2022**

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 6,609,616
Cash and cash equivalents - restricted	270,712
Investments	12,065,045
Accounts receivable	120,690
Due from Federal and State governments	833,285
Prepaid expenses	216,356
Inventory	<u>16,667</u>
Total current assets	<u>20,132,371</u>

NON-CURRENT ASSETS:

Capital assets, nondepreciable	5,928
Capital assets, net of depreciation and amortization	15,610,772
Net pension asset - ERS	555,407
Net pension asset - TRS	<u>5,974,828</u>
Total non-current assets	<u>22,146,935</u>

Total assets	<u>42,279,306</u>
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DEFERRED OUTFLOWS OF RESOURCES

Pension related - TRS	3,447,226
Pension related - ERS	1,070,227
OPEB related	<u>432,051</u>
Total deferred outflows of resources	<u>4,949,504</u>

LIABILITIES

CURRENT LIABILITIES:

Accounts payable	64,217
Accrued liabilities	203,828
Accrued interest	7,664
Unearned revenue	237,212
Due to other governments	20,592
Due to Teachers' Retirement System	599,011
Due to Employees' Retirement System	13,658
Bond anticipation note payable	<u>5,110,000</u>
Total current liabilities	<u>6,256,182</u>

LIABILITIES (CONTINUED)

LONG-TERM LIABILITIES:

Due and payable within one year -	
Lease liability	\$ 1,930
Bonds payable	<u>1,025,000</u>
Total long-term liabilities due and payable within one year	<u>1,026,930</u>
Due and payable after one year -	
Total other postemployment benefits (OPEB) liability	6,057,201
Bonds payable, net of current portion	4,590,000
Lease liability, net of current portion	<u>6,567</u>
Total long-term liabilities due and payable after one year	<u>10,653,768</u>
Total long-term liabilities	<u>11,680,698</u>

Total liabilities	<u>17,936,880</u>
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DEFERRED INFLOWS OF RESOURCES

Pension related - TRS	6,764,429
Pension related - ERS	1,901,561
OPEB related	<u>801,830</u>
Total deferred inflows of resources	<u>9,467,820</u>

NET POSITION

Net investment in capital assets	5,065,194
Restricted	17,799,059
Unrestricted	<u>(3,040,143)</u>
Total net position	<u>\$ 19,824,110</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, 2022

	<u>Program Revenue</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
FUNCTIONS/PROGRAMS:				
General support	\$ 2,226,487	\$ -	\$ -	\$ (2,226,487)
Instruction	13,143,552	138,789	2,930,900	(10,073,863)
Pupil transportation	1,298,296	-	-	(1,298,296)
Community service	24,683	-	-	(24,683)
Interest	286,167	-	-	(286,167)
School lunch program	<u>516,610</u>	<u>23,474</u>	<u>594,480</u>	<u>101,344</u>
Total functions/programs	<u>\$ 17,495,795</u>	<u>\$ 162,263</u>	<u>\$ 3,525,380</u>	<u>\$ (13,808,152)</u>
GENERAL REVENUE:				
Real property taxes				5,234,668
Real property tax items				743,304
Use of money and property				32,681
Sale of property and compensation for loss				75,087
Miscellaneous				301,124
Medicaid reimbursement				58,393
State sources				<u>11,481,007</u>
Total general revenue				<u>17,926,264</u>
CHANGE IN NET POSITION				<u>4,118,112</u>
NET POSITION - beginning of year, as previously reported				24,957,889
RESTATEMENT (Note 16)				<u>(9,251,891)</u>
NET POSITION - beginning of year				<u>15,705,998</u>
NET POSITION - end of year				<u>\$ 19,824,110</u>

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

DUNDEE CENTRAL SCHOOL DISTRICT

**Balance Sheet - Governmental Funds
June 30, 2022**

	<u>General</u>	<u>Capital Projects</u>	<u>Special Aid</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 5,977,854	\$ -	\$ 414,043	\$ 217,719	\$ 6,609,616
Cash and cash equivalents - restricted	-	181,991	-	88,721	270,712
Investments	12,065,045	-	-	-	12,065,045
Accounts receivable	119,552	-	616	522	120,690
Due from other funds	1,119,073	137,652	299,404	35,407	1,591,536
Due from Federal and State governments	515,865	-	219,384	98,036	833,285
Inventory	-	-	-	16,667	16,667
Prepaid expenditures	210,538	-	-	5,818	216,356
	<u>20,007,927</u>	<u>319,643</u>	<u>933,447</u>	<u>462,890</u>	<u>21,723,907</u>
Total assets					
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	47,406	-	14,606	2,205	64,217
Accrued liabilities	164,936	-	31,410	7,482	203,828
Due to other funds	461,454	480,862	649,220	-	1,591,536
Due to other governments	-	-	20,501	91	20,592
Due to Teachers' Retirement System	599,011	-	-	-	599,011
Due to Employees' Retirement System	12,401	-	-	1,257	13,658
Unearned revenue	-	-	217,710	19,502	237,212
Bond anticipation note payable	-	5,110,000	-	-	5,110,000
	<u>1,285,208</u>	<u>5,590,862</u>	<u>933,447</u>	<u>30,537</u>	<u>7,840,054</u>
Total liabilities					
FUND BALANCES:					
Nonspendable -					
Inventory	-	-	-	16,667	16,667
Prepaid items	210,538	-	-	5,818	216,356
Restricted	17,389,191	-	-	409,868	17,799,059
Assigned to -					
Appropriated for subsequent year's expenditures	250,000	-	-	-	250,000
Other assigned purposes	113,526	-	-	-	113,526
Unassigned	759,464	(5,271,219)	-	-	(4,511,755)
	<u>18,722,719</u>	<u>(5,271,219)</u>	<u>-</u>	<u>432,353</u>	<u>13,883,853</u>
Total fund balances					
Total liabilities and fund balance	<u>\$ 20,007,927</u>	<u>\$ 319,643</u>	<u>\$ 933,447</u>	<u>\$ 462,890</u>	<u>\$ 21,723,907</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, 2022

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

Fund balance - total governmental funds	\$ 13,883,853
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	15,616,700
Deferred outflows/inflows of resources related to pensions and other postemployment benefits are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows - ERS/TRS	4,517,453
Deferred inflows - ERS/TRS	(8,665,990)
Deferred outflows - OPEB	432,051
Deferred inflows - OPEB	(801,830)
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	(6,057,201)
Net pension obligations/assets are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension asset - ERS	555,407
Net pension asset - TRS	5,974,828
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	(5,615,000)
Lease liability	(8,497)
Accrued interest	(7,664)
Net position of governmental activities	<u>\$ 19,824,110</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, 2022**

	<u>General</u>	<u>Capital Projects</u>	<u>Special Aid</u>	<u>Nonmajor Funds</u>	<u>Total Governmental Funds</u>
REVENUE:					
Real property taxes	\$ 5,234,668	\$ -	\$ -	\$ -	\$ 5,234,668
Real property tax items	743,304	-	-	-	743,304
Charges for services	138,789	-	-	-	138,789
Use of money and property	32,574	-	-	107	32,681
Sale of property and compensation for loss	75,087	-	-	-	75,087
Miscellaneous	209,923	-	43,083	48,118	301,124
State sources	11,481,007	-	655,733	58,817	12,195,557
Federal sources	-	-	2,275,167	535,663	2,810,830
Medicaid reimbursement	58,393	-	-	-	58,393
Sales	-	-	-	23,474	23,474
	<u>17,973,745</u>	<u>-</u>	<u>2,973,983</u>	<u>666,179</u>	<u>21,613,907</u>
Total revenue					
EXPENDITURES:					
General support	1,932,866	-	-	-	1,932,866
Instruction	7,300,629	-	2,598,251	44,350	9,943,230
Pupil transportation	966,894	-	-	-	966,894
Community service	24,683	-	-	-	24,683
Employee benefits	3,552,829	-	379,257	64,902	3,996,988
Cost of sales	-	-	-	400,983	400,983
Debt service -					
Principal	1,793,932	-	-	-	1,793,932
Interest	287,406	-	-	-	287,406
	<u>15,859,239</u>	<u>-</u>	<u>2,977,508</u>	<u>510,235</u>	<u>19,346,982</u>
Total expenditures					
EXCESS (DEFICIENCY) OF REVENUES OVER	<u>2,114,506</u>	<u>-</u>	<u>(3,525)</u>	<u>155,944</u>	<u>2,266,925</u>
OTHER FINANCING SOURCES AND (USES)					
Proceeds from the issuance of leases	9,953	-	-	-	9,953
Bans redeemed from appropriations	-	776,000	-	-	776,000
Transfers in	21,742	-	25,267	-	47,009
Transfers out	(25,267)	-	(21,742)	-	(47,009)
	<u>6,428</u>	<u>776,000</u>	<u>3,525</u>	<u>-</u>	<u>785,953</u>
Total other financing sources (uses)					
CHANGE IN FUND BALANCE	<u>2,120,934</u>	<u>776,000</u>	<u>-</u>	<u>155,944</u>	<u>3,052,878</u>
FUND BALANCE - beginning of year	<u>16,601,785</u>	<u>(6,047,219)</u>	<u>-</u>	<u>276,409</u>	<u>10,830,975</u>
FUND BALANCE - end of year	<u>\$ 18,722,719</u>	<u>\$ (5,271,219)</u>	<u>\$ -</u>	<u>\$ 432,353</u>	<u>\$ 13,883,853</u>

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

DUNDEE CENTRAL SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balance - Governmental Funds to the Statement of Activities For the year ended June 30, 2022

Net changes in fund balance - total governmental funds	\$ 3,052,878
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position.	312,687
Depreciation and amortization are not recorded as expenditures in the governmental funds, but are recorded as expenses in the statement of activities.	(1,094,009)
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.	(117,795)
Repayments of long-term debt are recorded as expenditures in the governmental funds, but are recorded as reductions of liabilities in the statement of net position.	1,017,932
Proceeds from issuance of leases are recorded as other financing sources for governmental funds, but are not recorded in the Statement of Activities. This is the amount of proceeds from leases received in the current year.	(9,953)
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, are not reported in the funds.	
Total other postemployment benefits liability	673,092
Deferred outflows of resources	(65,376)
Deferred inflows of resources	(801,830)
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, are not reported in the funds.	
Net pension liability/asset	6,893,201
Deferred outflows of resources	187,828
Deferred inflows of resources	(6,185,186)
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, are not reported in the funds.	
Net pension liability/asset	561,966
Deferred outflows of resources	(334,371)
Deferred inflows of resources	25,809
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>1,239</u>
Change in net position - governmental activities	<u>\$ 4,118,112</u>

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

DUNDEE CENTRAL SCHOOL DISTRICT

**Statement of Net Position - Fiduciary Funds
June 30, 2022**

	Private Purpose	
	<u>Trust</u>	<u>Custodial Fund</u>
ASSETS:		
Cash - restricted	\$ 1,451,930	\$ -
Total assets	<u>1,451,930</u>	<u>-</u>
NET POSITION:		
Restricted for scholarships	<u>1,451,930</u>	<u>-</u>
Total net position	<u>\$ 1,451,930</u>	<u>\$ -</u>

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

DUNDEE CENTRAL SCHOOL DISTRICT

**Statement of Change in Fiduciary Net Position - Fiduciary Funds
For the year ended June 30, 2022**

	Private Purpose	
	Trust	Custodial Fund
	<u> </u>	<u> </u>
ADDITIONS:		
Gifts and contributions	\$ 9,620	\$ -
Investment earnings	294	-
Tax collections for other governments	<u>-</u>	<u>163,000</u>
Total additions	<u>9,914</u>	<u>163,000</u>
DEDUCTIONS:		
Scholarships and awards	14,771	-
Payments of tax to other governments	<u>-</u>	<u>163,000</u>
Total deductions	<u>14,771</u>	<u>163,000</u>
CHANGE IN NET POSITION	(4,857)	-
NET POSITION - beginning of year	<u>1,456,787</u>	<u>-</u>
NET POSITION - end of year	<u><u>\$ 1,451,930</u></u>	<u><u>\$ -</u></u>

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

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2022

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, 2022

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 \$1,941,416 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$502,779.

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, 2022

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.

Special Aid Fund - This fund is used to account for special operating projects or programs supported in whole, or in part, with Federal funds or State or Local grants.

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.

- **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 two types of fiduciary funds:

- **Private purpose trust funds** - These funds are used to account for trust arrangements in which principal and income are used to fund annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.
- **Custodial funds** - These funds are strictly custodial in nature. These are used to report fiduciary activities that are not required to be reported in pension (and other employee benefit) trust funds, investment trust funds, or private-purpose trust funds. At the District, taxes collected on behalf of other governments are recorded in this fund.

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.

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2022

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

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

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

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 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.

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2022

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.

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.

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2022

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

Capital assets also include lease assets with a term greater than one year. The District does not implement a capitalization threshold for lease assets. Lease assets are amortized on a straight-line basis over the term of the lease.

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.

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

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.

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.

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2022

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.

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.

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2022

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.

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 judgments 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.

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

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.

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.

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2022

Restricted fund balance includes the following:

General Fund:	
Workers' compensation	\$ 313,000
Capital reserve	4,946,866
Debt service	102,556
Employee benefits	6,057,201
Retirement contributions	3,472,789
Unemployment insurance	1,450,000
Insurance	110,000
Repair	686,779
Tax certiorari	<u>250,000</u>
	17,389,191
School Lunch Fund	321,147
Miscellaneous Special Revenue Fund - Extraclassroom Activities	\$ <u>88,721</u>
	<u>\$ 17,799,059.00</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, 2022.

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.

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.

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2022

Order of Fund Balance Spending Policy

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

Use of Estimates

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

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

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

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

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

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

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

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

- **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.

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.

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2022

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, 2022.

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 \$5,271,219. 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, 2022, the reported amount of the District's deposits was \$8,332,258 and the bank balance was \$8,762,109. Of the bank balance, \$431,987 was covered by federal depository insurance and \$8,330,122 was covered by collateral held in the pledging bank's trust department in the District's name.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$270,712 within the governmental funds and \$1,451,930 in the fiduciary funds.

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

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, 2022 is 36 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life (WAL) of NYCLASS at March 31, 2022, is 61 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, 2022:

U.S. Treasury Securities (Full Faith and Credit)	52.78%
Bank Deposits (Collateralized)	15.27%
Repurchase Agreements (Collateralized)	27.29%
FDIC Insured Bank Deposits	<u>4.66%</u>
	<u>100.00%</u>

Total District NYCLASS Investment balance as of June 30, 2022: \$ 12,065,045

DUNDEE CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2022**

7. CAPITAL ASSETS

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

	Beginning Balance (Restated)	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 5,928	\$ -	\$ -	\$ 5,928
Total nondepreciable capital assets	<u>5,928</u>	<u>-</u>	<u>-</u>	<u>5,928</u>
Capital assets that are depreciated:				
Buildings and improvements	30,051,856	8,800	-	30,060,656
Furniture and equipment	<u>4,078,403</u>	<u>293,934</u>	<u>(356,354)</u>	<u>4,015,983</u>
Total depreciable capital assets	<u>34,130,259</u>	<u>302,734</u>	<u>(356,354)</u>	<u>34,076,639</u>
Less accumulated depreciation:				
Buildings and improvements	(15,446,347)	(758,168)	-	(16,204,515)
Furniture and equipment	<u>(2,195,499)</u>	<u>(314,875)</u>	<u>238,559</u>	<u>(2,271,815)</u>
Total accumulated depreciation	<u>(17,641,846)</u>	<u>(1,073,043)</u>	<u>238,559</u>	<u>(18,476,330)</u>
Total depreciable cost - net	<u>16,488,413</u>	<u>(770,309)</u>	<u>(117,795)</u>	<u>15,600,309</u>
Lease assets, being amortized:				
Equipment	<u>21,476</u>	<u>9,953</u>	-	<u>31,429</u>
Total lease assets, being amortized	<u>21,476</u>	<u>9,953</u>	-	<u>31,429</u>
Less accumulated amortization:				
Equipment	-	<u>(20,966)</u>	-	<u>(20,966)</u>
Total accumulated amortization	<u>-</u>	<u>(20,966)</u>	<u>-</u>	<u>(20,966)</u>
Total lease assets, being amortized, net	<u>21,476</u>	<u>(11,013)</u>	-	<u>10,463</u>
Total capital assets, net	<u>\$ 16,515,817</u>	<u>\$ (781,322)</u>	<u>\$ (117,795)</u>	<u>\$ 15,616,700</u>

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Depreciation and amortization expense for the year ended June 30, 2022, were allocated to specific functions as follows:

	Depreciation	Amortization
General support	\$ 15,159	\$ -
Instruction	699,947	20,966
Pupil transportation	278,061	-
School lunch	79,876	-
Total depreciation/amortization	<u>\$ 1,073,043</u>	<u>\$ 20,966</u>

8. INTERFUND BALANCES AND ACTIVITY

	Interfund		Transfers	
	Receivable	Payable	In	Out
General	\$ 1,119,073	\$ 461,454	\$ 21,742	\$ 25,267
Special Aid	299,404	649,220	25,267	21,742
School Lunch	35,407	-	-	-
Capital Projects	137,652	480,862	-	-
Total	<u>\$ 1,591,536</u>	<u>\$ 1,591,536</u>	<u>\$ 47,009</u>	<u>\$ 47,009</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 23, 2022, 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	6/24/2022	1.250%	\$ 5,886,000	\$ -	\$ (5,886,000)	\$ -
BAN	6/23/2023	3.500%	-	5,110,000	-	5,110,000
			<u>\$ 5,886,000</u>	<u>\$ 5,110,000</u>	<u>\$ (5,886,000)</u>	<u>\$ 5,110,000</u>

Total interest on short-term debt for the year totaled \$73,575.

DUNDEE CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2022**

10. LONG-TERM OBLIGATIONS

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

	Balance <u>7/1/2021</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>6/30/2022</u>	Due Within <u>One Year</u>
Bonds:					
Serial bonds payable	\$ 6,610,000	\$ -	\$ (995,000)	\$ 5,615,000	\$ 1,025,000

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

Interest paid on serial bonds	\$ 213,675
Interest paid on leases	156
Less: Interest accrued in the prior year	(8,903)
Plus: Interest accrued in the current year	<u>7,664</u>
Total interest expense associated with long-term obligations	<u>\$ 212,592</u>

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

<u>Bond Issue</u>	<u>Issued</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>6/30/2022 Balance</u>
2015 Construction Bond	6/15/2015	6/15/2030	2.00-3.00%	\$ 4,085,000
2016 Series E Bonds	6/15/2016	6/15/2031	2.00-5.00%	<u>1,530,000</u>
Total bond issue				<u>\$ 5,615,000</u>

The following is a summary of the maturity of long-term indebtedness as of June 30, 2022:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	590,000	104,800	694,800
2028-2032	<u>845,000</u>	<u>69,050</u>	<u>914,050</u>
Totals	<u>\$ 5,615,000</u>	<u>\$ 720,925</u>	<u>\$ 6,335,925</u>

DUNDEE CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2022**

11. LEASES

Lessee Agreements

The District leases various equipment, such as fitness machines and a postage machine. The leases have various inception dates and remaining terms ranging from 12 to 60 months. The leases do not contain renewal options. The interest rate/discount rate associated with these leases is 2.16%, and the total lease liability as of June 30, 2022 is \$8,497.

Activity of lease liabilities for the year ended June 30, 2022 is summarized as follows:

Beginning Balance (Restated)	Additions	Subtractions	Ending Balance	Amount Due Within One Year
\$ 21,476	\$ 9,953	\$ (22,932)	\$ 8,497	\$ 1,930

Annual requirements to amortize long-term obligations and related interest are as follows:

	Principal	Interest	Total
2023	\$ 1,930	\$ 168	\$ 2,098
2024	1,972	126	2,098
2025	2,015	83	2,098
2026	2,059	39	2,098
2027	521	3	524
Total	<u>\$ 8,497</u>	<u>\$ 419</u>	<u>\$ 8,916</u>

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

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>
2022	\$ 316,175
2021	\$ 281,064
2020	\$ 279,715

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

At June 30, 2022, the District reported a net pension asset of \$555,407 for its proportionate share of the ERS net pension asset. The net pension asset was measured as of March 31, 2022, and the total pension liability used to calculate the net pension asset was determined by the actuarial valuation as of April 1, 2021. The District's proportion of the net pension asset 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, 2022, the District's proportionate share was 0.0067943%, which was an increase of 0.0002076% from its proportionate share at June 30, 2021.

DUNDEE CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2022**

For the year ended June 30, 2022, the District recognized pension expense of \$42,040. At June 30, 2022, 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	\$ 42,062	\$ 54,557
Changes of assumptions	926,913	15,641
Net difference between projected and actual earnings on pension plan investments	-	1,818,727
Changes in proportion and differences between the District's contributions and proportionate share of contributions	40,681	12,636
Contributions subsequent to the measurement date	<u>60,571</u>	<u>-</u>
Total	<u>\$ 1,070,227</u>	<u>\$ 1,901,561</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:

2023	\$ (134,709)
2024	(196,831)
2025	(467,089)
2026	(93,276)
2027	-
Thereafter	<u>-</u>
	<u>\$ (891,905)</u>

The District recognized \$60,571 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2022 which will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

Actuarial Assumptions

The total pension liability at March 31, 2022 was determined by using an actuarial valuation as of April 1, 2021, with update procedures used to roll forward the total pension liability to March 31, 2022.

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, 2022

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	3.30
International Equity	15.00	5.85
Private Equity	10.00	6.50
Real Estate	9.00	5.00
Opportunistic/Absolute Return Strategy	3.00	4.10
Credit	4.00	3.78
Real Assets	3.00	5.80
Fixed Income	23.00	0.00
Cash	<u>1.00</u>	-1.00
	<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 (Asset) to the Discount Rate Assumption

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

	1% Decrease	Current Discount	1% Increase
	<u>4.90%</u>	<u>5.90%</u>	<u>6.90%</u>
Proportionate share of net pension liability (asset)	<u>\$ 1,429,613</u>	<u>\$ (555,407)</u>	<u>\$ (2,215,781)</u>

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Pension Plan Fiduciary Net Position (000's)

The components of the current-year net pension liability of the employers as of March 31, 2022, were as follows:

Total pension liability	\$223,874,888
Net position	<u>232,049,473</u>
Net pension liability (asset)	<u>\$ (8,174,585)</u>
ERS net position as a percentage of total pension liability	103.65%

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, 2022

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>
2022	\$ 557,709
2021	\$ 499,795
2020	\$ 572,778

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

At June 30, 2022, the District reported net pension asset of \$5,974,828 for its proportionate share of the NYSTRS net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by the actuarial valuation as of June 30, 2020. The District's proportion of the net pension asset was based on a projection of the Districts' long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2022, the District's proportionate share was 0.034479%, which was an increase of 0.001244% from its proportionate share at June 30, 2021.

For the year ended June 30, 2022, the District recognized pension income of \$338,842. At June 30, 2022, 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	\$ 823,567	\$ 31,042
Changes of assumptions	1,965,246	348,016
Net difference between projected and actual earnings on pension plan investments	-	6,253,275
Changes in proportion and differences between the District's contributions and proportionate share of contributions	101,720	132,096
Contributions subsequent to the measurement date	<u>556,693</u>	<u>-</u>
Total	<u>\$ 3,447,226</u>	<u>\$ 6,764,429</u>

The District recognized \$556,693 as a deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date June 30, 2021 which will be recognized as a reduction of the net pension liability in the year ended June 30, 2023.

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2022

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:	
2022	\$ (767,585)
2023	(902,249)
2024	(1,137,789)
2025	(1,527,511)
2026	268,185
Thereafter	193,053
	<u>\$ (3,873,896)</u>

Actuarial Assumptions

The total pension liability at the June 30, 2021 measurement date was determined by an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the total pension liability to June 30, 2021. These actuarial valuations used the following actuarial assumptions:

Actuarial cost method	Entry age normal										
Inflation	2.40%										
Projected Salary Increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience and										
	<table><thead><tr><th><u>Service</u></th><th><u>Rate</u></th></tr></thead><tbody><tr><td>5</td><td>5.18%</td></tr><tr><td>15</td><td>3.64%</td></tr><tr><td>25</td><td>2.50%</td></tr><tr><td>35</td><td>1.95%</td></tr></tbody></table>	<u>Service</u>	<u>Rate</u>	5	5.18%	15	3.64%	25	2.50%	35	1.95%
<u>Service</u>	<u>Rate</u>										
5	5.18%										
15	3.64%										
25	2.50%										
35	1.95%										
Projected COLAs	1.3% compounded annually										
Investment Rate of Return	6.95% 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 MP2020, applied on a generational basis. Active member mortality rates are based on plan member experience, with adjustments for mortality improvements based on MP2020 starting as of June 30, 2021.

The demographic actuarial assumptions and the salary scale are based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020. NYSTRS runs one-year and five-year experience studies annually in order to gauge the appropriateness of the assumptions. Refer to the Actuarial Assumptions Report for full details.

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

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.

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, 2021 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	33.00	6.8
International equity	16.00	7.6
Global equity	4.00	7.1
Real estate equity	11.00	6.5
Private equity	8.00	10.0
Domestic fixed income	16.00	1.3
Global bonds	2.00	0.8
Private debt	1.00	5.9
Real estate debt	7.00	3.3
High-yield bonds	1.00	3.8
Cash equivalents	<u>1.00</u>	-0.2
	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 6.95%. 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.

DUNDEE CENTRAL SCHOOL DISTRICT

**Notes to Basic Financial Statements
June 30, 2022**

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

The following presents the net pension liability (asset) of the school districts calculated using the discount rate of 6.95%, 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>5.95%</u>	Current Discount <u>6.95%</u>	1% Increase <u>7.95%</u>
Proportionate Share of Net Pension Liability (asset)	\$ (626,971)	\$ (5,974,828)	\$(10,469,313)

Pension Plan Fiduciary Net Position (000's)

The components of the current year net pension liability of the employers as of June 30, 2021, were as follows:

Total pension liability	\$ 130,819,415,417
Net position	<u>148,148,457,363</u>
Net pension liability (asset)	<u>\$ (17,329,041,946)</u>
NYSTRS net position as a percentage of total pension liability	113.2%

Payables to the Pension Plans

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022 represent employee and employer contributions for the fiscal year ended June 30, 2022 based on paid TRS 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, 2022 represent the projected employer contribution for the period of April 1, 2022 through June 30, 2022 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Employee contributions are remitted monthly.

	<u>June 30, 2022</u>
ERS Liability	13,658
TRS Liability	599,011

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 31 retirees and 14 retiree spouses.

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements June 30, 2022

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.

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 \$6,057,201, which is reported in the employee benefit accrued liability reserve in the General Fund.

Employees Covered by Benefit Terms

As of the July 1, 2021 valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	45
Active employees	<u>139</u>
Total participants	<u>184</u>

Total OPEB Liability

The District's total OPEB liability of \$6,057,201 was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2022 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	3.54 percent
Medical/Healthcare Trend Rate	5.1 percent to 4.1 percent over 54 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.

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

Mortality rates were based on PubT-210 Headcount-Weighted Mortality Table for Teaching Positions and PubG-2010 headcount-Weighted Mortality Table for Non-Teaching positions, both generally projected using the MP-2021 Ultimate Scale, with employee rates before commencement and healthy annuitant rates after benefit commencement. This assumption includes a margin for future improvements in longevity.

Changes in the Total OPEB Liability

Balance at June 30, 2021	<u>\$ 6,730,293</u>
Changes for the Year-	
Service cost	398,254
Interest	150,455
Changes in demographic gains or losses	(597,199)
Changes in assumptions or other inputs	(296,796)
Benefit payments	<u>(327,806)</u>
Net changes	<u>(673,092)</u>
Balance at June 30, 2022	<u>\$ 6,057,201</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 <u>2.54%</u>	Current Discount <u>3.54%</u>	1% Increase <u>4.54%</u>
Total OPEB Liability	<u>\$ 6,581,180</u>	<u>\$ 6,057,201</u>	<u>\$ 5,573,241</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 <u>4.1% - 3.1%</u>	Current Trend <u>5.1% - 4.1%</u>	1% Increase <u>6.1% - 5.1%</u>
Total OPEB Liability	<u>\$ 5,350,283</u>	<u>\$ 6,057,201</u>	<u>\$ 6,900,492</u>

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

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

For the year ended June 30, 2022, the District recognized OPEB expense of \$521,920. At June 30, 2022, 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
Differences between expected and actual experience	\$ -	\$ 535,632
Changes of assumptions	<u>432,051</u>	<u>266,198</u>
Total	<u>\$ 432,051</u>	<u>\$ 801,830</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>
2023	\$ (26,789)
2024	(26,789)
2025	(26,789)
2026	(26,789)
2027	(26,789)
Thereafter	<u>(235,834)</u>
	<u>\$ (369,779)</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, 2022

Plan membership is currently comprised of Wayne-Finger Lakes BOCES and twenty-three 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, 2022, the Dundee Central School District incurred premiums or contribution expenditures totaling \$88,118.

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, 2021 revealed that the Plan is operating at a surplus of \$6,326,411. 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, 2022, the District incurred premiums or contribution expenditures totaling \$3,007,404.

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, 2022. The balance of the fund at June 30, 2022 is \$1,450,000 and is recorded in the General fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2022, 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, 2022

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.

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to Basic Financial Statements

June 30, 2022

15. TAX ABATEMENT

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

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

Year Began	Agreement / Property	Total Assessed Value	Abatement Rate	Pilot Taxable Value	School Tax Rate / 1000	Regular Taxable Amount	Pilot Payment Received	Taxes Abated
2005	Finger Lakes Railroad Corp	\$ 1,875,000	Varies	\$ 1,875,000	9.707267	\$ 18,201	\$ 16,437	\$ 1,764
2007	Empire Pipeline	12,776,713	Varies	-	9.707290	124,026	120,771	3,255
2010	Winery Properties	965,000	100%	-	9.982721	11,035	11,035	-
2012	BWF Holdings	400,000	90%	400,000	9.982721	3,993	3,754	239
2018	Plum Point Lodge	949,500	30%	949,500	10.398649	9,873	7,832	2,041
2011	BWF Holdings	1,146,300	90%	1,146,300	9.982721	11,443	10,432	1,011
2007	Empire Pipeline	2,879,306	Varies	2,879,306	9.707394	27,950	52,970	(25,020)
						<u>\$ 206,521</u>	<u>\$ 223,231</u>	<u>\$ (16,710)</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, 2022

16. RESTATEMENT

Change in Accounting Principle

During the year ended June 30, 2022, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use and underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset. These changes were incorporated in the District's financial statements and had no effect on the beginning net position of the governmental activities, as the net book value of the leased asset equaled the amount of the lease liability.

Correction of Error

The District also restated its June 30, 2021 net position by (\$9,251,891) to account for deletions to both building and improvements and furniture and equipment, which had previously been recorded on the District's books. The impact of this correction was a decrease in net investment in capital assets and capital assets, net for the year ended June 30, 2021.

	<u>Governmental Activities Net Position</u>
Balance at June 30, 2021, as previously reported	\$ 24,957,889
Adjustments:	
Net book value leased asset	21,476
Lease liability	(21,476)
Capital assets	<u>(9,251,891)</u>
Balance at July 1, 2021, as restated	<u>\$ 15,705,998</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, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	Final Budget Variance with Budgetary Actual
REVENUE					
Real property taxes	\$ 5,743,977	\$ 5,743,977	\$ 5,234,668	\$ -	\$ (509,309)
Other tax items	226,500	226,500	743,304	-	516,804
Charges for services	90,000	90,000	138,789	-	48,789
Use of money and property	75,000	75,000	32,574	-	(42,426)
Sale of property and compensation for loss	5,000	5,000	75,087	-	70,087
Miscellaneous	93,000	93,000	209,923	-	116,923
State sources	12,318,762	12,318,762	11,481,007	-	(837,755)
Medicaid reimbursement	20,000	20,000	58,393	-	38,393
	<u>18,572,239</u>	<u>18,572,239</u>	<u>17,973,745</u>	<u>-</u>	<u>(598,494)</u>
Total revenue					
EXPENDITURES					
GENERAL SUPPORT:					
Board of education	72,652	42,644	24,082	260	18,302
Central administration	201,376	203,962	202,675	-	1,287
Finance	390,309	398,503	345,185	-	53,318
Staff	83,314	86,551	84,031	-	2,520
Central services	1,100,123	1,136,170	1,066,999	10,763	58,408
Special items	225,577	220,077	209,894	-	10,183
	<u>2,073,351</u>	<u>2,087,907</u>	<u>1,932,866</u>	<u>11,023</u>	<u>144,018</u>
Total general support					

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, 2022**

	Original Budget	Final Budget	Actual	Encumbrances	Final Budget Variance with Budgetary Actual
INSTRUCTION:					
Instruction, administration, and improvement	507,347	496,365	425,782	309	70,274
Teaching - regular school	3,882,244	3,950,405	2,932,017	12,609	1,005,779
Programs for children with handicapping conditions	3,306,043	3,406,617	2,495,150	-	911,467
Occupational education	390,900	305,900	304,830	-	1,070
Teaching - special school	83,730	83,730	1,444	-	82,286
Instructional media	687,915	686,723	459,306	10,948	216,469
Pupil services	1,056,162	1,107,177	682,100	8,053	417,024
Total instruction	9,914,341	10,036,917	7,300,629	31,919	2,704,369
Pupil transportation	1,050,434	1,128,665	966,894	70,584	91,187
Community service	27,300	27,300	24,683	-	2,617
Employee benefits	4,795,845	4,681,957	3,552,829	-	1,129,128
Debt service	2,072,965	2,074,675	2,081,338	-	(6,663)
Total expenditures	19,934,236	20,037,421	15,859,239	113,526	4,064,656
Excess (deficiency) of revenue over expenditures	(1,361,997)	(1,465,182)	2,114,506	(113,526)	3,466,162
OTHER FINANCING SOURCES (USES):					
Proceeds from the issuance of leases	-	-	9,953	-	9,953
Transfers in	-	-	21,742	-	21,742
Transfers out	(26,866)	(25,267)	(25,267)	-	-
Total other financing uses	(26,866)	(25,267)	6,428	-	31,695
CHANGE IN FUND BALANCES	\$ (1,388,863)	\$ (1,490,449)	2,120,934	\$ (113,526)	\$ 3,497,857
FUND BALANCE - beginning of year			16,601,785		
FUND BALANCE - end of year			<u>\$ 18,722,719</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)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB Liability										
Service cost	\$ 398	439	\$ 345							
Interest	151	148	202							
Effect of demographic gains or losses	(597)	-	-							
Changes in assumptions	(297)	25	600							
Benefit payments	<u>(328)</u>	<u>(293)</u>	<u>(295)</u>							
Total change in total OPEB liability	(673)	319	852							
Total OPEB liability - beginning	<u>6,730</u>	<u>6,411</u>	<u>5,559</u>							
Total OPEB liability - ending	<u>\$ 6,057</u>	<u>\$ 6,730</u>	<u>\$ 6,411</u>							
Covered-employee payroll	<u>\$ 6,260</u>	<u>\$ 6,512</u>	<u>\$ 6,512</u>							
Total OPEB liability as a percentage of	96.8%	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>3.54%</u>	<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.

This valuation reflects the adoption of the Pub-2010 Mortality Table with generational projection of future improvements per the MP-2021 Ultimate Scale. Additionally, the retirement and turnover rates were updated to reflect the assumptions used in the 2020 Annual Report to the Comptroller on Actuarial Assumptions, and the spousal election and married assumptions were combined into one assumption. The combined impact of these assumption changes was an increase in the Liability of about \$0.3 million (5.4%).

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)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
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>	<u>0.007%</u>		
Proportionate share of the net pension liability (asset)	<u>\$ (555)</u>	<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>\$ 2,177</u>	<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>-25.49%</u>	<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>103.65%</u>	<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)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Proportion of the net pension liability (asset)	<u>0.034%</u>	<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>\$ (5,975)</u>	<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>\$ 5,852</u>	<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>-102.10%</u>	<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>113.20%</u>	<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)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 316	\$ 281	\$ 280	\$ 276	\$ 314	\$ 307	\$ 337	\$ 401		
Contributions in relation to the contractually required contribution	<u>316</u>	<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>	<u>\$ -</u>		
Covered-employee payroll	<u>\$ 2,177</u>	<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>14.52%</u>	<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)									
	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	\$ 558	\$ 500	\$ 573	\$ 500	\$ 638	\$ 711	\$ 914	\$ 955		
Contributions in relation to the contractually required contribution	<u>558</u>	<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>	<u>\$ -</u>		
Covered-employee payroll	<u>\$ 5,852</u>	<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>9.54%</u>	<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, 2022**

	Miscellaneous Special Revenue	School Lunch	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ 217,719	\$ 217,719
Cash and cash equivalents - restricted	88,721	-	88,721
Accounts receivable	-	522	522
Due from other funds	-	35,407	35,407
Due from Federal and State Governments	-	98,036	98,036
Inventory	-	16,667	16,667
Prepaid expenditures	-	5,818	5,818
	<u>88,721</u>	<u>374,169</u>	<u>462,890</u>
Total assets	<u>\$ 88,721</u>	<u>\$ 374,169</u>	<u>\$ 462,890</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES:			
Accounts payable	\$ -	\$ 2,205	\$ 2,205
Accrued liabilities	-	7,482	7,482
Due to other governments	-	91	91
Due to Employees' Retirement System	-	1,257	1,257
Unearned revenue	-	19,502	19,502
	<u>-</u>	<u>30,537</u>	<u>30,537</u>
Total liabilities	<u>-</u>	<u>30,537</u>	<u>30,537</u>
FUND BALANCES:			
Nonspendable -			
Inventory	-	16,667	16,667
Prepaid items	-	5,818	5,818
Restricted	<u>88,721</u>	<u>321,147</u>	<u>409,868</u>
	<u>88,721</u>	<u>343,632</u>	<u>432,353</u>
Total fund balances	<u>88,721</u>	<u>343,632</u>	<u>432,353</u>
Total liabilities and fund balances	<u>\$ 88,721</u>	<u>\$ 374,169</u>	<u>\$ 462,890</u>

DUNDEE CENTRAL SCHOOL DISTRICT

Combining Statement of Revenue, Expenditures, and Change in Fund Balance - Nonmajor Governmental Funds

For the year ended June 30, 2022

	Miscellaneous <u>Special Revenue</u>	School Lunch	Total Nonmajor Governmental Funds
REVENUE:			
Use of money and property	\$ -	\$ 107	\$ 107
Miscellaneous	47,829	289	48,118
State sources	-	58,817	58,817
Federal sources	-	535,663	535,663
Sales	-	23,474	23,474
	<u>47,829</u>	<u>618,350</u>	<u>666,179</u>
Total revenue			
EXPENDITURES:			
Instruction	44,350	-	44,350
Employee benefits	-	64,902	64,902
Cost of sales	-	400,983	400,983
	<u>44,350</u>	<u>465,885</u>	<u>510,235</u>
Total expenditures			
CHANGE IN FUND BALANCE	3,479	152,465	155,944
FUND BALANCE - beginning of the year	<u>85,242</u>	<u>191,167</u>	<u>276,409</u>
FUND BALANCES - end of year	<u><u>\$ 88,721</u></u>	<u><u>\$ 343,632</u></u>	<u><u>\$ 432,353</u></u>

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, 2022

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget	\$ 19,961,102
Add: Prior year's encumbrances	<u>101,586</u>
Original budget	20,062,688
Budget revisions	<u>-</u>
Final budget	<u>\$ 20,062,688</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2022-23 voter-approved expenditure budget	<u>\$ 20,236,116</u>
Maximum allowed (4% of 2022-23 budget)	<u>\$ 809,445</u>

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

Total fund balance:	<u>\$ 18,722,719</u>
Less:	
Restricted fund balance	17,389,191
Assigned fund balance:	
Appropriated for subsequent year's expenditures	250,000
Nonspendable	210,538
Other assigned purposes	<u>113,526</u>
Total adjustments	<u>\$ 17,963,255</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law: \$ 759,464

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, 2022**

<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
	<u>\$ 888,015</u>	<u>\$ 888,015</u>	<u>\$ 708,171</u>	<u>\$ -</u>	<u>\$ 708,171</u>	<u>\$ 179,844</u>	<u>\$ 708,171</u>

DUNDEE CENTRAL SCHOOL DISTRICT

**Schedule of Net Investment in Capital Assets (Unaudited)
For the Year Ended June 30, 2022**

Capital assets, net	\$ 15,616,700
Deduct:	
Bond anticipation notes	(5,110,000)
Less: Unspent BAN proceeds	181,991
Short-term portion of bonds payable	(1,025,000)
Long-term portion of bonds payable	(4,590,000)
Short-term portion of leases	(1,930)
Long-term portion of leases	<u>(6,567)</u>
Net investment in capital assets	<u>\$ 5,065,194</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 13, 2022

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, 2022, 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 13, 2022.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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 13, 2022

To the Board of Education of the
Dundee Central School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Dundee Central School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. 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.

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

Basis For Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management For Compliance

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

Auditor's Responsibilities For the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Reports on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of 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, 2022**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education:			
Passed through New York State Education Department -			
COVID-19 - Education Stabilization Fund (ESF): American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5880-21-3780	\$ 445,117
COVID-19 - Education Stabilization Fund (ESF): Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	5891-21-3870	395,457
COVID-19 - American Rescue Plan - Elementary and Secondary School Emergency Relief –Homeless Children and Youth	84.425W	5218-21-3870	<u>3,000</u>
<i>Subtotal Education Stabilization Fund</i>			<u>843,574</u>
Special Education Cluster:			
Special Education - Grants to States	84.027	0032-22-1123	217,527
COVID-19 - Special Education - Grants to States	84.027	5532-22-1123	31,905
Special Education - Preschool Grants	84.173	0033-22-1123	11,335
COVID-19 - Special Education - Preschool Grants	84.173	5533-22-1123	<u>5,031</u>
<i>Subtotal Special Education Cluster</i>			<u>265,798</u>
Title I Grants to Local Educational Agencies	84.010	0011-22-3870	701,858
Title I Grants to Local Educational Agencies	84.010	0011-22-2054	<u>250,000</u>
<i>Subtotal Title I Grants to Local Educational Agencies</i>			<u>951,858</u>
Rural and Low-Income School Program	84.358	0006-22-3870	13,003
Supporting Effective Instruction State Grants	84.367	0147-22-3870	76,723
Student Support and Academic Enrichment Program	84.424	0204-22-3870	<u>35,192</u>
<i>Total Passed through New York State Education Department</i>			<u>2,186,148</u>
Total U.S. Department of Education			<u>2,186,148</u>
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	93.104	H79SM082962-02	<u>89,019</u>
Total U.S. Department of Health and Human Services			<u>89,019</u>

DUNDEE CENTRAL SCHOOL DISTRICT

**Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture:			
Farmers' Market Supplemental Nutrition Assistance Program Support Grants	10.545	N/A	<u>2,470</u>
Child Nutrition Cluster:			
National School Lunch Program (NSLP)	10.555	N/A	<u>34,896</u>
Passed through New York State Education Department - Summer Food Service Program (SFSP)	10.559	N/A	7,156
National School Lunch Program (NSLP)	10.555	N/A	357,620
National School Breakfast Program (SBP)	10.553	N/A	<u>132,920</u>
<i>Subtotal Child Nutrition Cluster</i>			<u>532,592</u>
Passed through New York State Education Department - P-EBT Administrative Costs Grants	10.649	N/A	<u>601</u>
<i>Total Passed through New York State Education Department</i>			<u>498,297</u>
Total U.S. Department of Agriculture			<u>535,663</u>
Total Expenditures of Federal Awards			<u>\$ 2,810,830</u>
<u>Total Program Expenditures by Assistance Listing Number</u>			
National School Lunch Program (NSLP)	10.555		<u>\$ 392,516</u>
Special Education - Grants to States	84.027		<u>\$ 249,432</u>
Special Education - Preschool Grants	84.173		<u>\$ 16,366</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, 2022

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, 2022. 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.

5. MATCHING COSTS

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

DUNDEE CENTRAL SCHOOL DISTRICT

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2022

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, 2022, the District received food commodities, the fair value of which amounted to \$34,896, 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, 2022**

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:

<u>AL Number</u>	<u>Name of Federal Program</u>
84.010	Title I Grants to Local Educational Agencies
84.425	COVID-19 - 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, 2022**

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.