

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Financial Statements as of and
for the Year Ended June 30, 2020
Together with Independent
Auditor's Report**

Bonadio & Co., LLP
Certified Public Accountants

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

October 16, 2020

To the Board of Education of the
Dalton-Nunda Central School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Dalton-Nunda Central School District (the District) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2020, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The other information, as required by the New York State Education Department, is presented for purposes of additional analysis, and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2020 on our consideration of the Corporation'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 Corporation'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 Corporation's internal control over financial reporting and compliance.

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) June 30, 2020

The following is a discussion and analysis of the Dalton-Nunda Central School District's (the District) financial performance for the fiscal year ended June 30, 2020. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow.

Financial Highlights

- New York state Law limits the amount of unreserved fund balance that can be retained by the General Fund to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget. At the end of the current fiscal year, the Unassigned Fund Balance of the General Fund was \$4,130,561.
- The School District's governmental fund financial statements report a combined ending fund balance of \$10,698,950, a decrease of \$2,507,602 over the prior year.
- On the government-wide financial statements, the assets of the School District exceeded liabilities by \$32,445,423. The School District's total net position increased by \$2,071,138 for the year ended June 30, 2020.

Overview of the Financial Statements

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

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

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Management’s Discussion and Analysis (Unaudited)
June 30, 2020**

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

Table A-1 Organization of the District’s Annual Financial Report

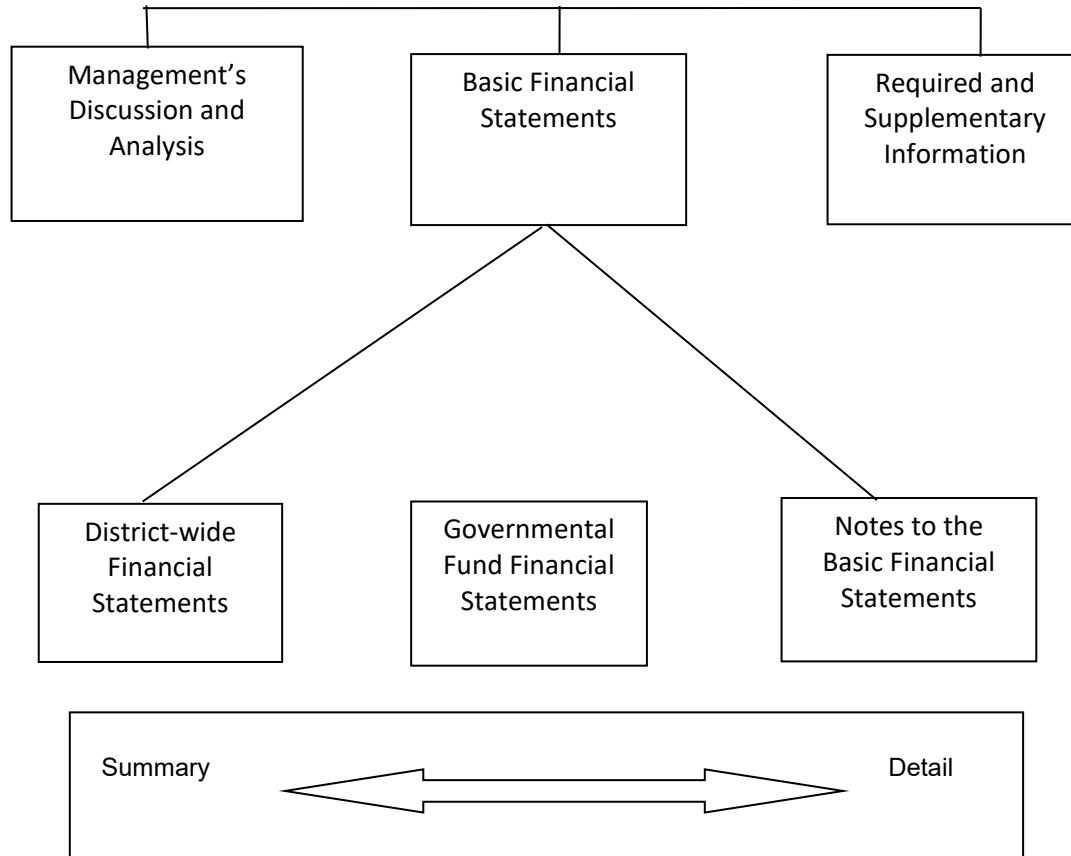


Table A-2 summarizes the major features of the District’s financial statements, including the portion of the District’s activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Management’s Discussion and Analysis (Unaudited)
June 30, 2020**

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

		Fund Financial Statements	
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The day-to-day operating activities of the District, such as instruction and special education	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required Financial Statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenue, expenditures, and changes in fund balance 	<ul style="list-style-type: none"> • Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting Basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred inflows-outflows of resources/liability information	All assets/deferred outflows and liabilities/deferred inflows, both financial and capital, short-term and long-term	Current assets and liabilities that come due during the year or soon after; no capital assets or long-term liabilities included	All assets/deferred outflows and liabilities/deferred inflows, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenue and expenses during the year, regardless of when cash is received or paid	Revenue for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

District-Wide Statements

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

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) June 30, 2020

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

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

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

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

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

Fund Financial Statements

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

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) June 30, 2020

The District has two kinds of funds:

- **Governmental Funds:** Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out of the District and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information in a reconciliation to the governmental fund statements explain the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the General fund, Special Aid fund, School Lunch fund, Debt Service fund and the Capital Projects fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund balance.
- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship funds and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position.

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Management’s Discussion and Analysis (Unaudited)
June 30, 2020**

Financial Analysis of the District as a Whole

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

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

	Fiscal Year 2020	Fiscal Year 2019	Percent Change
Current Assets	\$ 25,175,169	\$ 14,734,979	70.85%
Non-Current Assets	32,704,148	27,757,266	17.82%
Deferred Outflows of Resources	<u>5,022,191</u>	<u>4,603,681</u>	9.09%
Total Assets & Deferred Outflows	62,901,508	47,095,926	33.56%
Current Liabilities	14,232,115	1,484,836	858.50%
Noncurrent Liabilities	14,329,512	13,462,657	6.44%
Deferred Inflows of Resources	<u>1,894,458</u>	<u>1,774,148</u>	6.78%
Total Liabilities & Deferred Inflows	30,456,085	16,721,641	82.14%
Net Position:			
Investment in Capital Assets (net of related debt)	15,638,412	20,467,388	-23.59%
Restricted	9,939,320	11,556,462	-13.99%
Unrestricted	<u>6,867,691</u>	<u>(1,649,565)</u>	-516.33%
Total Net Position	<u>\$ 32,445,423</u>	<u>\$ 30,374,285</u>	6.82%

By far, the largest component of the District’s net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to the students and consequently, these assets are not available for future spending. Although the District’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Management’s Discussion and Analysis (Unaudited)
June 30, 2020**

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

	Fiscal Year 2020	Fiscal Year 2019	Percent Change
Revenues			
Charges for services	\$ 88,794	\$ 124,255	-28.54%
Operating grants	878,071	955,454	-8.10%
Capital grants	37,585	26,890	39.77%
General revenue:			
Real property taxes	5,060,929	4,936,884	2.51%
Use of money and property	122,886	132,415	-7.20%
Sale of property and compensation for loss	6,179	7,965	-22.42%
Miscellaneous	360,812	204,098	76.78%
State sources	<u>12,752,880</u>	<u>12,626,719</u>	1.00%
Total revenue	19,308,136	19,014,680	1.54%
Expenses			
General government support	3,081,466	2,974,075	3.61%
Instruction	12,313,668	11,553,700	6.58%
Pupil transportation	1,252,003	1,394,905	-10.24%
Home and community service	6,272	604	938.41%
Interest	228,518	260,173	-12.17%
School lunch program	<u>355,071</u>	<u>356,936</u>	-0.52%
Total expenses	<u>17,236,998</u>	<u>16,540,393</u>	4.21%
 Change in Net Position	 <u>\$ 2,071,138</u>	 <u>\$ 2,474,287</u>	 -16.29%

Changes in Net Position

As a result of governmental activities, the change in net position was \$2,071,138. Although a decrease from the previous year’s change in net position, the School District continues to use its resources wisely. As indicated on the following graphs, the School District relies upon State and Federal aid as its primary revenue source. The School District’s instruction costs account for 72% of its expenses.

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited)
June 30, 2020

Table A-5 Sources of Revenue for Fiscal Year 2020

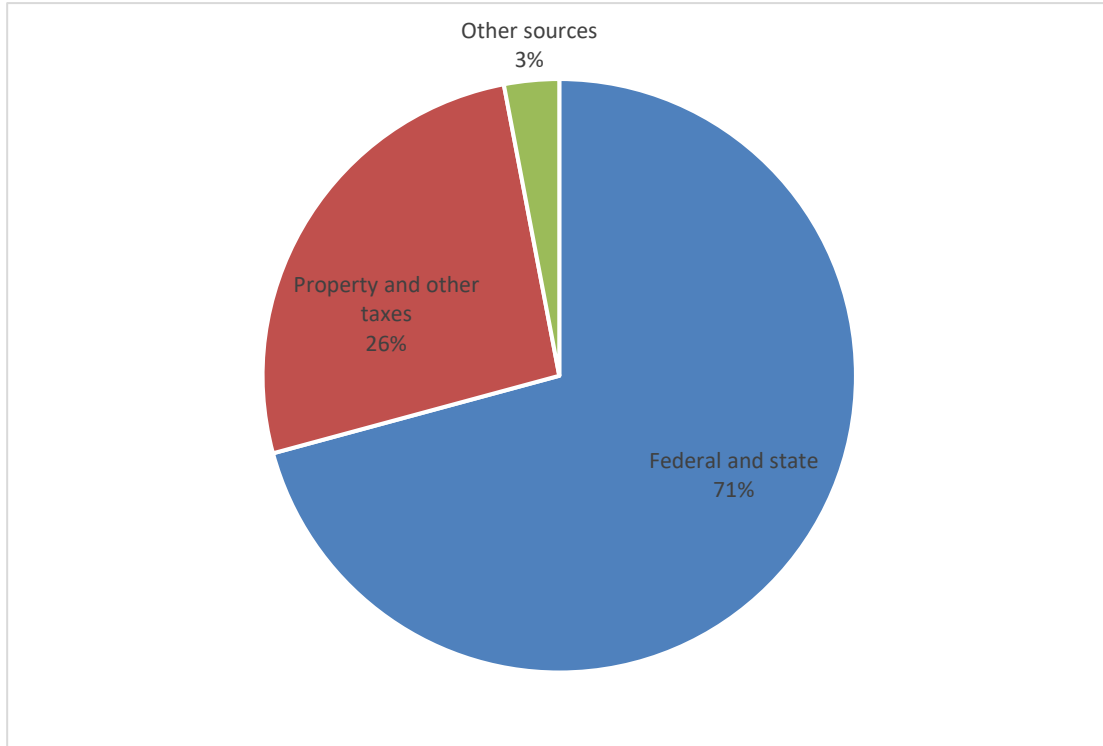
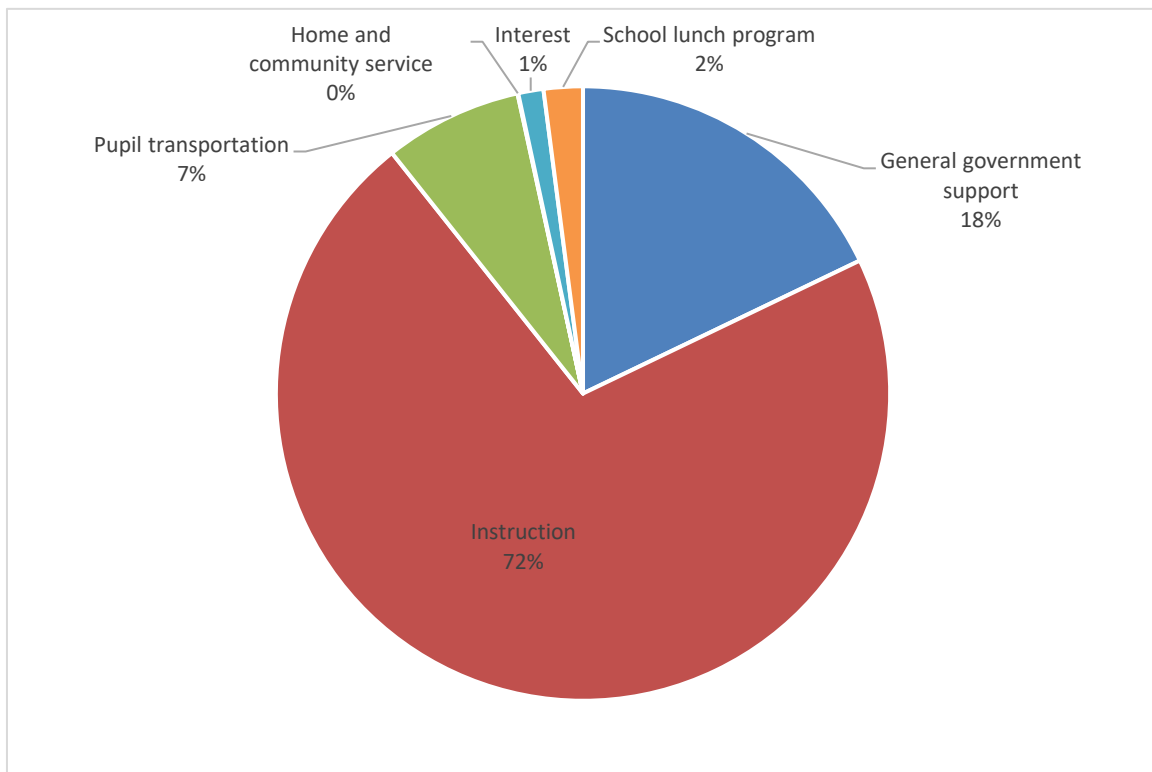


Table A-6 Expenses for Fiscal Year 2020



DALTON-NUNDA CENTRAL SCHOOL DISTRICT

Management's Discussion and Analysis (Unaudited) June 30, 2020

Financial Analysis of the District's Funds

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

Governmental Funds

The focus of the District's governmental funds is to provide information on near term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined fund balances of \$10,698,950, an increase of \$2,507,602 over the prior year. The primary reason for the increase in combined fund balance was:

Of the total combined fund balances, the Restricted fund balance decreased \$1,698,859 due to the BAN issued for the current capital project's expenditures. Once the capital project is completed, the Capital Fund balance will be zero. The Assigned fund balance decreased \$230,191 due to Appropriated Fund Balance for a subsequent years was reduced to zero. The Unassigned fund balance increased \$348,065 due to a surplus in General fund.

The General fund is the chief operating fund of the School District. At the end of the current fiscal year, the total fund balance of the General Fund was \$13,452,878, of which \$4,130,561 was unreserved and undesignated. During the 2019-2020 school year the school board decided to go over the 4% limit. The NYS Division of Budget has withheld 20% of School District's state aid for July and August. It is possible more cuts will be made to state aid and the unreserved and undesignated funds will help with the loss of revenues from New York State.

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Management’s Discussion and Analysis (Unaudited)
June 30, 2020**

General Fund Budgetary Highlights

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

Table A-7 Results vs. Budget (in thousands)

	Original Budget	Final Budget	Actual	Encumbrances	Variance Positive/ (Negative)
Revenue:					
Local sources	\$ 5,160	\$ 5,172	\$ 5,496	\$ -	\$ 324
Federal and state sources	12,077	12,077	12,575	-	498
Total	<u>17,237</u>	<u>17,249</u>	<u>18,071</u>	<u>-</u>	<u>822</u>
Expenditures:					
General support	2,879	2,903	2,474	52	377
Instruction	8,391	8,461	7,260	56	1,145
Employee benefits	4,123	4,051	3,215	-	836
Transportation	1,092	1,103	706	15	382
Home and community service	18	18	6	-	12
Debt service	1,184	1,184	1,184	-	-
Net other financing (sources) uses	149	105	80	-	25
Total	<u>17,836</u>	<u>17,825</u>	<u>14,925</u>	<u>123</u>	<u>2,777</u>
Revenue over (under) expense	<u>\$ (599)</u>	<u>\$ (576)</u>	<u>\$ 3,146</u>	<u>\$ (123)</u>	<u>\$ (1,955)</u>

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

The following significant variances between budget and actual occurred during fiscal year 2020:

- General support was under budget by approximately \$377 thousand due to overestimating heating cost and maintenance supplies.
- Instructional expenditures were under budget approximately \$1,145 million due to overestimating teachers’ salaries, cost of tuition, contractual services and BOCES services.
- Transportation costs were under budget approximately \$382 thousand due to salaries for bus attendants and fuel cost were lower than expected. Also the money budgeted for contract bussing was not needed due to hiring more bus drivers.
- Employee benefits were under budget approximately \$836 thousand due to overestimating health insurance and retirement expenditures.

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Management’s Discussion and Analysis (Unaudited)
June 30, 2020**

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

Capital Assets

As of June 30, 2020, the District had an investment of \$32 million in a broad range of capital assets including land, buildings, site improvements, vehicles and other educational equipment.

Table A-8 Capital Assets (net of depreciation)

	Fiscal Year 2020	Fiscal Year 2019
Category:		
Land	\$ 51,000	\$ 51,000
Construction in Progress	5,987,237	244,618
Buildings and Improvements	24,978,492	26,034,524
Machinery and Equipment	858,683	840,246
Total	<u>\$ 31,875,412</u>	<u>\$ 27,170,388</u>

More detailed information about the Districts capital assets is presented in the notes to the financial statements.

Long-Term Liabilities

At June 30, 2020, the District had \$14 million in general obligation and other long-term debt outstanding as follows:

Table A-9 Outstanding Long-Term Liabilities

	Fiscal Year 2020	Fiscal Year 2019
Category:		
Serial Bonds	\$ 5,930,000	\$ 6,703,000
Compensated absences	411,117	472,481
OPEB	6,383,521	5,861,769
Net pension liability	1,604,874	425,407
Total Long-Term Obligations	<u>\$ 14,329,512</u>	<u>\$ 13,462,657</u>

More detailed information related to these liabilities is presented within the footnotes.

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Management’s Discussion and Analysis (Unaudited)
June 30, 2020**

FACTORS BEARING ON THE FUTURE OF THE DISTRICT

State Aid

The District is highly dependent on state aid revenues as noted in the attached financial statements. The uncertainty about future state aid revenues, as well as the concern that future state aid is now tied to personal income growth, is a major concern to District management as we attempt to create long term financial stability.

Property Taxes

The District is subject to the property tax cap, which will restrict its ability to raise revenues from property taxes in the future. In the 2020-2021 school year the tax cap was 1.99% and the District could only raise \$100,310 in additional tax revenue. The District was tax cap compliant in the 2019-2020 year.

Reserves

The School District allocated interest earnings from investing in certificate of deposits to reserve accounts and added \$100,000 to the retirement reserve at the end of June 2020.

Increase of Staff

The District was able to again add to our teaching staff and add new programs for students.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Dalton-Nunda Central School District
PO Box 517
13 Mill Street
Nunda, NY 14517

DALTON-NUNDA CENTRAL SCHOOL DISTRICT**Statement of Net Position
June 30, 2020**

ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 4,419,508
Cash and cash equivalents - restricted	19,561,422
Accounts receivable	6,605
Due from fiduciary funds	110,578
Due from state and federal	622,707
Due from other governments	441,396
Inventory	12,953
Total current assets	<u>25,175,169</u>
NON-CURRENT ASSETS:	
Net pension asset - TRS	828,736
Capital assets, net	<u>31,875,412</u>
Total non-current assets	<u>32,704,148</u>
Total assets	<u>57,879,317</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pension Related - TRS	2,727,824
Pension Related - ERS	1,050,384
Other post-employment benefits	<u>1,243,983</u>
Total deferred outflows of resources	<u>5,022,191</u>
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable	3,081,540
Accrued liabilities	255,950
Unearned revenue	10,783
Due to other governments	5,905
Due to Teachers' Retirement System	495,307
Due to Employees' Retirement System	75,630
Bond anticipation note payable	<u>10,307,000</u>
Total current liabilities	<u>14,232,115</u>
LONG-TERM LIABILITIES:	
Due and payable within one year -	
Bonds payable	960,000
Compensated absences	<u>74,832</u>
Total long-term liabilities due and payable within one year	<u>1,034,832</u>
Due and payable after one year -	
Net pension liability - ERS	1,604,874
Compensated absences	336,285
Bonds payable	4,970,000
Total other post employment benefits	<u>6,383,521</u>
Total long-term liabilities due and payable after one year	<u>13,294,680</u>
Total long-term liabilities	<u>14,329,512</u>
Total liabilities	<u>28,561,627</u>
DEFERRED INFLOWS OF RESOURCES	
Pension related - TRS	1,134,678
Pension related - ERS	39,222
Other post-employment benefits	<u>720,558</u>
Total deferred inflows of resources	<u>1,894,458</u>
NET POSITION	
Net investment in capital assets	15,638,412
Restricted	9,939,320
Unrestricted	<u>6,867,691</u>
Total net position	<u>\$ 32,445,423</u>

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

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Statement of Activities
For the Year Ended June 30, 2020**

	Program Revenue			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants		Capital Grants
FUNCTIONS/PROGRAMS:					
General government support	\$ 3,081,466	\$ -	\$ -	\$ -	\$ (3,081,466)
Instruction	12,313,668	20,168	633,726	37,585	(11,622,189)
Pupil transportation	1,252,003	-	-	-	(1,252,003)
Home and community service	6,272	-	-	-	(6,272)
Interest	228,518	-	-	-	(228,518)
School lunch program	355,071	68,626	244,345	-	(42,100)
Total functions/programs	<u>\$ 17,236,998</u>	<u>\$ 88,794</u>	<u>\$ 878,071</u>	<u>\$ 37,585</u>	<u>\$ (16,232,548)</u>
GENERAL REVENUE:					
Real property taxes					5,060,929
Use of money and property					122,886
Sale of property and compensation for loss					6,179
Miscellaneous					360,812
State and federal sources					<u>12,752,880</u>
Total general revenue					<u>18,303,686</u>
CHANGE IN NET POSITION					<u>2,071,138</u>
NET POSITION - beginning of year					<u>30,374,285</u>
NET POSITION - end of year					<u>\$ 32,445,423</u>

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

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Balance Sheet - Governmental Funds
June 30, 2020**

	General	Special Aid	Capital Projects	School Lunch	Debt Service	Total Governmental Funds
ASSETS						
Cash - Unrestricted	\$ 4,322,621	\$ -	\$ -	\$ 96,887	\$ -	\$ 4,419,508
Cash - Restricted	9,199,361	16,765	9,269,052	-	1,076,244	19,561,422
Accounts receivable	6,231	-	-	374	-	6,605
Due from other funds	610,276	35,279	-	583	-	646,138
Due from other governments	441,396	-	-	-	-	441,396
Due from State and Federal	315,295	240,527	37,585	29,300	-	622,707
Inventory	-	-	-	12,953	-	12,953
Total assets	\$ 14,895,180	\$ 292,571	\$ 9,306,637	\$ 140,097	\$ 1,076,244	\$ 25,710,729
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES:						
Accounts payable	134,568	48,588	2,898,285	99	-	3,081,540
Accrued liabilities	246,290	-	-	1,247	-	247,537
Due to other funds	256,062	217,574	-	61,924	-	535,560
Due to other governments	5,905	-	-	-	-	5,905
Due to Teachers' Retirement System	495,307	-	-	-	-	495,307
Due to Employees' Retirement	72,131	-	-	3,499	-	75,630
Unearned revenue	5,869	62	-	4,852	-	10,783
Compensated absences	74,832	-	-	-	-	74,832
BAN Payable	-	-	10,307,000	-	-	10,307,000
Total liabilities	1,290,964	266,224	13,205,285	71,621	-	14,834,094
DEFERRED INFLOWS OF RESOURCES:						
Deferred inflows - State aid	151,338	26,347	-	-	-	177,685
Total deferred inflows of resources	151,338	26,347	-	-	-	177,685
FUND BALANCES:						
Nonspendable -						
Inventory	-	-	-	12,953	-	12,953
Restricted for -						
Capital Reserve	2,589,154	-	-	-	-	2,589,154
Reserve for Debt Service	-	-	-	-	1,076,244	1,076,244
Employee benefits	415,501	-	-	-	-	415,501
Retirement contributions	1,252,647	-	-	-	-	1,252,647
Unemployment Insurance	1,374,427	-	-	-	-	1,374,427
Workers' Compensation	2,330,989	-	-	-	-	2,330,989
Repair	635,456	-	-	-	-	635,456
Liability	601,187	-	-	-	-	601,187
Other	-	-	9,269,052	-	-	9,269,052
Assigned to -						
Other assigned purposes	122,956	-	-	55,523	-	178,479
Unassigned	4,130,561	-	(13,167,700)	-	-	(9,037,139)
Total fund balances	13,452,878	-	(3,898,648)	68,476	1,076,244	10,698,950
Total liabilities, deferred inflows of resources and fund balance	\$ 14,895,180	\$ 292,571	\$ 9,306,637	\$ 140,097	\$ 1,076,244	\$ 25,710,729

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

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Position

June 30, 2020

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

Fund Balance - total governmental funds	\$ 10,698,950
Capital Assets used in governmental activities are not financial resources and, therefore are not reported in the funds	31,875,412
Deferred outflows/inflows of resources related to pensions are applicable to future periods and; therefore, not reported in the funds:	
Deferred outflows - other postemployment benefits	1,243,983
Deferred outflows - ERS/TRS	3,778,208
Deferred inflows - other postemployment benefits	(720,558)
Deferred inflows - ERS/TRS	(1,173,900)
Net pension obligations and assets are not due and payable in the current period; and therefore, are not reported in the funds:	
Net pension asset - TRS	828,736
Net pension liability - ERS	(1,604,874)
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	(5,930,000)
Other postemployment benefits	(6,383,521)
Accrued interest	(8,413)
Compensated absences	<u>(336,285)</u>
Certain revenues are deferred in governmental funds due to applying the availability criterion to receivables for the modified accrual basis of accounting.	
Deferred inflows - state aid	<u>177,685</u>
Net position of governmental activities	<u>\$ 32,445,423</u>

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

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Statement of Revenue, Expenditures, and Changes in Fund Balance - Governmental Funds
For the Year Ended June 30, 2020**

	General	Special Aid	Capital Projects	School Lunch	Debt Service	Total Governmental Funds
REVENUE:						
Real property tax	\$ 5,060,929	\$ -	\$ -	\$ -	\$ -	\$ 5,060,929
Charges for services	20,168	-	-	-	-	20,168
Use of money and property	109,547	-	7,270	-	6,069	122,886
Sale of property and compensation for loss	6,179	-	-	-	-	6,179
Miscellaneous	299,544	-	57,307	3,961	-	360,812
State source	12,550,868	261,369	37,585	7,561	-	12,857,383
Federal source	-	372,357	-	236,784	-	609,141
Medicaid reimbursement	24,327	-	-	-	-	24,327
Sales	-	-	-	68,626	-	68,626
Total revenue	18,071,562	633,726	102,162	316,932	6,069	19,130,451
EXPENDITURES:						
General support	2,474,492	-	-	-	-	2,474,492
Instruction	7,260,355	602,980	-	-	-	7,863,335
Pupil transportation	706,478	9,522	-	-	-	716,000
Home and community service	6,272.00	-	-	-	-	6,272
Employee benefits	3,214,668	30,156	-	53,753	-	3,298,577
Cost of sales	-	-	-	271,305	-	271,305
Capital outlays	-	-	6,004,079	-	-	6,004,079
Debt service - Principal	953,000	-	-	-	-	953,000
Interest	230,993	-	-	-	-	230,993
Total expenditures	14,846,258	642,658	6,004,079	325,058	-	21,818,053
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,225,304	(8,932)	(5,901,917)	(8,126)	6,069	(2,687,602)
OTHER FINANCING SOURCES AND (USES)						
Proceeds from issuance of debt	-	-	180,000	-	-	180,000
Transfers in	-	8,932	43,875	27,656	-	80,463
Transfers out	(80,463)	-	-	-	-	(80,463)
Total other financing sources (uses)	(80,463)	8,932	223,875	27,656	-	180,000
CHANGE IN FUND BALANCE	3,144,841	-	(5,678,042)	19,530	6,069	(2,507,602)
FUND BALANCE - beginning of year	10,308,037	-	1,779,394	48,946	1,070,175	13,206,552
FUND BALANCE - end of year	\$ 13,452,878	\$ -	\$ (3,898,648)	\$ 68,476	\$ 1,076,244	\$ 10,698,950

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

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balance -
Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020**

Net changes in fund balance - total governmental funds	\$ (2,507,602)
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position.	5,966,494
Depreciation is not recorded as a expenditure in the governmental funds, but is recorded in the statement of activities.	(1,261,470)
Proceeds from the issuance of bonds are recorded as revenues within the governmental funds, but are recorded as liabilities in the statement of net position.	(180,000)
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.	953,000
Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned, net of employer contributions is reported as pension expense.	(871,363)
Governmental funds report other postemployment benefit contributions as expenditures. However, in the statement of activities, the cost of other postemployment benefits earned, net of employer contributions is reported as other postemployment benefits.	(289,798)
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 compensated absences	81,717
Change in accrued interest	2,475
Revenue related to State Aid is recognized as a deferred inflow of resources at the fund level because it is not available under the modified accrual basis of accounting, but recognized at the government-wide level on the full accrual basis of accounting.	<u>177,685</u>
Change in net position - governmental activities	<u>\$ 2,071,138</u>

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

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Statement of Net Position - Fiduciary Funds
For the Year Ended June 30, 2020**

	Private Purpose Trusts	Agency
	<u> </u>	<u> </u>
ASSETS:		
Cash	\$ -	\$ 153,607
Cash - restricted	<u>62,047</u>	<u>113,351</u>
 Total assets	 <u>62,047</u>	 <u>266,958</u>
 LIABILITIES:		
Due to other funds	-	110,578
Extraclassroom activity balances	-	113,351
Other liabilities	<u>-</u>	<u>43,029</u>
 Total liabilities	 <u>-</u>	 <u>\$ 266,958</u>
 NET POSITION:		
Restricted for scholarships	<u>62,047</u>	
 Total net position	 <u>\$ 62,047</u>	

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

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended June 30, 2020**

	<u>Private Purpose Trusts</u>
ADDITIONS:	
Gifts and contributions	\$ 1,600
Investment earnings	<u>264</u>
Total additions	1,864
DEDUCTIONS:	
Scholarships and awards	<u>3,995</u>
CHANGE IN NET POSITION	(2,131)
NET POSITION - beginning of year	<u>64,178</u>
NET POSITION - end of year	<u><u>\$ 62,047</u></u>

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

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2020

1. NATURE OF OPERATIONS

Dalton-Nunda 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). The President of the Board serves as chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management and primary accountability for all fiscal matters.

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

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

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

Joint Venture

The District is a component school district in the Genesee Valley 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.

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2020

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 \$2,219,932 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$980,878.

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.

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2020

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.

The District reports the following major governmental funds:

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

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

- Special Aid Fund: Used to account for proceeds from State and Federal grants that are restricted for specific educational programs.
- School Lunch Fund: Use to account for child nutrition activities whose funds are restricted as to use.

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

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

The District reports the following fiduciary 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 are not available to be used.

There are two classes of fiduciary funds:

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

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2020

Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Cash

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

Restricted Cash

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

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2020

Accounts Receivable

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

Due From Other Governments

Due from other governments recorded as an asset at June 30, 2020 relates to receivables due from BOCES. Management does not believe an allowance for doubtful accounts is necessary.

State and Federal Aid Receivable

State and federal aid receivable recorded as an asset at June 30, 2020 relates to receivables due from New York State and/or the federal government. Management does not believe an allowance for doubtful accounts is necessary.

Property Taxes

Real property taxes are levied annually by the BOE no later than September 1, and become a lien on August 12. Taxes are collected during the period September 1 to October 31.

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

Inventory

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

Interfund Transactions

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

In the district-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

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

Refer to Note 7 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
June 30, 2020**

Capital Assets

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

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 50,000	SL	15 - 50 years
Machinery and Equipment	\$ 5,000	SL	5 - 25 years

Vested Employee Benefits

Compensated absences consist of unpaid accumulated annual sick leave, vacation, and sabbatical time. Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

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

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

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

Other Benefits

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

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

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2020

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

Deferred Outflows and Inflows of Resources

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

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.

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.

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2020

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 available the following restricted fund balances:

Capital reserve

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

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2020

Reserve for Debt Service

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

Repair

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

Employee Benefit Accrued Liability Reserve

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

Liability Reserve

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

Retirement Contribution

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 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.

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

Notes to the Basic Financial Statements
June 30, 2020

Workers' Compensation

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

Unemployment Insurance Reserve

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

Restricted fund balance includes the following:

Unemployment insurance	\$ 1,374,427
Debt service	1,076,244
Retirement contribution	1,252,647
Workers compensation	2,330,989
Employee benefit accrued liability	415,501
Liability	601,187
Capital	2,589,154
Repair	635,456
Other	<u>9,269,052</u>
Total restricted fund balance	<u>\$ 19,544,657</u>

Committed fund balance - Includes amounts that can be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, the BOE. The District has no committed fund balances as of June 30, 2020.

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. The purpose of the constraint must be narrower than the purpose of the General fund, and in funds other than the General fund. Assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes encumbrances not classified as restricted at the end of the fiscal year.

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

June 30, 2020

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

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

Order of Fund Balance Spending Policy

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported revenue and expenses during the reporting period. Actual results could differ from those estimates. 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.

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2020

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

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

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

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

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

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

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

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2020

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 the BOE as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restriction, if the board approves them because of a need that exists which was not determined at the time the budget was adopted. There were no supplemental appropriations during the year.

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

The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2020.

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

Encumbrances

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

The portion of the District's fund balance subject to the New York State Real Property Tax Law §1318 limit exceeded the amount allowable, which is 4% of the District's budget for the upcoming school year. Actions the District plans to pursue to address this issue include using the amount over the 4% to cover the 20% deductions to the 2020-2021 state aid.

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
June 30, 2020**

The Capital Projects Fund had a deficit fund balance of \$3,898,648. This will be funded when the District obtains permanent financing for its current construction projects.

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, 2020, the reported amount of the District's deposits was \$24,309,935 and the bank balance was \$25,644,163. Of the bank balance, \$483,040 was covered by federal depository insurance or by collateral held by the District's agent in the District's name, and \$25,664,347 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 \$19,561,422 within the governmental funds and \$175,398 in the fiduciary funds.

6. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	<u>Balance</u> <u>7/1/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2020</u>
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 51,000	\$ -	\$ -	\$ 51,000
Construction in progress	<u>244,618</u>	<u>5,742,619</u>	<u>-</u>	<u>5,987,237</u>
Total nondepreciable cost	<u>295,618</u>	<u>5,742,619</u>	<u>-</u>	<u>6,038,237</u>
Capital assets that are depreciated:				
Buildings and Improvements	44,139,565	-	-	44,139,565
Machinery and Equipment	<u>5,935,997</u>	<u>223,875</u>	<u>(171,455)</u>	<u>5,988,417</u>
Total depreciable historical cost	<u>50,075,562</u>	<u>223,875</u>	<u>(171,455)</u>	<u>50,127,982</u>
Less accumulated depreciation:				
Buildings and Improvements	(18,105,041)	(1,056,032)	-	(19,161,073)
Machinery and Equipment	<u>(5,095,751)</u>	<u>(205,438)</u>	<u>171,455</u>	<u>(5,129,734)</u>
Total accumulated depreciation	<u>(23,200,792)</u>	<u>(1,261,470)</u>	<u>171,455</u>	<u>(24,290,807)</u>
Total depreciable cost - net	<u>26,874,770</u>	<u>(1,037,595)</u>	<u>-</u>	<u>25,837,175</u>
Total capital assets, net	<u>\$ 27,170,388</u>	<u>\$ 4,705,024</u>	<u>\$ -</u>	<u>\$ 31,875,412</u>

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
June 30, 2020**

Depreciation expense for the year ended June 30, 2020, was allocated to specific functions as follows:

Instruction	\$ 1,017,548
School Lunch	20,263
Pupil transportation	213,763
Administration	<u>9,896</u>
Total depreciation	<u>\$ 1,261,470</u>

7. INTERFUND BALANCES AND ACTIVITY

	Interfund		Transfers	
	<u>Receivable</u>	<u>Payable</u>	<u>In</u>	<u>Out</u>
General	\$ 610,276	\$ 256,062	\$ -	\$ 80,463
Special Aid	35,279	217,574	8,932	-
School Lunch	583	61,924	27,656	-
Capital Projects	-	-	43,875	-
Agency	-	<u>110,578</u>	-	-
Total	<u>\$ 646,138</u>	<u>\$ 646,138</u>	<u>\$ 80,463</u>	<u>\$ 80,463</u>

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

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

8. LONG-TERM OBLIGATIONS

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

	Balance	<u>Additions</u>	<u>Deletions {a}</u>	Balance	Due Within
	<u>06/30/2019</u>			<u>06/30/2020</u>	One Year
Bonds:					
Serial bonds payable	<u>\$ 6,703,000</u>	<u>\$ 180,000</u>	<u>\$ (953,000)</u>	<u>\$ 5,930,000</u>	<u>\$ 960,000</u>
Other liabilities:					
Compensated absences	<u>\$ 472,481</u>	<u>\$ -</u>	<u>\$ (61,364)</u>	<u>\$ 411,117</u>	<u>\$ 74,832</u>

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

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
June 30, 2020**

Interest on all debt for the year was composed of:

Interest paid	\$ 230,993
Less: Interest accrued in the prior year	(10,888)
Plus: Interest accrued in the current year	<u>8,413</u>
Total interest expense	<u>\$ 228,518</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>6/30/20 Balance</u>
Serial bond	2015	2030	1.50-3.00%	3,060,000
Serial bond	2016	2024	2.00-5.00%	2,640,000
Serial bond	2018	2024	1.00-5.50%	50,000
Serial Bond	2019	2025	0.5%-3.00%	<u>180,000</u>
Total bond issues				<u>\$ 5,930,000</u>

The following is a summary of the maturity of long-term indebtedness as of June 30, 2020:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 960,000	\$ 205,668	\$ 1,165,668
2022	990,000	167,245	1,157,245
2023	1,030,000	128,739	1,158,739
2024	1,070,000	91,819	1,161,819
2025	360,000	48,775	408,775
2026-2030	<u>1,520,000</u>	<u>117,963</u>	<u>1,637,963</u>
Totals	<u>\$ 5,930,000</u>	<u>\$ 760,209</u>	<u>\$ 6,690,209</u>

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
June 30, 2020**

9. 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.

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

	ERS
2020	\$ 244,100
2019	\$ 244,129
2018	\$ 245,572

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

At June 30, 2020, the District reported a net pension liability of \$1,604,874 for its proportionate share of the ERS net pension liability. The net pension liability was measured as of March 31, 2020, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation as of April 1, 2019. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2020 the District's proportionate share was 0.0060606%, which was a increase of 0.0000565% from its proportionate share at June 30, 2019.

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
June 30, 2020**

For the year ended June 30, 2020, the District recognized pension expense of \$560,625. At June 30, 2020, the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 94,453	\$ -
Changes of assumptions	32,315	27,903
Net difference between projected and actual earnings on pension plan investments	822,736	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	28,749	11,319
Contributions subsequent to the measurement date	<u>72,131</u>	<u>-</u>
Total	<u>\$ 1,050,384</u>	<u>\$ 39,222</u>

The District recognized \$72,131 as deferred outflow of resources related to pensions resulting from contributions made subsequent to the measurement date of March 31, 2020 which will be recognized on a reduction of the net pension liability in the year ended June 30, 2021.

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:

2021	\$ 161,162
2022	238,017
2023	298,572
2024	241,280
Thereafter	<u>-</u>
	<u>\$ 939,031</u>

Actuarial Assumptions

The total pension liability at June 30, 2020 was determined by using an actuarial valuation as of April 1, 2019, with update procedures used to roll forward the total pension liability to March 31, 2020.

The actuarial valuation used the following actuarial assumptions:

Inflation	2.50%
Salary scale	4.2% indexed by service
Cost-of-living adjustments	1.3%
Decremets	Developed from the Plan's experience study of the period April 1, 2010 through March 31, 2015
Mortality improvement	Society of Actuaries Scale MP-2018
Investment Rate of Return	6.8% net of investment expenses, including inflation

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

June 30, 2020

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 previous actuarial valuation as of April 1, 2018 used a long-term expected rate of return of 7.0%.

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

Asset Type	Target Allocations in %	Long-Term expected real rate of return in %
Domestic equity	36	4.05
International equity	14	6.15
Private equity	10	6.75
Real estate	10	4.95
Absolute return strategies	2	3.25
Opportunistic portfolio	3	4.65
Real asset	3	5.95
Bonds and mortgages	17	0.75
Cash	1	0.00
Inflation indexed bonds	<u>4</u>	0.50
	<u>100%</u>	

Discount Rate

The discount rate used to calculate the total pension liability was 6.8%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 6.8%, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease <u>5.8%</u>	Current Discount <u>6.8%</u>	1% Increase <u>7.8%</u>
Proportionate Share of Net Pension liability (asset)	<u>\$ 2,945,396</u>	<u>\$ 1,604,874</u>	<u>\$ 370,247</u>

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
June 30, 2020**

Pension Plan Fiduciary Net Position (000's)

The components of the current-year net pension liability of the employers as of March 31, 2020, were as follows:

Total pension liability	\$	194,596,261
Net position		<u>168,115,682</u>
Net pension liability (asset)	\$	<u>26,480,579</u>
ERS net position as a percentage of total pension liability		86.39%

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.

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.

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
June 30, 2020**

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>
2020	\$ 565,456
2019	\$ 518,088
2018	\$ 613,776

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

At June 30, 2020, the District reported a net pension asset of \$828,736 for its proportionate share of the TRS net pension asset. The net pension asset was measured as of June 30, 2019, and the total pension asset used to calculate the net pension asset was determined by the actuarial valuation as of that date. 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, 2020 the District’s proportionate share was 0.031899%, which was an decrease of -0.000556% from its proportionate share at June 30, 2019.

For the year ended June 30, 2020, the District recognized pension expense of \$1,046,603. At June 30, 2020 the District reported deferred outflows/inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 561,613	\$ 61,626
Changes of assumptions	1,565,593	381,736
Net difference between projected and actual earnings on pension plan investments	-	664,604
Changes in proportion and differences between the District's contributions and proportionate share of contributions	133,477	26,712
Contributions subsequent to the measurement date	<u>467,141</u>	<u>-</u>
Total	<u>\$ 2,727,824</u>	<u>\$ 1,134,678</u>

The District recognized \$467,141 as a deferred outflows of resources related to pensions resulting from the District’s contributions subsequent to the measurement date of June 30, 2019, which will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
June 30, 2020**

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

Plan's Year Ended June 30:	
2020	\$ 396,660
2021	45,518
2022	395,301
2023	264,758
2024	44,202
Thereafter	<u>(20,434)</u>
	<u>\$ 1,126,005</u>

Actuarial Assumptions

The total pension liability at the June 30, 2019 measurement date was determined by an actuarial valuation as of June 30, 2018, with update procedures used to roll forward the total pension liability to June 30, 2019. These actuarial valuations used the following actuarial assumptions:

Inflation	2.20%
Projected Salary Increases	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.

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

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

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2018, applied on a generational basis. Active member mortality rates are based on plan member experience.

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

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expect future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
June 30, 2020**

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, 2019 are summarized in the following table:

Asset Type	Target Allocations in %	Long-Term Expected Real Rate of Return in %
Domestic equity	33	6.3
International equity	16	7.8
Global equity	4	7.2
Real estate equity	11	4.6
Private equity	8	9.9
Domestic fixed income	16	1.3
Global bonds	2	0.9
High-yield bonds	1	3.6
Private debt	1	6.5
Real estate debt	7	2.9
Cash equivalents	1	0.3
	<u>100%</u>	

Discount Rate

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

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

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

	1% Decrease 6.10%	Current Discount 7.10%	1% Increase 8.10%
Proportionate Share of Net Pension Liability (asset)	<u>\$ 3,740,828</u>	<u>\$ (828,736)</u>	<u>\$ (4,662,084)</u>

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
June 30, 2020**

Pension Plan Fiduciary Net Position

The components of the current year net pension liability of the employers as of June 30, 2019, were as follows:

Total pension liability	\$	119,879,473,882
Net position		<u>122,477,480,654</u>
Net pension liability (asset)	\$	<u>(2,598,006,772)</u>
NYSTRS net position as a percentage of total pension liability		102.17%

Payables to the Pension Plans

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 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, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS covered wages multiplied by the employer's contribution rate, by tier. Employee contributions are remitted monthly.

	<u>June 30, 2020</u>
ERS Liability	\$ 72,131
TRS Liability	\$ 495,307

10. OTHER POSTEMPLOYMENT BENEFITS

Plan Description

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

Employees Covered by Benefit Terms

At June 30, 2020, the following employees were covered by the benefit terms:

Actives	115
Retirees	16
Spouses of Retirees	<u>4</u>
Total participants	<u><u>135</u></u>

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
June 30, 2020**

Total OPEB Liability

The District's total OPEB liability of \$6,383,521 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2018.

Actuarial Assumptions and Other Inputs

The total OPEB liability as of June 30, 2020 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.21%
20 year tax-exempt municipal bond yield	2.21%
Valuation date	July 1, 2018
Measurement date	June 30, 2020
Actuarial cost method	Entry age normal
Salary increases including inflation	2.60%
Medical trend rate	6.1 to 4.1% over 57 years

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% in 2019 to 2.21% in 2020.

Changes in the Total OPEB Liability

Balance at June 30, 2019	<u>\$ 5,861,769</u>
Changes for the Year-	
Service cost	214,719
Interest on total OPEB liability	208,752
Effect of assumptions changes or inputs	324,514
Benefit payments	<u>(226,233)</u>
Net changes	<u>521,752</u>
Balance at June 30, 2020	<u>\$ 6,383,521</u>

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

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

	1% Decrease	Current Discount	1% Increase
	<u>1.21%</u>	<u>2.21%</u>	<u>3.21%</u>
Total OPEB Liability	<u>\$ 6,852,530</u>	<u>\$ 6,383,521</u>	<u>\$ 5,933,098</u>

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Notes to the Basic Financial Statements
June 30, 2020**

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

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

	Healthcare		
	1% Decrease	Current Trend	1% Increase
	5.1% to 3.1%	6.1% to 4.1%	7.1% to 5.1%
Total OPEB Liability	<u>\$ 5,607,684</u>	<u>\$ 6,383,521</u>	<u>\$ 7,299,036</u>

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$516,031. At June 30, 2020 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 50,015	\$ 720,558
Changes of assumptions	<u>1,193,968</u>	<u>-</u>
Total	<u>\$ 1,243,983</u>	<u>\$ 720,558</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>
2021	\$ 92,560
2022	92,560
2023	92,560
2024	92,560
2025	92,560
Thereafter	<u>60,625</u>
	<u>\$ 523,425</u>

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2020

11. RISK MANAGEMENT

General

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

Worker's Compensation

The District incurs costs related to the Genesee Valley Workers' Compensation Plan (the Plan) sponsored by the Genesee Valley 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 Genesee Valley BOCES with the approval of the Board of Directors. Voluntary withdrawal from the Plan may be effective only once annually on the last day of the Plan year as may be established by the Board of Directors. Notice of the Intention to Withdraw must be given in writing to the Chairman of the Board of Directors and the Treasurer not less than one year prior to the end of the Plan year.

Plan membership is currently comprised of fifteen 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, 2020, the District incurred premiums or contribution expenditures totaling \$46,684.

The Plan is audited on an annual basis and is available at the BOCES administrative offices. The most recent audit available for the year ended June 30, 2020, revealed that the Plan is fully funded.

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

Notes to the Basic Financial Statements June 30, 2020

Unemployment

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The District has established a self-insurance fund to pay these claims. The claim and judgment expenditures of this program for the 2019-2020 fiscal year totaled \$11,269. The balance of the fund at June 30, 2020 is \$1,374,427 and is recorded in the General fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2020, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

12. COMMITMENTS AND CONTINGENCIES

Litigation

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

Grants

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

13. TAX ABATEMENT

The Livingston County IDA enters into various property tax abatement programs for the purpose of economic development. The School District property tax revenue was reduced \$61,414. The District received payment in Lieu of Tax (PILOT) payment totaling \$2,966.

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

14. SUBSEQUENT EVENTS

As of the date of this report, the United States is in the midst of a national health emergency related to a virus, commonly known as novel coronavirus (COVID-19). In August 2020, the New York State Department of Education notified all school districts that effective immediately various state aid payments will be reduced by a 20% withholding. As a result, the School District has recorded a deferred inflow to reflect certain payments that have been delayed. At this time, it is uncertain as to when these payments will be received. As a result, at June 30, 2020, the School District has recorded a deferred inflow of resources in the amount of \$151,338 in the General Fund and \$26,347 in the Special Aid Fund.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund (Unaudited)
For the Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual	Encumbrances	Final Budget Variance with Budgetary Actual
REVENUE					
Real property taxes	\$ 5,052,647	\$ 5,052,647	\$ 5,060,929	\$ -	\$ 8,282
Charges for services	2,500	2,500	20,168	-	17,668
Use of money and property	15,000	15,000	109,547	-	94,547
Sale of property and compensation for loss	-	-	6,179	-	6,179
Miscellaneous	90,000	101,630	299,544	-	197,914
State sources	12,056,906	12,056,906	12,550,868	-	493,962
Medicaid reimbursement	20,000	20,000	24,327	-	4,327
Total revenue	<u>17,237,053</u>	<u>17,248,683</u>	<u>18,071,562</u>	<u>-</u>	<u>822,879</u>
EXPENDITURES					
GENERAL SUPPORT:					
Board of education	47,299	45,899	42,440	217	3,242
Central administration	196,978	205,066	206,439	-	(1,373)
Finance	326,087	315,714	309,885	474	5,355
Staff	68,831	69,540	50,007	-	19,533
Central services	1,949,466	1,976,901	1,586,735	50,939	339,227
Special items	290,264	290,264	278,986	-	11,278
Total general support	<u>2,878,925</u>	<u>2,903,384</u>	<u>2,474,492</u>	<u>51,630</u>	<u>377,262</u>

(Continued)

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund (Unaudited)
For the Year Ended June 30, 2020**

	Original Budget	Final Budget	Actual	Encumbrances	Final Budget Variance with Budgetary Actual
INSTRUCTION:					
Instruction, administration, and improvement	552,707	570,645	507,002	2,013	61,630
Teaching - regular school	3,858,117	3,802,537	3,435,117	26,558	340,862
Programs for children with handicapping conditions	2,413,435	2,501,008	1,883,038	7,081	610,889
Occupational education	464,030	473,630	473,595	-	35
Teaching - special school	44,877	44,877	39,877	-	5,000
Instructional media	379,490	382,640	350,379	16,392	15,869
Pupil services	677,988	685,324	571,347	3,931	110,046
Total instruction	8,390,644	8,460,661	7,260,355	55,975	1,144,331
Pupil transportation	1,091,932	1,103,097	706,478	15,351	381,268
Home and community service	17,500	17,500	6,272	-	11,228
Employee benefits	4,123,028	4,051,315	3,214,668	-	836,647
Debt service	1,183,993	1,183,993	1,183,993	-	-
Total expenditures	17,686,022	17,719,950	14,846,258	122,956	2,750,736
Deficiency of revenue over expenditures	(448,969)	(471,267)	3,225,304	(122,956)	3,573,615
OTHER FINANCING USES:					
Transfers in	207,237	207,237	-	-	(207,237)
Transfers out	(58,268)	(102,143)	(80,463)	-	21,680
Total other financing uses	148,969	105,094	(80,463)	-	(185,557)
CHANGE IN FUND BALANCES	\$ (300,000)	\$ (366,173)	3,144,841	\$ (122,956)	\$ 3,388,058
FUND BALANCE - beginning of year			10,308,037		
FUND BALANCE - end of year			<u>\$ 13,452,878</u>		

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Schedule of Net Proportionate Share of Net Pension Liability (Asset) (Unaudited)
For the Year Ended June 30, 2020**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Proportion of the net pension liability (asset)	0.006%	0.007%	0.006%	0.006%	0.006%	0.006%				
Proportionate share of the net pension liability (asset)	\$ 1,605	\$ 233	\$ 201	\$ 539	\$ 1,003	214				
Covered-employee payroll	\$ 1,756	\$ 1,692	\$ 1,638	\$ 1,599	\$ 1,730	1,724				
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	91.40%	13.77%	12.27%	33.71%	57.98%	12.39%				
Plan fiduciary net position as a percentage of the total pension liability (asset)	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%				

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

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Proportion of the net pension liability (asset)	0.032%	0.032%	0.033%	0.032%	0.033%	0.036%				
Proportionate share of the net pension liability (asset)	\$ (829)	\$ (587)	\$ (251)	\$ 347	\$ (3,430)	\$ (3,974)				
Covered-employee payroll	\$ 5,551	\$ 5,286	\$ 5,425	\$ 5,088	\$ 5,024	\$ 4,985				
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-14.93%	-11.10%	-4.63%	6.82%	-68.27%	-79.73%				
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%				

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

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Schedule of Contributions - Pension Plans (Unaudited)
For the Year Ended June 30, 2020**

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 244	\$ 244	\$ 246	\$ 245	\$ 319	\$ 335				
Contributions in relation to the contractually required contribution	<u>244</u>	<u>244</u>	<u>246</u>	<u>245</u>	<u>319</u>	<u>335</u>				
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
Covered-employee payroll	\$ 1,756	\$ 1,692	\$ 1,638	\$ 1,599	\$ 1,730	\$ 1,724				
Contributions as a percentage of covered-employee payroll	13.90%	14.42%	15.02%	15.32%	18.44%	19.44%				

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

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 496	\$ 589	\$ 543	\$ 663	\$ 692	\$ 873				
Contributions in relation to the contractually required contribution	<u>496</u>	<u>589</u>	<u>543</u>	<u>663</u>	<u>692</u>	<u>873</u>				
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>				
Covered-employee payroll	\$ 5,551	\$ 5,286	\$ 5,425	\$ 5,088	\$ 5,024	\$ 4,985				
Contributions as a percentage of covered-employee payroll	8.94%	11.14%	10.01%	13.03%	13.77%	17.51%				

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

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Schedule of Changes in Total OPEB Liability and Related Ratios (Unaudited)
For the Year Ended June 30, 2020**

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Total OPEB Liability										
Service cost	\$ 215	\$ 173	\$ 238							
Interest	209	168	165							
Changes of benefit terms	-	(18)	-							
Differences between expected and actual experience	-	(987)	67							
Changes in assumptions	324	1,260	-							
Benefit payments	(226)	(337)	(294)							
Total change in total OPEB liability	522	259	176							
Total OPEB liability - beginning	5,861	5,602	5,426							
Total OPEB liability - ending	\$ 6,383	\$ 5,861	\$ 5,602							
Covered-employee payroll	\$ 5,582	\$ 5,582	\$ 6,611							
Total OPEB liability as a percentage of covered-employee payroll	114.3%	105.0%	84.7%							

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become 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	2.21%	3.50%	3.00%
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For the current year GASB valuation, the discount rate, mortality rate, salary scale, health care trend rates, and per capita costs have been updated.

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

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

OTHER INFORMATION (UNAUDITED)

DALTON-NUNDA 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, 2020**

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget	\$ 17,744,290	
Add: Prior year's encumbrances	<u>66,174</u>	
Original budget	<u>17,810,464</u>	
Budget revisions	<u>11,629</u>	
Final budget	<u>\$ 17,822,093</u>	

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-2021 voter-approved expenditure budget	<u>\$ 17,313,298</u>	
Maximum allowed (4% of 2020-2021 budget)		<u>692,532</u>
General Fund Balance Subject to Section 1318 of Real Property Tax Law :		
Unrestricted fund balance		
Assigned fund balance	\$ 122,956	
Unassigned fund balance	<u>4,130,561</u>	
Total unrestricted fund balance	<u>4,253,517</u>	
Less:		
Appropriated fund balance	-	
Encumbrances included in assigned fund balance	<u>122,956</u>	
Total adjustments	<u>\$ 122,956</u>	
General Fund Balance Subject to Section 1318 of Real Property Tax Law:		<u>\$ 4,130,561</u>
Actual percentage		23.86%

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Schedule of Project Expenditures - Capital Projects Fund (Unaudited)
For the Year Ended June 30, 2020**

<u>Project Title</u>	<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>m</u>	<u>Current Year Expenditures</u>	<u>Total Expenditures</u>	<u>m</u>	<u>Serial bonds</u>	<u>Federal and State Sources</u>	<u>Local Sources</u>	<u>Total Financing</u>	<u>Fund Balance</u>
2020 Capital Project	\$ 13,969,029	\$ 13,690,000	\$ 244,618	\$ 5,742,619	\$ 5,987,237	\$ 7,702,763	\$ -	\$ 2,024,012	\$ 64,577	\$ 2,088,589	\$ 3,898,648
Buses	\$ 226,000	\$ 226,000	\$ -	\$ 223,875	\$ 223,875	\$ 2,125	\$ 180,000		\$ 43,875	\$ 223,875	\$ -
Smart Schools Bond Act	\$ -	\$ -	\$ -	\$ 37,585	\$ 37,585	\$ (37,585)	\$ -	\$ 37,585	\$ -	\$ 37,585	\$ -
	<u>\$ 14,195,029</u>	<u>\$ 13,916,000</u>	<u>\$ 244,618</u>	<u>\$ 6,004,079</u>	<u>\$ 6,248,697</u>	<u>\$ 7,667,303</u>	<u>\$ 180,000</u>	<u>\$ 2,061,597</u>	<u>\$ 108,452</u>	<u>\$ 2,350,049</u>	<u>\$ 3,898,648</u>

DALTON-NUNDA CENTRAL SCHOOL DISTRICT

**Schedule of Net Investment in Capital Assets (Unaudited)
For the Year Ended June 30, 2020**

Capital assets, net	\$ 31,875,412
Deduct:	
Bond anticipation note payable	(10,307,000)
Short-term portion of bonds payable	(960,000)
Long-term portion of bonds payable	<u>(4,970,000)</u>
Net investment in capital assets	<u>\$ 15,638,412</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 16, 2020

To the Board of Education of
Dalton-Nunda 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 Dalton-Nunda Central School District (the District), as of and for the year ended June 30, 2020, 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 16, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. 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.