

DOLGEVILLE CENTRAL SCHOOL DISTRICT

**AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL SCHEDULES**

JUNE 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the President and the Other Members
of the Board of Education of the
Dolgeville Central School District
Dolgeville, New York

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 Dolgeville Central School District (the "District"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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 auditors' 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 auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Dolgeville Central School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows 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, schedule of funding progress – changes in total other post-employment benefits liability and related ratios and schedules of local government's proportionate share of the net pension liability and contributions on pages 3 through 11 and pages 49 through 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information on pages 54 through 56, as described in the table of contents and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 21, 2021, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

WEST & COMPANY CPAs PC

Gloversville, New York
September 21, 2021

DOLGEVILLE CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

The following is a narrative overview and analysis of the financial activities of the Dolgeville Central School District (District) for the fiscal year ended June 30, 2021. This discussion is intended to serve as an introduction to the District's basic financial statements, which immediately follow this section. The basic financial statements have the following components: (1) management's discussion and analysis (MD&A), (2) District-wide financial statements, (3) fund financial statements and (4) notes to the financial statements.

FINANCIAL HIGHLIGHTS

The District leadership continues prudent financial management. For the year ended June 30, 2021, total expenses of the District funds decreased by 18% compared to the prior year. In addition, due to successful budget management, the District was able to build fund balance and continue comparable academic programs.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (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 School District:

The first two statements are *District-wide* financial statements that provide both short-term and long-term information about the School District's overall financial status.

The remaining statements are *fund financial statements* that focus on individual parts of the School District, reporting the School District's operations in more detail than the District-wide statements.

The *governmental funds statements* tell how basic services such as regular and special education were financed in the short-term, as well as what remains for future spending.

Fiduciary funds statements provide information about the financial relationships, in which the School District acts solely as a custodian for the benefit of others.

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 of the School District's budget for the year.

Table A-1 summarizes the major features of the School District's financial statements, including the portion of the School District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

Table A-1 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 activities of the School District that are not proprietary or fiduciary, such as instruction, special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarships 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 revenues, expenditures, and changes in fund balances 	<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 outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities and deferred inflows of resources (if any), both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues 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 School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School District’s assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year’s revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the School District’s *net position* and how it has changed. Net position – the difference between the School District’s assets, deferred outflows of resources and liabilities and deferred inflows of resources – is one way to measure the School District’s financial health or *position*.

- Over time, increases or decreases in the School 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 School District, additional nonfinancial factors such as changes in the property tax bases and the condition of buildings and other facilities should be considered.

Net position of the governmental activities differ from the governmental fund balance 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 they are 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 balance.

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.
- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
 - Net position invested in capital assets, net of debt.
 - Restricted net position are those with constraints placed on use by external sources or imposed by law.
 - Unrestricted net position are net position that do not meet any of the above restrictions.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "major" funds - not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debt) or to show that it is properly using certain revenues (such as federal grants).

The District has two kinds of funds:

- **Governmental Funds:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can be readily converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds 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 School District's programs.

Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains 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 and the capital project fund. Required financial statements are the balance sheet and the statement of revenue, expenditures and changes in fund balances.

- **Fiduciary Fund:** The School District is the custodian of assets that belong to others. The School 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 School 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.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table A-2

Condensed Statement of Net Position

	Fiscal Year 2021	Fiscal Year 2020	Percentage Change (Incr.;-Decr.)
Assets			
Current and other assets	\$ 8,152,599	\$ 6,015,184	35.5%
Capital assets - net	20,818,802	20,859,651	-0.2%
Total Assets	28,971,401	26,874,835	7.8%
Deferred Outflows of Resources			
Other post-employment benefits	7,903,716	1,370,683	476.6%
Pensions	4,727,906	4,314,718	9.6%
Total Deferred Outflows of Resources	12,631,622	5,685,401	122.2%
Liabilities			
Current liabilities	2,495,379	2,068,741	20.6%
Long-term liabilities	44,896,098	42,060,426	6.7%
Total Liabilities	47,391,477	44,129,167	7.4%
Deferred Inflows of Resources			
Other post-employment benefits	4,505,805	3,748,634	20.2%
Pensions	2,467,135	1,632,103	51.2%
Total Deferred Inflows of Resources	6,972,940	5,380,737	29.6%
Net Position			
Net investment in capital assets	11,674,407	11,704,651	-0.3%
Restricted	4,617,038	1,482,314	211.5%
Unrestricted	(29,052,839)	(30,136,633)	3.6%
Total Net Position	\$ (12,761,394)	\$ (16,949,668)	24.7%

Changes in Net Position

The School District's 2021 revenue was \$20,042,013 (see Table A-3). Real property taxes and New York State aid accounted for the majority of revenue by contributing 21.3% and 65.1%, respectively, of the total revenue raised (see Table A-4). The remainder of revenue came from fees for services, use of money and property, operating grants and other miscellaneous sources.

The total cost of all programs and services totaled \$15,868,780 for 2021. These expenses (81.0%) are predominantly for the education; supervision and transportation of students (see Table A-5). The School District's administrative, occupancy and business activities accounted for 15.1% of total costs.

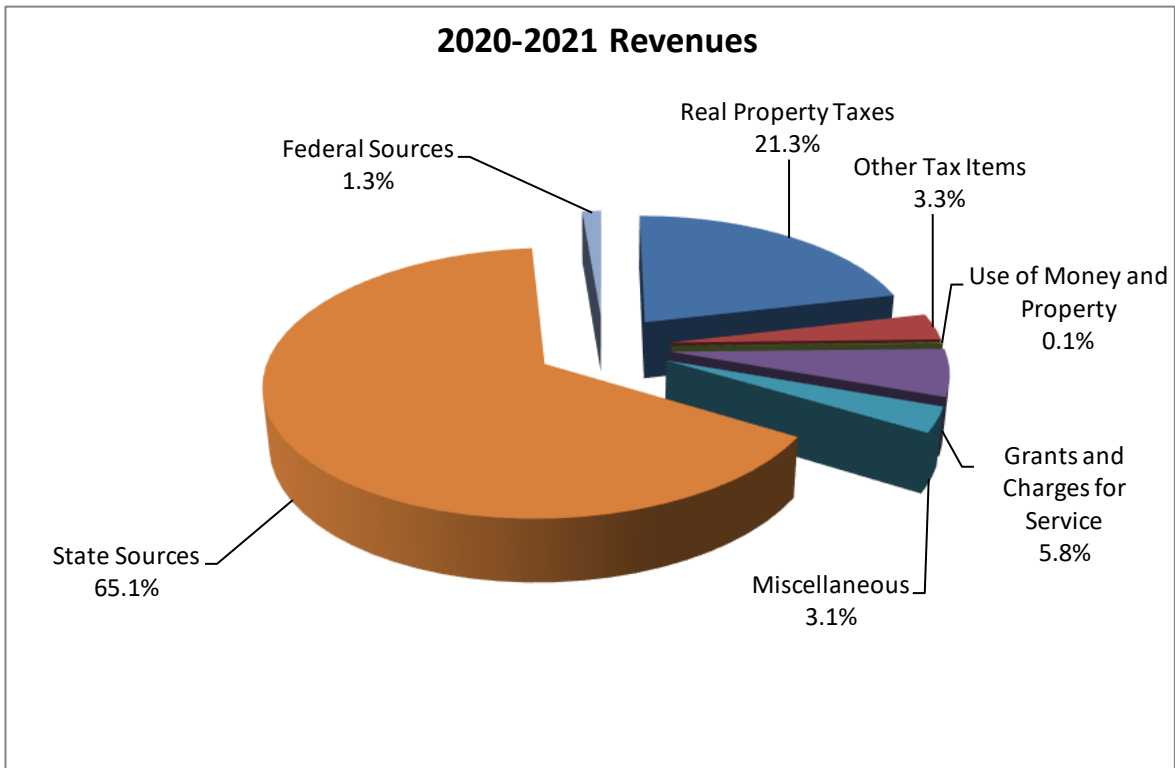
Net position increased during the year by \$4,173,233.

Table A-3

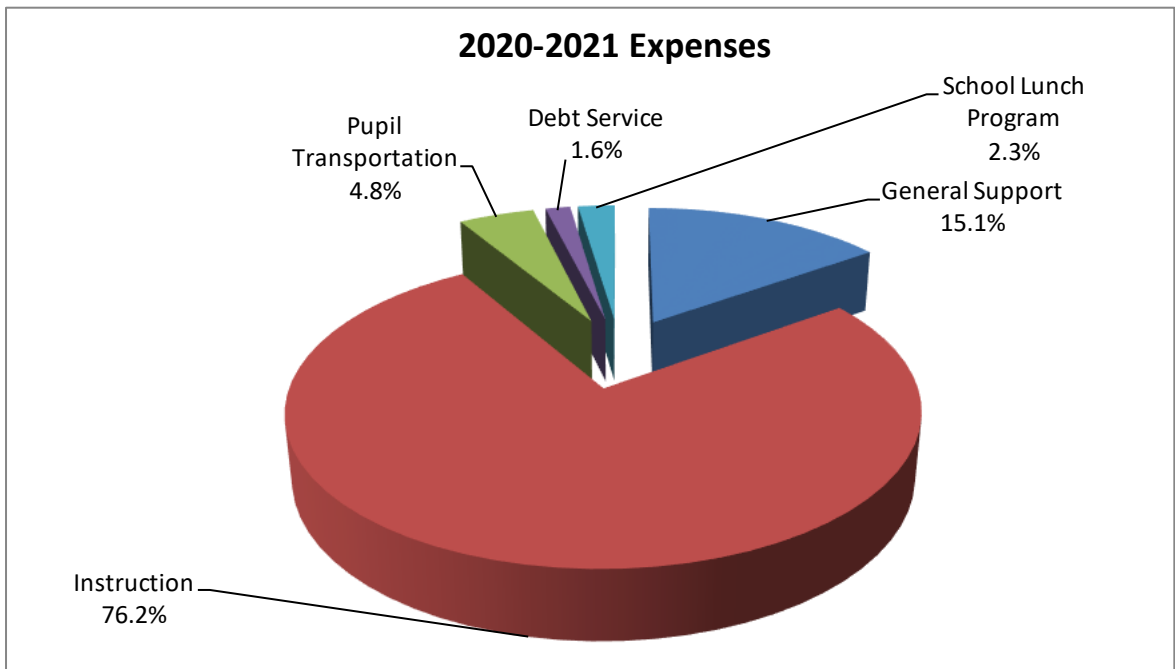
Changes in Net Position from Operating Results

	Fiscal Year 2021	Fiscal Year 2020	Percentage Change (Incr.;-Decr.)
Revenues			
Program Revenues			
Charges for services	\$ 18,935	\$ 37,303	-49.2%
Operating grants and contributions	1,140,557	1,228,383	-7.1%
General Revenues			
Property taxes	4,927,933	4,870,358	1.2%
State formula aid	13,060,232	13,461,205	-3.0%
Federal sources	261,512	8,999	2806.0%
Use of money and property	11,725	27,037	-56.6%
Sale of property and compensation for loss	0	466	-100.0%
Miscellaneous	621,119	276,840	124.4%
Total Revenues	20,042,013	19,910,591	0.7%
Expenses			
General support	2,404,652	2,784,814	-13.7%
Instruction	12,088,159	14,540,532	-16.9%
Transportation	756,620	1,122,723	-32.6%
Community service	2,650	2,650	0.0%
Debt service	247,936	284,915	-13.0%
Cost of sales – Lunch Program	368,763	610,945	-39.6%
Total Expenses	15,868,780	19,346,579	-18.0%
Total Increase in Net Position	\$ 4,173,233	\$ 564,012	639.9%

REVENUES – TABLE A-4



EXPENDITURES – TABLE A-5



Governmental Activities

Revenue for the School District's governmental activities totaled \$20,042,013 while total expenses were \$15,868,780. Net position increased by \$4,173,233.

Table A-6 presents the cost of several of the School District's major activities. The table also shows each activity's net cost (total cost less fees generated by the activity and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the School District's taxpayers by each of these functions.

Table A-6

Net Cost of Governmental Activities

	Total Cost of Services		Percentage Change (Incr.; -Decr.)	Net Cost of Services		Percentage Change (Incr.; -Decr.)
	2021	2020		2021	2020	
General support	\$ 2,404,652	\$ 2,784,814	-13.7%	\$ 2,404,652	\$ 2,784,814	-13.7%
Instruction	12,088,159	14,540,532	-16.9%	11,247,077	13,721,461	-18.0%
Pupil transportation	756,620	1,122,723	-32.6%	756,620	1,122,723	-32.6%
Community service	2,650	2,650	0.0%	2,650	2,650	0.0%
Debt service - interest	247,936	284,915	-13.0%	247,936	284,915	-13.0%
Cost of sales - lunch program	368,763	610,945	-39.6%	50,353	164,330	-69.4%
Totals	\$ 15,868,780	\$ 19,346,579		\$ 14,709,288	\$ 18,080,893	

- The cost of all governmental activities for the year was \$15,868,780.
- The users of the School District's programs financed \$18,935 of the costs.
- The federal and state government grants financed \$1,140,557.
- The majority of costs were financed by the School District's taxpayers and state aid.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Variances between years for the governmental funds financial statement 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.

General Fund Budgetary Highlights

	Results vs. Budget			
	Original Budget	Final Budget	Actual (Budgetary Basis)	Variance Fav; (Unfav)
REVENUES				
Local Sources	\$ 4,895,246	\$ 4,895,246	\$ 5,565,256	\$ 670,010
State Sources	13,115,178	13,115,178	12,577,895	(537,283)
Federal Sources	15,000	15,000	261,512	246,512
Total Revenues and Other Financing Sources	18,025,424	18,025,424	18,404,663	379,239
EXPENDITURES				
General Support	2,174,490	2,029,045	1,806,561	222,484
Instruction	9,254,085	9,431,712	8,250,843	1,180,869
Pupil Transportation	839,078	790,496	568,668	221,828
Community Services	2,743	2,743	2,650	93
Employee Benefits	4,568,273	4,568,273	4,239,916	328,357
Debt Service	1,584,999	1,584,999	1,582,936	2,063
Total Expenditures	18,423,668	18,407,268	16,451,574	1,955,694
OTHER USES				
Transfers Out	95,000	130,000	130,000	0
Total Expenditures and Other Uses	18,518,668	18,537,268	16,581,574	\$ 1,955,694
Revenues Over (Under) Expenditures and Other Uses	(493,244)	(511,844)	1,823,089	
Beginning Fund Balance	4,104,412	4,104,412	4,104,412	
Ending Fund Balance	\$ 3,611,168	\$ 3,592,568	\$ 5,927,501	

No other variances are reflected in the governmental funds financial statements for 2021.

The General Fund is the only fund for which a budget is legally adopted.

CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2021, the School District had \$20,818,802 (net of depreciation) invested in a broad range of capital assets including land, buildings, buses, athletic facilities, computers and other educational equipment.

Capital Assets

Table A-7

Capital Assets (Net of Depreciation)

	Fiscal Year 2021	Fiscal Year 2020
Land	\$ 6,268	\$ 6,268
Buildings	9,493,652	10,040,352
Construction in progress	9,643,553	9,190,537
Furniture and equipment	1,675,329	1,622,494
Totals	\$ 20,818,802	\$ 20,859,651

Long-Term Debt

As of June 30, 2021, the School District had \$45,291,032 in general obligation and other long-term debt outstanding. More detailed information about the School District's long-term debt is included in the notes to the basic financial statements.

Table A-8

Outstanding Long-Term Debt

	Fiscal Year 2021	Fiscal Year 2020
General obligation bonds (financed with property taxes)	\$ 9,144,395	\$ 9,155,000
Other debt	36,146,637	33,043,859
Totals	\$ 45,291,032	\$ 42,198,859

During 2021, the School District paid \$1,325,000 of outstanding bond principal payments and issued \$1,314,395 in new bonds. Other debt represents compensated absences, termination incentives and other post-employment benefits, and increased primarily due to GASB 75.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District updated their five year financial plan in 2020-2021 to reduce costs and continue programs while being fiscally responsible.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT TEAM

This financial report is designed to provide the Dolgeville Central School District's citizens, taxpayers, customers, investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Dolgeville Central School District
Business Office
38 Slawson Street
Dolgeville, New York 13329
(315) 429-3155

DOLGEVILLE CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2021

ASSETS

Cash

Unrestricted	\$ 1,355,527
Restricted	4,617,038

Receivables

State and Federal aid	2,123,358
Other receivables	22,943

Inventories

33,733

Capital assets, net of depreciation

20,818,802

Total Assets

28,971,401

DEFERRED OUTFLOWS OF RESOURCES

Other post-employment benefits

7,903,716

Pensions

4,727,906

Total Deferred Outflows of Resources

12,631,622

LIABILITIES

Payables

Accounts payable	349,558
Due to other governments	29,257

Long-term liabilities

 Due and payable within one year

Due to Teachers' Retirement System	629,443
Due to Employees' Retirement System	72,726

Bonds payable	1,414,395
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 Due and payable after one year

Bonds payable	7,730,000
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Other post-employment benefits	35,242,376
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Net pension liability - proportionate share	1,019,461
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Termination incentives	565,319
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Compensated absences payable	<u>338,942</u>
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Total Liabilities

47,391,477

DEFERRED INFLOWS OF RESOURCES

Other post-employment benefits

4,505,805

Pensions

2,467,135

Total Deferred Inflows of Resources

6,972,940

NET POSITION

Net investment in capital assets

11,674,407

Restricted

Unemployment insurance reserve	93,000
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Retirement contribution reserve fund - TRS	274,000
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Retirement contribution reserve fund - ERS	900,000
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Reserve for tax certiorari	26,000
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Insurance reserve	25,000
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Liability reserve	25,000
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Workers' compensation reserve	200,000
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Capital reserve	2,730,724
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Employee benefit accrued liability reserve	343,314
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Unrestricted

(29,052,839)

Total Net Position

\$ (12,761,394)

See notes to basic financial statements.

DOLGEVILLE CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants</u>	
FUNCTIONS/PROGRAMS				
General support	\$ 2,404,652	\$ 0	\$ 0	\$ (2,404,652)
Instruction	12,088,159	(6,587)	(834,495)	(11,247,077)
Pupil transportation	756,620	0	0	(756,620)
Debt service	247,936	0	0	(247,936)
Community service	2,650	0	0	(2,650)
School lunch program	368,763	(12,348)	(306,062)	(50,353)
Total Functions and Programs	<u>\$ 15,868,780</u>	<u>\$ (18,935)</u>	<u>\$ (1,140,557)</u>	<u>(14,709,288)</u>
GENERAL REVENUES				
Real property taxes				4,271,958
Other tax items				655,975
Use of money and property				11,725
Miscellaneous				621,119
State sources				13,060,232
Federal sources				261,512
Total General Revenues				<u>18,882,521</u>
CHANGE IN NET POSITION				4,173,233
TOTAL NET POSITION - BEGINNING OF YEAR, AS RESTATED				<u>(16,934,627)</u>
TOTAL NET POSITION - END OF YEAR				<u>\$ (12,761,394)</u>

See notes to basic financial statements.

DOLGEVILLE CENTRAL SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2021

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital</u>	<u>CM Misc. Special Revenue</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash						
Unrestricted	\$ 218,470	\$ 718	\$ 2,621	\$ 1,118,474	\$ 15,244	\$ 1,355,527
Restricted	4,617,038	0	0	0	0	4,617,038
Due from other funds	1,211,657	0	0	0	0	1,211,657
State and federal aid receivable	920,063	622,794	98,164	482,337	0	2,123,358
Other receivables	22,409	0	534	0	0	22,943
Inventories	0	0	33,733	0	0	33,733
TOTAL ASSETS	<u>\$ 6,989,637</u>	<u>\$ 623,512</u>	<u>\$ 135,052</u>	<u>\$ 1,600,811</u>	<u>\$ 15,244</u>	<u>\$ 9,364,256</u>
LIABILITIES						
Accounts payable	\$ 346,178	\$ 2,678	\$ 702	\$ 0	\$ 0	\$ 349,558
Due to other funds	0	620,834	93,199	497,624	0	1,211,657
Due to other governments	29,068	0	189	0	0	29,257
Due to Employees' Retirement System	57,447	0	15,279	0	0	72,726
Due to Teachers' Retirement System	629,443	0	0	0	0	629,443
Total Liabilities	<u>1,062,136</u>	<u>623,512</u>	<u>109,369</u>	<u>497,624</u>	<u>0</u>	<u>2,292,641</u>
FUND BALANCE						
Nonspendable						
Inventory	0	0	33,733	0	0	33,733
Restricted						
Unemployment insurance reserve	93,000	0	0	0	0	93,000
Retirement contribution reserve fund - TRS	274,000	0	0	0	0	274,000
Retirement contribution reserve fund - ERS	900,000	0	0	0	0	900,000
Reserve for tax certiorari	26,000	0	0	0	0	26,000
Insurance reserve	25,000	0	0	0	0	25,000
Liability reserve	25,000	0	0	0	0	25,000
Workers' compensation reserve	200,000	0	0	0	0	200,000
Capital reserve	2,730,724	0	0	0	0	2,730,724
Employee benefit accrued liability reserve	343,314	0	0	0	0	343,314
Assigned	249,000	0	0	1,103,187	15,244	1,367,431
Unassigned	1,061,463	0	(8,050)	0	0	1,053,413
Total Fund Balance	<u>5,927,501</u>	<u>0</u>	<u>25,683</u>	<u>1,103,187</u>	<u>15,244</u>	<u>7,071,615</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 6,989,637</u>	<u>\$ 623,512</u>	<u>\$ 135,052</u>	<u>\$ 1,600,811</u>	<u>\$ 15,244</u>	<u>\$ 9,364,256</u>

See notes to basic financial statements.

DOLGEVILLE CENTRAL SCHOOL DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION**

FOR THE YEAR ENDED JUNE 30, 2021

Total fund balance - governmental funds balance sheet (page 14)	\$ 7,071,615
Add:	
Land, building and equipment, net of accumulated depreciation	20,818,802
Pensions	<u>1,241,310</u>
Total	22,060,112
Deduct:	
Compensated absences	338,942
Other post-employment benefits	31,844,465
Termination incentives	565,319
Long and short-term bonds payable	<u>9,144,395</u>
Total	<u>41,893,121</u>
NET POSITION, GOVERNMENTAL ACTIVITIES	<u><u>\$ (12,761,394)</u></u>

See notes to basic financial statements.

DOLGEVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>General</u>	<u>Special Aid</u>	<u>School Lunch</u>	<u>Capital</u>	<u>CM Misc. Special Revenue</u>	<u>Total Governmental Funds</u>
REVENUES						
Real property taxes	\$ 4,271,958	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,271,958
Other tax items	655,975	0	0	0	0	655,975
Charges for services	6,587	0	0	0	0	6,587
Use of money and property	11,696	0	3	6	20	11,725
Miscellaneous	619,040	0	896	0	1,183	621,119
State sources	12,577,895	6,336	9,529	482,337	0	13,076,097
Federal sources	261,512	828,159	266,268	0	0	1,355,939
Surplus food	0	0	30,265	0	0	30,265
Sales - school lunch	0	0	12,348	0	0	12,348
Total Revenues	<u>18,404,663</u>	<u>834,495</u>	<u>319,309</u>	<u>482,343</u>	<u>1,203</u>	<u>20,042,013</u>
EXPENDITURES						
General support	1,806,561	0	0	0	1,000	1,807,561
Instruction	8,250,843	834,495	0	0	0	9,085,338
Pupil transportation	568,668	0	0	0	0	568,668
Community service	2,650	0	0	0	0	2,650
Employee benefits	4,239,916	0	35,223	0	0	4,275,139
Debt service						
Principal	1,335,000	0	0	0	0	1,335,000
Interest	247,936	0	0	0	0	247,936
Cost of sales	0	0	348,683	0	0	348,683
Capital outlay	0	0	0	777,411	0	777,411
Total Expenditures	<u>16,451,574</u>	<u>834,495</u>	<u>383,906</u>	<u>777,411</u>	<u>1,000</u>	<u>18,448,386</u>
OTHER FINANCING SOURCES AND USES						
Proceeds from debt	0	0	0	1,314,395	0	1,314,395
BANs redeemed from appropriations	0	0	0	10,000	0	10,000
Operating transfers in	0	0	0	130,000	0	130,000
Operating transfers (out)	(130,000)	0	0	0	0	(130,000)
Total Other Sources (Uses)	<u>(130,000)</u>	<u>0</u>	<u>0</u>	<u>1,454,395</u>	<u>0</u>	<u>1,324,395</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND USES	1,823,089	0	(64,597)	1,159,327	203	2,918,022
FUND BALANCE - BEGINNING OF YEAR, AS RESTATED	<u>4,104,412</u>	<u>0</u>	<u>90,280</u>	<u>(56,140)</u>	<u>15,041</u>	<u>4,153,593</u>
FUND BALANCE - END OF YEAR	<u>\$ 5,927,501</u>	<u>\$ 0</u>	<u>\$ 25,683</u>	<u>\$ 1,103,187</u>	<u>\$ 15,244</u>	<u>\$ 7,071,615</u>

See notes to basic financial statements.

DOLGEVILLE CENTRAL SCHOOL DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2021

REVENUES - STATEMENT OF ACTIVITIES		\$ 20,042,013
EXPENDITURES	18,448,386	
Add:		
Depreciation	1,010,119	
Pensions	1,387,629	
Increase in termination incentives	143,560	
Increase in compensated absences	13,843	
	<u>2,555,151</u>	
Deduct:		
Decrease in other post-employment benefits	2,830,487	
Change in fixed assets	969,270	
BANs redeemed from appropriations	10,000	
Principal payments of long-term debt	1,325,000	
	<u>5,134,757</u>	
EXPENDITURES - STATEMENT OF ACTIVITIES		<u>15,868,780</u>
CHANGE IN NET POSITION		<u><u>\$ 4,173,233</u></u>

See notes to basic financial statements.

DOLGEVILLE CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2021

	<u>Custodial Funds</u>
ASSETS	
Cash	\$ 334,507
Total Assets	<u>\$ 334,507</u>
NET POSITION	
Reserved for scholarships	\$ 268,520
Reserved for extraclassroom activity funds	<u>65,987</u>
Total Net Position	<u>\$ 334,507</u>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2021

ADDITIONS	
Investment earnings	\$ 850
Extraclassroom receipts	36,395
Gifts and contributions	<u>96,322</u>
Total Additions	133,567
DEDUCTIONS	
Extraclassroom disbursements	33,618
Scholarships and awards	<u>25,575</u>
Total deductions	<u>59,193</u>
CHANGE IN NET POSITION	74,374
NET POSITION - BEGINNING OF YEAR, AS RESTATED	<u>260,133</u>
NET POSITION - END OF YEAR	<u>\$ 334,507</u>

See notes to basic financial statements

DOLGEVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Dolgeville Central School District (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.

Significant accounting principles and policies utilized by the District are described below:

A) Reporting Entity

The Dolgeville Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 7 members. The President of the Board serves as the 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 and other organizational entities determined to be includable in the District’s financial reporting entity. 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 certain entities included in the District’s reporting entity.

i) The Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education 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 with these financial statements. The District accounts for these funds in the Custodial Fund.

B) Joint Venture

The District is one of 10 component districts in the Herkimer County Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services and programs that provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

DOLGEVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

B) Joint Venture – (Continued)

BOCES are organized under Section 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 Section 1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the New York State General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program and capital costs. Each component 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, Section 1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed \$2,490,587 for BOCES administrative and program costs.

Participating school districts issue debt on behalf of BOCES. During the year, the District issued no serial bonds on behalf of BOCES. As of year-end, the District had no outstanding BOCES debt.

The District's share of BOCES aid amounted to \$993,713.

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

C) Basis of Presentation

i) 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 revenues and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Net Position presents the financial position of the District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues 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 revenues include 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. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

DOLGEVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

C) Basis of Presentation – (Continued)

ii) Funds 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.

School Lunch Fund – This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted for expenditures of the school breakfast and lunch programs.

Special Aid Funds – These funds account 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.

Capital Projects Fund – These funds are used to account for the financial resources used for acquisition, construction or major repair of capital facilities.

Miscellaneous Special Revenue Fund - Miscellaneous Special Revenue Fund is used to account for those revenues that are legally restricted to expenditures for a specific purpose.

The District reports the following fiduciary funds:

Custodial Fund – Fiduciary activities are those in which the District acts as custodian 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.

D) Measurement Focus and Basis of Accounting

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

DOLGEVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

D) Measurement Focus and Basis of Accounting – (Continued)

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, state aid, 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 state aid is recognized in the fiscal year it is appropriated by the state. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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, pensions and post-employment benefits, 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.

E) Property Taxes

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

Uncollected real property taxes are subsequently enforced by the Counties of Fulton and Herkimer. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the District no later than the following April 1.

F) Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are 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.

G) 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.

DOLGEVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

G) Interfund Transactions – (Continued)

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.

H) 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, deferred outflows of resources, liabilities, deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues 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.

I) Cash (and Cash Equivalents)/Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

Investments are stated at fair value.

J) 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.

K) Inventories and Prepaid Items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value that approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

DOLGEVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

K) Inventories and Prepaid Items – (Continued)

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

A reserve for these nonliquid assets (inventories and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

L) Other Assets

In the District-wide financial statements, bond issuance costs are capitalized and amortized over the life of the debt issue. In the fund statements, these same costs are netted against proceeds and recognized in the period of issuance.

M) Capital Assets

Capital assets are reported at actual cost when such data was available. For assets in which there was no data available, estimated historical costs, based on direct costing, standard costing or normal costing methods, were used. Donated assets are reported at estimated fair market value at the time received.

Land and construction in process are not depreciated. 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	\$ 5,000	Straight-line	50
Site improvements	5,000	Straight-line	20
Vehicles	5,000	Straight-line	8
Computer equipment and books	5,000	Straight-line	5
Equipment	5,000	Straight-line	10

N) Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows 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 District has three items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The third item relates to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

DOLGEVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

N) Deferred Outflows and Inflows of Resources – (Continued)

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the District's proportion of the collective net pension liability (ERS System) and net pension asset (TRS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The third item is related to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

The District reports only one deferred outflow item (pensions) and one deferred inflow item (pensions).

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

At June 30, 2021, the District reported the following asset (liability) for its proportionate share of the net pension asset (liability) for each of the Systems. The net pension asset (liability) was measured as of March 31, 2021 for ERS and June 30, 2020 for TRS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation. The District's proportion of the net pension asset (liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
District's proportionate share of the net pension asset (liability)	\$ (4,653)	\$ (1,014,808)
District's portion of the Plan's total net pension asset (liability)	0.0046728%	0.036725%
Change in proportion since the prior measurement date	0.0001919%	(0.006881)%

For the year ended June 30, 2021, the District recognized its proportionate share of pension expense of \$222,569 for ERS and \$568,548 for TRS. At June 30, 2021, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were:

DOLGEVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

N) Deferred Outflows and Inflows of Resources – (Continued)

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – (Continued)

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 11,212	\$ 889,174	\$ 0	\$ 52,007
Changes of assumptions	838,907	1,283,495	0	457,499
Net difference between projected and actual earnings on pension plan investments	0	662,758	1,881,920	0
Changes in proportion and differences between the District's contributions and proportionate share of contributions	25,860	390,505	0	75,709
District's contributions subsequent to the measurement date	57,447	568,548	0	0
Total	\$ 933,426	\$ 3,794,480	\$ 1,881,920	\$ 585,215

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension asset (liability) in the year ended March 31, 2022 for ERS and June 30, 2022 for TRS. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

	ERS	TRS
Year ended:		
2022	\$ (55,154)	\$ 856,112
2023	(11,251)	706,599
2024	(63,187)	445,150
2025	(251,485)	70,803
2026	0	108,644
Thereafter	0	0

Actuarial Assumptions

The total pension asset (liability) as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension asset (liability) to the measurement date. The actuarial valuations used the following actuarial assumptions:

DOLGEVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

N) Deferred Outflows and Inflows of Resources – (Continued)

Actuarial Assumptions – (Continued)

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2021	June 30, 2020
Actuarial valuation date	April 1, 2020	June 30, 2019
Interest rate	5.9%	7.10%
Salary scale	4.4%	1.90% - 4.72%
Decrement tables	April 1, 2015 - March 31, 2020	July 1, 2009 - June 30, 2014
	Systems experience	Systems experience
Inflation rate	2.7%	2.20%
Projected cost of living adjustments	1.4%	1.3%

For ERS, annuitant mortality rates are based on April 1, 2015 through March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2020. For TRS, annuitant mortality rates are based on July 1, 2009 through June 30, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2019.

For ERS, the actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 through March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014.

The long-term 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 expense 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 each target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

DOLGEVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

N) Deferred Outflows and Inflows of Resources – (Continued)

Actuarial Assumptions – (Continued)

Measurement date	<u>ERS</u> March 31, 2021	<u>TRS</u> June 30, 2020
<u>Asset type</u>		
Domestic equity	4.05%	7.1%
International equity	6.30	7.7
Global equities	0	7.4
Real estate	4.95	6.8
Domestic fixed income securities	0	1.8
Global fixed income securities	0	1.0
High-yield fixed income securities	0	3.9
Mortgages	0	3.6
Private debt	0	5.2
Credit	3.63	0
Private equity/alternative investments	6.75	10.4
Absolute return strategies	4.50	0
Opportunistic portfolio	4.50	0
Cash	0.50	0.7
Real assets	5.95	0

Discount Rate

The discount rate used to calculate the total pension asset (liability) was 5.9% for ERS and 7.10% for TRS. 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 Systems' 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 asset (liability).

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

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 5.9% for ERS and 7.10% for TRS, as well as what the District's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1 percentage point lower (4.9% for ERS and 6.10% for TRS) or 1 percentage point higher (6.9% for ERS and 8.10% for TRS) than the current rate:

DOLGEVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

N) Deferred Outflows and Inflows of Resources – (Continued)

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

	<u>1% Decrease (4.9%)</u>	<u>Current Assumption (5.9%)</u>	<u>1% Increase (6.9%)</u>
<u>ERS</u>			
District's proportionate share of the net pension asset (liability)	\$ (1,291,463)	\$ (4,653)	\$ 1,182,087
	<u>1% Decrease (6.10%)</u>	<u>Current Assumption (7.10%)</u>	<u>1% Increase (8.10%)</u>
<u>TRS</u>			
District's proportionate share of the net pension asset (liability)	\$ (6,410,190)	\$ (1,014,808)	\$ 3,513,285

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset (liability) of the employers as of the respective valuation dates were as follows:

	(Dollars in thousands)		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Measurement date	March 31, 2021	June 30, 2020	
Employers' total pension asset (liability)	\$(220,680,157)	\$(123,242,776)	\$(343,922,933)
Plan fiduciary net position asset (liability)	220,580,583	120,479,505	341,060,088
Employers' net pension asset (liability)	(99,574)	(2,763,271)	(2,862,845)
 Ratio of plan fiduciary net position to the employers' total pension asset (liability)	 99.95%	 97.8%	 99.17%

Payables to the Pension Plans

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$72,726.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2021 amount to \$629,443.

Additional pension information can be found in Note 8.

DOLGEVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

O) 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.

P) Vested Employee Benefits

Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation.

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.

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, 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 funds statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

Q) 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 post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement.

Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Healthcare 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.

DOLGEVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

R) 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 budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

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.

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

The District had no short-term debt as of June 30, 2021.

S) 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, other post-employment benefits payable, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds 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.

T) Equity Classifications

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

i) 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, construction or improvements of those assets.

DOLGEVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

T) Equity Classifications – (Continued)

ii) 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.

iii) Unrestricted Net Position

Reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

Funds Statements

In the funds statements, there are five classifications of fund balance:

1. Nonspendable

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 of \$33,733.

2. Restricted

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. All encumbrances of funds other than the General Fund are classified as restricted fund balance.

The School District has established the following restricted fund balances:

Currently Utilized by the District:

Employee Benefit Accrued Liability

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

DOLGEVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

T) Equity Classifications – (Continued)

Funds Statements – (Continued)

2. Restricted – (Continued)

Currently Utilized by the District: – (Continued)

Retirement Contributions

According to General Municipal Law §6-r, 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 reported of the operation and condition of the fund must be provided to the Board. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During the fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. This reserve is accounted for in the General Fund under Restricted Fund Balance.

Unemployment Insurance

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

Capital

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

Property Loss and Liability Reserve

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

DOLGEVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

T) Equity Classifications – (Continued)

Funds Statements – (Continued)

Currently Utilized by the District: – (Continued)

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.

Insurance

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

Tax Certiorari

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

3. Committed

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

DOLGEVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

T) Equity Classifications – (Continued)

Funds Statements – (Continued)

4. Assigned

Includes amounts that are constrained by the School 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 an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

5. Unassigned

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

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

Order of Use of Fund Balance

The District's policy is to annually determine the appropriate use of fund balance upon recommendation of the Superintendent and Board of Education.

U) New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2021, the District implemented the following new standards issued by GASB:

GASB has issued Statement No. 84, *Fiduciary Activities*, effective for the year ending June 30, 2021. This statement establishes criteria for identifying fiduciary activities.

GASB has issued Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*, effective for the year ending June 30, 2021. This statement requires the reporting of majority equity interests which meet the definition of an investment at fair value and requires the reporting of majority equity interests which do not meet the definition of an investment as a component unit.

DOLGEVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

U) New Accounting Standards – (Continued)

GASB has issued Statement No. 92, *Omnibus 2020*, portions of the Statement are effective for the year ending June 30, 2021. The statement aims to improve the consistency of various authoritative accounting literature including items such as reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit OPEB plan, the applicability of certain requirements of Statement No. 84, *Fiduciary Activities*, to postemployment benefit arrangements, and measurement of liabilities related to asset retirement obligations (AROs) in a government acquisition.

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates*, effective for the year ending June 30, 2021. This statement addresses accounting and financial reporting implications that result from the replacement of an Interbank Offered Rates (IBOR).

V) Future Changes in Accounting Standards

GASB has issued Statement No. 87, *Leases*, effective for the year ending June 30, 2022. This statement requires the recognition of certain lease assets and liabilities for leases previously classified as operating leases along with recognition of inflows and outflows of resources, as appropriate.

GASB has issued Statement No. 89, *Accounting Interest Cost Incurred before the End of a Construction Period*, effective for the year ending June 30, 2022. This statement requires that interest cost incurred during construction be expensed in that period rather than being included in the cost of the capital asset.

GASB has issued Statement No. 91, *Conduit Debt Obligations*, effective for the year ending June 30, 2023. This statement provides a single method of reporting conduit debt obligations by issuers.

GASB has issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, effective for the year ending June 30, 2023. This statement improves the financial reporting related to Public-Private and Public-Public Partnerships to provide services.

GASB has issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending June 30, 2023. This statement requires the recognition of a right-to-use subscription asset – an intangible asset – and a corresponding subscription liability for subscription-based information technology arrangements for government end users.

GASB has issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, portions of the statement are effective for the year ending June 30, 2022. This statement increases consistency and comparability related to the reporting of fiduciary component units which do not have a governing board.

The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

DOLGEVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 – 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 District-wide statements compared with the current financial resources focus of the governmental funds.

A) Total Fund Balance of Governmental Funds vs. Net Position of Governmental Activities

Total fund balance of the District’s governmental funds differs from “net position” of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund balance sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions and other post-employment benefits.

B) Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of five broad categories, described as follows:

i) Long-Term Revenue and Expense Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available”, whereas the Statement of Activities reports revenues 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.

ii) Capital Related Differences

Capital related differences include the difference between proceeds for 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.

iii) Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the 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.

iv) 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.

DOLGEVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS – (CONTINUED)

B) Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities – (Continued)

v) 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.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Procedures and Budgetary Accounting

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted.

The voters of the District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education 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 restrictions, if the Board approves them, because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

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

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 budget 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 restrictions or 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.

DOLGEVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – (CONTINUED)

Excess Fund Balance – Real Property Tax Limit

The portion of the District’s fund balance subject to the New York State Real Property Tax Law §1318 limit exceed the amount allowable, which is 4% of the District’s budget for the upcoming school year.

NOTE 4 – CASH (AND CASH EQUIVALENTS) – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS

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

The District’s aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

Uncollateralized	\$	0
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District’s name		5,918,253

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 \$4,617,038 within the governmental funds and \$334,507 in fiduciary funds.

DOLGEVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 5 – CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements/ Reclassifications</u>	<u>Ending Balance</u>
Capital assets that are not depreciated:				
Land	\$ 6,268	\$ 0	\$ 0	\$ 6,268
Construction in process	9,190,537	453,016	0	9,643,553
Total nondepreciable historical cost	<u>9,196,805</u>	<u>453,016</u>	<u>0</u>	<u>9,649,821</u>
Capital assets that are depreciated:				
Buildings	23,654,250	0	(201,759)	23,856,009
Furniture and equipment	4,776,557	324,395	0	5,100,952
Total depreciable historical cost	<u>28,430,807</u>	<u>324,395</u>	<u>(201,759)</u>	<u>28,956,961</u>
Less accumulated depreciation:				
Buildings	13,613,898	738,559	(9,900)	14,362,357
Furniture and equipment	3,154,063	271,560	0	3,425,623
Total accumulated depreciation	<u>16,767,961</u>	<u>1,010,119</u>	<u>(9,900)</u>	<u>17,787,980</u>
Net depreciable historical cost	<u>11,662,846</u>	<u>(685,724)</u>	<u>(191,859)</u>	<u>11,168,981</u>
Total historical cost, net	<u>\$ 20,859,651</u>	<u>\$ (232,708)</u>	<u>\$ (191,859)</u>	<u>\$ 20,818,802</u>
Depreciation was allocated to the following programs as follows:				
General support		\$ 154,067		
Instruction		774,815		
Pupil transportation		48,497		
School lunch program		32,740		
Total		<u>\$ 1,010,119</u>		

DOLGEVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 6 – LONG-TERM DEBT

Interest paid on long-term debt for the year was \$247,936.

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental activities:					
Bonds and notes payable:					
Serial bonds	\$ 9,155,000	\$ 1,314,395	\$ 1,325,000	\$ 9,144,395	\$ 1,414,395
Total bonds and notes payable	9,155,000	1,314,395	1,325,000	9,144,395	1,414,395
Other liabilities:					
Other post-employment benefits	32,297,001	2,945,375	0	35,242,376	0
Termination incentives	421,759	143,560	0	565,319	0
Compensated absences, net	325,099	13,843	0	338,942	0
Total other liabilities	33,043,859	3,102,778	0	36,146,637	0
TOTAL LONG-TERM LIABILITIES	\$ 42,198,859	\$ 4,417,173	\$ 1,325,000	\$ 45,291,032	\$ 1,414,395

The General Fund has typically been used to liquidate long-term liabilities such as termination incentive and compensated absences.

The current portion (amount due within one year) of other liabilities as of June 30, 2021, was not determinable.

The following is a summary of the maturity of long-term indebtedness:

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at June 30, 2021</u>
Construction	11/9/2017	6/15/2024	2.0964%	\$ 1,700,000
Construction	6/17/2021	6/15/2037	1.7200%	990,000
Buses	10/28/2020	10/15/2026	1.250 - 1.50%	324,395
Buses	9/18/2018	9/15/2023	2.5648%	225,000
Buses	9/27/2017	3/15/2023	1.9687%	175,000
Buses	9/15/2016	9/15/2021	1.50 - 1.625%	95,000
Construction	6/20/2016	6/15/2031	1.00 - 2.50%	5,635,000
Total				\$ 9,144,395

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30,			
2022	\$ 1,414,395	\$ 232,968	\$ 1,647,363
2023	1,385,000	191,497	1,576,497
2024	1,330,000	147,888	1,477,888
2025	675,000	103,555	778,555
2026	690,000	91,425	781,425
2027-2031	3,305,000	259,897	3,564,897
2032-2036	295,000	18,146	313,146
2037	50,000	860	50,860
Totals	\$ 9,144,395	\$ 1,046,236	\$ 10,190,631

DOLGEVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 7 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

	<u>Interfund</u>		<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 1,211,657	\$ 0	\$ 0	\$ 130,000
Special Aid Fund	0	620,834	0	0
School Lunch Fund	0	93,199	0	0
Capital Projects Fund	0	497,624	130,000	0
	<u>1,211,657</u>	<u>1,211,657</u>	<u>130,000</u>	<u>130,000</u>
Total Governmental Activities	1,211,657	1,211,657	130,000	130,000
Custodial Fund	0	0	0	0
TOTALS	<u><u>\$ 1,211,657</u></u>	<u><u>\$ 1,211,657</u></u>	<u><u>\$ 130,000</u></u>	<u><u>\$ 130,000</u></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.

NOTE 8 – PENSION PLANS

General Information

The District participates in the New York State Employees' Retirement System (NYSERS) and the New York State Teachers' Retirement System (NYSTRS). These are cost-sharing multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

Plan Descriptions and Benefits Provided:

Teachers' Retirement System (TRS)

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. The System issues a publicly available financial report that contains financial statements and required supplementary information. The report 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 TRS Comprehensive Annual Financial report, which can be found on the System's website at www.nystrs.org.

DOLGEVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 8 – PENSION PLANS – (CONTINUED)

Plan Descriptions and Benefits Provided: – (Continued)

Employees’ Retirement System (ERS)

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. The New York State Retirement and Social Security Law (NYSRSSL) govern obligations of employers and employees to contribute, and benefits to employees. 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. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Employees’ Retirement System, Office of the State Comptroller, 110 State Street, Albany, NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3% 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% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers’ contributions based on salaries paid during the Systems’ fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers’ Retirement Board pursuant to Article 11 of the Education Law.

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

	<u>NYSTRS</u>	<u>NYSERS</u>
2021	\$ 568,548	\$ 222,569
2020	532,066	182,671
2019	784,767	175,496

ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57 and 105.

Additional pension information can be found in Note 1 N.

DOLGEVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 9 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS

General Information About the OPEB Plan:

Plan Description

The District administers a defined benefit OPEB plan that provides OPEB for all permanent full-time general employees of the District. The plan is a single-employer defined benefit OPEB plan (the Plan) administered by Article 11 of the State Compiled Statutes, which grants the authority to establish and amend the benefit terms and financing requirements to the District’s Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Funding Policy

The obligations of the Plan members and employers are established by action of the District pursuant to applicable collected bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis.

Benefits Provided

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

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefit payments	107
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>135</u>
Total	<u><u>242</u></u>

Net OPEB Liability:

The District’s total OPEB liability of \$35,242,376 was measured as of July 1, 2020, and was determined by an actuarial valuation as of July 1, 2020.

DOLGEVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 9 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

Actuarial Assumptions and Other Inputs

The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.4%
Salary Increases	3.5%, average, including inflation
Discount Rate	2.21%
Healthcare Cost Trend Rates	6.0% for 2020, decreasing to an ultimate rate of 3.94% for 2089.

The discount rate was based on the Bond Buyer Weekly 20-Bond GO Index.

Mortality rates were based on the RPH-2014 Mortality Table for employees, sex distinct, with generational mortality adjusted to 2006 using scale MPH-2014, and projected forward with scale MP-2020.

Changes in the Total OPEB Liability:

Balance at June 30, 2020	\$ 32,297,001
Changes for the year:	
Service cost	1,210,081
Interest	1,158,278
Changes in benefit terms	(4,482,347)
Differences between expected and actual experience	(1,923,458)
Changes in assumptions or other inputs	7,809,653
Benefit payments	<u>(826,832)</u>
Net changes	<u>2,945,375</u>
Balance at June 30, 2021	<u>\$ 35,242,376</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% in 2020 to 2.21% in 2021.

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21%) or 1 percentage point higher (3.21%) than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 42,407,938	\$ 35,242,376	\$ 29,615,784

DOLGEVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 9 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

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 (5.0% decreasing to 2.94%) or 1 percentage point higher (7.0% decreasing to 4.94%) than the current healthcare cost trend rate:

	1% Decrease (5.0% Decreasing to 2.94%)	Healthcare Cost Trend Rates (6.0% Decreasing to 3.94%)	1% Increase 7.0% Decreasing to 4.94%)
Total OPEB Liability	\$ 28,850,737	\$ 35,243,376	\$ 43,828,113

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

For the year ended June 30, 2021, the District recognized a negative OPEB expense of \$2,830,487. At June 30, 2021, 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	\$ 0	\$ 1,804,771
Changes of assumptions or other inputs	7,066,883	2,701,034
Employer contributions subsequent to the measurement date (expected employer contribution including implicit subsidy)	<u>836,833</u>	<u>0</u>
Total	<u>\$ 7,903,716</u>	<u>\$ 4,505,805</u>

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

<u>Fiscal Year Ending June 30:</u>	
2022	\$ 957,167
2023	120,334
2024	173,103
2025	779,955
2026	878,794
Thereafter	<u>488,558</u>
Total	<u>\$ 3,397,911</u>

DOLGEVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 10 – RISK MANAGEMENT

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

Consortiums and Self-Insured Plans

For its workers' compensation, the District is a participant in the Madison-Oneida-Herkimer Consortium, a public entity risk pool operated for the benefit of 30 individual governmental units located within the Counties of Madison, Oneida and Herkimer. The District pays an annual premium to the Plan for this workers' compensation insurance coverage. The Madison-Oneida-Herkimer Consortium is considered a self-sustaining risk pool that will provide coverage for its members up to \$25,000 per insured event. Madison-Oneida-Herkimer Consortium obtains independent coverage for insured events in excess of the \$25,000 limit and the Dolgeville Central School District has essentially transferred all related risk to the Consortium.

The District is a participant in the Herkimer County Health Insurance Consortium (the Consortium), a public entity risk pool operated for the benefit of nine individual governmental units located within the Herkimer, Otsego and Oneida Counties. The Consortium is a fully insured plan administered through Blue Cross and Blue Shield of Utica-Watertown (BCBS-UW) which provides Hospitalization, Medical Surgical, Major Medical and Prescription Drug coverage. This plan is provided pursuant to a minimum premium financial agreement. The Consortium does not purchase specific or aggregate stop-loss insurance.

The Consortium, as a result of their size and financial position, has not found it advantageous to purchase these forms of insurance, as it is not financially efficient to do so at this time.

In terms of the liabilities of the Consortium, BCBS-UW estimates the Incurred But Not Reported (IBNR) claims liability. Each District's share of the liability is based on their enrollment compared to the enrollment of the Consortium as a whole.

In addition to the liability associated with the IBNR, the BCBS-UW minimum premium agreement contains an advance deposit requirement. This money is to cover the "lag" between when the claims are paid by BCBS-UW and when the Consortium reimburses BCBS-UW for those claims. Currently, the Consortium is billed on a weekly basis for claim payments and this advance deposit is considered to be more than sufficient to cover the financial exposure of BCBS-UW relative to the payment of claims. At June 30, 2021, the District was not liable for any known unfunded liability.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

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

DOLGEVILLE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 12 – TAX ABATEMENTS

The County of Herkimer enters into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The School District's property tax revenue was reduced \$3,373. The District received Payment in Lieu of Tax (PILOT) payment totaling \$7,960.

The County of Herkimer also entered into sales tax abatement programs for the purpose of economic development. The District's sales tax revenue was reduced \$-0- as a result of this program.

NOTE 13 – RESTATEMENT OF NET POSITION

For the fiscal year ended June 30, 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities*. The implementation of Statement No. 84 results in the reporting of the criteria for identifying fiduciary activities. The District's net position has been restated as follows:

	CM - Misc. Special Revenue	Government-wide Statement of Net Position	Custodial Fund
Fund Balance/Net Position, beginning of year as previously stated	\$ 0	\$ (16,949,668)	\$ 0
GASB Statement No. 84 implementation:			
Extraclassroom activity fund balances previously recorded as a liability in the former Trust & Agency Fund	0	0	63,210
Student deposits previously recorded as a liability in the former Trust & Agency Fund	15,041	15,041	0
Flex Spending Plan balances previously recorded in Private Purpose Trust Funds (Fiduciary Fund)			
Scholarship funds previously recorded in Private Purpose Trust Funds (Fiduciary Fund)	0	0	196,923
Fund Balance/Net Position, beginning of year as restated	\$ 15,041	\$ (16,934,627)	\$ 260,133

NOTE 14 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the issuance date of the of the audit report. There were no issues to report that would have a material effect on the financial statements.

DOLGEVILLE CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Revenues</u>	<u>Final Budget Variance with Budgetary Actual Over (Under)</u>
REVENUES:				
Local Sources				
Real property taxes	\$ 4,128,616	\$ 4,128,616	\$ 4,271,958	\$ 143,342
Real property tax items	735,130	735,130	655,975	(79,155)
Charges for services	0	0	6,587	6,587
Use of money and property	16,500	16,500	11,696	(4,804)
Miscellaneous	15,000	15,000	619,040	604,040
Total Local Sources	<u>4,895,246</u>	<u>4,895,246</u>	<u>5,565,256</u>	<u>670,010</u>
State Sources	13,115,178	13,115,178	12,577,895	(537,283)
Federal Sources	<u>15,000</u>	<u>15,000</u>	<u>261,512</u>	<u>246,512</u>
Total Revenues and Other Financing Sources	<u>18,025,424</u>	<u>18,025,424</u>	<u>18,404,663</u>	<u>\$ 379,239</u>

See paragraph on supplementary schedules included in independent auditors' report.

DOLGEVILLE CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Expenditures</u>	<u>Year End Encumbrances</u>	<u>Final Budget Variance With Budgetary Actual and Encumbrances (Over) Under</u>
EXPENDITURES					
General Support					
Board of Education	42,632	43,632	38,991	\$ 0	\$ 4,641
Central administration	204,318	212,218	208,012	0	4,206
Finance	271,825	288,002	272,591	0	15,411
Staff	26,000	38,000	29,789	0	8,211
Central services	1,139,513	957,479	776,197	19,500	161,782
Special items	490,202	489,714	480,981	0	8,733
Instructional					
Instruction, administration and improvements	403,694	402,478	378,180	0	24,298
Teaching – regular school	5,386,741	5,020,316	4,602,789		417,527
Programs for children with handicapping conditions	1,956,204	1,759,412	1,667,810	0	91,602
Occupational education	0	367,150	367,150	0	0
Instructional media	722,132	1,067,038	600,119	0	466,919
Pupil services	785,314	815,318	634,795	0	180,523
Pupil Transportation	839,078	790,496	568,668	7,500	214,328
Community Services	2,743	2,743	2,650	0	93
Employee Benefits	4,568,273	4,568,273	4,239,916	0	328,357
Debt Service	1,584,999	1,584,999	1,582,936	0	2,063
Total Expenditures	<u>18,423,668</u>	<u>18,407,268</u>	<u>16,451,574</u>	<u>27,000</u>	<u>1,928,694</u>
Other Financing Uses					
Transfers to other funds	95,000	130,000	130,000	0	0
Total Expenditures	<u>18,518,668</u>	<u>18,537,268</u>	<u>16,581,574</u>	<u>\$ 27,000</u>	<u>\$ 1,928,694</u>
NET CHANGE IN FUND BALANCE	(493,244)	(511,844)	1,823,089		
FUND BALANCE – BEGINNING	<u>4,104,412</u>	<u>4,104,412</u>	<u>4,104,412</u>		
FUND BALANCE – ENDING	<u>\$ 3,611,168</u>	<u>\$ 3,592,568</u>	<u>\$ 5,927,501</u>		

See paragraph on supplementary schedules included in independent auditors' report.

DOLGEVILLE CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF FUNDING PROGRESS – CHANGES IN TOTAL OTHER POST-EMPLOYMENT
BENEFITS LIABILITY AND RELATED RATIOS**

FOR THE YEARS ENDED JUNE 30, 2021, 2020, 2019 AND 2018

Measurement Date	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
Total OPEB Liability				
Service cost	\$ 1,210,081	\$ 1,208,365	\$ 1,107,537	\$ 1,460,652
Interest	1,158,278	1,194,810	1,112,375	971,586
Change of benefit terms	(4,482,347)	0	0	0
Differences between expected and actual experience	(1,923,458)	0	(295,361)	0
Change of assumptions or other inputs	7,809,653	627,136	(1,288,144)	(4,564,578)
Benefit payments	<u>(826,832)</u>	<u>(797,124)</u>	<u>(728,694)</u>	<u>(683,228)</u>
Net change in total OPEB liability	2,945,375	2,233,187	(92,287)	(2,815,568)
Total OPEB Liability - beginning	<u>32,297,001</u>	<u>30,063,814</u>	<u>30,156,101</u>	<u>32,971,669</u>
Total OPEB Liability - ending	<u>\$ 35,242,376</u>	<u>\$ 32,297,001</u>	<u>\$ 30,063,814</u>	<u>\$ 30,156,101</u>
Covered-employee payroll	\$ 8,249,102	\$ 8,249,102	\$ 8,283,763	\$ 7,223,095
Total OPEB liability as a percentage of covered-employee payroll	427.23%	391.52%	362.92%	417.50%
Plan's fiduciary net position	\$ 0	\$ 0	\$ 0	\$ 0
Net OPEB Liability	\$ 35,242,376	\$ 32,297,001	\$ 30,063,814	\$ 30,156,101

See paragraph on supplementary schedules included in independent auditors' report.

DOLGEVILLE CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

FOR THE YEARS ENDED JUNE 30, 2021, 2020, 2019, 2018, 2017, 2016 AND 2015

NYS Teachers' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.036725%	0.043606%	0.043474%	0.041779%	0.042640%	0.043372%	0.043848%
District's proportionate share of the net pension liability (asset)	\$ 1,014,808	\$ (1,132,891)	\$ (786,129)	\$ (317,560)	\$ 456,692	\$ (4,504,988)	\$ (4,884,381)
District's covered-employee payroll	6,135,824	6,419,565	7,389,060	7,245,574	6,806,789	6,763,234	6,658,302
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	16.5%	17.6%	10.6%	4.4%	6.7%	66.6%	73.4%
Plan fiduciary net position as a percentage of the total pension liability (asset)	97.80%	102.20%	101.53%	100.70%	99.00%	110.50%	111.48%

NYS Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
District's proportion of the net pension liability (asset)	0.0046728%	0.0044809%	0.0044736%	0.0040133%	0.0022631%	0.0039956%	0.0039451%
District's proportionate share of the net pension liability (asset)	\$ 4,653	\$ 1,186,567	\$ 316,968	\$ 129,626	\$ 212,646	\$ 641,303	\$ 133,276
District's covered-employee payroll	1,452,007	1,383,661	1,289,273	1,155,961	1,134,200	1,092,138	1,075,834
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.3%	85.8%	24.6%	11.2%	18.7%	58.7%	12.4%
Plan fiduciary net position as a percentage of the total pension liability	99.95%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

See paragraph on supplementary schedules included in independent auditors' report.

DOLGEVILLE CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF LOCAL GOVERNMENT CONTRIBUTIONS

FOR THE YEARS ENDED JUNE 30, 2021, 2020, 2019, 2018, 2017, 2016 AND 2015

NYS Teachers' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 584,744	\$ 568,773	\$ 784,718	\$ 710,067	\$ 840,671	\$ 971,464	\$ 1,142,095
Contributions in relation to the contractually required contribution	<u>584,744</u>	<u>568,773</u>	<u>784,718</u>	<u>710,067</u>	<u>840,671</u>	<u>971,464</u>	<u>1,142,095</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's covered-employee payroll	\$ 6,135,824	\$ 6,419,565	\$ 7,389,060	\$ 7,245,574	\$ 6,806,789	\$ 6,763,234	\$ 6,658,302
Contribution as a percentage of covered-employee payroll	9.53%	8.86%	10.62%	9.80%	12.35%	14.36%	17.15%

NYS Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 222,569	\$ 182,671	\$ 175,496	\$ 156,823	\$ 149,153	\$ 175,448	\$ 207,941
Contributions in relation to the contractually required contribution	<u>222,569</u>	<u>182,671</u>	<u>175,496</u>	<u>156,823</u>	<u>149,153</u>	<u>175,448</u>	<u>207,941</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's covered-employee payroll	\$ 1,452,007	\$ 1,383,661	\$ 1,289,273	\$ 1,155,961	\$ 1,134,200	\$ 1,092,138	\$ 1,075,834
Contribution as a percentage of covered-employee payroll	15.33%	13.20%	13.61%	13.57%	13.15%	16.06%	19.33%

See paragraph on supplementary schedules included in independent auditors' report.

DOLGEVILLE CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET –
GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2021

ADOPTED BUDGET	\$ 18,518,668
ADDITIONS:	
Prior year's encumbrances	18,600
FINAL BUDGET	<u>\$ 18,537,268</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

FOR THE YEAR ENDED JUNE 30, 2021

2021-2022 contingent expenditure budget	\$ 18,967,328
Maximum allowed (4% of 2021-2022 budget)	758,693
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	249,000
Unassigned fund balance	1,061,463
Total unrestricted fund balance	<u>1,310,463</u>
Less:	
Appropriated fund balance	222,000
Encumbrances included in assigned fund balance	27,000
Total Adjustments	<u>249,000</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u>\$ 1,061,463</u>
Actual percentage	5.60%

See paragraph on supplementary schedules included in independent auditors' report.

DOLGEVILLE CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF CAPITAL PROJECTS FUND – PROJECT EXPENDITURES AND FINANCING RESOURCES

FOR THE YEAR ENDED JUNE 30, 2021

Project Title	Original Appropriation	Revised Appropriation	Expenditures			Unexpended Fund Balance	Methods of Financing			Fund Balances	
			Prior Year	Current Year	Total		Local Sources	State Aid	Proceeds of Obligations		Total
HVAC	\$ 25,000	\$ 25,000	\$ 13,090	\$ 873	\$ 13,963	\$ 11,037	\$ 60,005	\$ 0	\$ 0	\$ 60,005	\$ 46,042
Smart Schools	714,164	714,164	203,928	431,691	635,619	78,545	0	618,215	0	618,215	(17,404)
Unit ventilation project	1,000,000	1,000,000	0	18,651	18,651	981,349	10,000	0	990,000	1,000,000	981,349
Capital outlay	100,000	100,000	0	1,800	1,800	98,200	95,000	0	0	95,000	93,200
Bus purchase	390,000	390,000	0	324,395	324,395	65,605	0	0	324,395	324,395	0
TOTALS	\$ 2,229,164	\$ 2,229,164	\$ 217,018	\$ 777,410	\$ 994,428	\$ 1,234,736	\$ 165,005	\$ 618,215	\$ 1,314,395	\$ 2,097,615	\$ 1,103,187

See paragraph on supplementary schedules included in independent auditors' report.

DOLGEVILLE CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

NET INVESTMENT IN CAPITAL ASSETS

FOR THE YEAR ENDED JUNE 30, 2021

CAPITAL ASSETS, NET		\$ 20,818,802
DEDUCT:		
Short-term portion of bonds payable	\$ 1,414,395	
Long-term portion of bonds payable	<u>7,730,000</u>	
		<u>9,144,395</u>
NET INVESTMENT IN CAPITAL ASSETS		<u><u>\$ 11,674,407</u></u>

See paragraph on supplementary schedules included in independent auditors' report.

DOLGEVILLE CENTRAL SCHOOL DISTRICT
FEDERAL AWARD PROGRAM INFORMATION
(SINGLE AUDIT)
(UNIFORM GUIDANCE)
JUNE 30, 2021



**INDEPENDENT AUDITORS' 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**

To the President and the Other Members
of the Board of Education of the
Dolgeville Central School District
Dolgeville, New York

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 Dolgeville Central School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 21, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dolgeville Central School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Dolgeville Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Dolgeville Central School 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 Dolgeville Central School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

WEST & COMPANY CPAs PC

Gloversville, New York
September 21, 2021



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

To the President and the Other Members
of the Board of Education of the
Dolgeville Central School District
Dolgeville, New York

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

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

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

WEST & COMPANY CPA PC

Gloversville, New York
September 21, 2021

DOLGEVILLE CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/Pass-Through Grantor/Program	Federal CFDA Number	Pass- Through Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed Through NYS Education Department:			
Special Education Cluster:			
Special Education - Grants to States	84.027	0032210308	\$ 230,947
Special Education - Preschool Grants	84.173	0033210308	12,269
Total Special Education Cluster			243,216
Title I Grants to Local Educational Agencies	84.010	0011212050	225,534
Title I Grants to Local Educational Agencies	84.010	0011202050	18,017
Title I Grants to Local Educational Agencies	84.010	0021211130	266,435
Total Title I Grants to Local Educational Agencies			509,986
Elementary and Secondary School Emergency Relief Fund - CARES	84.425D	5890211130	211,183
Governor's Emergency Education Relief Fund - CARES	84.425C	5895211130	39,695
Total Education Stabilization Fund Under the Coronavirus Aid, Relief, and Economic Security Act			250,878
Rural Education	84.358	0006211130	16,285
Improving Teacher Quality State Grants	84.367	0147211130	36,396
Student Support and Academic Enrichment Program	84.424	0204211130	22,277
Total U.S. Department of Education			1,079,038
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through NYS Education Department:			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution) National School Lunch Program	10.555	Not Applicable	30,265
Cash Assistance			
Summer Food Service Program for Children - CARES	10.559	Not Applicable	266,268
Total Child Nutrition Cluster			296,533
Total U.S. Department of Agriculture			296,533
TOTAL FEDERAL AWARDS EXPENDED			\$ 1,375,571

See notes to schedule of expenditure of federal awards.

DOLGEVILLE CENTRAL SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures.

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

NOTE 2 – SUBRECIPIENTS

No amounts were provided to subrecipients.

NOTE 3 – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2021, the District had food commodities totaling \$23,609 in inventory.

NOTE 4 – INDIRECT COST RATE

The District has elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 5 – CLUSTERS

The special education cluster consists of Special Education – Grants to States and Special Education – Preschool Grants.

The child nutrition cluster consists of Food Distribution, School Breakfast Program, and National School Lunch Program.

DOLGEVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021

A. Summary of Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
 - a. Material weakness(es) identified? ___ Yes X No
 - b. Significant deficiency(ies) identified? ___ Yes X No
3. Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

1. Internal control over major programs:
 - a. Material weakness(es) identified? ___ Yes X No
 - b. Significant deficiency(ies) identified? ___ Yes X No
2. Type of auditors' report issued on compliance for major programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516? ___ Yes X No
4. The programs tested as major programs included:

<u>Program Name</u>	<u>CFDA No.</u>
Summer Food Service Program for Children - CARES	10.559
National School Lunch Program	10.555

5. The threshold for distinguishing type A and B programs was \$750,000.
6. Dolgeville Central School District was determined to be a low-risk auditee.

B. Findings – Basic Financial Statement Audit

None

C. Findings and Questioned Costs – Major Federal Award Programs Audit

None

DOLGEVILLE CENTRAL SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS

EXTRACLASSROOM ACTIVITY FUNDS

JUNE 30, 2021



INDEPENDENT AUDITORS' REPORT

To the President and the Other Members
of the Board of Education of the
Dolgeville Central School District
Dolgeville, New York

We have audited the accompanying statement of assets and liabilities arising from cash transactions of the Extraclassroom Activity Funds of Dolgeville Central School District as of June 30, 2021, and the related statement of revenues collected and expenses paid for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion 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. 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 auditors' 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 qualified audit opinion.

Basis for Qualified Opinion

Insufficient accounting controls are exercised over cash receipts at the point of collections to the time of submission to the Central Treasurer. Accordingly, it was impracticable to extend our audit of such receipts beyond the amounts recorded.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances of the Extraclassroom Activity Funds of the Dolgeville Central School District as of June 30, 2021, and the revenues collected and expenses paid for the year then ended, on the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

WEST & COMPANY CPAs PC

Gloversville, New York
September 21, 2021

DOLGEVILLE CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

JUNE 30, 2021

ASSETS	
Cash	\$ 65,987
	<u>65,987</u>
TOTAL ASSETS	<u><u>\$ 65,987</u></u>
LIABILITIES AND CLUB BALANCES	
Club balances	\$ 65,987
	<u>65,987</u>
TOTAL LIABILITIES AND CLUB BALANCES	<u><u>\$ 65,987</u></u>

See notes to financial statements.

DOLGEVILLE CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID

FOR THE YEAR ENDED JUNE 30, 2021

	Balance			Balance
	July 1, 2020	Receipts	Disbursements	June 30, 2021
Amnesty International	\$ 379	\$ 15	\$ 0	\$ 394
Art Club	618	114	282	450
Class of 2021	3,181	8,388	11,569	0
Class of 2022	1,489	7,709	6,504	2,694
Class of 2023	0	5,416	2,505	2,911
Colorguard	181	0	2	179
Music Fund (instrumental)	1,845	0	95	1,750
National Honor Society	960	230	250	940
National Junior Honor Society	1,655	615	0	2,270
Spanish Club	306	610	56	860
Student Council Fund	4,527	295	473	4,349
Student Council Scholarship	4,947	143	703	4,387
Theater Club	13,630	2,426	4,164	11,892
Writer's Guild	3,997	765	0	4,762
Horticulture Club	24,978	0	78	24,900
Yearbook Fund	33	9,000	6,325	2,708
Sales Tax	484	669	612	541
TOTALS	\$ 63,210	\$ 36,395	\$ 33,618	\$ 65,987

See notes to financial statements.

DOLGEVILLE CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Dolgeville Central School District. The related year-end cash balances are shown as part of the Custodial Fund with the offset being shown as liabilities. The Extraclassroom Activity Funds of Dolgeville Central School District represent funds of the students of the District. The District's Board exercises general oversight on these funds. The Extraclassroom Activity Funds are independent of the District with respect to the financial transactions and the designation of student management.

The books and records of the Dolgeville Central School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenditures recognized when cash is disbursed.

NOTE 2 – MANAGEMENT LETTER

The management letter items for the Extraclassroom Activity Funds are included in the management letter associated with the basic financial statements.



September 21, 2021

To the President and the Other Members
of the Board of Education of the
Dolgeville Central School District
Dolgeville, New York

Re: Management Letter
June 30, 2021

Dear Board Members:

In planning and performing our audit of the basic financial statements of the Dolgeville Central School District for the year ended June 30, 2021, we considered the District's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on internal control.

However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter summarizes our comments and suggestions concerning those matters. We previously reported on the District's internal control in our report dated September 21, 2021. This letter does not affect our report dated September 21, 2021, on the basic financial statements of Dolgeville Central School District.

The accompanying comments and recommendations are intended solely for the information and use of the audit committee, management and others within the District and should not be used by anyone other than these specified parties.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various District personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters or to assist you in implementing the recommendations.

Prior-Year Findings

1) Unassigned General Fund Balance

Prior Condition: The District's unassigned General Fund balance at June 30, 2020, was in excess of the New York State Real Property Tax Law limit, which restricts this balance to an amount not greater than 4% of the District's appropriation budget for the upcoming year.

Status: This condition remains unchanged as of June 30, 2021.

Recommendation: We recommend that the Board review and modify its plan to reduce the District's unassigned General Fund balance to the statutory limit.

Current-Year Findings

1) **Fixed Assets**

Condition: During our audit, we noted that the buses purchased were not added to the fixed assets.

Recommendation: The business office should review its threshold for capitalization and report the assets to industrial appraisers for inclusion in the District's report.

* * * * *

We appreciate the assistance and courtesies extended to us by your staff during our fieldwork.

Please let us know if you would like to discuss our comments and recommendations.

Very truly yours,

WEST & COMPANY CPAs PC

WEST & COMPANY CPAs PC